

# GLOBALIZATION, INEQUALITY, AND A NEED FOR A FAIR SYSTEM OF SOCIAL COOPERATION

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**Abstract:** This paper is an ethical reflection on globalization and the negative effects it could cause particularly in developing countries. It aims to unmask the chasm between globalization in theory and globalization in practice and then offer a new approach that can help at least to lessen the negative impacts of globalization. It is commonly understood that globalization in nature is a process of interaction aiming at integration among people, business and government of different countries. Strongly marked by free market economic system, globalization emerges as a movement that offers a new hope for societies at large to live a better life. Unfortunately, the credo of competition promoted by free market economy, generally, fails to significantly reduce inequality. Since functioning as economic grand narrative, free market economy in practice tends to marginalize local economic wisdom and even paves the way for big corporations to control globalization. The gap between the advanced countries and the developing countries still has become global issue to address. Reviving the original position of economy and adopting the culture of society as a fair system of social cooperation can help to build anew the spirit of globalization to fight inequality. What we need is but a fair system of management and regulation with which all parties of both developed and developing countries are unexceptionally bound to comply.

**Keywords:** Globalization, economic grand narrative, competition, the original position of economy, embedded economy, fair social cooperation, maximin strategy.

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## 1. INTRODUCTION

Globalization is commonly comprehended as the process of integration among people, corporations, and even government of different countries. Supported by amazing advancement of transportation and communication technology, since the second half of twentieth century, globalization emerges as a movement and a process of global economic, political and cultural integration. But it must be admitted that globalization is essentially about economics. It is specifically considered the driving force for economic growth that helps increase global economic welfare. Globalization therefore emerges and brings with it a new hope, particularly for developing countries, to live a better life. The economic interest it has conveyed to promote is even so determinative that nobody can understand better political, cultural, and environmental issues without having good comprehension of the economic background that caused and shaped the issues. Unfortunately, the borderless society it has created through economic integration has put local or national economic systems and wisdoms in vulnerable position (Fairooz Hmadi, 2015).

It must be acknowledged that globalization has contributed significantly to global economic growth. The falling out of barriers between countries due to the power of globalization has open up economic access for developing countries to sale their products even to the developed and wealthy countries. Globalization as such facilitates to open new market for the developing countries. It creates more opportunities for the developing countries to access the developed countries' market. And it is natural to believe that the more access to the global market, the greater promising economic opportunities for

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people of different countries to benefit from global market. Ghirmai T. Kafela in his article “Driving Force of Globalization in the Emerging Market Economies Developing Countries”, put a very positive notes on globalization contribution to the economic growth. India, for example, is one of the developing countries that lucky enough to harvest great benefit from globalization. Quoting Bhawati, Kafela noted that since the liberalization promoted by globalization, India has become one of the fastest growing economies in the world. India’s average yearly growth rate is about 6-7%. Around 54% of the country’s annual GDP comes from service industry and the rest coming mostly from the great development of service industry and industrial and agriculture sector (Ghirmai T. Kafela, 2015). And, of course, many other developing countries have relished economic benefits which has been facilitated and driven by globalization. But that is not the whole story about globalization.

Beside success stories it has carried out, globalization and its impacts on human welfare is still highly questionable. Despite its contribution to human welfare at large, globalization has brought with it extreme economic disparity among countries. Globalization in fact fails to eradicate extreme inequality. Referring to the real economic condition in Thailand, Brazil, and South Africa, Kotilainen and Kaitila noted that global economic disparity among nations is still there with many countries, particularly with the developing ones. It even causes devastating inequality within the nation-state. In 31 countries, more than 50% of the national wealth is under the control of less than 20% of the population. In Thailand, for instance, 52.7% of economic resources of the country are controlled by 20% of the Thai population. Kotilainen and Kaitila even attempted to attract our attention to many other people of many other countries who are still living in a very severe situation. Data presented by Kotilainen and Kaitila concerning economic inequality in Brazil and South Africa reveal that the biggest part of the economic cake of those countries are under the control of a very small number of richest people of respective country. The richest 20% take control of 64.2% and 64.8%, while the richest 10% control 47.8 and 45.9% respectively. In extremely poor countries such as Kenya, Madagascar, and Senegal, the richest 20% disproportionately take control over the economy that amounts to 50%, 52%, and 57.9% of national resources respectively. Globalization has even caused negative externalities on environment. Economic greediness has driven more and more business activities to exploit natural resources to such an extent that destroys the ecosystem needed by entire human beings to live a quality life (Kotilainen, M & Kaitila, V., 2002: 70).

Global interaction has even put local values under the attack of global ideologies (Francis Fox Pivon and Richard A. Cloward, Richard, 2000: 413). The globalized idea of the free market economy can be considered a good ideological example in the field of economy. The problem is that free market economy and the *credo* of competition it embodies tend to be taken for granted. The diehard-proponents of the idea are apt to take competition as the only method not only to be able to survive but also to be economically excellent.

It is, therefore, not exaggerating to ascribe inequality to economic liberalization. Renato Constantino in his work *The Invisible Enemy, Globalization & Maldevelopment* tried to unmask the negative impacts of globalization. He argued that economic liberalization promoted by globalization actually marginalizes developing countries. Global capital driven by the ideology of economic globalization has imposed economic subordination and even created new classes and strata through industrial growth dependency. He even believed that unequal access to trade and other resources has caused billion dollars flowing out yearly from developing countries to developed countries (Renato Constantino, 1997: 44-69). Indonesia can be mentioned as one of the developing countries that, to some extent, has suffered over tens of years from economic globalization. Freeport-McMoRan or PT. Freeport Indonesia and the negative externalities resulted from the company’s process of exploration and production is too serious to be ignored. It was reported that in 2016, Freeport Indonesia—the giant cooper and gold mining company in the world—produced 1,063,000,000 pounds (482,000,000 kg) of copper; 1,061,000 ounces (30,100,000 g) of gold; and in 2016 sales of 2,900,000 ounces (82,000,000 g) of silver (Nithin Coca: July 20, 2017). With such a huge volume of production, the company over tens of years of its operation in the country has indeed relished a huge amount of profit. Unfortunately, almost all profits have gone to the pocket of the company while leaving behind the people and the environment of Papua Island, Indonesia, in highly tragic condition. The question is why negative impact of globalization is still so pervasive, particularly, in developing countries?

To answer the question, this paper, first of all, attempts to bring forward modernism as the philosophical background that might help us understand the basic characteristic of the idea free market economic system that has been taken to be economic grand narrative and perforce adopted by all countries. Such a tendency in fact marginalizes local economic wisdoms and in turn widens the gap between the poor and the rich. Globalization, therefore, fails to eradicate or, at least,

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to lessen inequality. To be fair to all parties involved in the wave of globalization, it is necessary to build up anew and to transform global society to be a society as a fair system of social cooperation, that is, a society which is substantially characterized and guided by global ethics of mutualism, fair global management and regulation, and consistently supported by fair rule of law of respective countries.

**2. GLOBALIZATION: THE HOME OF ECONOMIC GRAND NARRATIVE**

Globalization primarily is a process of economic interaction and integration of different countries. It is driven by the provoking idea saying that only through a global free access to various resources available in different countries, can economic prosperity be reached. So, globalization in essence is actually a global economic liberation movement. Morally speaking, in the name of freedom as one of human beings' most fundamental rights, globalization attempts to break through and even to destroy all socio-political and economic barriers in order to build a new economic system for all countries. It is therefore not surprising that the system of free market economy, essentially marked and characterized by the culture of free competition, then, emerges as the real economic face of globalization. Free market economic system, regardless of any negative impact it may bring about, has even been celebrated as the only and most appropriate economic vehicle toward economic prosperity. The free market economic system has, therefore, been considered the economic grand narrative and as such adopted by all countries with no exception to the developing ones. Under the philosophical umbrella of modernism—a school of thinking that glorifies universality rather than particularity, economic globalization has evolved to the point that neglects local economic wisdoms. Just like modernism, economic globalization has become "a kind of aesthetic heroism which sees art as the only dependable reality and as an ordering principle of a quasi-religious kind" (Astradur Eysteinnsson, 1990: 9).

Immanuel Kant's epistemological idea of *a-priori* categories which serves as the condition of possibility for the existence of the reality as a whole can help to make clearer the nature of globalization and the free market economy it supports. Kant believed that human beings by nature have the so-called *a-priori* faculties by which human beings are able to have a clear and distinct understanding of the reality. In other words, the existence of the whole reality is depend on and determined by the subject's *a-priori* faculties. The *a-priori* faculties therefore become the grand narrative that makes possible our understanding of the reality (Ramon Castillo Reyes, 1989: 55-60). Thus, epistemologically, human development is made possible by the subject's *a-priori* faculties.

By taking *a-priori* categories to be human natural faculties that enable him to understand the entire reality, and as such declare human being's full autonomy and domination over reality as a whole, Kant led us to a single-minded way of thinking and understanding the reality. Kant deliberately put the tension between universalism, on the one hand, and particularism, on the other, while at the same time recognized the previous one as the only valid standard for truth claim. In doing so, Kant actually neglected to acknowledge particularity as the real reality and so deliberately eliminated it from being one of the valid foundations for truth claim. This is precisely one of some other problems as we are talking about modernism. It likely provides no room for alternative methods or approaches in coping with science and knowledge and with reality as a whole, including economic reality. Modernism as such is being ignorant of particularities and taking universality, instead, to be the only basis for the validity of knowledge and science (Francis Fox Piven, and Cloward Richard A., 2000: 413).

Putting the free market economic system in the framework of Kant's idea of *a-priori* categories, the idea of the free market economy—which has been claimed by its proponents to be the only way towards economic prosperity—can be seen as an evolutionary shape of modernism in the field of economy. Being enchained by the *credo* of competition, the free market economic system apparently provides no alternative method for people to reach economic prosperity. This tendency has developed in such a fashion that the so-called local cultural and economic values or wisdoms that have been maintained and preserved over centuries are now marginalized. Should this tendency be maintained unquestionable?

Taking the free market economy to be the only way for economic prosperity simply reveals how ignorant we are of the negative externalities that economic globalization has brought with it particularly in developing countries. Short description about globalization previously presented in the introduction of this paper shows that the new hope the globalization offers has not been satisfactorily fulfilled. Many countries, particularly the developing ones, are still living in severe poverty; inequality and the gap between the poor and the reach within country and inter countries has continuously been the serious socio-economic issue for many countries to cope with. At this point, it is quite relevant to

attract special attention to the fact that people of different countries are living in and are culturally influenced by different *life-world*. It is precisely because of the life-world—a network of social and moral values shared by given society—that a society has a valid basis upon which their claim of having an exclusive identity and a meaningful life is morally and sociologically justified.

Being aware of such foundational differences between countries, global society as a fair system of social cooperation would be necessary to develop. This is, however, not to say that competition, as an economic culture, contributes nothing to economic development. Relying on Adam Smith, the founding father of the idea of free market economy, Stephen Young in his work *Moral Capitalism* said that competition, the *credo* of free market economy, is needed to keep goods and services continuously satisfying consumers' need. Barter and exchange in the market can run well as long as every product offered in the market has competitive advantage in comparison to others. Only if that kind of condition is met satisfactorily can all parties involved benefit fairly from the market. In other words, if competition in practice promotes reciprocal benefit for all parties involved then competition can be taken as it is by all countries to be the golden way toward economic prosperity (Stephen Young, 2003: 153-154). In fact, there is no sufficient reason to be so optimistic in viewing free market economy and the culture of competition it has promoted. Inequality presented in the "Introduction" of this paper blatantly reveals that the free market economic system and the culture of competition it has encouraged to apply must be adopted with reserve. Competition as the engine of the free market economy can be fair to all parties involved if the market is perfect. In fact, there is no perfect market at all (John O'Neill, 1998: 54-60). No party will be willingly to provide true and real information about market. Predominated by self-interest in the narrow sense of the word, asymmetric information has become so common condition in the market. And the colonization of economic interest might be so dominant that there is no room that spacious enough for self-interest to transform to be enlightened self-interest. Hence, there is no room for perfect market to take place. Within the culture of self-interest-guided competition, economic chasm between the poor and the rich will grow wider.

Pervasive inequality experienced particularly by developing countries demonstrates that economic prosperity and human wellbeing cannot be generated solely by economic globalization. It will be clear in the next part of this paper that local economic wisdoms play a very central role for human wellbeing. Local economic systems or wisdoms are too meaningful to be left behind or neglected for they play a very central and strategic position for local societies to live a meaningful life beyond natural need for economic prosperity. Since we are living in a global society, it is necessary that different societies, to a certain extent, have a shared global economic system. But, it would be too naïve to glorify a global economic system while at the same time negate or even systematically destroy the local ones.

### 3. REVIVING THE ORIGINAL POSITION OF ECONOMY

Karl Polanyi's thesis on economy as embedded economy has opened a new horizon to see economy beyond the material and tangible value it potentially provides. Through a historical and anthropological study, as mentioned earlier, Polanyi demonstrated that economy as a human activity contributes not only tangible but also intangible value to the society within which it operates. Economy provides both material and immaterial values for it serves to meet human socio-economic needs and, at the same time, functions to foster social unity. Operating under the local economic wisdoms of reciprocity, redistribution, and kinship, economy is no longer characterized by self-interest in the narrow sense of the word, but rather by enlightened self-interest. The original position of economy is therefore altruistic in nature. It exists to serve the common good (Polanyi, 2001: 49-58). Thus, cooperation must be seen as the counter part of competition since the final end of economy is to fulfill the welfare of the all members of the family and the society as a whole. Is it a utopia?

That question is reasonable to be raised since "utopia" tends to be pejoratively comprehended. For many, utopia is nothing but a wishful thinking and, hence, meaningless to be considered. More over being so obsessed by utopia, such psychological condition may lead to violence. Once people are so predominated by utopia, rationality then has no right place to work; and this would be the fertile seedbed for violence to take place (Karl Popper, 1996: 355-363).

However, I believe that utopia can be seen from a more positive perspective. Without any pretention to take it as a pseudo-religion, a utopia can serve as the driving force by which every rational people are encouraged not to reach the utopia but rather to do his/her best to find the most viable means to fight inequality, unemployment, and many other concrete social diseases. The existence of such social diseases is undesirable for they are blurring and even standing in contrast to the ideals shared by given society. Hence, taking and developing economy to be the instrument for social

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cohesiveness are not necessarily utopian in the negative sense of the word. Economy plays a very central role, particularly in the sense of tangible value, in improving and enhancing human wellbeing. But economy actually has power to contribute more. The moral power embodied in the principles of reciprocity, redistribution, and kinship, can drive productivity and, in turn, boost up and foster social unity of the society within which the economic activities take place. That is the basic reason for Karl Polanyi to take and place economy in the network of social values. Economy by nature is embedded economy. It is only one of many other socio-cultural values that characterize and, hence, serve to affirm the identity of the society (Polanyi, 2001: 48-45).

By taking the intangible value that economic activities may contribute to society, Polanyi actually emphasized that economy is not the sole motive of economic growth. He even underscored the non-economic motive as the prime engine of economic growth. A father of a family, for example, tends to be more productive since he realizes that it his moral duty to fulfill the family's economic needs. He even realizes that the more he contributes to the family, the more respect he may relish in the family. At this point it is apparent that working for the goodness of others and prioritizing self-dignity as the background values of economic activities have become the moral forces that help boost up productivity and, thus, accelerate economic growth. Economy in its original position is therefore goes beyond self-interest to embrace common good in terms of both tangible and intangible values.

The problem is that the mainstream economy pays to much attention to the formal-calculative aspect of economy. To the mainstream economists, economy is but engineering economy. It focuses on addressing the issue of economic growth in such a way that, unfortunately, put aside relevant moral considerations in the process of economic decision making. As such, the mainstream economists neglect to take into account real human beings as the ultimate ends and focuses mostly on means-ends (engineering economy) approach in the process of economic decision making (Amartya Sen, 2004: 1-27; 74-75). The same thing is true of the micro aspect of economy. Jim Collins would be right when he said that, as quoted by Stephen Young, in comparison to the culture of the *genius of AND* (business *AND* ethics), the culture of the *tyranny of OR* (either business *OR* ethics) is still so dominant in doing business. It is a pragmatic position glorified by the short-term oriented business people who, instead of taking time for ethical reasoning, choose to grab as much as possible gains in the short span of the time. They are inclined to hold that eliminating ethics from the whole process of business will ease the way to reach great success in business. So, instead of the *genius of AND*, they deliberately embrace the *tyranny of OR* approach, in doing business (Stephen Young, 2003: 5). So, one has to choose either ethics or business on the ground that each of them is essentially of different nature and, hence, taking them together into account in the process of business decision making would simply put business in trouble.

The tendency to take strict demarcation between economy and ethics on both macro and micro aspects of economy is of highly reasonable to be aware of. Joseph Stiglitz, economics professor at Columbia University and one of the Nobel Prize-winning economists, in his academic work *Globalization and Its Discontents* clearly expressed his discontents of globalization. His critical observation of globalization was also expressed in his speech delivered in the World Economic Forum (WEF) in Davos, Switzerland, on Thursday, January 25, 2018. Stiglitz argued that globalization in 2020 is no longer the same with globalization in 2000. Globalization in 2020 cannot be expected to be fair to both advanced countries and developing countries as it was originally desirable because it is controlled by big corporations. Stiglitz believed that unregulated and borderless market has produced big winners, i.e. transnational big companies that used their economic power to set up rules and control globalization. Globalization seems to be so permissive to big corporations' domination over global economy. Hence, it might not be astonishing to say that soon or later global economy will slam on and entirely controlled by "mafia capitalism" or "cowboy capitalism" (Robert C. Solomon, 1992: 65-73; Stiglitz, in Karl Polanyi, 2001: viii-xvii). It will leave many developing countries behind as the losers due to the imbalanced economic power that result from unfair global market competition.

Stiglitz was, definitely, not blowing the issue out of proportion. His proposal of going back to early age of globalization, in which globalization was regulated and managed by a fair shared system, is quite reasonable. Reinventing and enforcing a new global regulation applied to fairly manage global society and hence must fairly abide all parties, both developing and developed countries, is therefore of highly important to realize. Extreme inequality is not a boast. Pure perfect market is an ideology; it never exists in reality. Asymmetric information in market, both local and global market, is too common to be blind of. Thus, market in practice is imperfect market and therefore must be unfair, particularly, to the unfortunate parties. Protection policies and trade war demonstrated by powerful economic countries nowadays simply reveal and have

become the most blatant evident for us to restate that market created by big corporations is in itself self-interest-laden market and hence hardly to be fair for all parties involved. It is therefore, beside system-based management and regulation of globalization asserted by Stiglitz, it is wise to learn from Polanyi of how important the economic wisdoms and the altruistic economic character adopted by tribal societies to guide and to support their economic activities.

#### 4. GLOBAL SOCIETY AS A FAIR SYSTEM OF COOPERATION

It must be admitted that globalization has helped enhance economic prosperity. The free flow of capital and investment, skilled labors, professionals, and of goods and services help improve economic prosperity. But, again, inequality is still there and in fact intensifies the tension between the poor and the rich; it even demonstrates the domination of universalism over particularism, grand narrative over specific and unique local narrative. Globalization as such has reflected, to borrow Nietzsche's terminology, the "will to power" of the advanced countries over the developing countries, of the rich over the poor. Globalization has evolved to be a new form of imperialism.

The presence of global monetary institutions, such as World Bank and International Monetary Fund and the free market economy in general, to a certain extent, might be identified as the symbol of global power and domination over the local or national entities. All are international institutions that generate global-oriented policies and regulations in the field of economy that impose all countries, including the unfortunate ones, to adjust and to integrate those regulations and policies in their respective political and economic affairs. The question is: are regulations and policies imposed by international economic institutions effective to solve economic problem which have been faced by developing countries?

Ana Eiras, a Senior Policy Analyst on International Economics, had a good answer of that question. In her on-line published article "IMF and World Bank Intervention: A Problem, Not a Solution", (2003), Eiras presented a very critical evaluation on the performance of both IMF and World Bank. The article is quite old for it was published in 2003 but the message it conveyed is still of highly valuable to restate. She explicitly said that the two international monetary institutions failed to be the effective solution to most developing countries' economic problem. Taking Argentina, Bangladesh, and some other developing countries in Africa as the example of her economic analysis, Eiras apparently emphasized that both the IMF and the World Bank actually failed to create economic freedom in developing countries. The IMF failed because it, first of all, neglected to pay due attention to reforming the developing countries' financial structures, on the one hand, and too much to expensive rescue operations, on the other. In other words, the IMF was so preoccupied by its own interest that neglects to do what it should at the first time in its efforts to solve the economic problem. The same thing is true of the World Bank. This international prestigious bank that has operated under the motto "Our dream is a world without poverty", show a very poor performance in its effort to fight poverty in Africa. Eiras noted that an evaluation conducted by World Bank of its own performance found a 73% failure rate in reducing poverty and promoting market in the region.

However, Eiras was fair enough to add that the failure must not be the burden to be solely shouldered by those international institutions. The failure and even the absent-minded governments of the developing countries to restructure and to reform their respective rule of law, to foster judiciary enforcement, and to eradicate corruption has also contributed to the failure of the World Bank and the IMF to fight inequality. Strong law enforcement is the key to economic freedom. The problem is that the international monetary institutions' policy and decision to lend money to developing countries is not, mostly, supported by tight and right consideration of the effectiveness of the loan. Eiras claimed that the advices shared to the recipient countries are frequently wrong. Consequently, recipient countries are continuously, economically, left behind with a huge amount of debt on their shoulder to bear. Africa and some other developing countries, according to Eiras, have shared the same experience of the international institutions' failure to help them overcome their respective economic problem. Recipient countries are even entrapped in the deeper whole of economic dependency to the lenders.

The same problem potentially occurs due to the adoption of free market economic system. The effectiveness of the free market economy in creating economic freedom requires two basic conditions: *first*, the presence of perfect market to ease fair economic transaction; and, *second*, strong political will on the part of respective countries to reform or restructure their respective rule of law.

First, if the hegemony of free market economic system, consistently supported by *laissez faire* principle, is continuously uncontrolled by a fair system social cooperation, then it would, at least potentially, result in brute capitalism—that is, a

form of capitalism which is in essence marked by the principle of the survival of the fittest in economic competition (Robert C. Solomon: 1992: 65-73; Stephen Young, 2003: 33-46). Such potency is not entirely an illusion. Economic inequality between developed countries and developing countries, not to mention the under-developed ones, is growing wider. Free market and all the socio-economic benefits it promises to offer would be possible to be realized if the market is but perfect market. Unfortunately, perfect market, in fact, never exists. It is nothing else than an imaginary global ideology to get the *credo* of free competition workable. Symmetric information, the most basic condition for perfect market to take place, never exists in the real market. Its presence in the real market is seen as a menace to the self-interest of respective market players. Thus, there is no (pure) perfect market at all (John O'Neill, 1998: 54-60). The corollary is that free market and the culture of free competition it promotes will potentially ease the way for monopoly and oligopoly in economy. It is therefore unsurprising to find poverty, inequality, and injustice, particularly in the developing countries, continue to be the issues and even grow wider. Traditional tribal shared values such as the principle of self-help, redistribution, reciprocity and kinship which have been adhered over centuries and served to develop fair social welfare, including economic prosperity, are perforce marginalized and eliminated. Thus, beside the benefits it has claimed to offer, the globalized free market economic system puts local traditional economic values in vulnerable position. Globalization and free market economy function, to a certain extent, to serve and to unite societies into a global cultural, political, and economic community, but at the same time, threatens and even destroys the fact of pluralism.

Second, the effectiveness of free market economy also depends very much on the rule of law of the given country within which it operates. In short, the critical notes presented by Eiras regarding the importance of the rule of law of any given country to support the effectiveness of World Bank and IFM policies, are also applicable in the context of free market economic system. Free market economic system cannot effectively operate by itself. Adequate legal system is necessary to support the free market economy to operate effectively and, at the same time, to protect and to prevent citizens' political, legal, and economic rights from the negative influence it potentially brings about. The culture of "transactional politics", for example, is common in many countries. It is therefore unsurprising when democracy is adopted and used simply as a manipulative political tool to win and to cover up individual selfish interest. If that is the case then free market economic system may become the tool on the hand of economically strong parties or countries to win their own interest at the expense of the unfortunate parties or countries.

Without being neglected to the positive contribution of globalization and the free market economic system it has dearly supported, the analysis so far tells us that we must not take globalization and thus free market economic system for granted. Globalization tacitly promotes the politic of domination of the strong parties over the weak ones. The principle of community self-help, mutual sharing and cooperation, reciprocity, redistribution, and kinship—which have been considered the countries' cultural and moral cornerstone for economic prosperity—are then replaced by the powerful *credo* of free competition and self-interest (Karl Polanyi, 2001: 49-58). Economic principles which are traditionally and culturally preserved and practiced in economic activities are no longer institutionalized and embedded in society. The so-called local wisdoms-guided economy is disembedded (Karl Polanyi, 1957: 243-270; 348).

Polanyi's historical and anthropological research on different ethnic group's economic system revealed that economy is originally embedded and culturally institutionalized within the network of societies' social values. It has been taken to be the common ground and as such serves effectively to support the existence of the society. In other words, economy originally has no value in itself. It is a social instrument by which social cohesiveness sustains (Karl Polanyi, 1957: *ibid*). At this point, a global economic system should be able to provide rooms for local economic systems and values based on which a country or a nation-state pursues its economic interest and in so doing affirms its existence and autonomy as a sovereign country. Globalization must not, therefore, close the door for alternative economic system to flourish.

Living in "the fact of pluralism" (John Rawls, 1995: 36-39), it is too naïve to impose a single way thinking and behaving. Social reality is naturally characterized and marked by "reasonable doctrines", based on which every society tries to develop and pursue a meaningful life. We differ in terms of moral, philosophical, religious, and ideological doctrines. Those doctrines are the social backgrounds that strongly influence and even determine our way of life including, of course, the way a nation state sees economy (John Rawls, 1995: 59-60). And every people, even every cultural, political, and economic community deserves to think differently due to different values and concepts they have internalized (Nicholas Rascher, 1993: 69-70).

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So, it must be admitted that competition as the economic engine and self-interest as the economic driving force functioning to boost up economic growth might be too important to be neglected in the culture of free market economy. The economic gain praised in such culture, however, might perforce marginalize and even eliminate the unfortunate parties from the opportunity to enjoy what they deserve. The importance of competition and self-interest must, therefore, be aligned with fair openness to cooperate for the common good. Every society, including global society, must be able to transform itself to be a fair system of social cooperation (John Rawls, 1995: 15-21). At the global level, a need for a society as a fair system of social cooperation becomes more urgent to be realized, since the more global a society is, the more complex the interests to be addressed to. Such complexity tends to be used by the powerful parties to demonstrate their political, economic, and cultural domination over the unfortunate ones (Renato Costantino, 1997: 25).

The idea and the culture of society as a fair system of social cooperation are therefore of highly crucial to cultivate. It probably sounds utopian. But a utopia is not necessarily meaningless. The idea of society as fair system of social cooperation is important to support since it in essence emphasizes the necessity of interdependence and mutualism between the members of both within country and inter-countries. It can serve as an ideal that help encourages concrete initiatives and policies to fight inequality, unemployment, and severe poverty. To get social cooperation workable, it must be preceded by mutual recognition and mutual respect for diversity in terms of philosophical stand point, cultural perspectives, and socio-political and socio-economic interests. "...we must recognize that these different points of view exist, that the perspectives of others are not the same as ours... they have different wants and needs, and different plans and motives, and we must learn how to gather these facts from their speech, conduct, and countenance (John Rawls, 1999: 410).

To be fair to all societies or countries and to develop economy in a way that can serve respective countrys' interest, the principle of fair equal opportunity for all must be at the center of social cooperation. Fair equal global market share must be open and made available to all countries. And if we really want to fight inequality, creating and providing special market to the developing countries initiated by developed countries would be highly appreciated. Many multi-national companies have taken advantage of the developing countries which are way behind in the field of science and technology to explore and to exploit economic resources available in the developing countries to satisfy their own self-interest. It has been over tens of years, PT Free Port Indonesia, for example, a giant foreign-owned gold mining company, has operated in Papua Island, Indonesia. Huge amount of economic resources has been exploited and huge economic benefit has been enjoyed and taken away from the country. After tens of years in which most of economic benefits have gone to the pocket of the company, the government of Indonesia, through a very though and time consuming negotiation, eventually in 2018 succeeds to negotiate and to get the company open the door for a fairer economic share for Indonesia. Nevertheless, the people of Papua, the real owner of all the natural resources, are still living in a very poor condition.

The Papua case apparently demonstrates that globalization cannot be left to operate without a systemic control by local government and global society at large. It must be managed and regulated by a fair system of social cooperation. Setting up a global society as a fair system of social cooperation is therefore urgent and necessary to do. This would compulsively drive free market economy to be fairer and advantageous to all involved countries.

## 5. CONCLUSION

There is a contradiction between globalization in theory and in practice. It offers and brings with it new hope particularly for the developing countries to enjoy a better economic prosperity. But inequality is still there and even tends to grow wider both within country and among countries. Being mostly under the control of the big corporations, globalization in practice is not successful to decrease significantly the chasm between the rich and the poor, between the advanced countries and developing countries. The culture of competition promoted by the free market economic system simply paves the way for new imperialism to take place.

The failure of globalization to eradicate extreme inequality demonstrates that the free market economy is not the system which is economically viable for the *pareto optimality* principle—the most common standard for fair economic distribution—to work effectively. Inspired by Amartya Sen, we can say that market in the free market economic system will be never able to meet the *pareto optimality* principle for it is in fact under the control of the self-interest-laden big corporations (Amartya Sen, 27-32).



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Besides, to be able to significantly fight inequality, it is of highly important to cultivate a new mindset in order to see the distribution of economy from different and more accommodative perspective. We need a paradigm shift in the field of economy. Learning from the failure of globalization, a radical shift from “*I-You*” to “*I-We*” paradigm in the field of economy is urgent to develop (Amitai Etzioni, 1990: 8-11). What we need most to establish a new civilized global society is a fair system of cooperation. Global society therefore needs a more inclusive economic approach that provides fair equal opportunity to all parties involved to benefit. Such principle basically requires equality without at the same time neglecting inequality in economic sharing due to the objective differences between people within country and among countries. Such paradigm is of highly important needed to eradicate radical individualism in order to ease the way for an inclusive economic system to take place and to flourish. But, again, a fair economic system must be effectively managed and regulated by fair system of cooperation.

Such cooperation, however, must be supported by two things: first, it must be accommodative to the local economic wisdoms; and, second, giving special commitment to the developing countries to grow faster. Two things are needed for the second element to work effectively:

(1) Global economic policies must be set up under the guidance of the *maxim strategy* or *maximin rule* (*maximum minimorum strategy*). The term was introduced by John Rawls to emphasize the importance of giving priority to the worst off to live a more descent life. It takes the fate of the least advantaged parties to be the foundation and the benchmark upon which public policies in the field of economy are set up. Adopting the *maximin rule*, therefore, can help ease the way for *pareto optimality* principle to take place (John Rawls, 1971: 132-136).

And, (2) it must be supported by a market created by developed countries especially to accommodate goods and services produced by developing countries (Bill Gates, 2008, 9). This special market can be considered a concrete form of the affirmative action which is of highly valuable global policy that serves to fight inequality. Taking an affirmative action for the goodness of the developing countries is fair and reasonable to do. The economic prosperity relished by the developed countries to some extent is, at least partially, coming from the economic resources available in and owned by developing countries. The presence of multi-national companies in developing countries and the huge amount of gains they bring back to their home countries respectively must be considered the indirect economic contribution of the developing countries to the developed countries.

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