**Dr. Niu Ziniu: New Developments and New Changes in Contemporary Capitalism**

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Since the 1970s, global capitalism has undergone significant structural adjustments, exhibiting diverse characteristics such as financialization, informatization, flexibility, and globalization. This new face of capitalism is different from both the "Fordism" capitalism of the twenty years after World War II and the industrial capitalism witnessed by Marx in the 19th century.

The main characteristics of contemporary capitalism are significant stagnation and turbulence. Since the 1970s, major capitalist countries have faced a serious problem of capital surplus, with economic growth rates declining year after year and never returning to the level of the "golden age" of the two decades after World War II.

Various economic and social crises frequently erupt, and the means used by capitalist countries to respond to crises are difficult to ease the contradictions in the long run. They can only delay more serious contradictions and crises until the future. These signs indicate that the contradiction between capitalist production relations and productive forces has seriously intensified, and a sustainable "growth system" can no longer be formed. The various new changes in contemporary capitalism are all manifestations of capitalism temporarily extending its lifespan through various "repair mechanisms".

In view of this, contemporary Western Marxists take the "crisis repair" mechanism of capitalism as the main axis, deduce various new phenomena of contemporary capitalism, and construct a diversified and three-dimensional theoretical landscape.

**The “financial fix” and the financialization of capitalism**

The dominant repair mechanism of contemporary capitalism is “financial repair”. Since the 1970s and 1980s, capitalist countries have shown a distinct trend of “financialization,” with the financial sector expanding rapidly and occupying a dominant position in the national economy. Some Western left-wing scholars believe that “financialization” is a restorative mechanism used by capitalism to transfer its own contradictions.

For example, the **monopoly capital school of Western left-wing economics** asserts that the trend toward financialization is capitalism's response to the trend toward declining rates of profit: because of the overaccumulation of industrial capital and the decline in the rate of profit, a large amount of money capital has been transferred to the financial sector in the pursuit of profit, thus maintaining the existence of capitalist investment and accumulation activities.

As John Bellamy Foster has pointed out, how to operate large disposable surpluses in a situation where for-profit investment opportunities are becoming increasingly scarce? Since the 1970s, their main response has been to expand the demand for financial products as one of the ways to preserve and increase the value of monetary capital.

Against the backdrop of declining profitability of industrial capital, why has the financial sector been able to keep profitability high?

This question is the key to explaining the mechanism of financial repair. To this end, Western Marxists have explored the mechanisms of “credit money” and “virtual capital”.

David Harvey, for example, argues that the contemporary banking system is able to create credit money out of thin air (nothing) through debt without value as a foundation.

These currencies do not represent “value” but “countervalue”, since the debt they create has to be repaid by the value of future production. Credit money provides the financial markets with a large supply of money, which leads to the rapid expansion of virtual capital bubbles and makes it easy for financial capital to profit from them. However, again, virtual capital is not real value, but rather the expectation of future earnings discounted in the present.

In this way, a separation of the monetary system from the value system occurs, creating high monetary profits within financial markets that are not based on value.

However, this does not mean that financial capital can be completely separated from industrial capital and create value independently, but only means that financial capital has plundered the right to distribute future value in advance. Therefore, the “financial repair” mechanism did not solve the problem of declining profit margins, but transformed it into the problem of speculative overheating and debt overhang, thus creating new turmoil.

**The “technological fix” and the contemporary technological revolution**

The combination of financial capital and different industrial capitals can give rise to different repair mechanisms, the most important of which is the “technological repair” mechanism formed by the combination of financial capital and the information technology industry, which constitutes the economic origin of the contemporary technological revolution.

As advocated by the newly emerging school of **“cognitive capitalism”**, the logic of movement of financial capital has a natural fit with the internal structure of the information technology industry, which makes Internet information technology a hot spot for contemporary financial speculation.

The “knowledge products” produced by information technology have the characteristics of “non-exclusivity” and “zero marginal cost”, which means that their value is difficult to be measured by the labor consumed in the past like traditional tangible products. This means that its value can hardly be measured by the labor spent in the past, as in the case of traditional tangible products. In fact, the pricing of knowledge products is more akin to that of virtual capital, where the current price is a discount of the expected future returns.

In the production of knowledge or information products, price formation borrows a mechanism once emphasized by André Orléan, which would have operated in financial speculation, to create a common opinion among players.

Thus, there is a strong correlation between the value formation of knowledge products and the financial valuation of assets traded in securities. Such characteristics of the information technology industry provide a good opportunity for the intervention of financial capital, which can use financial asset valuation techniques to establish valuation models for knowledge products, raise financing, and profit from speculation on virtual capital on this basis.

In this model, whether it is financial capital or industrial capital, its primary purpose is not real profit, but proliferation of virtual capital. As Paul Langley puts it, platform industry’s capital exhibits the structure of venture capital, which is the main source of platform investment.

Thus, even in a climate of declining profitability, investment in the information technology industry is likely to be sustained, and thus extend the life of capitalism, as long as speculation in virtual capital remains hot. Since the information technology industry produces public knowledge products, and most of these products are free, where do the high profits of this industry come from? In order to solve this problem, Carlo Vercellone and other scholars put forward the theory of “the becoming rent of profit”. According to this theory, the main income of the contemporary science and technology industry does not come from surplus value, which is the objectification of labour time, but from the appropriation of communal resources and the setting of communal standards in order to charge users a fee that is closer to Marx's concept of “rent”.

The rentalization of profit is manifested in the privatization of the public, which generates income by creating artificial scarcity of resources. Zizek also argues that today, exploitation increasingly takes the form of rent: as Vicellone puts it, post-industrial capitalism is characterized by the “rentalization of profit”.

In this trend, capital has to resort to political and juridical means in order to successfully capture the commons, and this determines the need for capital to form a close alliance with the state. This alliance contains both capitalist and feudal elements, and has been called “neofeudalism” by scholars such as Jodi Dean. (Lan Jiang has made a critical interpretation of the technological feudalism thought represented by Yanis Varoufakis, Cedric Durand, and Jordi Dean.

**Paths of Renunciation of Contemporary Capitalism: “Ecological Turn” or Spatial Imbalance?**

 In the face of the new dynamics and contradictions of contemporary capitalism, Western Marxists have also tried to find a new path to abandon capitalism. It is noteworthy that many Western left-wing scholars have turned their interest to ecological issues in an attempt to reveal the ecological limits of capitalism.

John Bellamy Foster, a representative of the monopoly capital school, and Alain Lipietz, a representative of the regulation school, have written extensively on ecological issues. More recently, the Japanese scholar Kohei Saito has put forward the idea of “de-growth” in his new book “Capitalism in the Anthropocene” Saito believes that capitalism's endless desire for value multiplication leads to an endless urge for growth, which is the root cause of contemporary ecological problems.

Only by abandoning the logic of capitalist growth can the balanced relationship between human beings and nature be rebuilt. This “ecological turn” shows the pessimistic attitude of Western Marxists towards overcoming capitalism. Although contemporary capitalism is full of contradictions and turbulence, it is also more flexible and resilient than before. Failing to find an opportunity to abandon capitalism in its inner contradictions, Western Marxists have tried to appeal to its “outer limits,” i.e., the limits of the earth's ecological environment.

This theoretical path, while offering some useful insights, is also prone to collude with the contemporary capitalist order. As I noted earlier, the problem of contemporary capitalism is not so much “too much growth” as “inability to grow”, and the difficulty of relations of production in accommodating the further development of the productive forces.

To advocate “de-growth” in such a situation is essentially to rationalize the status quo of capitalism in the name of “ecology” while refusing to change the relations of production and liberate the productive forces in order to broaden the living space of human beings and solve the ecological problem once and for all.

This kind of argument can easily become an ideological weapon used by developed countries such as the United States and Japan to curb the economic growth of late-developing countries, and must be carefully screened and criticized. The hope for solving the global problems of contemporary capitalism lies in the development model of the vast majority of late-developing countries, especially in the Chinese model of modernization, which was formed in tandem with the “spatial restoration” mechanism of capitalism. As we know, the development of capitalism has always been spatially unbalanced, and therefore the restoration mechanism of contemporary capitalism has always been accompanied by a corresponding process of “spatial restoration”.

The main manifestation of “spatial repair”, a term coined by David Harvey, is that developed capitalist countries transfer excess capital to the late-developing countries and utilize the low costs of the latter to restore profitability, thereby restructuring the global division of labour and forming a global supply network that spreads around the world.

**This “spatial repair” mechanism provides the conditions for “financial repair” and “technological repair” mechanisms**.

For example, Italian scholar Marazzi pointed out that the financialization of the United States relies on the mode of economic interaction between the United States and East Asian countries: East Asian countries exchanged cheap consumer goods for dollars and invested their dollar reserves in U.S. Treasury bonds, which contributed to the U.S. domestic low-interest-rate policy, and provided a cheap supply of money for the financialization process.

Similarly, the reason why high-tech enterprises in Western countries can collect “monopoly rents” for a long time is, to a certain extent, because they occupy the upstream links in the global supply chain, such as research and development and design, and only subcontract the downstream links, such as processing and manufacturing, to the late-developing countries.

From a spatial perspective, it is possible to better scrutinize the limitations of Western left-wing thought and explore effective paths to overcome the logic of capital.

Western Marxist studies of contemporary capitalism, which are mainly based on local experience, exaggerate the Western experience as the universal experience of the whole world, thus ignoring the spatial imbalance of global capitalism and the diversity of development paths of various peoples.

They only see the “disappearance of the working class” caused by the exodus of industry from Western countries, but fail to see that a large number of industrial workers are still concentrated in East Asian countries, constituting the most advanced class of our time.

They only see the “deconcentration” of the economic structure of the Western countries, but fail to see that the manufacturing industries of the late-developed countries still undertake the task of global value production and gather the advanced productive forces of the world. Among the vast number of late-developing countries, China is again the most representative.

China actively participates in and advocates the process of globalization and occupies an irreplaceable position in the development of the world economy.

The intensification of the inherent contradictions of contemporary capitalism and the ensuing restructuring of the global industrial division of labor provide China with historic opportunities.

For this reason, it is necessary for contemporary scholars to adhere to the Chinese position, critically absorb Western Marxist theories of contemporary capitalism, redraw the theoretical map of today's world pattern with Chinese experience, promote the vigorous development of Chinese-style modernization with theoretical research, and strive to provide Chinese wisdom and Chinese solutions to the problems of world peace and development.

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My Readings

[Theoretical Exploration] Xiang Jiouyu: The Theoretical System of Chinese-Style Modernization

[Theory Exploration] Liu Wei: Innovating and Improving Macro-control Based on High-Quality Development

[Theoretical Exploration] Ding Xiaoqin & Wang Yixuan: International Digital Tax Reform in the Perspective of Political Economy and Its Implications for China

[Theoretical Exploration] Rong Zhaozi: On the Capital Forms of Socialist Publicly Owned Capital: State-owned Capital and Collective Capital

[Theoretical Exploration] Zhao Xiuli & Wang Shengsheng: Research on the Laws of Movement of Digital Platform Capitals