

# INTRODUCTION TO NEO-CAPITALISM

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The Neo-Capitalism that is forming before our eyes rests on four foundations:

## **Neo-, and not post-**

When I started thinking about the new economy, I erroneously called it post-capitalism, since I thought I identified a genuine transition (although not necessarily a positive one) towards an economy that does not place property ownership at its center. Indeed, classic Capitalism relied on ownership, and marked ownership as the highway to success: the penniless aspired to own a car, the car-owner aspired to be a homeowner, the homeowner aspired to increase his estate and so forth. More assets meant greater success.

Neo-Capitalism does not shun ownership, but it operates in a dual manner to encourage a discourse against ownership on the one hand (the so-called “sharing economy”), and thwarts possibilities of attaining ownership on the other. Classic Capitalism also had a falsehood at its heart, to be sure, although it was harder to pinpoint because the condition of the members of the middle-class – the homeowners with their family cars – was truly better than that of those who did not attain such assets. The ideology which claimed that hard work alongside a frugal conduct could promise welfare for all was encapsulated in the middle-class rather than in the success of the all too rich.

In the first stage of Neo-Capitalism – that is to say, in our current times – the wealthy are striving to dispossess the middle class of its assets. This requires an accompanying discourse denouncing ownership in order to weaken any opposition to this hostile takeover. Should this maneuver be completed successfully (and there is little cause to doubt that it shall), this

ideological discourse will intensify in order to validate the precarious reality of such a consideration portion of the populace.

### **Severing the Connections between Expenditure and Purchase and between Labor and Income**

Cultures of virtual realities advanced the concept of virtual goods, commodities for which people are willing to pay without receiving in return anything tangible. This phenomenon may rightfully be identified as the inception of Neo-capitalism, since it allowed the vending of goods in an increasing number, with no increase in production. Classic capitalism introduced one stage of separating product from expenditure through the commodification of securities and bonds and eventually of money itself. The trade in money was the first step of redistributing wealth without the industrial activity of surplus production, but virtual culture offered a new channel, in which one could pay without the other party being obliged to provide in return anything of value, but rather the symbolism of value. The next stage was crowd sourcing, which is the current culmination of severing the ties between expenditure and purchase (I've explained this in greater detail elsewhere, [in Hebrew](#)).

Parallel to weakening the relationship between expenditure and purchase, the labor market began severing ties between labor and income. The most common expression of this process is the widespread practice of expecting people to provide services in return for credit, experience, a line in their resume, publicity, or any other perceived benefit they will supposedly gain by working for free. Other expressions include an increasing ethos of volunteering (particularly in non-charitable organizations) and bartering, for people of means. The barter may seem as an exception, since it is hardly a new phenomenon, but such a culture in which people exchange their luxury skills extends and establishes a comprehensive social trend in which people no longer expect their labor to provide for their immediate livelihood. At a later stage, one sees the proposal of a universal basic income as the ultimate separation of labor and income (again, this is something I've described at greater length in another [Hebrew post](#)).

Beyond the different aspects of severing these classic ties which defined capitalism, it is important to understand the relationship between them. The mere discussion of a connection between labor and income or expenses and ownership would have sounded nonsensical until fairly recently. Many still find difficulty in imagining these as distinct from one another. Not only was there a close link between labor and income and between expenses and ownership under classic Capitalism, but these connections constituted the direct correlation between expenditure and income which stood at the basis of Capitalism. One's labor determined one's ability to purchase assets, or at least so it was believed. Severing the ties between labor and income on the one hand and between expenditure and ownership on the other, harbingers the inevitable separation between income and expenses. Loosening the connection between these two will be the defining character of Neo-Capitalism, will restructure the modes of consumption, and will finally change the concepts of leisure and labor, while blurring the previously clear boundaries that divided them.

### **Fragmentation and Segmentation:**

The division of the assembly process of a product into separate, distinct stages which are repeated mechanically was one of the most outstanding features of the industrial revolution, embodied in the assembly line. But when the product was finished, marketers sought to render it immediately usable. The most common sales technique was the extra bonus: accompanying additions that were given for free ("thrown in") to allow immediate use of the product, or to enhance its enjoyment. The new VCR store of the early 1980s would add to every purchase a bundle of cassettes; the buyer of a camera would receive a complementary camera bag, a free first film, an external flash, or all three.

Nowadays, devices are purchased separate from their usability: a camera I recently bought came without a memory card, although there was no way to save images without it; a computer or smartphone are sold separately from the software that will allow to use them, as if anyone has a need for a computer without an operating system.

Apps exacerbate this trend: even when the operating system is already included in the device, it is no more than an index offering countless different uses, each one requiring its own payment. These are all examples of fragmentation.

By segmentation I refer primarily to the temporal aspect of products: under classic Capitalism, purchase was a single event. Ownership was an achievement, lasting forever. At an early stage, manufacturers boasted that their products would last a lifetime, until they realized the financial downside of such an approach, and shifted to manufacture products with a shorter lifespan. Neo-Capitalist segmentation increases this trend. Up to several years ago, a person could buy a word-processing software for an unlimited time. In practice, the rapid pace of technology advancements required even then that people would continue to purchase the latest version, but at least according to the terms of purchase there was nothing to stop clients from using an old word processor, so long as their computer endured. This is no longer the case: Microsoft does not sell its Office program, but leases it. A person cannot buy a word processor, just as books will also become harder and harder to buy. Amazon does not sell books on Kindle, [but leases them](#). It reserves the right to end the leasing contract, and to remove books from users' devices. Avid users are becoming accustomed to the idea that payment does not entail purchase.

Fragmentation and segmentation can operate in tandem: formerly, one could buy an album of a beloved singer and hear it without limit, for years, even if the record would get scratched and acquire other defects with time. Nowadays, although the option of buying an album is still available (without knowing how long this will be true), trends of product fragmentation have also reached entertainment, as companies and apps offer users to purchase single songs, specific episodes of a television show, or to rent them for a set period rather than purchasing them. Each transaction increases the private expenditure on entertainment: even if the price of a single song is considerably low, the very act of pricing culture according to a work that lasts few minutes is changing the face of the entertainment and leisure market in a manner that spreads far beyond the old record market.

In the housing market, for example, several fads have been reported, not to say encouraged, in American media. A series of articles in the New York Times ([here's an example](#)), which dealt with micro- apartments, reflected one type of fragmentation: building owners who were re-dividing their property to smaller units in order to generate higher income of them. An entire industry developed to support this trend: furniture that is compatible to narrower apartments on the one hand, and storage space in more remote areas on the other. The comparison to the world of products is evident: just as in the past it was obvious that a product was sold with everything necessary for its use while today it is sold in its minimal state, necessitating additional purchases of extensions, so in the past homeowners could assume that they were not only purchasing a place to dwell in, but also the storage space for their belongings. Nowadays, homeowners are expected to diminish their living space and to grow accustomed to a situation in which they themselves might be living in Manhattan but their belongings are in some storage in New Jersey. A type of segmentation, on the other hand, was reported in an article by [a couple who lived a full year in New York in Airbnb apartments](#), finding the experience to be overall more pleasant than a long-term rental.

Fragmentation and segmentation are also not a trend that is limited to the consumer side of economy, as it affects the labor market as well. Employers are not interested in employing full-time workers, and are seeking to employ people for limited periods of time, for a limited task. Elsewhere I wrote that “the division of the means of subsistence to smaller fragments will go hand in hand with the division of the means of earning to smaller fragments” ([in Hebrew](#)). I later anticipated that “entrepreneurs who will find today a new way to convert ownership with limited usage, or to fragmentize a process which has not yet gone through this process will be able to make a large profit, while the market is still in its infancy” ([in Hebrew](#)). When I wrote this, I had not yet heard of the temporary human resources services developed by Amazon, known as the [Mechanical Turk](#). The undermining of a democratic society that is encapsulated in this service becomes clear when one reads about [the type of services rendered in such temporary jobs](#), without thinking about its meaning and essence, and further when adding this to a recently published report about [the low income of Uber and Lyft drivers](#). The two phenomena I mentioned above, of crowdsourcing and Universal

Basic Income will further influence the fragmentation and segmentation of the labor market.

### **Post-Humanism**

I stated above that technological advancement, and primarily the virtual culture it created, is what paved the way for Neo-Capitalism, first and foremost through new patterns of consumption. But what enables, perhaps even demands, the variety of phenomena described here, is the progress of human civilization towards a post-human technology. In a world where drivers, cashiers, warehouse workers, delivery people and more will become redundant, there is a need to find a solution not for people's occupation, but rather for the manner in which they can continue to be useful consumers of corporates who market basic consumer products, luxury products, and leisure products. Companies focused on leisure, primarily through social media, will compete between them on creating a two-way channel in which consumers also serve these companies and work for them without compensation, while still investing their incomes back in these companies. The segmentation and fragmentation of both products and labor will be the factors that promote such an economy, and it is of importance that it is Amazon who is at the forefront of the segmentation of the labor market.

As I wrote before: "Severing the links between labor and income is a parallel trend to severing the links between expenditure and purchase, similar to the parallel I suggested between two processes of fragmentation: the fragmentation of the product and the fragmentation of labor."

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In conclusion, the creation of Neo-Capitalist economy should be understood as a quadrangular system composed of four interrelated parallel processes, mutually influencing one another: in the consumers' market, it is the weakening of the relationship of expenditure and purchase, and the fragmentation of the product (itself occurring through two main modes of

operation, which I described as fragmentation and segmentation). In the labor market, we are witnessing the weakening of the relationship between labor and income on the one hand, and the fragmentation of labor on the other, whether through part-time jobs, temporary jobs, freelance, barter, and Universal Basic Income.

These four processes reflect two of the main traits of Neo-Capitalism: fragmentation on the one hand, and severing the ties between money and ownership on the other. These two traits are accompanied by two more traits, crucial to a full account and understanding of Neo-Capitalism: post-humanist technology and its implications; and finally, the fact that Neo-Capitalism has neither replaced nor abandoned the prominent significance of capital. Wealth will continue to be the driving force of the economy. The political import of Neo-Capitalism is a redistribution of public wealth, in a markedly aggressive manner, which will result in the surrender of control to a powerful minority group.

This analysis is not a vision. It is neither apocalyptic nor romantic. There is no need to fear the future, nor cause to yearn for olden times when things were simpler. Technological advancements are pushing towards a period of gestation, in which human civilization will need to reconfigure socio-economic relations. The gestation period will likely take some “sophisticated form of serfdom” (a phrase borrowed from Israeli poet Meir Wieseltier), and it will take time until this is fully accomplished, then realized, then contested, and finally liberated. Liberation – as previous periods of servitude and freedom in human history teach us – is inevitable. For now, it is one’s duty to recognize how and why things are happening, and to continue to demand a social system and arrangement that seeks to promote equality and justice more than it speaks in the false name of financial gain. One cannot serve two masters.