

Capital and “Financialisation”

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In this presentation, we shall look into a new interpretation of Marx’s “money capitalist” proposed by Prof. Masashi Shimizu (Senshu Univ., Japan). Japanese Marxists have long denied the concept of “money capitalist” and developed the theory of credit on the basis of the relationships among industrial capitalists. It has provided the foundation of investigating economic crises from Marxian points of view. Nevertheless, Prof. Shimizu insists that the concept of “money capitalist” is relevant to the study of today’s phenomenon of “financialisation”. His paper on this theme, “Money Capitalist and Marxian Capital Theory”, is worth studying since it challenges the traditional approaches of Japanese Marxian theory of finance to penetrate into actual economic circumstances. However, on the other hand, we think his new theory of “money capitalist” has a fatal deficiency, when seen from the holistic viewpoint of the principles of political economy.

In section 1, Prof. Shimizu’s concept of “money capitalist” is discussed. It has one notable feature: “non-form-changing(non-Formwechsel)” type of capital. Prof. Shimizu maintains that capital does not necessarily change its form like M-C or C-M in order to valorize itself. In my opinion, however, he misses the role of money to fix trades. Without buying and selling, capital cannot confirm profit. Therefore, Formwechsel is indispensable for the valorization of capital. For Prof. Shimizu, money has relatively small importance in the principles of political economy. He tries to reconsider the concept of “money capitalist” without reconsidering the concept of money. Consequently, his “money capitalists” collect existing money from everywhere to invest without relying on credit creation. This is not what we see as “financialisation”, in which credit explosively expands through the activities of financial institutions.

In section 2, we shall consider the reason why Prof. Shimizu failed to capture the true image of “financialisation” by studying his theory of capital. Recent Marxian capital theory in Japan is based on the “polymorphic approach”, which is presented by Prof. Michiaki Obata (The Univ. of Tokyo, Emeritus). The concept of capital has fundamentally two or more types, which would show in themselves certain standards of the historical transformation of capitalism. We shall criticize Prof. Obata’s understanding of the classification of capital together with that of Prof. Shimizu. We suppose the concept of capital has two types, distinguished by the way of valorization: the one tries to valorize itself by maximizing gross profit, while the other prioritize the minimization of loss. In reality, of course, capitalists are interested in both ways: yet in theory, we can classify

the concept of capital into these two types.

In section 3, this theoretical classification is utilized to analyse “financialisation”. In order to cut loss, capitalists often enlarge its business: their business must be large enough to cover the cost. Banking capitalists are a typical example. On the other hand, consumers do not necessarily realise their economic cost, though they are inclined to reduce it once they are aware of it. Capitalists try to make consumers realise their cost (which is often fictitious, named opportunity cost) and offer some financial services to cut it, such as credit cards and home equity loans. Needless to say, these services are new sources of profit for financial capitalists. So-called “financialisation” is brought about by cost-cutting banking capitalists, which expands their business into consumer’s lives.