Other globalization: Challenges for Theory and Proposals

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1. Introduction

The question of another globalization is crucial for our societies. It questions heterodoxy. Economic heterodoxy refuses to consider the market as natural, as impossible to surpass and as the “end of history”. But heterodoxy has also to face the conjunction of deep novelties in the economic reality – informational revolution, monetary revolution, ecological revolution, and demographic revolution – and of growing risks, as new catastrophic financial episode of economic crisis or ecological catastrophe.

There is a need to a debate for new progresses in the heterodox economy core, taking seriously together the “new” and the “past” challenges of the reality. We need to go beyond the past “common core” without regressing.

2. Common “trunk” of heterodoxy and need of debates

The actuality of common trunk can be stressed.

a. The automatic equilibrating of the market has to be recused

b. We know that crises regularly come

c. The “fanaticism” of supply-side economy does not operate; the global demand insufficiency must be stressed. That fanaticism hides a fanaticism for profit over all.

I add: but we have to articulate Demand and Supply. Behind the demand insufficiency, there is the contradiction between capital and workers, and the insufficiency of workers development, with the domination of capital and profitability criteria and culture. Behind the market and capitalist fictitious commodity of labor force (Marx, and also Polanyi), we must see the person of the worker.

d. The excesses of capital and goods, on which Keynes insisted, and the increase of capital/output ratio, or the diminution of capital efficiency in the Marxist approach, is a part of the common trunk of heterodox tradition. It is coming back through the rising debate on “capital cost” excess by several streams of heterodoxy, departing from excess of dividends and interest payments.
In this light we question the capital/output ratio (or the organic composition) and the aggregate profit rate evolution. The role of capital and profit rate is still crucial in our economies and as factor of crises. It must be radically questioned, aiming not only a limitation of its role, but towards alternative efficiency criteria of use of funds and of management: new social, ecological and economic criteria. In the core of them, lies the economy of capital spending (e.g. VA/K criteria as opposed to Profit/K).

We must re-investigate this in the light of the over-accumulation of capital Marx analysis (over-investment Keynesian theory), and its developments by the over-accumulation/devalorization-Regulation theory of P. Boccara and his developments on answers by the system and new vicious circles in the crises.

That put on the front of the agenda of firms and banks.

e. Firms have not always been part of the common trunk of heterodoxy which sometimes turned itself excessively toward aggregate approach. Yet there are important lines of heterodox approaches willing to deal not only with “repartition side” but also with “production side”. There are also important lines of heterodoxy approaches which have insisted on power of firm, either on market power and market necessary imperfection, or on the powers in the economy which are part of the economic field itself (for example approaches dealing with financial capital, or in the so-called “economic sociology” tradition (see Granovetter) or in the Marxist tradition).

Firms are important active units (F. Perroux), transforming the economy itself by their reaction, especially Multinational enterprises (MNEs). Their role has to be stressed into three main radical transformations: technological transformations toward informational revolution, financial transformations toward financial globalization, ecological transformation meaning that the economy is threatening the ecological niche of humanity. There is not only the past role of firms to bring these transformations, but also their crucial present and future possible role to master these transformations and to answer to the challenges.

f. Finance and monetary creation is a growing element of the common trunk of heterodoxy (see, for example Giraud, 2014, or Galbraith, 2014). It has been, for a long time, in the Keynes analysis (and Minsky, after him). It is also crucial in Marx’s analysis (especially in Book 3 of the Capital), and developed by Hilferding and Lenin, but denied by Trotskyist approaches, for whom financial capital would be only “fictive capital”, a passive veil.

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1 Three French “Regulation school” exist (cf. Jessop and Sum, 2006). Boccara founded the first one, from which came Aglietta who founded latter the third one (the parisian one) with Boyer, transforming the meaning of “devalorization” into loss of value, and insisting on “wage regulation” and “fordism”. Note that Jessop argue for 7 Regulation school, adding a Nordic one, a West German (Hirsch), A Netherland one and an American one (Gordon, Bowles, Weisskopf).
Nowadays, banks, as active and fundamental units, with credit and monetary creation are becoming kind of new common decisive level, a “new frontier” to reach by Keynesians, Ecologists and Marxists.

g. The ecology. The content of the production has always been a crucial common point of an important part of heterodox approaches, but during a long period “content of the production” meant the “capital/labor” content of the growth, or insisting on public and collective services versus private and market services. Now, the ecological challenge put forward a real radical view of the content of the production, and of the growth (F. Boccara (2010 and 2011)).

It reinforces the role of enterprises and production, but also the challenges of another positive logic than the logic of profit and capital accumulation. Combining that with (1) monetary creation challenge, (2) power questions and (3) firms’ crucial role should highlight debates on criteria of uses of funds, and on the mastering of enterprises action.

3. The central debate on “Regulation” (or ruling) of the system

“Regulation” approach viewed as a limitation and correction of the excess of the system? In the light of the deep novelties of the system, the role of capital and profit rate must be radically questioned, aiming not only a limitation of its role, but towards alternative social, ecological and economic criteria.

The question of the “regulation” (or “ruling”) of the system, and its change, has been too much neglected. By contrast too much importance has been given to the State and the property of capital – in a structuralist view. Profit rate logic is the question. Public property or Plan are important, only insofar as that it helps to impose another logic than that of profitability.

In the same line, the monopoly question should be also understood as a monopoly on the use of financial means, insuring monopoly on economic decisions – as investment, production, employment even technological choices – with different levels: nation, region of world, world.

Our task is not to think how to limit it or to compensate the consequences (on inequalities, on prices, etc.). We need another positive logic.

4. Needs and elements for a new common core

Technological transformation can be interpreted as an “Informational revolution”, placing information activity and its development at the center of the efficiency, hence also radically questioning the domination of capital bias. Yet, these technologies are presently mainly used and sharped by the capital to reinforce its domination. It is a challenge for heterodoxy.

The challenge of another globalization is also crucial facing the role of markets and the twin crisis: ecological and financial. MNEs and international institutions are in the core of the challenge. The agenda is a cooperative globalization for sharing of resources and costs, and the development of the common goods of the whole humanity.
We will present our new theory of MNEs (global factor invaliding the comparative national advantages theory and the HOS paradigm, MNE as sharing institutions but dominated by profit logic for financial capital) and we formulate proposals for another internationalization concerning (a) US-Dollar, (b) MNEs (c) trade (other kind of international treaties) and (d) financial domination (ordinary banks role, central banks role, IMF).

Departing from the new supply-side conditions (Technological revolution and Ecological revolution) we sketch the necessity of re-thinking both demand and supply for another kind of total productivity growth. But instead of the “creative destruction” of Schumpeter – the other heterodox on which a lot of economists turn their attention to take into account technology and supply-side – we insist on the necessity posed by the new condition to change the capital-bias toward a human-and-capabilities-bias, which needs to avoid the “destruction” and waste of human capabilities by unemployment, and to avoid the depressive effect of unemployment on global demand.2

This new thinking concerns not only internationalization, but also public services, social protection and employment, ecology, the conception of firms and money conception. We need to think “over-passing” the 4 markets: labor / products / money and finance / international market (P. Boccara, 2011).

It needs new progress of debates on theory and ideas, but also on programs and proposals, and subsequent international dialogue between intellectuals and social forces in our societies.

5. Some Words about Marx’ Radical Legacy for developing a common positive heterodoxy

Marx has written “The Capital”, and not “The Labour”…

By saying that, I would like to stress that he showed the central role of capital in logic of the capitalism and in the crises. This logic has brought an enormous progress, compared to

Indeed, there are two symmetrical blind points in the two important heterodox non-Marxist streams: for Keynes the technology, and for Schumpeter the global demand. The denunciation of profitability criteria by Keynes and its claim to limit profit exigencies places him on a better and less unilateral point. But both under-estimate the decisive role of human capabilities inside the production process (employment is not only a demand-side question but also a supply-side question). It is particularly misleading in the new technological conditions of present times of informational revolution.

That is one set of reasons why we plea for a “security of employment and training” and not for a fixed and intangible employment at life. We need to allow new activities, new enterprises, productivity progress, even by some disappearing of old activities or firms (a “creation”, and not the “destruction” of Schumpeter), we need a kind of suppleness but without destroying human capabilities, without unemployment and the labor market, where people are waste and even destroyed, and without destroying demand side. That is the sense of what we call “security”: either a job or either another job or a training with a maintained and secured income, insuring to change for another and better job. But it needs specific institutions (overcoming labor market), and financing against profit rate and capital domination, and it needs new democratic powers instead of bosses monopoly of power (based on their mastering of the use of financial means).

2 Indeed, there are two symmetrical blind points in the two important heterodox non-Marxist streams: for Keynes the technology, and for Schumpeter the global demand. The denunciation of profitability criteria by Keynes and its claim to limit profit exigencies places him on a better and less unilateral point. But both under-estimate the decisive role of human capabilities inside the production process (employment is not only a demand-side question but also a supply-side question). It is particularly misleading in the new technological conditions of present times of informational revolution.
feudalism, but capital is also a “barrier” to the accumulation itself (according to Marx’s word), and to real social development, during the crises of over-accumulation. Marx stressed especially the role of profit rate (in book 3 of *The Capital*), profit rate being what we call the central regulator of the system (we = the French Marxist school founded by Paul Boccara). A regulator is not a person. A regulator tends to impose its logic, level, etc., through institutions, powers, and culture.

The question of the “regulation” of the system and the change of the “regulation” itself has been too much neglected after Marx. Capitalist regulation occurs through “normal” economic life as well as through catastrophic crises, in which, going further to Marx, we have to distinguish short-and-middle-run cycles from long-run waves; in other words conjuncture crises and systemic crises. The latter comes when social productive forces development enters in contradiction with productive, social and consumption relationships and structure.

The “regulation” encompasses 3 aspects: regulators (*i.e.* concrete profitability, interest rates, …), rules (*i.e.* trade rules, capital flows rules, …) and ruling (*i.e.* government, management, …).

By contrast, too much importance has been given to the question of the property of capital. Capital property is important, *only insofar as* that it helps to impose other logic than profitability logic, or to change the logic.

In the same line, the monopoly question is not only a question of market competition, but should be understood as a *monopoly on the use of financial means*, insuring monopoly on economic decision, as production and employment, and also technology development decisions, either at national, or at world level.

Hence, in the core of the main message of Marx, there is the idea that *capital and money is politics* (compare to J. Tobin: “monetary policy is policy”). That has to be well understood. It implies calling into question existing institutions but also creating new institutions in order to conquer common powers on financial means, and to orientate them, with the aim to push an alternative logic, making it being predominant, and not to compensate the dominant logic or to accompany it³.

6. A new world: problems and characteristics – Going beyond Marx, Keynes and Schumpeter
   a. Informational Revolution and Capitalism

   Two centuries after Marx’s *Capital* book, and 80 years after Keynes’ *General Theroy* profit rate is still dominating and driving the regulation of developed capitalist countries and of multinational enterprises (MNEs) all around the world. But it encounters profound new conditions. I want to insist on the technology: the context of the objective radical transformation in the technology that we analyze as an *informational revolution* by opposition to the *industrial revolution*⁴.

³ Of course in Marx there is also the dialectic (materialist and historic), class struggle, alienation and exploitation, the analysis of the commodity and value analysis, labor force as a commodity which is specific to capitalism, the discovering of surplus-value, etc.
Facing to those objective revolutions – revolutions in the social productive forces – the social structure has been maintained fundamentally unchanged (relationships of production, consumption, products distribution and income repartition) as for the regulation. That is in the core of the systemic crisis and of its lasting.

Informational revolution can be defined and characterized by contrast with the industrial revolution. The industrial revolution is based on the replacement of the worker’s hand using tool by a machine-tool; the informational revolution is based on the replacement of certain activities of the human brain (informational activities) by informational machines, as computers. In other words, the transfer of information, their reproduction, their transformations, can be embodied in material equipment; and hence “separated” or dissociated from the human being in a new way.

Information is not simply a quantity (contrary to Shannon’s definition). In Wiener’s words, information is what is not material and not energy. Information is, for example, the formula of a medicine. It can take, nowadays, the form of a computer program with the specification of operations of the machine (or the set of machine) for making the medicine.

The novelty is very profound, although it is denied by the domination of capital which uses and shapes the beginnings of the informational revolution trying to impose its own logic. On the one hand, information has a fundamental potential of sharing; contrary to a material product with its exclusive appropriation structuring the capitalist and market logic. On the other hand, expenditures for human being tend to become decisive for the economic efficiency itself, because information, its creation and development, its interpretation become decisive. That is opposed to the normal capitalist logic of a priority for capital expenditures. Hence, the necessity of the predomination of human expenditures begins to be imposed by the reality itself. But the old structure (criteria, powers, institutions, culture) resists.

The cost logic held, in principles, by informational revolution is also profoundly different to that for capital and machines. Firstly, contrary to a machine, information is not consumed by its utilization. Secondly, the cost of creation of information (R&D, …) could be very high, but once it is created the cost of use tend to be negligible. Once information is created, expenditures to create them, as R&D, tend to act as fixed costs to divide. It is a powerful incentive to develop a new kind of MNEs, worldwide MNEs and the most extended possible, MNEs of cost sharing inside their private network, but a cost sharing at the service of MNEs capital and of profits.

It is not a process of de-materialization, but a process of building other relationships between human beings, material means and information. This is at least a potential, because the novelty is repressed, distort, even perverted, with the maintained domination of maximal profitability seeking. That revolution impacts also culture and out-of-work life. It tends to upset the separation between work and non-work, and the work itself.

Capitalism seizes that technological revolution inside its own “old” logic. But the contradictions tend to be more radical and systemic, because sharing is intrinsic part of the essence of information, and priority to human capacities development are contrary to the essential logic of capitalism, with its appropriation and monopolies, and its capital bias.

There are in the same time several other objective revolutions: ecological revolution, demographic revolution, monetary revolution, parental revolution.
historically developed from industrial revolution based on material means predomination (as equipment and machine tools). It also demands to address to the human person with all its capacities beyond its reduction to a fictitious commodity as a labor force (Marx, Polanyi) and beyond the production process and sphere.

b. The opening of a long-run difficulty phase, in early 1970’s

The so-called financial crisis of 2008-2009 was a burst out of over-accumulation, in line with Marx’s analysis showing that profit rate is at the core of capitalist « regulation » by crisis and by unemployment.

Profit rate is at the core of capitalism itself, as a specific kind of total work productivity growth, by prioritizing growth of capital (material and financial).

But there are growing contradictions between (i) profit rate (Profit/Capital) and capital efficiency (Value Added/Capital); and a second set of contradictions (ii) between the mass of profit and, what we call, ‘disposable value added’ (dVA) for a population and a territory. Those contradictions tend to question the social conditions and even the ecological durability of our economic system. It could be a basis for ambitious new kind of alliances (between “social” motives and “ecological” motives”, between the “interior” and the “exterior” of firms).

The crisis takes place inside a long term depressive trend open at the beginning of the 1970’. Indeed, beyond Marx analysis of crisis, our Marxist analysis (P. Boccara) distinguishes middle term (Juglar cycles) and long term (Kondratiev) over-accumulation. Those long term over-accumulation phases, had been solved, until now, by several transformations of the system — systemic devalorization of capital to together with new institutions created and imposed by social struggles (for examples after world war II: in the USA Public Utilities, and in Europe: Public enterprises and Social security) in interaction with new objective conditions in technology and in demography.

So, after WWII, there have been, through new institutions:

- **on the one hand** limitation of profit rate logic in public enterprises, systematic stimulation by public demand and elements of another logic in several sectors of economic life (health, education).

- And **on the other hand** the domination of profit rate was maintained as the central regulator of the private enterprises and of banks activity.

And yet, during the financial globalization phase, the domination of profit rate was reinforced on the whole economy.

Among the reaction from inside the system, are the acceleration of technological change — toward the informational revolution – the financialization (in a second phase), and the attacks against public and social expenditures, and pressures on wages.

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5 Devalorization means the contrary of valorization: lower rate of profit than normal profit, even zero rate profitability, or negative rate. It includes destructions of capital and losses of value but it is a wider concept.
As an indicator of the lasting of the difficulties, in the example of France, and at aggregate level, in the reaction of the profit rate decrease of 1970’s, the profit/wage ratio has been increased allowing a certain improvement of aggregate profit rate. But after that increase, profit rate restart to decrease, and capital efficiency also (cf. graphs, capital efficiency is the inverse of capital-output ratio).

But in capitalist developed countries, contrary to some too unilateral analysis, speaking about a kind of “work devalorization”, we have been far from a simple decrease of wages. Firstly the total amount of wages tended to grow faster in a first phase (the 1970’s), and slower in a second phase. Secondly the huge technological transformations necessitate new qualifications and better trained workers, so we have both a shift to higher skilled jobs and unemployment growth, in the same moment as precarious jobs also exploded, but with over-accumulation growing in parallel to unemployment. So we had over-accumulation and search for capital devalorizations, and we had contradictory evolutions for labor, even if the dominant forces maintained and reinforced pressures upon labor force. Also, public expenditures tended to continue to grow in the long term, expressing the objective needs of the society and economy, expressing also the subjective social pressures of struggles and of people. They have grown from phase to phase, tending to slowdown, but not yet to decrease. Diminution in advanced economies is the new challenge for austerity policies.
c. **Wrong Answers to Financial Crisis: “more”, rather than “what kind”, of public intervention**

After the 2008-2009 crisis, the dominant answer was an enormous public intervention… but in favor of the profit, and of the capital. Especially through central banks (i) helping banking system without conditions, (ii) but putting anti-social conditions on government expenditures.

The debate was focused on “More public intervention” and not on “What kind” of public and State intervention. It was focused on “regulate banks and the financial system”, and not on “what kind” of regulation, what criteria. So public intervention was re-developed; but toward the dominant existing incentives: in favor of profit, without new conditions. And the regulation imposed on banks and financial system was a Malthusian and “Haeykian” one: imposing prior saving. It means, reinforce the profit existing
selectivity, and the capital bias. It means imposing more for capital, instead of imposing a new selectivity: value added effect and employment conditions for loans and for lowering interest rates.

The progressive movements in capitalist countries did not succeed to put at the center of the debate the conditions and the aim of public intervention — the criteria. So, the reasons of the evident failure of the capitalist answers are not clear, nor the political stakes. That is the common responsibility of progressive movements. We have to tackle it for a regain, which is an absolute necessity.

Hence, now in 2019, ten years after the 2008-2009 deep collapse, and after the public debt crisis in Europe, we see new signs of a burst out of over accumulation. This time, these signs are also observable in emerging countries, and IMF produced interesting graphs in this sense, even about China.

The present moment seems also to be considerate as a seeking of a new phase in the globalization by imperialist countries. Especially:

1. US efforts for attracting capitals, using dollar privilege and also tax reductions in US
2. In other capitalist countries: continuation and expansion of systematic attacks against social expenditures, public services, pensions, wages and labor status
3. In all the world, calling into question of international treaties on investments and trade (as TAFTA or TTIP, and TTP) searching for post WTO configuration, and US willing of restrictions on trade
4. Financial fusions by MNEs for building informational or industrial oligopolies, to share costs and control market in order to obtain gains of efficiency and transfers in favor of capital (informational efficiency gains and appropriation of rent)
5. And, more generally, a moment of huge efforts by dominant capitals, especially capital of the USA and of the USA-MNEs, to recover their own profit rate and to reinforce their technological advance and making a new step ahead.

Some statistics on Brazil, China, France and USA show a clear movement in this sense. That is to say: higher value added exits from other countries toward USA under the form of technological payments, fees, dividends and exit of profits through MNEs affiliates (see graphs), since 2009-2010. It seems to be also the case not only for MNEs in emerging economies, but also in less developed countries as Tunisia, with the twofold role of MNEs and Debt.

These new efforts of financial capital are striking peoples’ aspirations to development all around the world. They include also huge efforts to integrate emerging countries into the financial capital logic, or even to make some sectors of them “collaborating”, to it. The integration efforts are also in course inside our developed countries towards several social groups. For example, in France we have a banker from Rothschild bank as president…

The financial capital is at the core of this logic, interconnected with the US-Dollar and its circuit. Financial capital is a kind of interconnection with so-called “production”
capital, it is the highest stage of capital form, as a “pure” capital and combining a twofold logic of (i) “money for money” and of (ii) distant power on production acting simultaneously in different places and countries.

Financial capital appears as our common “enemy” (or “adversary”) all around the world. It is our common adversary against employment (especially in the North), against social security in all the countries, against public services, against security of life, against health and ecology, and against common goods, even if the underlying production needs all those expenditures⁷.

d. **Our task**

Facing the capital logic, our task could not be to limit it or to compensate its consequences. We need other logic. It is moreover necessary with the considerable changes – effective and potential ones – brought by the informational revolution, the ecologic one and the monetary one.

It needs new progresses of ideas, theory, but also of program and proposals, and even of international dialogue, and seeking of coordination between progressive forces at international level.

With no change of the logic itself, we will be affected by a new over-accumulation crisis, with its terrible social consequences for peoples, over-accumulation maybe even blow up from within emerging countries as China or Brazil.

Coming after the previous one and what has been done to prevent a new one, one consequence could be deep turmoil and disarray with high political consequences…Not speaking of the ecologic disaster.

What could be “other logic”? It should be the logic of human capacities development and of a new kind of economic efficiency. It means developing everywhere a new logic, a new selectivity, and not everywhere having as a goal to impose limitations and containment of the dominant logic; although limitations and containment should be needed.

Public services, social protection and employment, interconnected with other efficiency criteria than profitability, for firm management, are at the core of that alternative logic, both for demand relay, for a new kind of demand (more ecological, less material, less market) and for supply improvement. I mean for another kind of total productivity growth.

The abolition of the capitalist logic is not the mechanic suppression of what is existing in capitalist society, but it needs to answer to the objective problems the capitalism tries to answer, not to regress from the markets but “to over-pass” them.

We draw a coherent “over-passing” and abolition of what we call “the 4 markets”:

- Labor market (unemployment, bad jobs, unsecure jobs, and pressure against wages and against training)
- Product market (with capitalist enterprises and criteria of management)

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⁷ of course, financial capital (as defined by Hilferding and by Lenin) must not be confused with equipment, with any form of money, or merely with financing: in Marx analysis, capital is a value seeking for more value, for its surplus value, and financial capital is a specific form of it.
- Money and finance market
- International market which is transversal to the 3 others.
I will not enter in the details of that (see P. Boccara, 2012).

7. Another internationalization - Lines of alternatives

The question of other internationalization is a priority in the agenda, both for class motives and for people motives, but also for civilizational and “anthroponomics” motives, including ecology and peace.

We could advance, as a common idea at international level, the idea of a globalization of common goods development and sharing, and of building a common civilization of sharing for the whole humanity.

The re-appraisal of nationalism is a way by which the people themselves put “another globalization” on the top of the agenda, especially working class and the most oppressed.

In Europe, we have also to see both sides: (i) the growing of this “nationalism” is growing, including from inside the so-called “left-populism” (ii) the still existing majority for developing a progressive European construction, but very diverse, tending to be silent, or tetanized and in the abstention. Nevertheless the seduction of false solutions is here, even for progressive forces, the seduction of facility, and opportunism, or of too old ideas. The seduction of the false binary opposition – open or close – is acting whereas the question is the content of opening.

a. Principles

Nowadays, limiting profit rate or its playing, as in Keynesian recommendations, or « controlling » the financial market it is not a way to get out of the systemic crisis. It will not be sufficient to avoid a new over-accumulation collapse. Instead of that, we need a « positive » alternative logic to profit rate, not only “less profit rate”.

For that, we must act at the three complementary points of the systemic triangle (social objectives, financial means, powers and institutions) and promoting other criteria of efficiency than profit rate (criteria organize the links between the three points of the systemic triangle).
It meets also the cultural development of the society, of the people, their claim all around the world for a real and efficient democracy, and their capacity to intervene, with their knowledge about their work or about the society itself, their aspiration for self-management.

b. **Financial globalization and MNEs: toward a New theory**

What we call “informational revolution” changes profoundly the things, both in the circulation sphere and in the production process itself, including labor process, also in the consumption sphere. The new role of information in the production process is the crucial point of the present technological transformation. As we said, it brings a new articulation between human beings and machines.

Hence for MNEs, we have radical new challenges, because the informational revolution is at the basis of the development of a new kind of multinational enterprises.

Information is similar to a global factor, transversal to the countries. In the MNE theory that I have developed, I particularly propose to distinguish the function of the MNE, sharing of resources and capacities for international co-production, – which has to be ensure – and their present form, a financial capital controlled and driven network of affiliates which determine the way they presently do their function: by transfers and monopoly in favor of the profit rate of their dominant capital – which has to be fought. But the sharing itself is a factor of an unprecedented cost diminution. It is at the basis of new-type of MNEs development. We have global sharing of resources (especially informational resources) and transfer of values allowed by informational revolution and by the rules of the world financial system. That (global factor + global transfers) calls into question the HOS framework and the national comparative (or even absolute) advantage theory of national benefits of international trade.

In the financial globalization system, value transfers between countries allow levies between countries. They essentially take place inside MNEs, for their own benefit, and that of capital dominating them. This enters more and more in contradiction with territories and
with global human development, including ecological exigencies. Capital control — at the basis of MNEs perimeter — is the mean to “privatizing the sharing” of informational resources (see F. Boccara, 2013). Because of the importance of these transfers and of the use of a global factor (information, which is not allocable to one country or another), we have to conceptually distinguish “Value chain” and “Activity chain”. Generally it is not distinguished carefully (Gereffi et alii, 2005, makes this kind of confusion): we are more able to observe activity chain than value chain.

For an idea of value chain, and hence of levies between countries, we can approximate those transfers by business services, informational payments (royalties, licenses …), inside MNEs finance services, profits repatriations. They are all recorded all in national balances of payments (cf. graphs).

**Levies by US Multinationals towards US upon the rest of the world**

![Graph showing levies by US Multinationals towards US upon the rest of the world. Positive sign for funds entering in the USA.](image)

Source: Balance of payments of countries, from Cepii (Bocara, Nayman, work in progress)

Positive sign for funds entering in the USA
Levies by Multinationals upon
Egypt and Tunisia
In % of GDP of each country

Levies by Multinationals upon
Brazil
In % of GDP of Brazil

Source: Balance of payments of countries, from Cepii (Boccara, Nayman, work in progress)
Negative sign for funds exiting from the country

Levies by Multinationals upon
South Africa
In % of GDP

Levies by Multinationals upon
East European EU members
In % of GDP of the countries

Source: Balance of payments of countries, from Cepii (Boccara, Nayman, work in progress)
Negative sign for funds exiting from the country

The globalized international financial system, of “free circulation”, developed under the aegis of IMF and USA, with support of the other dominant capitalist states, allow MNEs to “freely” transfer their values (money and capitals), and sharing information and other resources, and to control them by FDI of portfolio investments.
Using this international financial system of transfers, MNEs play on, and develop, the opposition between global factors of production – as information with its global costs – and local factors of production – as work and local wages, with local costs. As our Marxist theory of new MNEs analyzes it.

Hence, the questions of intellectual property rules, of the contents of international investment agreements\(^8\), the question of transfer prices\(^9\), and of human capabilities (or even capacities) and of territory development, tend to come on the top of the agenda in all the countries, in social struggles but also in the opinion (through for example, the fiscal evasion question). There are, in part, common needs of new international relationships, between social societies or between organizations, crossing links between states.

**For a new kind of international economic Treaties**

As we said, international co-production and transfers by MNEs allow sharing inside the enormous set of a given MNE. Sharings are a factor of a genuine decrease of costs and of efficiency gains, but they are monopolized and driven by the capital, and in several specific territories (fiscal paradises, USA, etc.). On the other hand they are used to intensify the competition to diminish the so-called “labor costs”, public and social expenditures. It is destructive for workers, public services, social rights, and environment. This competition tends to depress the global demand, and reinforces inequalities (Galbraith, 2014). It favors financial accumulation which threatens environment and prepare the blowing out of a new over-accumulation crisis.

**New kind of international economic treaties are necessary**: to allow efficiency and cost gains against its anti-social and anti-ecological competition. We need to allow, and favor these efficiency gains, but according to another logic.

The principles of these new kind of treaties would be the mastering of trade and investments for the co-development of common goods (employment, health, and environment). It means to re-inverse goals and means.

The goal of the present Treaties (TAFTA, CETA, ...) is “Trade and FDI above all” and at quasi any price, even against employment, health or environment. Instead of that, new kind of Treaties would establish as goals: to develop employment, health and environment in the different countries. This would inverse the hierarchy of norms – international trade and FDI becoming means, submitted to their effect. The logic to evaluate FDI or Trade would be: do that FDI or Trade develop employment, health and environment on both countries?

As well as present treaties include institutional elements and powers (supranational arbitrage court, for example) these new treaties should include new institutions and democratic rights to assess if common goods are effectively developed by trade and FDI, institutions with financial mean to act (sanctions and incentives, with money

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\(^8\) including another kind of mastering capital movements than by traditional foreign exchange control

\(^9\) already different from market rules (inside the MNEs), but dominated by a “super” market rule for relations outside the MNEs: the financial market rule of profitability.
coming both from taxations and from central banks credit lines). Those institutions would encompass workers representatives from the involved countries.

As well as the present treaties accurately define the “income of the investor”, \textit{i.e.} its profit, and put it at the core to be protected by the Treaties; the new ones would put at their center the production of real wealth (Value added) and jobs on the different countries, with the condition to be social, ecological and healthy.

The aim is, hence, to allow a genuine international sharing of resources and means, to orientate it differently; and not to close the frontiers, not to enter in an economic and anti-social war as Trump and other nationalists tend to do. For this new kind of sharing, we need to redefine financial transfers through FDI and trade (including transfers prices and royalties), but also to act at the intellectual property rights rules level.

\textit{d. Money creation, Central banks and Rising struggles on it, Dollar}

The social mastering of money creation (banks, central banks) is a decisive alternative to financial capital: if we promote it with other criteria for the use of the money and with democratic new powers of citizen and workers on banks and on firms using banking credits, or on States.

Peoples implicitly struggle for a social mastering of Money creation in Europe, when they protest against ECB (European central bank) action and the anti-social conditionality imposed together with the loans of the so-called “troïka”\textsuperscript{10}. Now the “debt question” is permanently used to justify austerity. Yet, the problem is not the debt but the \textit{conditions} of the debt and the power exerted (interest rates levels, target expenditures, power of financial markets).

A huge amount of money has been created by central banks, but with a Lilliputian effect on growth and employment. It leads conservative and Hayekian forces (defending the anti-Keynes idea of saving prior to investment) pretend that we have to limit that monetary creation and to let financial markets allocating it. But the today’s lacking piece of the puzzle is the direction to use this money creation: speculation \textit{versus} real ecological production, jobs and human resources \textit{versus} financial capital accumulation. It means criteria of use, and power and institutions to direct that use of money by firms and by States. The new technological conditions make human resources coming at the center of efficiency. It means employment, skills, and public services. Hence, employment is at the core of demand-side, by wages, but also at the core of supply-side efficiency, by skills. That is the reason why stimulating only investment does not work. A mix of investment and human resources expenditures (jobs + training+ public services) have to been stimulate. That implies a deep change in the criteria of use of the money, not only addenda or limitation to the existing capital logic.

\textsuperscript{10} ECB, European commission, and IMF (international monetary fund)
**US dollar**

At another level, the question of dollar is central, inter-twinning money creation and international dominations.

Dollar is a major tool for US to attract capitals and to control the world economy. With Dollar, the USA attracts portfolio investments (treasury bonds + minority shareholders), Central bank reserves (banknotes), MNEs revenues and payments (services, royalties and technology payments, financial payments, profits) (in blue on the graph). And they use it to buy products (imports of goods), to make loans to their MNEs’ affiliates and to control world productive chains with outward FDI (FDI are always net outwards). The difference between entries and exits is a surplus of some 100 billion $, available to finance the US informational advance and public services (except during several specific crisis years). It is represented on the following graph (entries in blue and positive, exits in red and negative, the difference in black).

**Dollar and External Financing of USA**

![Graph of Dollar and External Financing of USA]

*Source: US Balance of Payments (BEA)*

Alternative to dollar as world, *de facto*, common currency is necessary, by a profound IMF reform and by the development of Special drawing rights (SDR): issuing of SDR for co-development of peoples (social protection development, public services, including ecology) and for new selective credit banking directed to efficient investment developing employment in the firms and ecological production.

For example, the recent creation of the New development bank of BRICS could be a step toward this direction, or not.

It depends on the content orientation (criteria), and not on so-called “national” orientation, although Nation and territories are of great importance.
8. Stakes, strategy and tactics

We formulate radical but immediate proposals.

In parallel, and partly in contradiction, we need clear debates of ideas, to progress on common points, and to identify differences to build efficient large alliances in several capitalist countries.

The situation needs radical and coherent changes. The main point is not only aiming to limit the logic. That leads us to avoid coming back to a so called “Keynesianism” or, on the other side, to authoritarian socialism. For example, if we would follow Joseph Stiglitz, claiming more inflation and more credit, without other precisions and changes on the utilization of the credit, it would lead to “more” … but more for the capital. So, it would imply a worst situation for people. As we say, “Unifying is a permanent battle”. On the other side, if we don’t see the deep democratic challenge behind the question of mastering the use of money, its criteria, and the contents of production, it will not work either. It is a new frontier, beyond traditional Keynesianism and traditional Marxism!

We must claim for other contents, especially other criteria of money uses, and claim for democracy. Those two questions are not separate.

9. New and Common tasks that are facing progressive forces and the New Crisis which is coming

New convergences must be pushed at the international level as well as at the national level, convergences in the denunciation and in the claims (or proposals).

Given the diversity of our theoretical approaches, we need exchanges towards several fundamental common objectives, aiming to overpass the present fragmentation.

A major common stake is the question of « other internationalization ». Fighting in common toward this direction would also help us to unlock the mentalities even at national levels. We need new cooperations against the coming back of the crisis within several years and against the MNEs efforts to take away value from territories and from peoples, and to dominate them. We need intellectual new efforts for that.
World GDP and Total Stock Market Capitalization value

Source: IMF and World Bank

World GDP and Stock Market value
(different scales)

Source: IMF and World Bank
Conclusion

A decisive agenda for theoretical works and for political initiatives is the alliances and the common claims to face financial capital domination in the world, and affirming the need of freeing from it if one wants to answer to human social needs as a priority.

We have to alert on the growing risks of a new financial crisis and growing risks for ecology.

It could be fostered by a common, or convergent, work and reflection for other globalization, against capital cost — instead of labor costs — and against capital domination in the world;

The agenda could be the co-development of people of each country, by securing lives for each person, with another kind of democracy and another use of money, toward world common goods development as other internationalization.

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