

FROM FICTIVE CAPITAL TO FICTIVE WORK – INTERACTIONS AMONG FINANCIAL CAPITAL, WORK AND CONSUMPTION

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INTRODUCTION

In recent years a number of economic "bubbles" have hit the headlines and caused problems to multitude of individuals, enterprises and national economies. "Bubbles", that is unrealistic expectations for the future returns of the investments made in present time, are by no means a new phenomena in the economy. There exist also no lack of analyses concerning causes and consequences of the present financial turmoil. However, it appears that many analyses of the present economic difficulties have not handled enough relationships between "real economy" (wage work and consumption) and activities of finance and speculative capital.

This paper handles relations between financial capital and wage work and consumption by formulating a model concerning dynamic relations between these realms of economic, social and political activities. Secondly, the paper goes on to test whether this model can be verified empirically. This is done by presenting basic statistical data on fluctuations of financial capital, production and consumption. In order to grasp differences of diverse varieties of capitalism, developments of the United States, Germany, Ireland and Finland are compared with each other. It appears that financial capital has assumed differing weights and functions in these national modes of capitalism. The paper finishes with conclusions and discussion pondering developmental potentials of current capitalism.

Before moving to the subject matter it should be noted that this paper is not a policy paper. It does not handle policies of crisis in recent years nor does it analyse in detail those actions that have led to current financial turmoil; its purpose is merely to shed light to general relations among productive work, consumption and financial capital. In diverse national and historical settings these general relations assume different forms, as can be detected from empirical cases presented in this paper.

1 FROM FICTIVE CAPITAL TO FICTIVE WORK

In order to analyse and represent relationships among diverse types of capital, wage work and consumption their relations are presented in Figure 1. Methodologically these kinds of figures serve as useful methodological devices for examining and analysing social dynamics. This is so because figures of social dynamics force a researcher to explicate her or his ideas on the dynamics of development, and thus the strengths and weaknesses of an analysis can be clearly located

Let us start from material production in which economic values are created. In capitalist economy a great deal of the work done takes place as wage work within capitalist enterprises or in public sector. Capitalists invest capital (money, production means, and raw materials) into production that is performed by workers. After working, workers get their wages and are able to consume produced goods and services. Consumption of goods and services result to monetary income for capital owners. Portion of this income is reinvested to production and a part remains to the hands of capitalists as their profits. In this circular manner production, wages, consumption and profits reproduce each other in mature capitalism (Nieminen 2005, 137-141). This circle of production is illustrated in the lower part of Figure 1.

To emphasize the main arguments of this paper a few clarifying notes to the basic system of capitalist production are needed. First, **"capital" is above all a socio-economic relation** between owners of the means of production and those working with these means of production (see Marx [1890] 1968, Chapter 4). Capital alone in its different manifestations (production means, machines, infrastructure, private and state securities) does not produce useful goods or services; this is a sole privilege of productive work.

Secondly, the source of profits is the unpaid work done by wage earners. During the work process workers have added economic value to those materials provided by owners of the means of production but they have not received full compensation of their working (see

Marx [1890] 1968, Chapters 5 and 6). This does not mean that seizing a part of the fruits of the production is pure exploitation since apparently any form of economy needs to ensure its reproduction by setting aside a part of production in order to ensure future investments to production. In addition, capitalists may have justified grounds for some profits because of they may have taken economic risks while setting up an enterprise and so on. However, these caveats should not lead to a blurred picture of the material source of the profits.

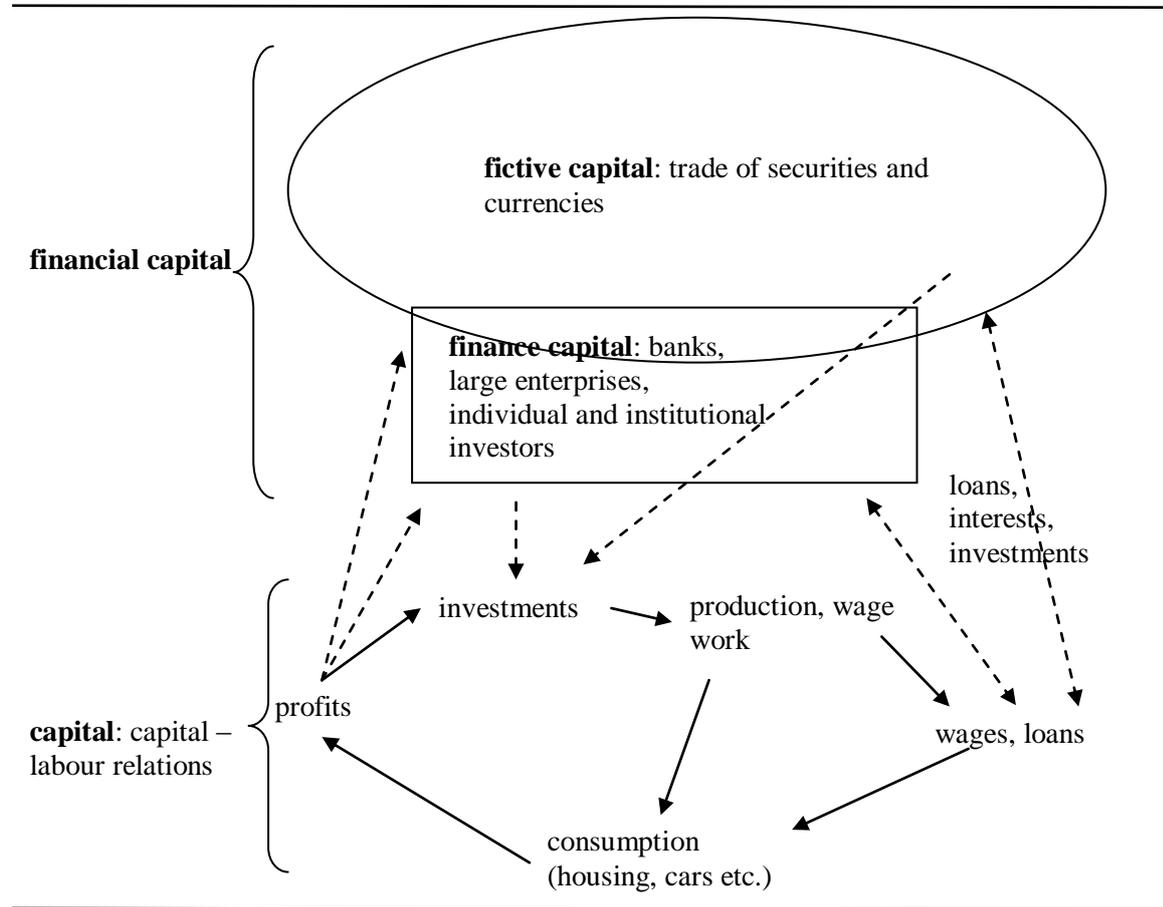


FIGURE 1. Capital relations, work and consumption

Thirdly, mature or Fordist capitalism necessitates a virtuous circle of production and consumption. In order to realize their profits, capitalists need to sell produced goods and services, and only group that is able to buy the mass of produced goods and services are those people that have produced them. In other words, the majority of the population in advanced capitalist economies has to be affluent enough to consume the mass of produced goods and services. This does not, however, mean that everybody is necessarily getting richer or that the division of wealth is getting more equal. In fact, if production and consumption take place in different locations, as the case is often in the present global economy, workers often do not earn enough to buy the products they have produced.

Material production and fundamental capital relations in production of services and goods between capitalists and workers constitute bases for **finance capital** which consists of large enterprises, their alliances, banks and other financial organisations (see Hilferding [1924] 1955). These actors own means of production in large scale and make investments to these production entities (see the middle section of Figure 1). These organisations, naturally, also take part of the profits created in the process of production. In addition to financing

production, some of these organisations also take part in financing consumption when allowing loans to households.

Time dimension is an important element of the production process. Investments take place before it is possible to realise profits via selling the products. In the beginning a production process, it is only possible to assess and anticipate a certain level of return for capital investments. But profits are realised only as consumption of goods and services has taken place. This time dimension is already present in basic production process but since investors of finance capital tend to take part in large-scale production schemes their time perspective tend to be longer than in the case of singular enterprises.

In the uppermost part of Figure 1 an elliptical form depicts functioning of **fictive capital**: trading of diverse securities such as loans, bonds, shares of common stocks, commodity and financial futures and currencies (see Fabozzi, Modigliani & Jones 2010). The existence of “fictive capital” is based on the development of finance capital, which is reflected in an increasing quantity of diverse securities. In the following, I shall call the combination of finance and fictive capital as **financial capital**.

Historically enlarging finance capital led directly to an increasing amount of tradeable stocks because large firms tend to be joint stock companies. Stocks and other securities are traded in stock exchanges and elsewhere in the form of fictive capital. The difference between the buying prices and selling prices of these securities constitutes the profits of fictive capital. This type of capital is called “fictive” because, unlike in the cases of productive and finance capital, its profits are not based on a real material surplus but on the difference between the selling and buying prices of diverse securities (see Hilferding [1924] 1955, 142-147 and Altvater 2010, Chapter 3.1; on the notion of fictive capital by Marx see Altvater 2010, 56). In order to gain a reasonable amount of profit, representatives of fictive capital need to have a large amount of tradeable securities and they are therefore interested in transforming economic values of productive capital into securities. Hence, the recurrent advice to firms to issue stocks in stock exchanges and change economic values such as mortgages of households (see Fabozzi, Modigliani & Jones 2010, Chapter 22) into tradeable securities.

Even if the profits of fictive capital are based on price differences of securities these securities need some reference to real economy, otherwise they would not be regarded as trustworthy and liquid (see Fabozzi, Modigliani & Jones 2010, 4; on failed liquidity assumptions in financial markets, see Nesvetailova 2010). The value creation of capital is based on real production; similarly the value of fictive capital is based on fictive production, that is, expected future work, fictive work. This work is fictive for two reasons. First, since it is expected future work, its realisation is always somewhat unsure. Secondly, as far as the mass of fictive capital exceeds the mass of possible amount of future work, the fictive work will always remain just a fiction and securities based on fiction are worthless. Hence, just like in real production where real capital (investments in production) relates to real work, in realm of fictive capital it matches to fictive work.

After describing the three forms of capital above and in Figure 1, their interrelations need to be clarified. It is obvious that material production is more fundamental than monetary capital, since without material production activities of finance and fictive capital would be an empty game of papers without real content.

Already the functioning of productive capital, competition among firms and accumulation of capital gives rise to functional need of economic growth that ensures realisation of profits. This functional necessity is further strengthened and articulated at the level of national and international economies as singular capitals have grown together into finance capital. Also the time-span from investments through production until the realisation of profits may have expanded thanks to economic policies that aim to enhance economic growth. Yet, the time-perspective of fictive capital is by definition short because it is aiming to gain short-term profits in volatile securities markets.

It is important to notice and keep in mind that these three forms of capital are not necessarily separate persons or firms, but rather the same persons and firms often assume different functions or roles simultaneously (see also Reich 2007, Chapter 3). For instance, a firm may be active as a producer of goods at the same time as its leaders are engaged in networks of finance capital and speculate with securities. This observation applies also to stock exchanges and other financial marketplaces, which may assume the functions of speculations and/or the long-term functions of financing institutions. In this manner the same individuals, firms, networks and organizations of capital may assume contradicting roles and functions and this applies also to wage earners that may invest money into enterprises, securities or speculations (see Figure 1, right-hand side).

Lastly, it is crucial to keep in mind that due to openness of goods and capital markets dynamics described in Figure 1 are not confined into areas of singular national economies. For instance, if a large portion of production of a national economy is exported, the realisation of profits depends on success of exports and not on domestic demand; or if a national economy is dependent on foreign investments, development of its productive capital is dependent on fluctuations of finance and fictive capital elsewhere.

Now, after presenting a model regarding relations among diverse forms of capital, it is time to move to the second part of this paper and investigate whether ideas presented in Figure 1 can be at least partially verified.

2 UPSURGE AND DISCREPANCIES OF FINANCIAL CAPITAL

Investigation of all elements depicted in Figure 1 would require a relatively large statistical data. Hence, I have settled to a limited number of indicators and a few theses concerning the model presented in Figure 1. In the following sections, three theses on the dynamics of the most recent financial crisis are presented. After each thesis, empirical data verifying a thesis is presented and discussed. Data used here includes time-series from year 2000 to 2011 and national economies of the United States, Germany, Ireland and Finland. Time-series represent a short period before and during the present financial and economic turmoil and national economies represent diverse models of capitalism: globally central United States with large home markets, a large exporting economy with a strong industrial emphasis (Germany), a small exporting country that has drawn a lot of foreign investments and other activities of multinational enterprises (Ireland) and a small exporting country that relies mostly on its own industrial development (Finland). In addition to statistical data, theses are supported by references to earlier studies.

When it comes to choices of methodology and data, I have tried to rely on robust data and computations. The assumption is that robust data and computations lead more likely to robust and reliable results than more fine-tuned methods. The problem with more sophisticated computations lies in difficulties when trying to interpret what the results of complicated calculations actually mean. Furthermore, it is noticeable that even in countries with well-established statistical institutions, records like national accounts most likely include a fair amount of measure errors (see Lequiller & Blades 2006, 35-38). It would not be justifiable to make meticulous calculations based on imprecise data.

2.1 Financial Capital has Grown in Relation to Real Economy

The first thesis is:

Many of the phenomena described in Figure 1 are old but in recent years the relative importance of financial capital has been growing.

In Table 1, relative importance of financial capital (finance and fictive capital) is measured by calculating the per cent relation of all financial flows to the total value added of the national economy in question. Gross value added represents here material production of commodities and services and financial flows are a crude indicator of the size financial capital. It is noticeable that since also financial value added is included into gross value added, the percentages shown in Table 1 are larger than they would be if financial value added would have been extracted from the data. Unfortunately, this extraction saw somewhat problematic due to limitations of available data. Hence, the figures presented rather under than overestimate the size of financial capital.

TABLE 1. Financial flows as per cent of gross value added in United States, Germany, Ireland and Finland, 2000-2011 (%)

| Year | United States | Germany | Ireland | Finland |
|------|---------------|---------|---------|---------|
| 2000 | 45 | 48 | .. | 33 |
| 2001 | 51 | 36 | .. | 25 |
| 2002 | 38 | 34 | 301 | 7 |
| 2003 | 45 | 27 | 433 | 15 |
| 2004 | 48 | 25 | 466 | 40 |
| 2005 | 50 | 34 | 722 | 34 |
| 2006 | 62 | 48 | 640 | 45 |
| 2007 | 72 | 49 | 510 | 44 |
| 2008 | 72 | 36 | 279 | 41 |
| 2009 | 25 | .. | .. | .. |
| 2010 | .. | .. | .. | .. |
| 2011 | 30 | .. | .. | .. |

Sources: OECD 2004; OECD 2011; OECD 2012; OECD 2013a.

Figures on Table 1 show that financial flows increased considerably before financial crisis and collapsed in the crisis in the United States and Ireland. These changes reflect the increasing amount of financial exchange and fluctuations in values of traded securities. The tremendous figures of Ireland apparently reflect activities of large, mostly American enterprises in the country. German figures show the same development but the crisis trend is not so clear. There is a drop from 2007 to 2008 but the figure for year 2000 is just as high as in peak values of 2006-2007. The largest relative fluctuations can be found in Finland where the highest value of 45% is five times bigger than the lowest 7%. (On the growing size of financial sector and its diminishing after the financial crisis see, for instance, BIS 2009, Chapters 1-2; BIS 2013, Chapter 3; Stiglitz et al. 2010, 57).

The first thesis does get support from Table 1 but there are inconsistencies as well: differences across national economies are outstanding and all fluctuations do not follow development proposed in the thesis.

2.2 Households Are More Exposed to Capital Fluctuations

The second thesis is:

In recent years, the number of the private households which take part in the actions of finance and fictive capital has been increasing. This activity has been partially self-generated, partially involuntary or indirect. Nevertheless, it has made households more exposed to the movements of finance and fictive capital.

In Table 2 the second thesis is tested by examining the per capita assets and loans in the case countries. Assets include all financial assets minus pension assets since pension assets may

reflect more different legally regulated pension systems than changes of relations between households and financial capital. Loans include both long and short-term loans. Due to lacking data (see footnotes in Table 2), diverse currencies (dollars and euros) and differing price-levels in these countries the comparability of these figures is limited. Euro was introduced as everyday money in 2002, but it was used as an accounting currency from 1999 onwards, hence all monetary values for Germany, Ireland and Finland are euros. Despite of the above mentioned shortfalls of the data, it seems reasonable to assume that general trends and magnitudes of numbers are comparable.

TABLE 2. Financial assets of households / capital (excluding pension funds and insurance) and household loans / capita in United States, Germany, Ireland and Finland 2000-2011 (\$ and € in current prices)

| Year | United States | | Germany | | Ireland | | Finland | |
|------|---------------------|-------|---------------------|-------|---------|-------|---------|-------|
| | Assets ¹ | Loans | Assets ² | Loans | Assets | Loans | Assets | Loans |
| 2000 | 25838 | 25025 | 5291 | 18268 | .. | .. | 1981 | 8119 |
| 2001 | 26103 | 26925 | 5775 | 18503 | .. | 15213 | 2027 | 8620 |
| 2002 | 22912 | 29286 | 5724 | 18657 | .. | 18347 | 1889 | 9510 |
| 2003 | 26718 | 32632 | 6256 | 18838 | .. | 22143 | 2522 | 10756 |
| 2004 | 29605 | 36201 | 6106 | 18883 | .. | 27016 | 3440 | 12289 |
| 2005 | 31281 | 39672 | 6751 | 18854 | .. | 33932 | 4929 | 14038 |
| 2006 | 35583 | 43287 | 5928 | 18903 | .. | 39891 | 6699 | 15788 |
| 2007 | 39518 | 45727 | 6327 | 18680 | .. | 44315 | 6828 | 17507 |
| 2008 | 32388 | 44668 | 5048 | 18523 | .. | 45139 | 3431 | 18696 |
| 2009 | 35689 | 43486 | 5428 | 18534 | .. | 43562 | 4787 | 19624 |
| 2010 | 37083 | 42493 | 5662 | 18630 | .. | 40577 | 5384 | 20705 |
| 2011 | 36967 | 41428 | 5108 | 18798 | .. | 39053 | 4307 | 21775 |

.. Missing data.

¹ United States' assets figures lack some data but the general level and trend within the country is probably accurate.

² German financial assets include only investment fund shares and money market fund shares. Nevertheless, it seems safe to assume that these figures reflect general trend of households' investments within Germany even though figures are not comparable to other countries.

Source: OECD 2013b; OECD 2013c.

Table 2 shows that there has been clear increase in households' assets and loans on the United States, Ireland (just loans, data on assets was not available) and Finland. In Germany these trends have been very moderate or almost non-existent. In the United States these trend has been the strongest, next comes Ireland and after that Finland and Germany.

This increased exposure of household to financial capital has been partially self-generated as households have lent money to finance buying of houses, cars and other goods and services. Part of this lending has had speculative character as households have invested in housing in hope that they would profit from rising prices (BIS 2009, 11). On the other hand, in many cases households have not been aware how risky loans and securities are. The Stiglitz report on reforming of financial systems speaks at this point about "predatory lending and usury" (Stiglitz et al. 2010, 57). Indeed, financial instruments are so complicated that assessment of risks has been difficult, if not impossible, also to experts; it is no wonder if households have made errors when entangling with financial capital. A further aspect that has made the situation difficult for households has been that traditional, relative stable banking activities have been increasingly mixed with more speculative financial operations and this has exposed households to financial fluctuations via their connections to saving and lending banks. At the moment banks tend to offer their customers investment opportunities to securities rather than traditional saving accounts. (On mixing up of traditional banking and

more or less speculative investment activities, “shadow banking”, see Stiglitz et al. 2010, 69-69; Krugman 2009, Chapter 8)

An additional explanation to households’ increasing exposure to financial capital is that households’ relative earnings have decreased in recent decades (see, for instance, BIS 2006, 18). Because of this they have not been able to finance socio-culturally desired level of consumption by their wages and have therefore taken loans to finance their consumption (see Reich 2010, Part I Chapter 8 and Part II Chapter 3). This dynamics of social prestige, consumption and wage work shows that economic matters are not just economy but they are mixed up with socio-cultural values and ways of living. Dynamic relations described in Figure 1 constitute a closed system.

To sum up the handling of the second thesis, it can be partially verified: households have got more exposed to financial capital in the United States, Ireland and Finland but the thesis does not get support from the German case.

2.3 Fictive Capital Depends on Fictive Work

The third thesis is:

The current economic crisis resulted from discrepancy among productive, finance and fictive capital. Before the crisis the increasing mass of financial capital was based on unrealistic expectations of returns of investments. Unrealistic financial capital was based on a fiction of future work, fictive work, and when it became apparent that the real work force will not be able to fulfil the unrealistic economic expectations of financial capital, values of the securities collapsed. Collapsing monetary values of securities effected back to the real economy as a number of actors become unable to fulfil their economic obligations and become insolvent.

Table 3 endeavours to test the third hypothesis by presenting the sum of all financial flows of financial corporations (this indicates the mass of financial capital), all financial assets minus all financial liabilities as per cent of all financial flows (this provides a very crude assessment of profits of financial capital) and lastly per cent changes of GDP are presented (these figures reflect the over-all changes of real economy). The first two indicators are counted as per capita; hence, these figures are crudely comparable across the four national economies.

Table 3 shows that the amount of financial capital grew substantially in the early 2000’s and that it diminished, if not collapsed, 2007-2008 (see also Table 1) (on unrealistic expectations of profits of financial capital before the crisis, see Stiglitz et al. 2010, 88; BIS 2009, Chapter 1, 54-55). Only in Finland did financial flows grew throughout the whole period of 2000-2011.

The divergent levels of the relative activity of financial capital correspond to the general picture presented on Tables 1 and 2: The activities of financial capital have been strongest in Ireland and the United States, weaker in Finland and weakest in Germany. A very rough estimation of the profits of financial capital corresponds to the trend of flows to some degree, but year-to-year fluctuations have been very large. In the United States and Germany profits of big banks correspond to the crisis development (BIS 2013, 54). It is noteworthy that the financial capital in Germany appears to have been the most prosperous. GDP growth percentages in the table reflect the ups and downs of the real economy. It can be observed that financial slowdown preceded the contraction of the real economy in the United States, Germany and Ireland. This matches with the common view that the main reason behind the recent economic contraction was a financial market failure.

However, the fact that financial failure preceded withering of real economy should not blind us from seeing reverse connections between financial markets and material production of goods and services. The bubble of financial and housing markets and credit-led consumption was based on assumption that in the near future the real economy would be able to produce economic values that would correspond to the monetary values of assets and loans.

In other words, the mass of fictive capital corresponded to the mass of fictive work. It is often apologetically pointed out that modern economy needs financial markets and activities in order to function properly (a relatively early example of this kinds of writings was max Weber's book on stock exchanges, *Die Börse*); but it is less often noticed that without material production financial activities would have no real bases. Actually, it is the financial markets that are more dependent of real production than the other way round (compare Figure 1).

TABLE 3. All financial flows of financial corporations (sum of flows of financial assets and liabilities) and assets minus liabilities as % of flows of all assets and liabilities (profits), GDP %-changes, United States, Germany, Ireland and Finland 2000-2011 (per capita, in current prices, %)

| Year | United States | | | Germany | | | Ireland | | | Finland | | |
|------|---------------|---------|-----|---------|---------|-----|---------|---------|-----|---------|---------|-----|
| | Flows | Profits | Gdp | Flows | Profits | Gdp | Flows | Profits | Gdp | Flows | Profits | Gdp |
| 2000 | 17653 | -3 | 4 | 10874 | 2 | 3 | .. | .. | 11 | 7875 | -9 | 5 |
| 2001 | 20026 | 0 | 1 | 8250 | 1 | 2 | .. | .. | 5 | 5914 | -4 | 2 |
| 2002 | 15103 | 2 | 2 | 7917 | 3 | 0 | 88966 | 0 | 6 | 1762 | 21 | 2 |
| 2003 | 18126 | 5 | 3 | 6434 | 3 | 0 | 134856 | 2 | 4 | 3648 | -5 | 2 |
| 2004 | 20172 | 0 | 3 | 6138 | 5 | 1 | 150956 | 0 | 4 | 10139 | 0 | 4 |
| 2005 | 21333 | 5 | 3 | 8400 | 4 | 1 | 249042 | 1 | 6 | 8776 | 1 | 3 |
| 2006 | 26801 | 3 | 3 | 12224 | 4 | 4 | 235249 | 0 | 5 | 12195 | 1 | 4 |
| 2007 | 31560 | 1 | 2 | 12957 | 2 | 3 | 196268 | 0 | 5 | 12590 | 0 | 5 |
| 2008 | 31191 | -3 | 0 | 9782 | 3 | 1 | 101212 | -1 | -2 | 11799 | 0 | 0 |
| 2009 | 10496 | 2 | -3 | * | * | -5 | * | * | -5 | 11685 | 1 | -9 |
| 2010 | * | * | 2 | 4740 | 14 | 4 | 46636 | 11 | -1 | 24401 | 1 | 3 |
| 2011 | 12799 | -4 | 2 | 3831 | 11 | 3 | .. | .. | 1 | 27253 | 1 | 3 |

.. Missing data.

* Illogical values: assets or liabilities or both have negative values in the OECD statistics. This probably somehow reflects to the mixed up state of financial markets during the crisis years but since the figures are illogical they are not presented here.

Sources: OECD 2004; OECD 2011; OECD 2012; OECD 2013d.

In general, thesis number three does get some support from statistical data and earlier studies (see, for instance, BIS 2009, Chapter 1). Nevertheless, also in case of the third thesis fluctuations that do not fit to the thesis are very visible. A special problem when trying to validate this thesis is that the amount of fictive capital and fictive work is difficult, if not impossible, to measure although there might be some ways to assess it.

In addition to the statistical support to the thesis two, it is to be noted that early warning indicators for banking crisis proposed by Reinhart and Rogoff (Reinhart & Rogoff 2009, Table 17.1) can be indirectly linked with future expectations of realised work. These indicators include real exchange rate, real housing prices, short-term capital inflows/GDP, current account balance/investment and real stock prices. Of these measures at least housing prices, short-term capital inflows and stock prices depend relatively directly on expectations concerning future production. Also, a general conclusion in Reinhart's and Rogoff's study supports the notion of fictive work. They conclude that financial crisis' are ultimately debt crises (Reinhart & Rogoff 2009, Preface; see also Altvater 2010, 38-49, 58). Because debt taking is dependent on future expectations of real economic value creation, that is, on future work; excessive debt accumulation (accumulation of fictive capital) is based in increasing amount of fictive work.

3 CONCLUSIONS AND DEVELOPMENTAL POTENTIALS OF CURRENT CAPITALISM

It can be concluded that the model presented in Figure 1 and theses presented in the previous section of this paper can be at least partially verified. Interestingly, the data showed that there were large-scale fluctuations that seemed quite random in relation to over-all developments of global financial crisis. These fluctuations may reflect the essentially speculative character of fictive capital or sudden changes of finance capital.

While investigating the above presented tables, I was surprised by how large the differences among national models of capitalism were. These varieties of capitalism can be summarised in order of importance of financial sectors in the case countries as follows:

- In Ireland the size of financial capital sector has been surprisingly large (see Table 1), apparently thanks to its economic policy that has attracted large multinational enterprises to the country. Households have become exposed to financial capital due to lending.
- In the United States financial capital seems to have a very strong position and households take part in its activities by owing financial assets. Households are also dependent on financial capital in form of loans.
- In Finland many developments have followed Irish and American traits but tendencies have been weaker than in these national economies.
- In Germany these tendencies have been the weakest ones. Financial capital has not assumed a large share of the total economy and households have not taken actively part in its activities. Households' financial assets and loans have remained relatively stable throughout the period handled here (see Table 2). This profile apparently reflects the fact that German capitalism stresses the importance of material production and success of its exporting industries. Given its economic success in recent years (see GDP figures in Table 3) this has been a good choice.

Of course, a more detailed and lengthy study would be needed to really verify everything said above. It would be interesting to enlarge such a study by taking into account also socio-cultural factors relating to activities of financial capital, work processes, consumption and life-styles. So far such aspects have been dealt with mostly in popular films like *Fun with Dick and Jane*, *Mad Money* and two *Wall Street* films.

Given the large-scale real consequences of financial ups and downs, it is important to ponder what are the future possibilities of political regulation of capitalism. I will finish this paper by some thoughts on this topic. Because financial activities are based on future expectations and people have a tendency to put their hope into things that promise them easier lives, it is questionable whether financial follies can never be fully abolished. This is at least the conclusion to which Reinhart & Rogoff (2009) came in their historical study *This Time is Different, Eight Centuries of Financial Folly*.

On the other hand, there are also number of individuals and groups that are interested in smooth economic development. Many representatives of productive and finance capital are interested in steady flow of incomes and profits and not in short-term speculative winnings (on structurally based capital's interests in regulation of capitalism, see Nieminen 2005, 237-241). The same applies to many wage-earners that would profit from steady economic development. There are also politicians and bank regulators who support better governance of global capitalism (see, for instance, Stiglitz 2010, BIS 2013, Chapter 5). In fact, the only parties profiting from activities of fictive capital are those taking actively part in it.

speculative actions and that tiny speculator within each of us that would like to replace burdensome work with easy money from blurred and fictive sources.

Hence, it appears that potentials of political regulation of capitalism are by no means non-existent. Though realisation of these potentials necessitate that we, average citizens, move ahead from our functions as passive consumers, wage-earners and selfish investors to active citizens of politico-economic decision making.

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