

Title: Globalization and Economic Blocs: Theoretical Elements and Economic Policy Implications.

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ABSTRACT

The paper analyses the differences in the theoretical frameworks that support or not the defence of financial liberalization and globalization. This general discussion is developed to observe the formation of economic areas as a process of intensification of the liberalization inside the area. The paper has five parts. In the first part it analyses the liberal perspective on globalization and shows that this is defended under the argument that open economies and the free movement of goods and factors enlarge the sphere of action of market and doing so allow a better, more efficient, use of resources and leads the economy towards a stable pattern of growth. The second part analyses the non-liberal perspective emphasising the Post Keynesian perspective, showing that in a non ergodic world, globalization tends to stress both the instability and the conditions that allow agents to play their games on the financial sphere of the economy, enlarging the importance of money in the determination of the trends of growth and increase the instability of those trends. The third part analyses the Marxian perspective, it is shown that the problems characteristic of a capitalist economy are enlarged by the globalization process and so the instability associated to capitalism is emphasised under this new international context. Finally, in the fifth part the paper it is shown that the formation of economic blocs tends to internalise, in a stronger way, the consequences of globalization among the economies that form the bloc.

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