

Ivan Nikolov, Professor, Dr. Ec. Scs.

## TWO THESES ON GLOBALISATION

The contemporary globalization is connected with radical and global structural changes in all areas of the social activity and in the world as a whole. Some support the thesis that this is a new stage in the development of the capitalism that has no alternative. The article defends the thesis that the contemporary globalization puts the start of the denying (dying) of the capitalism as a society-economic system.

Emerged and developed are considerably new social (incl. Production) relations, connected with the computerization, automation, robotization and the predomination of the information production. Dies away the main capital relation between the labor and the capital, formed is a new production dependency between the current knowledge (creative labor) and the memorized (computer) – as a denial of the capital, as a materialized knowledge that can be expropriated and appropriated as a private property. The delusion is in the fact that these essence and rich in content processes are in initial stage of its development and even though a denial of the existing system, they are manifested forced by the inertia of the past, as a movement of the capital and appropriation through the market.

JEL: F01; F02

It is well known that after the economic crisis of 1969-1973 two *global and radical changes* took place. For "global" it is generally understood that they affect, on one side the whole globe, and on the other, they influence all the social structures, including economy, technical sphere, education, health care, culture, and sport. "Radical" means that the changes are not simply evolution of the existing state, but something fundamentally new. This embraces the whole socio-economic system – the capitalism and on this basis *two major theses* are formulated. The *first one* regards this as a new stage in the development of capitalism, which appears to be flexible and adaptable to the new conditions. *The second* thesis, which I personally support, states that the global economy, or globalisation as a whole, includes the negation of capitalism as a system, and it requires new social relations, which reject the already existing ones.

The first thesis is clearly expressed by Anthony Guidance, who published a popular book in support of the politics of the new labor. "For Marx - Guidance writes - socialism wins or looses, because of its ability to present a society, which will create greater abundance than capitalism, and will distribute it in a much fair way. If socialism is dead today, this is exactly because those claims suffered defeat"<sup>1</sup>. And from here comes the logical conclusion of the author: "Today no one proposes alternatives of capitalism. The unsettled questions, which remained, refer to how and to what degree capitalism should be controlled and regulated."<sup>2</sup>

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<sup>1</sup> Гуденс, А. Третиият път. С., 1998, р. 13.

<sup>2</sup> Ibid., р. 47.

Therefore *The Third Destination* by Tony Blair is brought down to two statements: "socialism is dead", "capitalism must be controlled". In his speech in front of the XXI congress of the Socialist International the French Prime Minister Lionel Gospen, whose position basically coincides with that of the labours of Tony Blear, although with some particular differences concerning the policy of the French socialists, said: "We should continue to contemplate capitalism, in order to provoke it, to control it, and to reform it."<sup>3</sup> Some Bulgarian authors also have publications of this kind. However, they support the thesis that "capitalism has alternatives". Thus, the contemporary stage of globalization started with the economic crisis of 1969-1973, which is unique, regarding its characteristics and social-economic consequences.

*First*, the crisis of 1969 is a crisis of overproduction, or more accurately, of world markets flooded with industrial production. This production is typified, standardized, line production.<sup>4</sup> Immediately after World War II the only economic giant – the USA has dominated the markets in Europe, Asia, and almost the entire world. But 25 years later, years of fluent development of the world economy, development without unemployment, including the years of the German, French, Italian, and Japanese economic phenomenon, it turned out that the cheaper commodities of these countries replaced the American ones even in America itself. While in 1950 in Japan there were only American cars, in the beginning of the 70's 25% of the cars driven in the USA were Japanese. The markets were flooded – the crisis began. It should be stressed that capitalism could develop no more, in terms of searching for new territories, and new markets for future expansion of industrial, or any kind of material production at all. A radical change was required. The industrial epoch had to be replaced by the informational. Alvin Tofler argues that on the place of the second industrial wave comes with immense power the third informational wave.

*Second*, the crisis of 1969-1973 coincides with the transition of the world economic system from the fourth progressing to the fourth digressing wave, according to "the long waves of Kondratiev". In agreement with the theory of the long economic cycles, this transition requires a capital change in the technology, the entire technical equipment, changes in the capital funds, substantial development of the world market, changes in the flow of financial resources, a first stage in the preparation for the change of the world leader. And all this is a prerequisite for the transition to the fifth cycle and its progressing wave<sup>5</sup>. *The transition from industrialism to the age of informational technologies* was, and still

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<sup>3</sup> See Дума, 15.03.2000.

<sup>4</sup> See Проданов, В. Глобални промени и съдбата на България. С., 1999, р. 33.

<sup>5</sup> See Николов, И. Дългите вълни на Кондратиев. С., 1985, р. 19; Моделски, Дж., У. Томпсън. Вълните на Кондратиев, еволюиращата световна икономика и политика. Проблемът за координацията. – Икономическа мисъл, N 11-12, 1992.

is, the only possible way out of the crisis of 1969. This is a required condition for the new level of progressive development.

*Third*, it is well known that a certain period of time passes before a particular invention or creation is implemented in practice. The global and radical changes, which occurred after the economic crisis, were not a subsequent result of the technical discoveries and inventions, but a result of the economic demand and the potential to implement them. The computer was invented in the mid 40's, and experienced lots of quick technical alterations after reaching its third generation. However, its mass application in production, in communications, and in various social activities took place after 1975. The spread of the PC contributed for this, or more precisely, the time when it became affordable for every company and every individual, the time when hardware became essentially cheaper than software.

The theoretical works of Karl Marx about the decay of capitalism as a social-economic system, and the conditions needed for the emerging of a new society can be brought down to two major points: *first*, capitalism is a negation of itself, because of its inner contradictions and principles of self-development; and second, the future belongs to the socialistic-communistic society. The major social power, or class, which is historically designated to carry out the transition, is the industrial proletariat. It is not necessary to emphasize that Marx reached to these conclusions as a result of many years of theoretical and empirical research.

Our starting point is the famous statement of Marx, who argues that: "A social formation never dies before all of its productive forces have been fully developed. For this it provides the necessary environment. New higher-levelled productive relations never promulgate before the material conditions for their existence have already ripened in the core of the old society".<sup>6</sup> Profound interpretation of Marx's works requires investigating this basic postulate of the historical materialism, *the self-negation of capitalism as a result* of its inner contradictory development. Without scrutinising all the attempts of theory and ideology, to explain the construction of socialism mainly in economically underdeveloped countries, such ones, that did not have fully developed industry or industrial proletariat, we will state that all the economic and social systems, imposed by force and created on the basis of a particular ideology are doomed, if they are not based on previous development of productive forces, in the core of which the new productive relations have matured. This suggests that the so-called "socialism" and the system as a whole are predestined historically to die. Therefore, where is the border, which defines to what extent the productive forces of capitalism, can be developed, and outside which the capitalistic productive relations begin to deteriorate? The answer to that question can be found in *Economic Scripts of 1857-1859* in chapter "The Capital", paragraph (10):

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<sup>6</sup> Маркс, К. Към критиката на политическата икономия. С., 1949, р. 9, 10.

“Development of fixed capital as an indicator of the development of capitalistic production”<sup>7</sup>. Because the term “fixed capital” is no longer in use, it is good to mention that Marx looks at it from many different aspects, but his final summarised definition is “tools of labour”, “instrument”, “machine”. Marx argues that, “integrated in the process of production of capital, the tools of labour goes through different metamorphosis, the last one of which is the machine, or more precisely the automatic system of machines (system of machines; the automatic one is the most complete one, the most adequate form of that system and it is the one that transforms the machines into system). The system of machines is operated by the automate, by the driving force, which is driven by itself. This automate consists of numerous machines and intellectual organs, so that the workers themselves are assigned only as conscious members of the automate.” There are two main points: “the intellectual organs” are just recently available – these are the computers, and the workers in production are their “conscious members”. These thoughts of Marx are not just a random notion, isolated from the content of the text. They are the logical *conclusion*, which follows from the close examination of the building of capital and all the economical and social consequences, and to them leads the development of the “fixed capital” - *an indicator of the development of the capitalism*.

The second point in paragraph 10 is titled “Disintegration of capital as a dominating form of production in the development of the bourgeois society”. To avoid the long quotations, it is better to mark down the two major theses reached by Marx, while examining the disintegration of capital. His starting point is the decrease of the share of direct labour in production and turning it to subordinate factor in the creation of social wealth. On this basis he reached to the conclusion, that the capital relation between live and material labour is “the last stage in the development of the *value relation* and value based production”... “The main pillar of production and of wealth is no longer the direct labour, which a human performs, neither the time required for work, but the requisition of his own productive force.” “The stealing of the working time of others, on which present richness is based, looks a meager basis compared to this newly developed basis, which is created by big industry. Since labour in its indirect form is no more the major source of wealth, the working time stops, and has to stop, being the measurement for consumer value. The surplus labour of the masses is no more a condition for the development of the overall wealth.” And here is one more argument: “the working time, regarded as measurement for wealth, makes the wealth itself a basis for the poverty.” Marx gives also an answer to the question, which is the source of social wealth in the automated machine production: “The development of the fixed capital indicates to what degree mass social knowledge has become a direct productive force. For this reason the conditions of life have fallen under the control of the mass intellect and have been transformed in

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<sup>7</sup> Маркс, К., Ф. Енгелс. Събр. Съч. Т. 46, part two, 1978, p. 181 and on.

accordance with it.” So far our world has not fallen under the control of the mass intellect, and is not transformed in accordance with it. However the process, as Marx described it, has started and is an irreversible one. And as a conclusion of his thoughts for the disintegration of capitalism, we will point out, that in the place of working time, he regards the time liberated by production as “time available to everyone...” It is time required for the self-development of individuals, and because of that Marx’s final conclusion is that now the human being-creator is the fixed capital.<sup>8</sup>

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Further proof and arguments are required in support of the thesis that contemporary globalization is not only a negation of capitalism, but it is the beginning of its final destruction and disappearance as a social-economic system. Of course this is a process, which has just started. It has not begun in the whole world, but only in the capitalist countries with the highest level of development of information technologies and information production. The term *globalisation* has been adopted in the world literature from a 1983 article of T. Levit from Canada. It was then quickly accepted even before its meaning was clearly stated, and this encouraged different discussions.<sup>9</sup>

Globalisation is an objective historical process<sup>10</sup> which has started since the first days of mankind. This is a process of stepping out of the family and local borders, of crating relations and communications with the outer world and seizing it; of overcoming the national and the distances; of increasing the integration of labour, production and culture, the exchanging system and the economy; of creating and adhering to common rules of trade and behavior, and so on. Social development is always a strongly controversial process. In the same time when globalisation is developing as unification, processes of partition are also starting to develop<sup>11</sup>. In other words the role of the local, the national, the special in the cultural, ethnical, and religious entities are getting stronger. The diversity, which is empowered by the differences in culture, in traditions, in the way of living, in geography is, and is going to be, one of the major sources of development of human intellect. This process is dating back as far as the first settlements of tribes, the first partition of labour, the emerging and the development of the exchange system and the consequent development of the civilization in general. Globalisation is not a fluid, linear process, but rather a cyclic one. It has its tides; years of digress, as for example the medieval years, and years of progress, the

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<sup>8</sup> See for details *Николов, И.* Карл Маркс и третият път. – In: Мислителят на хилядолетието. S., 2000, p. 103.

<sup>9</sup> *Кузнецов, А.* МЭМО. М., 1998, Vol. 2.

<sup>10</sup> Globalization as a concept is often defined as policy and as an ideology and in other aspects as well, but these are questions outside our present theme.

<sup>11</sup> *Проданов, В.* Op. cit., p. 17.

ages of the great discoveries, the age of the huge technical and economical progress, which destroyed the local borders and limitations. Globalisation with its characteristics of historical tendency of development of humankind contributes to the decaying of feudalism and the elimination of serfdom. This is because it creates the market of labour force. It also contributes to the opening and forming of the national markets. In other words it lays the beginning of the capital relations between the capitalist as a private owner of the means of production and the worker, who sells his labour as a commodity. Exactly the same historical tendency, that occurs specifically as a contradiction, which is the driving force between the continuously increasing public and self-integrating capital and labor and its private-capitalistic, translated and ultimate form of realization, is the engine of the process of dying away of the system of capitalism.

The facts, characterizing contemporary globalisation, need a short commentary. When Marx talks about the automatic system of machines, the decreasing of the direct labour in production, the transformation of science (knowledge) into direct productive force, he does not focus on the changes, which emerge in large scale industrial production. However, he does not ignore the production of material wealth. According to Marx social production is a wider aspect of the material one, which also includes the regeneration of the productive force. He regards this as a *process of metabolism*. This is a crucial moment for the understanding of the discussed arguments. Exactly because of this we will begin with the facts, that show what substantial changes have occurred in the sphere of industry and production of material goods in its widest aspect.

The absolute and relative share of labour in the sphere of material production decreases drastically. In 1869 40% of the GDP of the USA was created by agriculture, in which 60% of the productive forces were involved. In 1991 only 1.5% of the GDP was created in this branch, and only 1.9% was the involved productive force. Similar processes emerged in the UK, France, Germany, and others. Despite the decreasing role of the directly involved labor, its productivity and output increased very rapidly and in the 90's one hour of labour of the American farmer was worth 400 kg of wheat. The level of industrial production remained the same in 1973, and this same production was produced in 1988 by only one fifth of the workers. This means that for 15 years from every 5 workers – 4 have become redundant. In the beginning of the 20<sup>th</sup> century the GDP of USA has been created mainly by industry – 80%. Despite the industrial progress in the USA, nowadays just 15% are the people involved in this branch, while more than 75% of the whole productive force is engaged in the services.

During the 20<sup>th</sup> century great changes occurred in respect of the working time and social status of the working class. In 1914 the mean duration of the working time was 3,000 hours per year, and now in the USA it is 1,800 h, in Germany – 1,650 h, and in some EU countries there are discussions for a cut down to 35 working hours a week. The data for car production is very indicative.

In the Nissan plants in Sunderland, UK, in 1990 one worker for one year has produced 24 cars, while in 1998 the number is 98 cars (the data for FIAT, Seat, Opel, Ford, and others is between 70 and 77 cars). It must be underlined that the increased production (more than 4 times in 8 years) is not due to the labour, but is due to the adopted robots, automates, and computers. The rapid depopulation of industrial production contributes to the increase of unemployment. A simple calculation shows that the price of labour for assembling a car is about 2%.

The period between 1945 and 1970 is marked by console development and great progress of the capitalistic economy. In that period the status of the working class has substantially improved. With his high income, own house and car, health and social insurance, the industrial worker has become a member of the so-called middle class. In this period the industrial worker and the capitalist are the spinal cord of the capitalistic system. However, from the data so far it is well clear that labour is no longer the crucial factor in production. In the last 30 years the industrial working class has become much poorer and was struck by mass unemployment, which would become even greater. This social stratum of employed labour will become smaller, because it is unneeded. If we go back in the past to the initial building of the capital in the UK, we often say that “the sheep ate the people”, and now we can say that *the robots ate the industrial working class*.

However, this does not mean destruction of the existing industry. On the contrary, production of material goods will diversify and increase very rapidly. But some major changes emerge in industrial production, which would be mentioned here, but not in great details. Mass serial production is displaced by orders for special equipment, because the flexible automatic systems do not cause difficulties when restructured for new kind of production. In the same time this requires substantial development of scientific research and consultant activity. The profile of the common worker is changing – from a narrow expert, who performs only one operation on the production line, he has changed into a highly qualified worker who is capable to substitute each of his colleagues. The big plants are assisted by “global chains” of small, highly technological, narrowly specialising, independent companies, which unify their researching, experimental, production, and business activities. This shows that the future development of industrial production, or in general the production of material goods will become *scientific, expensive, automated, and entirely depopulated*.

If such radical changes emerge in the sphere of material production, then what can be said about the rapidly developing production of information goods? Here is some data.

Two economists from the world known company SKANDIA ran a very interesting research on the proportion between the balance value and the market price of the top companies, which deal with informational products. The proportion

is as follows: HP – 1:1.35; Intel – 1:2.28; Microsoft – 1:9.5; Reuters – 1:10.2; Oracle – 1:13.1; and the most interesting is Netscape – 1:60. This company is developing software for the Internet. Its capital funds are worth \$17 million and its working team consists of 50 people. The price of the company on the market is \$3 billion. The authors' explanation is that the high market price is *a result of the intellectual capital and not of the long-term material assets of the company*. In other words the wealth is created by the creativity of the workers, by their knowledge, and not by the capital, which is materialised knowledge. According to them the intellectual capital consists of two parts: human and structural. Under structural, the image of the company, the trademark, etc should be understood. Furthermore, they call the difference between the balance value and the market price "*hidden value*".

This is not a hidden value; this is a hidden wealth. Why? The value, according to Marx, is average-socially-required abstract labor, converted into goods. The knowledge and the skills of the working team are neither "average-social", nor are they converted into goods. The price, by which the information products are formed<sup>12</sup>, is something different. Now we are talking about the price of the company, which is determined by the knowledge, the ability to work in teams, to create new ideas and so on. In this case the price is the monetary expression not of the company's value (this is the value of the invested capital), but most of all, as it is said, of the new potential wealth, which creative labour produces. In other words *knowledge is a negation of capital, and because of that – a negation of value*. I will remind Marx's thoughts from the point, where he argues that, because of the mass poverty of humankind, wealth is earned through the physical efficiency of the worker, which is converted into a good, consumer's value, a necessity. So it is not a hidden value, it is not a value at all. It is wealth, made by creative labour in a time unlimited by material production. The data from the survey unconditionally proves that the high value, in terms of wealth, is not created by capital, nor by long-term material assets, but by the knowledge of the working force. *The current knowledge is a negation of the material knowledge, like capital*. Only 10 years ago the proportion between the price of hardware and software was 80:20, and now it is exactly the opposite – 20:80. It is reasonable to suppose that this is also the proportion between creating wealth from the material and from the current knowledge, or creative labour.

It is necessary to underline, that at the market the products of purely scientific (including fundamental sciences) research activity bring much greater profit than the innovation as their application in a certain type of production. If we take a closer look at the radical changes, which came with the global economy, we will see that on the place of material production, which was the determining factor of social development, come the information production. This means, that the basic

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<sup>12</sup> See *Николов, И.* Предизвикателствата пред икономическата теория на новата цивилизация. Svishtov, "D. A. Tzenov", 1997, p. 125.

and determining productive correlation is not the one between the physical capability of the worker and his tools of labour. This is a materialistic-energetic influence on the labour object and the consequent result is the material good. In other words this is the correlation between labour and capital in the form of materialised knowledge. There is a fundamentally new correlation; from one side it is the idea carried by the highly qualified worker, and from the other side is the computer, which is the memorised knowledge of the previous generations. The product is the informational good – new knowledge. The capitalistic productive correlation has been decomposed.

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It is necessary to look at the following question in detail: which is the major source of social wealth? As Marx pointed out, he regards the discovery of the dualistic character of labour as his greatest contribution to the labour theory of value. It is concrete, as well as abstract. The concrete labour is the knowledge and the skills of the worker, related with a particular craft. This is accumulated labour experience, which is acquired by the generations. And it is materialising itself in the matter-energetic diversity of the produced consumer values. This is the quantitative side of labour, and the qualitative is the abstract labour, or labour in general, the common working capacity as physical efforts, which is innate in every human. According to the labour theory of value, which is superbly developed by Marx, abstract labour is the common quantity, which makes the commodities comparable at the market. The value is the required average-social abstract labour, which is materialised in the form of goods. According to Marx's qualification, the different quality of labour usually falls in the category of simple labour, which is a common physical attribute of every healthy person. This way commodities are exchanged at the market according to their values, because simple labour is a qualitative measure of the created wealth. Moreover it is an emanation of the wealth. However, the value of the commodity is falling along with the loss of consumer value. This means that there is no wealth if there is no consumer value, if the labour is not converted into matter, or in a particular consumer value. Money is the common equivalent that measures the value of each commodity. But this is so, according to the labour theory of the value - only because money is gold. The consumer value is the concrete labour, which reflects the labour of all other producers. While reflecting each other, they compare and measure each other as values.

The most important thing, which I would like to underline, is *that wealth is created by concrete labour*. And it can not be the other way. This is an expression of the conscious beginning of human activity and knowledge. The human has in his mind the image of what he wants to create in advance. The abstract labour, defined by Marx, is the spent physical effort and it can not create fortune, because it is a mechanical movement, and according to the second law of thermodynamics the efficiency coefficient is always less than one. On the contrary if we examine the

concrete labour as accumulated labour experience and knowledge, we can say that it creates new order, new usefulness, and new material wealth. This wealth is accepted by society as necessary and material.

If we look at labour and its two sides – concrete and abstract, from the perspective of its informational nature, we are going to reach to the same conclusions. Value is an informational category. There is not a single atom or energy in it. It is information, which is objectively formed at the market.<sup>13</sup> This is information about the quantity of wealth in every commodity. It is measured as quantity and it is average-social necessity. In other words this is not the labour individually invested in a particular commodity. It is the quantity, which has to be invested in average for the society conditions of productivity and intensity. The same thing holds for the consumer value. It is a materialised need, idea, knowledge, labour experience. In general this is the informational nature of each produced commodity. And now let us remember, that each piece of information has two sides: contents – the special thing, which makes it information; and quantitative – a certain number of choices for realisation. Byte is the measuring unit for information, introduced by Clod Shannon. It is the unit needed for the outcome of two possible situations. The quantity of information does not give us any evidence for the wealth (poverty, banality, etc.), that we can exert from given information. Besides, each byte of information has also its material media. The commodities, as consumer value are for the people's needs. And something more. If we assume the most common definition for information as a degree of order of the elements in a given structure, then in the problem considered, this order is created by the concrete labour. That is why it is a source of wealth. We will stop here, even though the analysis of the source of wealth and its informational nature can be continued. Further data can be find in Prof. Vatuch's analysis of that problem.<sup>14</sup>

Let us go back to the data from the research on the proportion between the balance value and the market price of the top information companies. The labour of the fifty people from the Netscape Company created huge wealth, which is called by research people "hidden value". First of all, this is not a value, therefore it is not capital (human or structural). The created wealth is not measured as average-social by productivity and intensity of labour. And second, this labour is not materialising itself as neutral. In general it is not departing from its creator, because it is not a product of material production. It is informational product, which is lent (not expropriated) for use. And here is the core of the problem. The labour, which creates value, is materialised and taken away from the worker. On the contrary, even in teams creative labour is unique, incomparable. It is not average-social, it is individual, and it is embodiment of its creator. It is not measured in working

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<sup>13</sup> See *Николов, И.* Кибернетика и икономика. Second edition, S., "Science and Art", 1971, p. 241 and on.

<sup>14</sup> *Ватух, К.* Информационная теория стойности. Novosibirsk, 1997.

time, but by the implied idea, which has been materialised in some way. This is the required condition needed to express a given information. This labour is creating new knowledge and can not be measured quantitatively as working time, or quantity of information. It is measured by the portion of the new, which the product carries. This new has unique usefulness. Because of this, the value relation is no longer valid. It is the newly created wealth in the form of knowledge, information, usefulness, which is evaluated according to its practical purpose. It can be the basis for the creation of new knowledge, new invention, or it can be used for mass distribution and consumption. It can be information available to everybody.

The question about the price, price formation, and the reason for assessing wealth rises immediately. We are hardly able to give here a profound and explicit answer to this basic question of the economic science. Our starting point will be the fact that labour has no value. Only the physical capability of the worker has a value. This is the value of the means needed for its recreation. And this is not a coincidence. This essence or substance, which is a source not only of the value, but also of the wealth in general, has no value itself, despite the historical form it takes. As far as the value-based relation disappears, working time as a measure also vanishes. Since labour on its own can not be evaluated, it is clear that usefulness should be evaluated. Exactly because of that, the theory for the "ultimate usefulness" may give a more accurate answer, but it has to be formulated and considered in another way. It is a fact, that at the market information products are estimated subjectively. Our next comment is related to the main question: labour is a source of wealth, but is it true that only creative labor is a source of wealth today? What can be said about labour in the services? And what about the entertainment industry, even if we exclude the labour of the creators of music, theater, art, etc.? What can be said about the huge army of people, involved with their labour in the realisation of the pieces of art, or of some athletes, part of whom are members of the employed labor force, but their incomes are tenths of millions of US dollars annually? Can we suppose that clubs like Liverpool or Manchester United were going to pay their players more than 80 thousand US dollars a week, if they do not believe that the players will bring back for the clubs much higher incomes? Which is the source of this wealth? Can incomes received in sports be justified only as a result of redistribution, or in other words wealth created by someone else? The reasoning on the thesis of Marx for "leisure time" can be very divergent. Is it an expression of the new wealth, or maybe a new measure in the place of the working time? It can be regarded in the context of the time, when the creator creates or accumulates power and knowledge for his process. And so leisure time becomes the most powerful productive force. But on the other side, "leisure time" is very often a prodigal wasting of health, power, and revenues. It even leads to stupidity and brutality, as for example the fans at the soccer matches. The reproductive process in the sphere of material production, as a process of metabolism, includes two moments: production – labor, exhaustion of

the human working abilities, and consumption – a process of recreating the working power. If this is so, then on the basis of a dangerous analogy we can reason that the informational production, measured in leisure time is a two stage process. The first step is the “productive” one – the creation of new idea, new informational product, new creator, and the second is “consuming” one – the entertainment, relaxation, recreation, etc.

In support for the given arguments I will mention Bill Gates, who is accepted to be the richest man in the world. He creates his wealth with his own labor together with a team of people, some of whom are among the top ten richest in the world. Exactly their labour is emanation of the released personalised creative activity. Can Bill Gates, with his fortune be regarded as a capitalistic exploiter? His fortune is a result of his own labor, and thus it is a personal, not private property. The wealth, which creates wealth, and respectively value, that brings additional value, is capital. But this analogy does not hold in this case. The capital is a private property over the means of production. So it is true that the capital is a materialised knowledge, which means it is wealth. But this is the dominating form of the wealth in the production, regarded as metabolism. It is also the social form of the mass human poverty. Nowadays the dominating production is the process of exchanging information. Exactly because of this all knowledge is the basis for the formation of new knowledge, but it is in the new form of current knowledge of his creator. This is the “productive basis” of the new social relations, which emerge now and are going to develop in quick tempo. They are replacing the old productive relations. However the new is born and developed under the dominance and the boundaries of the old economic, capitalistic form. This is the inertia of the past. And despite the fact, that the economy is dynamic, it is also inertial. At the market, market relations still dominate in their transformed capitalistic form, and they ultimately affect our consciousness, even though in most of the time they reflect other social processes and relations, which are negation of capitalism as a system.

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Many substantial changes happened in respect of the role of capital in material production, as well as with the ownership over it. Still in the 19<sup>th</sup> century Marx pointed out that the capitalistic owner abandons his functions as entrepreneur and manager. During the 20<sup>th</sup> century, and especially in the last fifty years, the role of the managers in the general management of the social capital increased dramatically. The capitalistic owner changed into renter, receiving interest, and nothing more then just dividends for his investments. He is no more a subject of economic activity. In a certain way he turns into a parasite. So the role, which the highest social stratum, including the most enterprising capitalists, played for the prosperity of the world, finally ended. The functions of the board of directors are also significantly changing. Now the creative person stays behind his computer and manages from his office the production line and the whole business. These people

work in the environment of a market economy, and because of this they respect many of the rules, which perpetuated and still perpetuate the capitalistic economy. Let us imagine the following situation: a capitalist is the owner of a textile plant, but the plant is administrated by people, who stay behind their computers. They create a large fortune by means of software programs. This software manages the automated productive process. The raw material is delivered on time, the commodity and stock markets are researched, the marketing is done, and so on. The managers create a large wealth and receive high incomes. The capitalist owner receives the interest for the invested capital and in the best case some higher dividends. As was mentioned before, only twenty years ago the proportion between the prices of hardware and software was 80:20, and now it is 20:80 (data is three years old). Why not suppose that this is the proportion between the incomes from the capital, regarded as machinery or hardware, and the incomes from the know-how of the workers, regarded as software. This proportion may reflect the contribution to the creation of the wealth, and not only to its distribution.

Ownership of the capital also undergoes significant changes. Now the greatest investors appear to be the so-called social funds, and the most important of them are the pension funds. For example 75% of the capital of the largest US bank – Cheis Manhattan Bank, belong to pension funds. Statistics show that about 50% of the capital of the top companies are invested by those funds. This phenomenon is worth examining, but we will skip many of the questions. The members and share-holders of these funds are the workers and employees, or in other words – the middle class. These people have saved in those funds for the time of their whole working careers, for thirty or more years, in order to insure their retirement. The funds have invested the money to provide higher efficiency for their members. And the result is that these working people have become “capitalists” and investors, who receive not only their pensions, but also the dividends of the shares they posses. The difference between the two sides of the capital relation – the worker (proletariat), and the capitalist (private owner), has vanished.

The data and the analysis of Robert Rich in his book *The Labor of Nations* are very interesting. He tells us about those business people, as well as some particular persons, who have access (acquire) to a great deal of information. They are highly qualified creators, performers, and consultants in the fields of finances, law, sports, health care, culture, show business, and other spheres of the social activity. Rich calls them “symbolic analysts”, because they work mainly with computers. They are related to the global financial capital, and play on the world scene. They are cosmopolites and earn huge incomes. They settle in separate neighbourhoods, and turn themselves into a closed society, while limiting their contacts with the outer world. They do not favor politicians, capitalists, or their partners, which are not as “smart and educated” as them. Robert Rich discloses his concerns about what will happen if people like these, who are exceptionally rich

and educated, and hate all the others, besides their economic power gain also political one and establish dictatorship? Then what will be the destiny of the ordinary people, the nation, or even the world?

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Our exposition would not be complete if we do not mention the complicated theoretical problem about the dominating role of the big, global financial capital.

In the environment of expanding global economy the topic financial capital, regarded as theory, as practice, as politics, as activity, as nature, as phenomena, as present, and as future, is something really terrifying, which hangs over the humankind and threatens to destroy it. Meanwhile it is the most exemplary expression for the socialisation of the world wealth, and it has the power to give a major destination of such development, which rejects the capitalistic system. Now financial capital is in its most condensed form. Now it best conveys and discloses the basic contradiction of the capital – the contradiction between its social nature and its private expropriation, as was formulated by Marx.

Present days with their controversial completeness set a huge challenge to the economic theory. An answer should be given to the big question – what does financial capital represent nowadays, in each of its aspects and tendencies for its future development. The answer to this question can not be given in a single article. Moreover, it can not be even explicitly formulated. We will set some problems (questions) related with the *theoretical heritage of Marx*. They involve directly the *problems of the financial capital in its contemporary development*.

First, the term “financial capital” is not mentioned in Marx’s works. In his works he speaks about industrial capital, which can be productive, commodity, or monetary. The trade capital differentiates from the other. In this form it serves as bill of exchange or as loaned capital. First of all occurs the “fictitious” capital<sup>15</sup>. In these cases, when a bill has still not expired, a new one is issued on the place of the old one. In this way the value of the capital increases, without being financially backed up. (the reemission of the bills is not an accommodated capital, because it does not increase the capital value, but widens the means of exchange). At this point Marx is again precise and correct. The great source of the fictitious capital is the one that brings interest. This time the subject of trade is the capital itself and its price is the interest. In support of Marx are lots of empirical materials, bank accounting reports, speeches and reports from parliament, etc. From these materials it is evident that as far as the middle of the 19<sup>th</sup> century, the proportion between the fiscal and actual capital was 9:1. Today it is even greater, and in some of its expression, for example in monetary deals, it is as big as 80:1.

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<sup>15</sup> See *Владигеров, Т. Финансовият капитал. Изменения в съвременния капитализъм*. С., BAS, 1957.

The term financial capital is introduced by Hobson, Hillferding, and others in the beginning of the 20<sup>th</sup> century. It represents the merge between the bank and the industrial capital. There is no need to comment this phenomenon. Now financial capital is entirely disconnected from the actual one, or by the definition of Marx – the fixed, or the bank one. This is because the functions of the banks have substantially changed. Now the financial capital acts primary at the stock exchange.

Another big problem, which has to be scrutinized not only theoretically, but also empirically, is the proportion, or more precisely the transformation of the fixed capital into fictitious, and of the fictitious into virtual and vice versa, or into some other form of wealth (material or informational). This is successively perceived in the erupting financial crisis. The flow of financial capital takes on mainly monetary forms (respectively bonds, including banknotes). In the presence of credit cards the function of money, as means of exchange, as way for payment, and as world money is taken by capital. Money remains in bank accounts, in other words this is the capital, which brings interest and performs the function of the money. And something more. The circulation of money is almost extinct. With the credit cards the payment is done through electric impulses from one computer (for example in the store) to another (in the bank). The amount of the payment is simply debited from one account and credited to another. In fact the virtual movement of the capital can be brought to two final points: accounting (respectively addressing) the social wealth in the banks (this involves the new, as well as the old real, material, and spiritual wealth, and also the exceptional values of the fictitious capital), and different transactions of the financial capital, in the form of movement of the bonds at the stock exchanges, monetary operations, and in the form of material informational goods.

The problem with the virtual money, and virtual capital respectively, can not be related with the virtual space, which expands with enormous speed. There are deals made on the Internet, surgeries made from distance, virtual education, online conferences between people from the whole world, etc. Virtual space becomes more and more a part of the real world, in which we live. However this is not the world of the capital and physical labour. The social-economic system of capitalism is already fundamentally changed and is continuing to change dynamically. There is no sign of the old social-class structure. Now there are only extremely rich and extremely poor people and countries. The important social government structures are replaced by self-government and self-organisation. The classical role of the national country has changed, and the national sovereignty has different meaning. Problems about the form and the character of the regional and global social democratic mechanism, etc. start to arise. But these questions concern the sociologists, political theoreticians, and philosophers.

We will set one more problem. Besides education and culture, the value system undergoes more and more radical changes. The driving motif for creative

and social activity – the material wealth, is now replaced by the spiritual. However, the process of distribution of the wealth still exists in its old capitalistic form, principals, and results. Poverty increases with immense power and engages the financial capital. What are the possible tendencies for development? The future may surprise us with the dictatorship of a very knowledgeable, but extraordinary rich minority. Of course, the future includes infinite number of possibilities. Now that the development of the global economy and global society is not linear and takes place in the conditions of rapidly increasing entropy. a bifurcation that is least expected is possible, but after all it is contained as something new in the core of the dying capitalism.

Finally, it is unquestionable that contemporary globalisation is connected with radical and global structural changes in society, and in the world as a whole. From here follows, that if we agree with the exposition so far, it is not logical to support the thesis, that this is a further development of capitalism, private property, and the market principals. The most important thing is to be able to see under the outer still dominating capitalist form, the core process which is its own negation. This is the computer which dialectically rejects and contains in its memory all the former development of the means of production, labour experience and social knowledge; the fall of the rule of material production, of physical labour, of the dominating role of metabolism for social development. The triumph of information production and world communications, the principally new characteristics of the information goods, creative labour, the role of knowledge (current, inherent and developed by the individual) as a negation of capital – materialised knowledge, which can be captured as private ownership, knowledge as a direct production force, creating immense wealth, the originating virtual world – all these constitute the milestones on the way to the new civilisation.