

New Characteristics of Interest-Bearing Capital in the Digital Age: An Investigation Based on Volume III of Das Kapital

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Abstract: Based on the theory of interest-bearing capital in Volume III of *Das Kapital*, this paper traces the three historical progressions of interest-bearing capital: from usurious capital and the interest-bearing component within commercial capital, to the independent interest-bearing capital in the circulation of industrial capital. It also analyzes the new characteristics and contemporary accumulation logic of interest-bearing capital in the digital era. The study finds that digital technologies have reshaped the operational patterns of interest-bearing capital, which exhibits typical features such as the globalization of lending scope, the diversification and digitalization of lending platforms, the virtualization of capital, and the expansion of its penetration into the field of labor reproduction. The evolution of interest-bearing capital is the result of the joint drive of the transformation of capitalist production methods and the profit-seeking nature of capital. Its contemporary accumulation logic is manifested in the formation of a self-circulating system that is decoupled from industrial capital, and its essence is capital alienation. Clarifying these characteristics and logic can provide theoretical and practical references for understanding the operational laws of capitalism and preventing systemic financial risks, as well as create opportunities for governing the logic of capital accumulation.

Keywords: interest-bearing capital; financial capital; capital virtualization; globalization of lending; capital alienation

1. Introduction

With the deep integration of digital technology and the global financial system, interest-bearing capital, as a core capital form of the capitalist economy, has exhibited a completely new operational logic and practical pattern. Marx's classic analysis of interest-bearing capital in Volume III of *Das Kapital* lays the theoretical foundation for understanding the logic of capital valorization. Interest-bearing capital has gradually evolved from the primitive form of usurer's capital into an independent form within the systems of commercial capital and industrial capital, and further developed into modern financial capital. This historical process both anchors the profit-seeking nature of capital and responds to the transformations of productive forces and production relations in different eras. In the digital age, technologies such as the Internet and blockchain have reshaped financial transaction scenarios, allowing interest-bearing capital to break through the constraints of time and space and achieve global flow. Lending platforms have shifted toward digitalization and diversification, and the degree of virtualization and the scope of social penetration have also greatly increased. Examining the new characteristics of interest-bearing capital in the digital age from the theoretical perspective of *Das Kapital* and analyzing its contemporary logic of valorization can not only clarify the internal driving forces of financial capital expansion but also provide theoretical and practical references for understanding the operational laws of modern capitalism and preventing systemic financial risks. Under the theoretical framework of Marx's critique of political economy, grasping the typical key of "interest-bearing capital" to analyze the inherent nature of production in contemporary capitalist society is an effective and practical path for studying capitalism^[1].

2. Three Progressions Experienced by Interest-Bearing Capital

Functional capitalists, through early primitive accumulation, separate the means of production from the laborers and rapidly concentrate monetary wealth, thereby creating "owners of the means of

production" and "propertyless laborers." This process provides the primitive soil for the capitalist mode of production^[2]. Initially, the owners of the means of production might also be laborers themselves; however, as the scale of production expands, their individual labor becomes unsustainable. Meanwhile, the propertyless laborers, in order to survive, have no choice but to sell their labor power. Under this market mechanism, the employment of labor becomes inevitable. The owners of the means of production retreat to the background and become capitalists in the true sense, while the laborers are forced to become the ultimate laborers engaged in production.

With the development of capitalism, this mode of production relies on the private ownership of capitalist means of production to gratuitously appropriate the surplus value created by laborers, thereby achieving capital valorization. Marx points out in Volume III of *Das Kapital* that capital takes expanded reproduction as its main method. In the infinite cycle of expanded reproduction, on the one hand, there is a peak of maximum returns for the scale of production, and further expansion beyond this point is not beneficial for capital's pursuit of profit; on the other hand, the diminishing marginal propensity to consume leads to an excessive accumulation of surplus value, generating a large quantity of idle money. Capitalists, as the personification of capital, face the problem of how to utilize idle capital to obtain greater value. Hence, idle money evolves into the embryonic form of interest-bearing capital.

2.1 The Pre-Capitalist Period

During this period, interest-bearing capital mainly appears in the form of usury. The core characteristic of usurer's capital is its high interest rate, which primarily results from the high cost of capital accumulation and the lack of social constraints on capital operation. Thus, the nature of capital is fully exposed to the public. In this period, the social economy is dominated by the decentralized production of individual peasants and handicraftsmen, featuring the scattered ownership of means of production, an underdeveloped commodity economy, and a limited scope of currency circulation. On the supply side, the low level of social productive forces leads to a scarcity of product supply. Most of the commodities produced are necessities of life, and the socially necessary labor time required to produce these commodities is long, making their value high. Consequently, the value of capital money, as the universal equivalent, also rises. On the demand side, due to the low price elasticity of demand for necessities, people have a strong demand for subsistence products, which results in a rigid demand for capital money. Therefore, under the influence of market mechanisms, the price of capital money, namely the interest rate, becomes higher than the value of the commodities represented by money. Furthermore, in the pre-capitalist period, there is a lack of legal constraints. Capital owners dominate alone, presenting a monopolistic situation. During this period, the demanders are often small and scattered, lacking the means to counterbalance this monopoly. Meanwhile, the rigid demand for money forces demanders to use high interest rates in exchange for the necessary money. Coupled with capital's limitless profit-seeking nature, the form of usury thus emerges.

2.2 The Capitalist Period

With the development of the commodity economy, especially the formation of the world market, commercial capital becomes the core link connecting different regions and different sectors of production. Interest-bearing capital gradually detaches from the form of usurer's capital and integrates into the circulation process of commercial capital, thus forming "interest-bearing capital within commercial capital." During this period, the circulation scale of commercial capital expands, and commercial capitalists need a large amount of circulating money for commodity procurement, circulation, sales, and other fields. Part of the idle capital begins to flow into the commercial sector in pursuit of profit. The monetary capital flowing into the commercial sector exhibits the characteristics of being large and concentrated in scale and having relatively stable profits. These characteristics endow commercial capitalists with the power to negotiate interest rates with the owners of idle capital. The core logic behind this is that competition emerges among capital owners, which weakens the monopoly attribute and allows both borrowers and lenders to negotiate the actual interest rate based on the average profit rate. Furthermore, relevant social norms are gradually established, the interest rate level becomes progressively rationalized, and the interest rate is no longer the unlimited "usury" of the past.

2.3 The Period of Advanced Capitalism

After the Industrial Revolution, productive forces advance rapidly, and production and capital become increasingly concentrated. The capitalist mode of production shifts from being "commerce-led"

to "industry-led." Industrial capital becomes the core form of capital, and interest-bearing capital subsequently penetrates the entire circulation process of industrial capital and gradually becomes independent from commercial capital, thus forming "interest-bearing capital that has been independent within the circulation of industrial capital." Industrial capitalists' dependence on loan capital increases significantly, because their own accumulation alone cannot meet the demand for large amounts of monetary capital required for expanded reproduction. The formation of the credit system provides a specialized platform for the concentration and lending of idle capital. Interest-bearing capital flows into the industrial sector on a large scale through banks and other financial institutions: banks, by promising interest, absorb idle capital and become the largest suppliers of funds, and then they lend this capital to industrial capitalists. In order to obtain the right to use capital, the latter transfer part of their industrial profits to bank capitalists. The continuous integration of banks and industrial capital promotes the birth of financial capital. Financial capital is the advanced form of interest-bearing capital in late capitalist society and is also the dominant form of capital in contemporary society^[3].

3. Four Typical Characteristics in the Practice of Interest-Bearing Capital

3.1 The Globalization of Lending Scope

After entering the 21st century, the rapid development of electronic information technology brings revolutionary breakthroughs to the mode of action of interest-bearing capital. The widespread application of technologies such as the Internet, big data, and blockchain in the financial sector allows interest-bearing capital to break through traditional time and space constraints, no longer being confined to physical geographical boundaries, and achieves a high degree of globalization. Interest-bearing capital is no longer limited to the financial market of a single country or region; instead, it regulates the allocation of resources worldwide through cross-border investment, international credit, global securitization, and other means, thus forming a highly interconnected global capital network. This network enables interest-bearing capital to flow to the market with the highest rate of return in the shortest possible time, greatly enhancing the efficiency of capital allocation while also increasing the interdependence of national economies. At the same time, the connectivity of global financial markets strengthens, and transmission mechanisms such as interest rates, exchange rates, and prices become more sensitive. A policy change in one country may quickly trigger adjustments in global capital flows, highlighting the sensitivity and instability of global interest-bearing capital flows. Although the development of financial technology improves the efficiency of capital allocation, it also amplifies the speed and scope of financial risk transmission. Technological means such as algorithmic trading and high-frequency trading allow market fluctuations to spread across the globe in an instant, making it easy for local crises to evolve into systemic turmoil.

3.2 The Diversification and Digitalization of Lending Platforms

Lending platforms have broken through the limitations of traditional financial institutions and formed a lending ecosystem with multiple coexisting entities. First, traditional financial institutions continue to launch online credit products. Second, licensed consumer finance companies rise, such as Zhaolian Consumer Finance and Industrial Consumer Finance, whose loan balances exceed 1.8 trillion yuan. Third, Internet platforms leverage their advantages in scenarios and data, such as Ant Financial and TikTok, to provide micro-credit services. Various digital lending platforms use big data risk control and intelligent algorithms to match borrowers and lenders, significantly reducing transaction costs and information asymmetry while improving the accessibility and efficiency of financial services. These platforms demonstrate strong vitality particularly in the fields of small and micro enterprise financing, personal consumer credit, and innovation and entrepreneurship. Furthermore, lending platforms no longer rely on physical branches; instead, they rely on online systems to provide round-the-clock and cross-regional services. Digital technology greatly shortens the time required for loan disbursement. The automated approval rate of leading institutions exceeds 90%, and the average loan disbursement time is shortened to less than fifteen minutes. Some platforms even achieve "second-level loan disbursement," and online lending has become the mainstream.

3.3 The Virtualization of Interest-Bearing Capital

Under the financialization and credit system, the independence of interest-bearing capital increases significantly. In Marx's era, interest-bearing capital was attached to industrial capital, primarily

providing financing for production and circulation and participating in the appropriation of industrial profits as interest. In the contemporary stage of capitalism, however, the accumulation of interest-bearing capital has clearly diverged from the actual process of industrial capital. When the real economy suffers from long-term sluggish growth and low returns on investment, fictitious capital achieves explosive growth through the expansion of financial markets. For example, the stagflation of the 1970s leads to a decline in real economic profits and a narrowing of profit margins, resulting in an excess of monetary capital. This excess capital does not flow into physical production or technological innovation; instead, it pours into financial markets, giving rise to the expansion and self-circulation of fictitious capital and forming a relatively independent circulatory system of interest-bearing capital. The value movement of this system no longer depends on industrial capital but follows more the endogenous laws and speculative dynamics of financial markets.

In terms of form, contemporary interest-bearing capital has broken through the traditional form of bank lending and evolved into highly complex, deeply nested financial instruments and securitized products. On the one hand, although traditional securities such as stocks, government bonds, and corporate bonds still occupy a core position, their price fluctuations have become increasingly detached from the actual value of the real capital they represent and are more subject to market psychology, liquidity, and speculative expectations. On the other hand, financial innovation has given rise to derivatives such as futures, options, swap contracts, and credit asset securitization products. This type of fictitious capital not only retains the nominal value representing the rights to real capital but also, through secondary market trading and pricing, forms a market value of ownership based on expectations of future returns and risk pricing, thereby reinforcing the false appearance that "capital can increase in value without going through the process of production." This complication, derivation, and self-circulation of interest-bearing capital, while enhancing capital liquidity and market efficiency, in fact continuously accumulate systemic financial risks and lay deep structural hidden dangers for a crisis of capital value.

3.4 The Expansion of the Penetration Scope of Interest-Bearing Capital

In the current evolution of the economic structure, the scope of action of interest-bearing capital has significantly expanded beyond the traditional sphere of commodity production, deeply penetrating into all links of labor reproduction and infiltrating the daily consumption of individuals and families with an unprecedented breadth. Interest-bearing capital is breaking away from the industrial production framework closely tied to the real economy and, instead, relying on diversified financial instruments and an increasingly complex credit system to extend its influence into many life scenarios, such as consumption, education, medical care, and elderly care. These fields, traditionally covered by public finance or personal savings, are now being deeply intervened in and reshaped by various financial products and credit mechanisms.

The fundamental reason for the continuous expansion of interest-bearing capital into the sphere of daily life lies in the combined effect of capital's intrinsic drive to maximize surplus value and the historical transformation of the capitalist mode of production. As the development of the real economy slows down and the average profit rate of industrial capital declines, interest-bearing capital, in its pursuit of higher and more stable returns, inevitably breaks through the original sphere of production and opens up the life sphere involved in the reproduction of labor power as a new space for profit growth. In this process, individuals' consumption behaviors, income expectations, and even their financial arrangements throughout the entire life cycle are systematically transformed into new sources for the continuous valorization of capital. This transformation not only changes people's consumption and financial habits but also redefines the profound connection between financial capital and daily life within social reproduction.

4. The Theoretical Logic of the Development of Interest-Bearing Capital

In its long historical process, interest-bearing capital has undergone three notable evolutionary stages and has exhibited distinct contemporary characteristics. These changes are the inevitable results jointly shaped and driven by the intrinsic transformation of the capitalist mode of production and capital's fundamental nature of pursuing profit maximization, as the capitalist system gradually deepens and develops.

In the early stage of capitalist society, the level of social productive forces makes remarkable progress, which promotes rapid economic growth and prosperity. During this period, various social

drawbacks inherent in the capitalist system are temporarily submerged under the superficial prosperity of rapid economic development. A large amount of idle capital is usually reinvested into the process of expanded reproduction. By employing more laborers and expanding the scale of production, this capital brings about a more substantial accumulation of surplus value for the capitalists and consolidates the foundation of primitive accumulation of capital.

With the continuous evolution and development of capitalist society, the deep-seated contradictions within its system gradually become prominent and exposed. The structural contradiction between the relative overcapacity of production and the insufficiency of effective consumption demand in society as a whole becomes increasingly acute. As a result, continuing to invest idle capital into the traditional physical production sector makes it difficult to obtain objective and stable profit returns. Therefore, the owners of idle capital are forced to actively explore new paths and new models for capital valorization. Their primary direction of exploration is to seek out those emerging industries that possess high growth potential, are still in the early stages of development, and have not yet formed a settled market pattern. Such industries often offer high expected returns on investment due to technological innovation or market gaps in demand, which can provide considerable interest income for capital. It is precisely based on this logic of profit-seeking that the modern banking and financial industry, with its complex credit system and lending-borrowing relations at its core, is nurtured and grows, and then gradually occupies a dominant position in global economic operations over the subsequent more than two hundred years of history.

Secondly, capital begins to actively seek expansion into overseas markets. It exports its relatively excessive idle domestic capital to those foreign regions where the economy is not yet developed. By directly investing in or controlling the lifelines of local economies, capital further plunders other countries' natural resources and exploits their cheaper labor power to extract surplus value. In this process, some industries that are highly polluting, energy-intensive, and harmful to the ecological environment are also transferred to these regions, severely damaging local ecological security and environmental sustainability. This is essentially the transfer of the oppressive and exploitative relations inherent in capitalism to the laborers of other countries, thereby allowing capitalists to reap profits on a broader global scale and achieve capital valorization.

As emerging industries are gradually exhausted, the markets of major industries tend toward saturation, and small-scale industries are unable to absorb a vast amount of idle capital. Against this backdrop, idle capital turns to other outlets. The persistent insufficiency of effective social demand caused by the capitalist system itself happens to align with the demand of idle capital for new valorization channels. Consequently, the tentacles of interest-bearing capital extend beyond the traditional sphere of production and penetrate on a large scale into individuals' daily lives and consumption. The essence of this process is that the logic of capital, bypassing the direct material production process, expands into the sphere of labor reproduction. Through the financial penetration of life aspects such as consumption, credit, education, and medical care, it opens up new sources of profit, thereby completing the key transformation of its contemporary form.

5. Conclusion

As the dominant form in advanced capitalist society, interest-bearing capital determines and governs the accumulation methods, operational logic, and internal structures of various forms of capital. We should take historical materialism as our interpretive principle and mode of thinking. By excavating this most typical form of capital and its inherent roots, we can more clearly perceive the inner nature of capitalist production and the uniqueness of advanced capitalist society. Marx points out: "With the development of interest-bearing capital and the credit system, all capital appears to be doubled, and sometimes even trebled, because the same capital, or even the same claim, appears in various forms in the hands of different people through various methods."^[4] The new forms of capital closely linked to contemporary capitalism, such as "fictitious capital," "financial capital," and "digital capital," are in essence concrete manifestations of "interest-bearing capital." Fundamentally, the logic of valorization of interest-bearing capital simplifies "G-W-G" into "G-G," which Marx calls the "alienation of capital."^[5] This is not simply a matter of omitting the "W" (commodity) in the process, but rather discarding or becoming independent of the commodity production process. As a result, the valorization of capital no longer brings about an increase in social wealth, but merely the illusion of wealth multiplication, and the civilizing aspect of capital is completely abandoned. In fact, interest-bearing capital is rooted in the inner nature of capitalist production, and the hidden structure of the advanced capitalist mode of production is fully revealed in the modern form of interest-bearing capital, namely

financial capital. Precisely because of financial capital, the mystification and infinitude of capital can be perfectly combined. For modern society, this is both a crisis and an opportunity. Strengthening the control and management of banks, credit, and financial systems can enable these institutions to concentrate all potential capital in society and exert their due positive significance^[1].

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