

# The Rise of Invisible Economy and its Philosophical Reflection

Fang Lei\*

School of Marxism, Anhui University of Finance and Economics, Bengbu, Anhui, 233030, China

\*leifang296@173.com

## Abstract

Since the new century, the progress of science and technology and the rational transformation of its achievements have brought about the rapid rise of intangible economy. The knowledge-based, image-based, programmatic, and branded nature of capital, as well as the spillover, sharing, and unstable ownership of products, are its prominent features. The rise of intangible economy has overturned the traditional economic operation mode in various fields such as economic structure, industrial pattern, organizational mode, and labor form, and has also triggered philosophical thinking about this new economic paradigm: data elements have become the first production factor with ontological significance, and the elasticity of labor mode has brought about the spiritual illusion of free and autonomous labor, and social polarization is rapidly intensifying.

## Keywords

**Intangible Economy; Digital Capital; Platform Economy; Alienation.**

## 1. Introduction

In today's world, technologies such as the Internet, big data, cloud computing, artificial intelligence, and blockchain are accelerating innovation, and the world economy is shifting towards economic activities with the network information technology industry as an important content. The rational transformation of scientific and technological progress and its achievements as tools has presented new situations and problems in the development of the world economy. Together, they focus on the rise of the intangible economy as a new economic paradigm, and have comprehensively subverted the traditional economic operation mode in many fields such as economic structure, industrial pattern, organizational mode, and labor form. The rise of intangible economy not only represents the human freedom to consciously create history and pursue historical progress, but also implies the strengthening of invisible exploitation of capital, exacerbating social polarization and labor alienation. This article aims to explore the philosophical reflection on the human survival situation brought about by the rise of intangible economy, based on clarifying the changes and unchanging aspects of intangible economy. This has important reference and enlightenment significance for China to consciously grasp the process of world history and promote Chinese path to modernization towards high-quality development.

## 2. The Rise and Characteristics of Intangible Economy

The modern scientific and technological revolution is the fundamental driving force for economic innovation, development, and transformation. From the history of capitalist economic development, it can be found that the Industrial Revolution in 18th century England shifted capitalism from a simple collaborative division of labor called "handicraft capitalism" to an "industrial capitalist era" driven by steam power; In the mid to late 19th century, the second technological revolution led by electricity, chemicals, and oil led capitalism towards the era of

monopolistic capitalism where productivity leaped forward; In the 1940s and 1950s, Western society launched a third technological revolution driven by atomic energy, computers, and space science and technology, and modern capitalism entered the post industrial capitalist era of informatization. Compared to traditional commercial capitalism and industrial capitalism, Western scholars generally view post industrial capitalism as a fundamentally different society from the previous two, with a typical difference in the role of knowledge in economic development. Entering the new century, with the arrival of the era of informatization and intelligence, some scholars have referred to the digital revolution as the "Fourth Industrial Revolution" and capitalism as "digital capitalism". The latter refers to a system that utilizes digital technology to discover, utilize, and create differences in order to gain profits and pursue continuous accumulation of capital. Data, information, and knowledge, as important production factors, penetrate and shape productivity, making them important sources of value creation, giving rise to the intangible economy.

What is intangible economy? The intangible economy is a new economic paradigm compared to the traditional tangible economy. British scholars such as Haskell compared this pair of categories in their book "The Rise of the Invisible Economy". In his view, investment, capital, and assets are important engines for the development of modern economy. Tangible economic capital invests in fixed buildings, factories, machinery and equipment, which are tangible goods and assets that can be seen, touched, and occupy a certain space; The capital investment of intangible economy is not a commodity or material economy, but more manifested as intangible assets such as creative investment, knowledge investment, network investment, and business network investment. The contemporary capitalist economic system increasingly relies on intangible asset investment. From the perspective of production factors, compared with tangible economic asset investment in terms of physical, material, and wear and tear, intangible economic asset investment has no physical form, mainly manifested as: (1) Computerized information in software and database development; (2) Innovative assets for research and development and creativity; (3) The economic competitiveness of training, business process restructuring, market research, and brand promotion. Knowledge, imagery, programming, and branding are its prominent features. From the perspective of product form, tangible economy products use physical objects as carriers, occupy fixed space, and are consumed for a limited period of time, while intangible economy products can be repeatedly used, with extremely low marginal costs and even approaching zero. Spillover, sharing, and unstable ownership are typical characteristics of it.

### **3. The Rise of Intangible Economy Brings New Directions for Economic Development**

#### **3.1. Capital Investment Trend Towards Intangible Assets**

Investment means creating resources for long-term production services. In the fierce market economy competition, capital must first invest in the areas with the most profit growth value in order to maximize profits. In the era of industrial capitalism's tangible economy, the protagonist of capital investment was machines, while in the era of post industrial capitalism's intangible economy, the protagonist of capital investment shifted towards intangible assets, which are mainly reflected in "creative investment, knowledge investment, content investment, software investment, brand investment, as well as network and business investment.". For example, creating global symbols and brands, endowing products with great brand power and brand effects, can create huge brand profits; The application of software development in intangible asset investment, such as organizational management, strengthening customer data tracking and accumulation, and providing customer experience value, can bring more profit growth space to enterprises. From the characteristics of intangible asset investment, on the one

hand, actively creating personalized business operation models for enterprises, with brand, creativity, and intellectual property as their prominent labels, clear ownership, and difficult to replicate; On the other hand, the spillover and synergy of intangible asset investment enable various types of intangible assets to achieve "combinatorial" and "cross-border" resource restructuring, resulting in overlapping and iterative synergistic effects, and ultimately leading to exponential wealth growth. It can be said that behind the rapid rise of capitalist intangible economy lies deep investment in intangible assets.

### **3.2. Intelligent Productivity Brings Innovation to Enterprise Production and Management Models**

The principles of destructive creation and negation are the essence of a market economy. Intangible asset intensive enterprises are the most powerful in penetrating and disrupting traditional industries, and can maximize the digital transformation of business models, products, and value chains. On the one hand, the comprehensive invasion of digitalization into productivity has led to a complete digital disruption. The difference between fully digital disruption and traditional competitive effects can be summarized as two points: the speed of change and the risks involved. It can quickly seize market share and expand business scale through knowledge innovation, establish a large user base in a short period of time, and launch threatening businesses in multiple markets. From a management perspective, for enterprises that create intangible assets, full digital disruption needs to fully leverage the synergistic effect of intangible asset investment, forming a "combinatorial disruption" production and management model, for example, the combination of creativity and creativity, cross-border combinations, direct or subtle synergy of intangible assets such as computer hardware and software, and so on. "Combination subversion" means complementary advantages, cross-border cooperation, and strong cooperation, and is the driving force of the strongest and most dangerous all digital subverters. For enterprises using intangible assets, they need stricter control measures to prevent the expansion and spillover effects of intangible assets. On the other hand, in the era of intangible economy, enterprises deconstruct their original production processes through the transformation of innovative technologies, thereby promoting the informatization, networking, and intelligent transformation of innovation chains, production chains, and supply chains. At the same time, through the combination of data overlay algorithms and technological innovation in computing power, various production factors are optimized and configured, forming new production and organizational management models such as intelligent production, networked collaboration, and large-scale customization driven by data factors.

### **3.3. Economic Communication Activities Expanding from Traditional Space to Virtual Space**

In the traditional era of industrial capitalism, the space for economic activities was mainly limited physical space, such as factories equipped with machinery and various commercialized markets. The rise of intangible economy has opened up a virtual space with infinite extension of time and space and exponential coverage of commodities, and the market for economic exchange relies on a digital platform space. The operation of platform economy enables production, exchange, distribution, consumption and other activities to transcend physical spatial boundaries through information networks, and to flexibly collaborate and widely integrate in the digital world, thus constructing new production relations and organizational forms such as platform based enterprises and intelligent enterprises. Firstly, the platform economy has a cross network effect. In the digital platform market, as a fundamental social group, the increase in the number of sellers not only means filling the supply of goods in the platform market, but also attracting more buyers to pay attention and participate. The two sides form a mutually reinforcing positive feedback effect, and may even create a dominant

monopolistic platform economy. The second is the platform economy operation mode driven by data and algorithms. The platform economy utilizes big data technology to track, summarize, and analyze user online data, transforming digital information into knowledge-based decision-making basis. By grasping consumer consumption trends, it accurately characterizes consumer product preferences and timely pushes matching commercial services. All types of data are gathered and operated on the platform, and decisions are made under the leadership of the platform operator.

## **4. Philosophical Thinking on the Rise of Intangible Economy**

### **4.1. Data Elements Become the First Production Factor with Ontological Significance**

The market, as a highly successful social innovation of humanity, can help people effectively allocate scarce resources. The traditional market economy of capitalism is a laissez faire market competition mechanism guided by supply and demand relationships and value mechanisms. Unlike the traditional physical space market of the tangible economy era, the digital platform market created by "Bite" has shaped an infinitely vast new space market based on digital information. The increasing returns on data scale and the self-sufficiency of data have a positive feedback loop effect on the digital information of enterprises and consumers. Data, as the "dark matter" and "lubricant" of the platform's economic space, can help market participants find the best matching choices. For platform enterprises, by digitizing the collection, calculation, and analysis of consumer browsing records and information input, they can accurately depict consumer preferences and matching products, and timely push personalized products and services to consumers. It can be said that the ability to achieve sufficient flow of massive information fundamentally determines the scale effect and profit growth space of the platform economy. Its operating mechanism not only includes traditional markets guided by supply and demand relationships and price mechanisms, but also focuses on the emotional and subjective preferences of consumers in online marketing. The biggest difference between the digital economy and the traditional economy is that the former attempts to automate and commercialize ideas and the elements that form them. In this process, obtaining consumer information becomes an indispensable and important resource and means of production.

It can be seen from this that big data technology is a necessary technological link to automate and commercialize the ideas and elements that form them in the operation of the digital economy. To transform data into information and knowledge, it is necessary to process and analyze data on the basis of mastering massive raw data, and design an effective algorithm to comprehensively capture personal preference information, thereby forming valuable information and knowledge for decision-makers in the economy to refer to and use. These three technologies enable economic and social activities to be recorded, tracked, and insightful, giving data an important position as a "new type of oil resource" in the era of intangible economy.

### **4.2. The Elasticity of Labor Methods Brings about the Spiritual Illusion of Free and Autonomous Labor**

Labor is the fundamental form of human survival and development, and workers are an important factor of production in economic activities. Marx pointed out that what they are is consistent with their production - both with what they produce and how they produce. The digital economy has brought about a sudden rise of digital industrial workers and industrial digital workers. They are either professionals who master various aspects and levels of data product production, or digital workers who use digital technology and data to engage in various industries. Compared to the era of the real economy, this means that the labor process is becoming increasingly dematerialized, guided by the use and control of symbols and emotions.

This has brought about new changes in the mode of labor: firstly, creating new types of professions. For example, with the help of intelligent cyberspace, the sharing economy has become possible, and the emergence of on-demand economy, gig economy, and collaborative economy has brought new professions and labor groups. Secondly, there has been a significant transformation in the temporal and spatial form of labor. The network information transmission function makes the working environment of workers no longer fixed, and collaboration is no longer face-to-face communication. Real time online, on-demand, and working hours become more flexible and personalized. All of this seems to indicate that workers have been greatly liberated.

However, the digital economy has also created the emergence of "useless classes", with a large number of unemployed people emerging. Workers who are free from digital skills are gradually losing opportunities to work and are on the edge of the labor market. Secondly, digital and networked information media have deeply embedded in people's living world, and people unconsciously ignore the "invisible eyes" of data sensors for capturing people's data information, as well as the "invisible mind" of intelligent algorithms for analyzing and insighting people's data information. Thoughts and behaviors are subconsciously adjusted and regulated by digital and intelligent productivity. The boundary between working time and leisure time is blurred, and the boundary between working time and living time is becoming increasingly blurred, making it difficult to accurately measure. Workers are increasingly becoming tools of digital capital domination.

### 4.3. Intensify Social Polarization

In Marx's view, in a capitalist society centered around the dynamics of individual capital, capital power inevitably leads to the consequences of polarization of social wealth, and the accumulation of capital and poverty follow suit. In the era of the rise of intangible economy, the trend of wealth agglomeration in capitalist society is more obvious. The full digital connection of various technological innovations has effectively activated the synergistic effect of various intangible asset investments, constantly giving rise to "unicorn" enterprises with intensive intangible assets. In recent years, the most successful disruptors (including Amazon, Apple, Facebook, Google, and Netflix) have created innovative business models by effectively integrating cost value, experience value, and platform value, and achieved exponential wealth growth. The disruptive investment portfolio of intangible assets results in a return on capital far exceeding the economic growth rate, which not only triggers the redistribution of surplus value in capitalist market economy, but also brings about a doubling effect of wealth growth. For example, the income of the wealthiest 1%, 0.1%, and 0.01% groups has seen rapid growth. In addition to traditional tangible capital goods, their wealth also includes intangible assets such as software, financial instruments and derivatives, intellectual property, and company brands. The wealth space is enlarged, and the forms of wealth existence are diverse, complex, and difficult to measure. In addition, the vast digital empire dominated by information technology, driven by the increasing will of capital power, is accelerating the construction of a global digital industrial division of labor chain. Developed capitalist countries, relying on their capital and technological advantages, occupy the top of the global digital industry chain and firmly control digital goods with high added value and excess profits, while developing countries further become low-end industrial countries that provide raw materials and produce low added value digital goods. This inevitably leads to a vicious cycle of rich countries becoming richer and stronger, and poor countries becoming weaker and poorer. The digital divide has further exacerbated the phenomenon of trade inequality and wealth inequality in the international community.

## 5. Conclusion

From the perspective of economic development history, the rise of intangible economy driven by new science and technology can be regarded as a significant milestone in human economic transformation. The surge of digital information has filled the information gap in traditional markets, personalized services and customization meet the needs of individual aesthetics and preferences, platform economy provides precise matching for supply and demand sides, digital networks create conditions for flexible labor beyond time and space limitations, and so on. The intangible economy essentially represents the universal will of humanity to pursue historical progress and achieve individual freedom and comprehensive development. However, while intangible economy promotes the rapid development of social productivity, it also exacerbates issues such as worker alienation, ideological manipulation of capital, and social polarization. At present, China is moving towards a new journey of comprehensively promoting the great rejuvenation of the Chinese nation with Chinese path to modernization, and is experiencing a new period of interactive operation of tangible economy and intangible economy. To promote high-quality economic development, China must keep up with the pace of global technological innovation and economic progress and transformation, maximize the value of digital products, fully leverage the amplification, superposition, and doubling effects of digital technology on the economy, share data information with people, empower people with science and technology, and create conditions for achieving the grand goal of modernization of national prosperity and strength.

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