

**CSIS 2019**  
**11<sup>th</sup> International Scientific and Theoretical Conference “Communicative  
Strategies of Information Society”**

**NEOCAPITALISM AS THE FOUNDATION FOR THE  
ECONOMIC-CULTURAL TRENDS IN THE ULTRAMODERNITY  
EPOCH**

Olga A. Ignatjeva (a)\*, Alexander V. Pletnev (b)

\*Corresponding author

(a) St Petersburg State University, University embankment, 7-9, Saint Petersburg, 199034, Russia, olga7919@mail.ru

(b) St Petersburg University of Home Affairs Ministry, Pilot Pilyutov str., 1, Saint Petersburg, 198206, Russia,  
venger.vin@rambler.ru

***Abstract***

Today, many processes in society do not have the proper justification from the standpoint of modern sociological theory. Among these processes, we can mention the development of practices of symbolic consumption, the growth of deviant behavior and crime, an increase in social tension and mental disorders. Of course, social scientists give different explanations for these phenomena, but they are more likely explanations of the consequences. The crisis of sociological multiparadigm is the most striking confirmation of the inability of sociologists to explain today's changes in society. Nowadays, sociologists are focusing on creating an illusory postmodern theory instead of an attempt to explain the essence of the processes having a place in society. The purpose of our article is to justify the fallacy of the postmodern theory and to identify the root cause of changes in society, the essence of which is the emergence of a neocapitalist formation. This formation is based on symbolic consumption, and material production in it goes by the wayside. Neocapitalism, striving to create symbolic needs instead of satisfying real needs, replaces the traditional moral values of the pursuit of status consumption. The concept of neocapitalism that we propose allows us to explain the recent changes in the economy, society, and culture. This concept is important not only for the development of science but it can also be used in practical activities.

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**Keywords:** Neoinstitutionalism, formation, capitalism, neocapitalism, anomie, consumer society.



## **1. Introduction**

Analyzing the sociological literature over the past three decades, it can be noted that sociologists have returned to the discussion of anomie (Berta, 2019; Etemadifar, 2016) and consider it as multidimensional psychosocial stress (Agnew & Kaufman, 2019). Manifestations of this phenomenon can be seen in the example of growing income stratification, high suicide rates and other manifestations of deviant behavior (Atteslander, Gransow, & Western, 2019, p.3), the emergence of many protest movements in developed and developing countries. All these phenomena stem from the economy. It is obvious that capitalism does not work within the framework of the theoretical scheme proposed by Karl Marx, Adam Smith, and Philip Kotler. Instead of satisfying human needs, the economy and culture as a whole cause an increase in dissatisfaction. These circumstances lead to the belief that the classical sociological concepts of capitalism do not work as before, because the essence of capitalism itself has changed.

## **2. Problem Statement**

Before moving on to the main issue of the article, it should be noted that not only the dominant ideas about the economy but also about society as a whole, are erroneous. The sociological mainstream is postmodern theories, the main idea of which is that society has moved into some fundamentally different state, which can not be described in the coordinates of the classical sociological theory (Hicks, 2011, p. 35). However, this statement was not sufficiently proved and justified by postmodernists, they did not create such a postmodern sociological theory and methodology that could replace the previous one. The theory proposed by postmodernists makes disparate statements about society. In general, postmodern theory is based on the idea of a simulacra proposed by Jean Baudrillard. The fallacy of Baudrillard's juxtaposition of "real" and "virtual" is that when he speaks of social reality, he uses the concept of "reality," which is a characteristic of the physical world. If we accept this simple fact, not only Baudrillard's theoretical constructions, but the whole postmodern sociology will collapse like a house of cards. Sociologists have generally summed up the idea of the future, borrowed from a simple spoken language. As a result, instead of extrapolating current trends into the future and trying to predict the development of social processes, sociologists build illusory constructions of the future. So, postmodern society has not yet formed, and we live in an era of intense ultramodernism. Economic processes make it intense and unlike the previous era of classical sociology. For this reason, the study of neocapitalism is a significant contribution not only to sociological theory but also to the methodology and epistemology of social cognition.

## **3. Research Questions**

The crisis of theoretical sociology, which consists in the existence of the multiparadigm phenomenon and the development of postmodern sociology, which does not offer new models for explaining social laws, but rather contains scattered opinions about society, inevitably raises the question of how adequate are the explanations of social processes to real social life which offers sociology. Another source of research is significant changes in economic and social life at the turn of the XX-XXI centuries. Such

changes include the development of virtualization and the emergence of social networks, as well as an unprecedented increase in symbolic consumption. All this makes the society of the XXI century solo different from the society of the XX century. However, these changes were not reflected in theory, and sociologists think in terms of classical capitalism to explain economic and social processes. However, it is obvious that symbolic consumption, which has become the basis of an ultramodern economy, does not function according to the laws of the Marxian formation. And that means that we need a new theory to explain the foundations of economic and social processes. Besides we need to answer the question about the role of virtualization and social networks in this supernova economy. Whether they are part of the economic mechanism of a supernova society or simply fleeting trends that do not have a serious impact on society. As a result, the main research question of the article is the need to conceptualize the laws governing the functioning of an ultramodern society.

Also, we would like to answer the other following questions in our research:

- What the specific trends characterize people behavior and society as a whole in the epoch of ultramodernity?
- Do we have a proper explanation of these trends in a contemporary sociological theory?
- What to do in order to improve the conceptualization of ultramodern phenomena?

#### **4. Purpose of the Study**

Based on the above, we would like to highlight the main purpose of this article. This should reveal the essence of the radical changes that have occurred in the economy and society today, and give them the correct scientific explanation. This means that our goal is not only to identify the main causes of the new state of society but also to propose a new sociological concept that will describe current trends. This concept should show a possible way of overcoming the problem of multiparadigm in modern sociological science.

#### **5. Research Methods**

##### **5.1. Methodological approach for the study**

Our research stems from the approach of sociological neointuitionism that considers institutions as sustainable practices of social interactions, fixed in cultural norms and structures (formal and informal) and determined by sociocultural contexts. Rationality and institutions are contextually limited. In contrast to economic neoinstitutionalism, preferences here are not initial prerequisites, but behavioral factors, the occurrence of which should be explained, including through institutions.

##### **5.2. The set of research methods**

As soon as our goal is to create a new conception that tries to explain the most remarkable trends in contemporary society, we will use the method of reconceptualization and theoretical synthesis. The research has a theoretical character and built on critical analysis of the newest scientific literature that considers social institutions and people behavior nowadays.

## 6. Findings

The crisis of classical capitalism is associated with the impossibility of an infinite increase in production due to the constant expansion of the market for the simple reason that the volume of the globe is limited. The collapse of the USSR and the disappearance of the Warsaw Pact were the last opportunities for transnational corporations to seize undeveloped markets. A further increase in sales and profits has only been possible due to the qualitative and not the quantitative increase in consumption. With a high degree of conditionality, the moment of the fall of the Berlin wall can be seen as the moment when neocapitalism began to take shape. Qualitative growth in consumption means that things should be sold to those consumers who already have these things. In this case, the consumer is offered not the product itself, but the symbolic status associated with it (Berghoff & Spiekermann, 2012, p. 52). For example, a person who owns a serviceable car is not interested in buying a new one, but he will be interested in the possibility of obtaining the status of rich (Maison, 2019, p. 22), a respected, athletic, sexual member of society. This status can give it a new product produced by a prestigious brand and corresponding to consumer trends prevailing in the market. For example, a new Porsche car can significantly improve the mood of those who bought it, as well as significantly worsen the mood of those who can not afford it (Sethna & Blythe, 2019, p. 470). Practices of symbolic consumption not only increase the social status of a person but also bring him great emotional pleasure (Berta, 2019, p. 312).

Through the development of consumption that goes beyond practical considerations, neocapitalism is shaped as a type of formation or economic culture based on symbolic consumption. The development of neocapitalism revives the economy, but it is extremely destructive to society (Huang, Huang, & Syu, 2010, p. 42). At the same time, the formation of the necessary consumption bar is constantly growing. Every year or every season during the year, trends are updated in the market, and the things available to the consumer cease to correspond to fashion and ideas about the necessary wealth. As a result, the consumer is forced to buy new things because of their "obsolescence". This race for consumption leads to the fact that even middle-income people constantly feel needy, take out loans to buy fashionable things. As a result, the position of these well-funded people resembles that of the poor in classical capitalism. It should be noted that these phenomena of social life have already been described in numerous publications on marketing and consumer society (Lammi & Pantzar, 2019). But scrupulously enumerating the numerous signs of the formation of a supernova economy, sociologists and economists have missed the most important thing - the cause of events, the creation of a new formation.

The emergence of supernova poverty is not a random phenomenon, it is systematically generated by economic actors. To stimulate and sustain people's desire for symbolic consumption, it is necessary to redirect them to consumer values at the expense of genuine values such as family, religious, national, etc. The process of disintegration of genuine values was previously brilliant Merton conceptualized the process of anomie when the growing cultural demands on the financial success of individuals are not supported by the capabilities of the real economy. This definition has been extremely successful, allowing it to dominate sociology for more than half a century, but it describes the essence of anomie in terms of its effects. Merton's concept fails to explain why culture's demands on individuals' material success are increasing, and it fails to explain the growing interest of anomie and sociologists in this phenomenon over the past three decades.

If under classical capitalism anomie was presented to sociologists as a marginal phenomenon of social life, in neocapitalism it plays the role of an engine. In these conditions, advertising, cinema, mass media and other elements of mass culture, on the one hand, generate anomie that destroys traditional values, and on the other - imposes status consumer values to individuals. The development of anomie leads to an increase in the level of deviations and crime (Siegel, 2017, p. 187), this connection was discovered by Durkheim, and a description of the rise of crime in the neocapitalist era can be found in the criminological literature, starting with the famous labor crime and the American dream (Messner & Rosenfeld, 2001). Despite the enormous value of these works for theory and practice, they again describe the consequences, not the cause. Modern criminology can become much more effective if we take into account the phenomenon of neocapitalism.

If according to Marx's theory all previous formations set in motion the development of productive forces, then neocapitalism develops through the development of symbolic consumption. The improvement of things as physical carriers of symbolic status is of secondary importance. The main component of social life is not material production, but symbolic consumption. The constant struggle of people for status consumption and financial inability to meet this need generates a holistic depressive culture (Mărgărițoiu & Eftimie, 2015). Paradoxically, the huge abundance of goods and services created has led not to satisfaction of needs, but to a sense of chronic dissatisfaction of the individual (Nam, Parboteeah, Cullen, & Johnson, 2014, p. 93).

In a neocapitalist society, there are people who follow consumer values and even begin to struggle with the consumer lifestyle. They reject neocapitalism by criticizing symbolic consumption. These people purchase cheap products that have the same functionality as the products of well-known brands. They like to mock fans of expensive and status goods, calling them people who spend money for nothing. Although such people can actively promote their views, they not only do not interfere with the functioning of neocapitalism, but also play a systemic role in its functioning. They act as a kind of counterweight to fans of brands and trends. Since the prestige of products of any well-known brand is inversely proportional to the number of people able to purchase it, to maintain this prestige, consumers who do not want or cannot buy these products are needed. Prestige is the result of comparing the status positions of different goods, and the rich can only be considered rich in relation to the poor (Messner & Rosenfeld, 2001). If the products of a certain brand become too widespread in the market, then such a brand loses its status position and from products for the rich, it can turn into products that do not provide its owner with a symbolic status. As a result, consumers of the neocapitalist economy also need consumers of cheap and functional goods.

Also the work of sociologists and economists who criticize the negative manifestations of neocapitalism is useless. In practice, the governments of most countries are guided in making decisions about the needs of large capital, and large capital acts in accordance with the laws of neocapitalism. It turns out that governments do not prevent the development of neocapitalism.

Next, we will consider some features of neocapitalism that allow us to consider it as a separate entity or a new type of economic culture, different from the previous capitalism. First of all, in the era of neocapitalism, the main drawback of former capitalism-exploitation disappears. This is due to the fact that a significant part of the price of a prestigious product leaves a symbolic component (Shawing &

Okada, 2019). The cost of the goods as a physical carrier can be several times lower than the price in the store. This means that most of the company's profits are created not in the workshop, but in the marketing office. In this sense, it is appropriate to ask, who is the capitalist or the employee who exploits whom in the most prestigious corporations or vice versa? Perhaps many employees of prestigious corporations are paid more than their contribution to production implies. Further evidence of this is the emergence of the "golden collar" category in the wage class. The huge income of representatives of this group is due to the fact that their creative ideas allow companies to receive millions of super profits.

Another feature of classical capitalism that disappears in the era of neocapitalism is alienation. On the one hand, the employee is still alienated from the product, but on the other hand, he is tied to the symbolic status of the company, belonging to a prestigious brand in itself increases the social status of the employee. The concept of surplus-value also loses meaning, since manufacturers of the most prestigious brands may not take into account the value of the goods at all.

## 7. Conclusion

The main result of this theoretical research is the conceptualization of neocapitalism as a new formation. The emergence of this formation allows us to explain the explosive growth of the practice of symbolic consumption, the increase in the level of evasion and crime, the spread of social and mental stress in society. The conceptualization of neocapitalism is based on the correct understanding of the essence of modern society as an intensive ultramodernity. As a result, the study proved the fallacy of the entire sociology of postmodernism, which is an extremely important conclusion, since it opens a direct path to solving the crisis of sociological multiparadigm and the creation of the most modern sociological theory. These findings have real scientific novelty for theoretical sociology. In addition to theory, the concept of neocapitalism is of great importance for practice. The results obtained in the course of the study, although they belong to the field of theory, have great potential for application in various fields of social practice. First of all, this potential is connected with the mechanism of functioning of neocapitalism, which destroys true values through anomie and imposes on man the values of symbolic consumption. The resulting anomie leads to a wide range of manifestations of deviant and criminal behavior, the emergence of psychosocial stress and feelings of dissatisfaction. Opportunities to overcome the deviation will be of interest to criminologists, social workers, teachers, and many other professionals. Understanding the mechanism of functioning of neocapitalism will be useful to marketing and advertising specialists, designers and other professionals interested in establishing marketing communications and increasing sales.

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