

# ECONOMIC SCIENCES

## TRANSFORMATIONS OF GLOBAL CAPITALISM

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DOI: [10.24412/3453-9875-2021-68-8-9](https://doi.org/10.24412/3453-9875-2021-68-8-9)

### Abstract

The purpose of this research work is to study capitalism from the beginning of its emergence while considering the theories that were put forward by researchers in different times. Study the works of Karl Marx and other theorists, examine the distinctive features of capitalism in the economic sense and, using the example of an enterprise, understand how business works under capitalism. Also get acquainted with the history and place of development of capitalism, its impact on the economy and commerce; in addition to consider the triggers that contributed to the evolution of global capitalism in the world, and finally consider capitalism nowadays.

**Keywords:** capitalism, global, Karl Marx, transition, development of capitalism, transformation.

Most of the study of capitalism belongs to Karl Marx. He considered capitalism as an economic system in which the transition from households to the economy took place, as a type of separate society, slave-owning and feudal, and as a stage in the development of humanity. Marx inherited classical political economy and utopian socialism.

Karl Marx points out the condition for the existence of a capitalist enterprise. This aspect forms the basis for the subordination of labor to capital and workers to the capitalist. Marx states that the work of capitalist enterprise is based on the exploitation of workers by the capitalist. Moreover, the possibility of exploitation is based on the fact that the capitalist is the owner of the means of production, and the worker is not. The ideal model assumes the concentration of all power is in the hands of the capitalist and there should be absolute subordination of the executive mechanisms, that is, the workers. This is the model that Karl Marx draws when he describes the system of capitalist production. He also considers any interaction between capitalists, workers, economic agents as a free interaction between the parties. An important point is that workers and the owner of capital do not always interact as equal economic agents. The power mostly is on the side of capital, since workers do not have ownership over means of production. Thus, in the market, the worker and the capitalist are formally equal, and within capitalist production the worker is subordinate to the capitalist. In the economic structure of society, Marx singles out the productive forces, which include labor and means of production. The commodity is viewed by Marx as an economic cell of bourgeois society, which is the result of production and exchange process, and money is a special kind of commodity, which is a universal equivalent [3, p. 22–27].

Another scholar who has contributed to the study of capitalism is Weber [8]. He says that capitalism is a system that satisfies human needs through an enterprise whose goal is to gain a profit [1, p. 925-942]. The main idea in Weber's approach is the concept of work motivation. Before this approach, the scientists did not explain why the traditional thinking and traditional attitude to work slows down the development and growth

of a market economy and labor productivity. Marx could not touch upon the theory of labor motivation, because he paid little attention to the human factor and considered economic factors rather than sociocultural ones. According to Weber, true capitalism is rational capitalism, which is aimed at making a profit not by some deception, but by exchange [4, p. 15-27].

According to Thrift [7], one of the main triggers for the development of capitalism after the 1960s was the emergence of business schools, management consultants and social media. Mokyr [5] believed that the emergence of large social networks, which served to exchange not only theoretical information, but also practical knowledge, were the impetus for the development of early industrialization. That is, due to a certain network and advances in science and technology sectors, information has become more accessible and less costly [7, p. 1-93].

The transition to capitalism was associated with a change in the nature of labor. Self-organization of labor emerged in the West in the 17th century. Historically, the first capitalism arose in the cities of Northern Italy. As soon as nation states began to appear, the structure of markets began to change. Thanks to government intervention, trade was freed from numerous urban privileges. Thus, the nation states gradually shaped Western capitalism. Later, the social structures in which capitalism spreads become more and more diverse as market type economies develop. By the 15th century, nation states were still in the stage of formation. Since 1500, economic growth in Europe has begun to accelerate, and by 1700, the total volume of products and goods produced had doubled in relation to 1500. As capitalism developed, the domestic market immediately stepped up economic and commercial activity. Significant increase in economic activity occurred in the 18th century, when it amounted to over 0.5% per year [2, p. 25-560].

Another trigger for the development of capitalism was the economic integration of nations in nation states and the emergence of bourgeois nations, which in turn contributed to the globalization of capitalism. In the 19th century, classical capitalism began its gradual evolution changing under the influence of new factors.

There was a rejection of liberalism, that is, classical capitalism, the first globalization ended, wars and revolutions of the 20th century began. It is important to understand that capitalism, after the formation of bourgeois nations, requires a global market. The first globalization process was in the period from 1885 to 1914. During the period of the first globalization, the West countries for the first time acted as a common economic and social system of capitalism; a unified territorial infrastructure of communications, including economic ones appeared. The formation of bourgeois nations not only contributed to the development of capitalism in the countries where it happened, but brought their markets beyond the border of their territory and led to the emergence of capitalism on a global level. From the 19th century until the outbreak of the First World War, capitalism did not experience a serious crisis; this was the time of the first globalization. Only World War I opposed nationalism to global capitalism and liberalism. It undermines faith in the progressiveness of liberal capitalism. At the beginning of the 20th century, and the First World War, nationalism allowed it to transform even more, decisively stopping the previous stage of capitalism development and forming its non-classical phase, covering the period between two globalizations - 1914-1990.

Then after the Second World War, the Cold War, which again brought to the fore the convention of national state sovereignty, and the growth of the organization of capitalism arose. After that, another important period in the transformation of globalization was the displacement of people from the sphere of production due to technological progress, as a result, this marked the formation of consumer capitalism in the West since the mid of 20 century; people were pushed out of the sphere of production into consumption.

In the 21st century, capitalism is present in post-industrial Western society, it means that the West countries remain capitalist. As for the rest of the diverse world, they are in capitalist relations because of globalization and working to fulfill the functions of capital [2, p. 25-560].

The model of liberal capitalism has brought peace, prosperity and technological progress in the last 50

years, radically reducing poverty and raising living standards around the world. Capitalism and technological progress have become a social global "pandemic", thanks to the growth of knowledge in this area.

In the long term, the development of capitalism and entrepreneurship will depend on whether businesses can bring profit and achieve other socially significant goals; all this should serve the interests of both, the company itself and customers with employees [6]. However, in order to make capitalism successful in the future, it will need some reforms, changes and improvements; capitalism has to survive cycles of economic downturn and prove the public of its effectiveness.

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