

NEXT STAGE OF GLOBAL CAPITALISM: DIGITAL PLATFORMS AND RENTIER CAPITALISM

Küresel Kapitalizmin Sonraki Ařaması: Dijital Platformlar ve Rant Kapitalizmi

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Abstract

This paper examines the concentration of wealth and power in the networked ecosystem of digital platforms in light of the Marxist theory of rent, which views rental income as a form of economic gain without engaging in productive labor. The article discusses the dominance of digital platforms and their transformative effects of platform capitalism on labor markets, highlighting the growth of gig economies and the challenges of labor rights, income security, and regulatory frameworks in this new paradigm. Since platforms enabled by advancements in technology and digital connectivity, they have revolutionized traditional business models and reshaped the ways in which value is created, distributed, and captured. These platforms, while revolutionizing economic interactions and information exchange, also reflect elements of rent extraction identified in Marxist thought. This amplifies concerns over economic inequality and the accumulation of power, mirroring the Marxist critique of rent as an exploitative mechanism. By scrutinizing digital platforms through a Marxist rent theory framework, this study aims to comprehend how these platforms fit into the broader landscape of capitalist relations, shedding light on the complex interplay between technological innovation, economic structures, and the perpetuation of class divisions.

Keywords:

Theory of Rent,
Platform Capitalism,
Rentier Capitalism.

JEL Codes:

F50, P10, B14

Anahtar Kelimeler:

Rant Teorisi,
Platform Kapitalizmi,
Rant Kapitalizmi.

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Öz

Rant gelirini üretken emeğe başvurmadan elde edilen ekonomik kazanç biçimi olarak gören Marksist rant teorisinin ışığında, bu makale dijital platformların ağ bağlantılı ekosistemindeki zenginlik ve güç yoğunlaşmasını incelemektedir. Bu çalışma, dijital platformların hakimiyetini ve platform kapitalizminin işgücü piyasaları üzerindeki dönüřtürücü etkilerini tartışırken; esnek ekonomilerin büyümesini ve bu yeni paradigmada işçi hakları, gelir güvenliği ve düzenleyici çerçevelerle ilgili zorlukları vurgulamaktadır. Teknoloji ve dijital gelişmelerin mümkün kıldığı platformlar, geleneksel iş modellerini dönüřtürürken, değerin yaratılma, dağıtılma ve elde edilme yöntemlerini yeniden şekillendirmektedir. Bu platformlar, ekonomik etkileşimlerde ve bilgi alışverişinde devrim yaratırken aynı zamanda Marksist düşüncede tanımlanan rant elde etme unsurlarını da yansıtıyor. Bu durum, ekonomik eşitsizlik ve güç birikimine ilişkin kaygıları arttırarak, rantın bir sömürü mekanizması olduđu yönündeki Marksist eleřtiryi yansıtmaktadır. Dijital platformları Marksist rant teorisi çerçevesinde inceleyen bu çalışma, bu platformların daha geniş kapitalist ilişkiler çerçevesine nasıl uyduđunu kavramayı, teknolojik yenilik, ekonomik yapılar ve sınıf ayrımlarının arasındaki karmaşık etkileşime ışık tutmayı amaçlamaktadır.

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1. Introduction

At the core of Marx's understanding lies a comprehensive analysis of socioeconomic structures and historical development and comprehending capitalism and other societal frameworks hinges on dissecting social classes, their structures, and the shifts within them. Scrutinizing class divisions and the conflicts they entail holds particular significance in grasping the essence of capitalism. Marx perceived history as a series of class struggles, with each epoch defined by its dominant modes of production and ownership. From Marxist perspective, examining humans within the framework of their social and historical context is essential for understanding the conceptual framework of a new stage of global capitalism. In the contemporary world, structural influences and oppressions inherent in the modern capitalist economic system increasingly contribute to the global economy and foster greater economic interdependence. According to Marx, the fundamental elements of individuals' material circumstances consisted of both the production forces and the relations of production and these together constituted a mode of production. Therefore, the theory of rent and landed property had a crucial role in the rise of capitalism. Marx argued that a shift from the feudal society to the capitalist society had taken place in the mode of production. The main determinant of this change was the class antagonism existing within the capitalist mode of production. According to Marx, history is steered by an unceasing and recurring cycle wherein humans respond to their material circumstances, transform those environments, and consequently experience the impact of newly formed material conditions.

Marx's theory postulated that historical progress was propelled by the conflict between classes: a result of the tensions between different classes that had propelled the changing dynamics of societal interactions within various modes of production, progressing from communalism and feudalism to capitalism. According to his viewpoint, the role of social theory encompassed deciphering the repressive mechanisms of capitalism through the lens of class struggle, and subsequently, altering the societal behaviors that had estranged and subjugated the working class (Roach, 2008: 57). Change stands as a fundamental way to delineate Marx's philosophy and his role as an activist.

According to Marx's vision, humanity has undergone transformations, advancements, and the establishment of diverse economic systems in order to distribute limited resources and establish societal organization. Yet, during the 20th century, technology has ushered in new possibilities to address economic challenges and fulfill economic ambitions, potentially marking an unprecedented moment in history. Numerous shifts occurred in 1980 as the foundations were established to bolster capitalism further through the implementation of neoliberal principles. In conjunction with the evolution of the internet and communication technologies during the 1990s, the methods of production have transitioned from factories to platforms. This transformation has led the global community to experience a novel economic revolution following the industrial revolution (Chan et al., 2019: 2). In this context, it can be stated that the emergence of digital platforms and their increasing dominance in the economy is in relation with neoliberal capitalist expansion.¹

¹ This period, fueled by neoliberal policies can be interpreted as a new era in capitalism, and underscores Polanyi's examination of the industrial revolution, in particular, how industrial revolution occurred within the institutional framework of a self-regulating market resulted in substantial harm to society, and with severe social disruptions. According to Polanyi, dominant class deliberately lacked the instruments to quantify the harm that was being

The emergence and growth of the platform economy in the first quarter of the 21st century align with the advancements in worldwide information systems, algorithm-driven digital infrastructure, networking, individualization, and the evolution of digital business models. Today, the digital platform economy revolves around eight of the ten most valuable companies such as Apple, Google, Microsoft, and Amazon, and these companies dominate global economic activity. On the one hand, these technology companies manufacture, develop, or innovate; on the other, they widen wealth disparities while extracting rents over the scarce digital assets.

The most powerful companies in the global economy are those built on or transformed into platforms. Digital platforms provide a new business model based on extracting data, digital interactions, and economic activities. The digital platform businesses focus on getting more data, collecting rent, extending data extraction tools, and keeping their economic power. While these big technology companies aim to protect their monopoly power, this major transition of capitalism exacerbates vast inequalities reminiscent of technology-powered feudalism (Sadowski, 2020: 569).

To analyze rentier and platform capitalism, one needs to figure out the theory of rent. This study aims to explore the depths of increased inequalities through the lens of the Marxist theory of rent and the ills of empowerment of wealthy rent-seeking companies with the digitalization of capitalism. Furthermore, this study attempts to analyze new financial actors and their new practices, focusing on increased inequalities and wealth grabbing. On a theoretical level, this paper follows critical discourse analysis based on the exploitative nature of rentiers and Nick Srnicek's work on platform capitalism and discusses whether digital platforms operate as rentiers.

This research assesses the interconnection between rentier capitalism and platform capitalism, contending that the growth of platforms and the platform economy is fueled by the rent-based economy. As a result, the research has established its theoretical foundation using rent theory. Initially, the study examines rent theory and subsequently endeavors to elucidate rentier and platform capitalism. Additionally, this research addresses the emergence of challenging circumstances for the labor force within the context of the digital era.

2. The Economic Concept of Rent

The concept of rent evolved over time; today, it is an almost two-century-old concept (Horn, 2018: 8). Economic rent is based on the value of agriculture, natural resources, and land, but the concept of economic rent has a significant role in establishing the conceptual framework for allocating tangible or intangible assets (Milios et al., 2002: 8). In recent years, there has been a growing need to review and analyze the classical theory of rent to better understand the theoretical basis of rentier capitalism.

The rent can be characterized as a 'passive income' derived from a property that the owner can receive payments without direct involvement in entrepreneurial activities (Tori, 2017). In other words, the concept of rent expresses all kinds of income that is not based on labor. In the economics literature, it is the additional income acquired from a resource (such as land, capital,

inflicted. Similar to Polanyi's examination; the ideology embraced by numerous figures in Silicon Valley and epitomized by the ethos of moving rapidly to the extent of causing disruptions (Polanyi, 1957; Curran, 2023).

or labor) due to its current utilization (Rasmussen, 2011: 290). Rent is defined as income received through the ownership, possession, or control of the assets in the absence of significant competition (Christophers, 2021: 3). In modern terms, these 'properties' can manifest as diverse assets like stocks, bonds, monetary deposits, real estate, labor markets, monopolies and other financial instruments that generate income through interest (Tori, 2017).

Nassau William Senior, a prominent economist from the 19th century who extended the concept of rent to all production inputs, claims that the interests of the landlord and the interests of the public align and states that the elements described as profit and wages contain a significant amount of rent (Rasmussen, 2011: 290). According to him, if any worker or capitalist enjoys an advantage that his competitors cannot reproduce, then a portion of wages or profits becomes rent (Rasmussen, 2011: 291).

Karl Marx devotes a separate section to rent in his work and refers to this section as "The Transformation of Surplus Profit into Ground Rent" after his observations and the impact of the relations of production in nineteenth-century Britain (Marx, 2015). Marx was influenced by his predecessor writers on land and rent and considered rent as a significant factor in completing the analysis of capital. Marx argues that the capitalist farmer compensates the landlord for the use of leased land, which is integrated into his capital, through a payment known as rent (Basu, 2018: 2). Under the framework of capitalism, a group of landowners possesses land, and from individuals who seek to lease the land, this class garners a rent of specified value and duration. Entry to the land is barred until the rent is settled, and the landowner enforces their ownership entitlement. Consequently, the land also constitutes a form of property monopoly. The compensation for utilizing the land is termed ground rent (Marx, 2015). In this context, rent can be defined as the price paid by a person who wants to use a piece of land for a certain period, and the owners receive from production without making any contribution and producing.

Rent on lands is still in existence and rent is a considerably more significant concept to modern capitalism than Marx and Keynes could have ever envisaged, moreover, the domination of rents is undoubtedly unmatched in the nineteenth-century world. As in the centuries-old concept of economic rent, which involves acquiring scarce assets like natural resources or land without putting any effort or expenditure, the modern concept of economic rent can be defined as the ownership of rent-extracting businesses (UCL, 2023). Therefore, the impact of the studies conducted by economists and Marxist land rent theory helps to understand capital accumulation in digital platform enterprises (Qiao and Feng, 2023: 52).

3. What Is Rentier Capitalism?

Capitalism is commonly perceived as an economic structure where private individuals possess and manage assets according to their preferences. Prices are established through the interplay of supply and demand within markets, to potentially benefit the welfare of society. The fundamental characteristic of capitalism lies in the drive to generate profits (Jahan and Mahmud, 2015: 44). Capitalism emerged due to the capital accumulation flowing through colonialism, and modern capitalism originated as a societal structure in Western Europe during the initial decades of the 19th century (Norel, 2013: 65). The term "capitalism" is employed in diverse ways, encompassing an economic and societal arrangement, a contemporary manifestation of political authority, a dynamic method of production, a phase within a global

historical progression from feudalism to communism, a point of ideological adherence in the West, a lasting structure of inequality, or, in simpler terms, an entity (Sonenscher, 2022). Over the centuries, it has transformed itself and other social processes rebuilt the production, circulation, and distribution processes that did not exist before, became the engine of the development of new technologies, and brought about a rapid and radical transformation in all areas of life. Within a capitalist system, it becomes imperative to enhance profit margins, foster economic expansion, and adapt interaction dynamics to ensure the ongoing accumulation of capital. This underscores the vital role of capital accumulation within this framework. Failure to achieve this would lead to unavoidable decline, compelling economic participants to consistently explore new markets.

During the 20th century, income distribution between capital and labor was managed through government regulations, fiscal strategies, and social safety nets, until the onset of liberalization movements in the 1980s (Sachs, 1999: 98). Then, globalization began to put pressure on workers' wages and rights of workers, and companies started to employ subcontracted workers and aim to reduce their costs by directing the workforce to low-wage places (offshore) to survive in the competitive environment and enlarge their businesses (Ritzer, 2010: 120). During this period, the global economy is transformed when rental income became a dominant factor with heightened inequalities associated with low wages and the promotion of increased welfare and growth along with private ownership of land, resources, and the platforms in the capitalist system.

Hofstadter (1963: 236) expressed his criticism towards the capitalist system as “once great men created fortunes; today a great system creates fortunate men.” Today, many scholars do not deny the transformation of the capitalist system into rentier capitalism, where disparities grow and access to scarce assets with intellectual property laws is limited. According to Guy Standing, there are five lies about rentier capitalism, and the most prominent one is the claim that global capitalism is based on free markets (Standing, 2016). He explains this, “today’s market system is the most unfair system; the intellectual property became a primary source of rental income, this creates a monopoly on knowledge and restricts access to knowledge” (Standing, 2016).

Marx noted a growing concentration of capital as it amassed in the hands of a small group of individuals, leading to the emergence of monopolies. The term “monopoly capital” is frequently employed in Marxian political economy, and Paul Baran and Paul Sweezy successfully carried forward Marx's endeavors in their “Monopoly Capital” work that viewed the monopolies as the defining feature of 20th century capitalism (Baran and Sweezy, 1966). In the context of monopoly capitalism, the extraordinary profits of multinational corporations wield dominance through innovation or intellectual monopolies (Rikap, 2021).

Diverging from the monopolies described in Paul Baran and Paul Sweezy's theory of monopoly capital, which concentrate on consolidating tangible capital, intellectual or digital monopolies predominantly and consistently wield control over knowledge. In this context, a rentier can be defined as an entrepreneur who increases his wealth without increasing the net wealth of the economy. In other words, rent-seeking is the attempt of economic units that have the power to establish and maintain exclusive control and access to knowledge and information. Companies that foresee the opportunities have become a kind of monopoly by taking advantage

of the opportunities of technology and creating new rent areas in the markets in which they are involved. Therefore, it is essential to understand the political economy of digital technology.

Economist Cédric Durand in his study, *Techno-feudalism*, examines the functioning of the digital economy in detail and makes a connection with the feudal economies of the past. Durand asserts that monopoly-driven digital corporations exploit the data generated by their enslaved consumers much like feudal lords would exploit the yields of the land cultivated by their serfs during the Middle Ages (Cayla, 2022). Durand analyzes the historical evolution of capitalism and the nature of the digital economy, and in his techno-feudalism hypothesis, claims that digitalization is far from the peak of modern and civilized capitalism; on the contrary, it is in a great recession. The outcome of this recession can be traced back to the practices of neoliberal ideology, and the primary source of techno-feudalism lies in creating value. The key here is the intangibility of digital assets; unlike traditional land or industrial monopolies, the rent of the abstract is based on an unprecedented capacity to accelerate profits. In his work, Cédric Durand argues that intellectual monopolization has become the most powerful means of extracting value, and monopolization is no longer controversial; it has become the mode of operation of modern (rentier) capitalism (Godin, 2020). Today, patents, copyrights, and intellectual property constitute rent income.

Nonetheless, the discourse of neoliberalism presents corruption and economic challenges as problems confined to the developing world, attributing them to governmental policies. Conversely, UNCTAD offers an alternative perspective by characterizing rentier capitalism established through influential corporations gaining control over the state within advanced capitalist systems. To begin with, immense financial capital wield authority over the state machinery, progressively generating substantial profits and rents. These impositions primarily affect the laboring masses and their wages, followed by the strain on state services or productive investment capital. Chapter VI of the UNCTAD Report extracts the critique of speculative financial rents from the financial system, unveiling a trend in contemporary capitalism characterized by rent-seeking that spans all sectors. The report describes rents as "enterprises not from innovation or the efficient use of labor, but income directly derived from the ownership and control of assets" (Boratav, 2017; UNCTAD, 2017: 129). According to the report, there is a fundamental deterioration at the source of all these practices that create rents and thus lead to rentier capitalism; money is used to gain political power in a vicious circle in which political power is also used to make money (UNCTAD, 2018). In this circle, rentier capitalism is fueled by the economic and political power intertwined.

To sum up, the global economy hovers on the verge of entering yet another phase of extensive reorganization. Over the past two decades, the emergence of the digital economy has presented new challenges for competition policies (Cayla, 2022). Monopolistic tendencies and protected intellectual property in digital economy cause greater concentration and market power compared to the non-digital economy. Historical patterns reveal that technological advancements often coincide with cycles of capitalist turmoil and societal unrest. Central to this restructuring is the digital economy, founded on sophisticated information technology, the acquisition, manipulation, and evaluation of data, and the widespread integration of digitalization across all facets of worldwide society. The capitalist class searches for new channels and opportunities in the global economy, and digital technologies transform traditional flows with rents into a digital global economy. In the end, the extensive adoption of digitalization, where technology substitutes labor, drives costs to nearly negligible levels. In

“The Zero Marginal Cost Society”, Rifkin also claims that the near-zero marginal cost of the sharing economy with new digitalization will bring about the eclipse of capitalism (Rifkin, 2014). This intensifies all the inherent conflicts within capitalism (Robinson, 2018: 8).

4. Platform Capitalism

This modern economy centered around digital platforms has been assigned various titles, often used interchangeably. Some of these designations include the 'creative economy,' the 'sharing economy,' the 'gig economy,' and the 'peer economy (Chan, 2019: 2). The Platform economy is preferred in this article.

The immense impact of new information and communication technologies on labor led to fundamental changes in every aspect of the economy and the transformation of capitalism. According to Nick Srnicek, to be able to understand platform capitalism, firstly capitalism should be defined; as the uninterrupted optimization of workforce processes and productivity through technological innovations, which indicates a systematic imperative to reduce production costs (Tellan, 2021).

21st-century digital economy breaks down traditional capitalism's production and distribution structures, but it is difficult to say that a more equitable system has taken its place. The network effect in the economy has led to the centralization of platforms, the weakening of competition, and the provision of fewer alternatives for consumers. In this process, personal data is turned into a product (EU Commission, 2023).

The platform's way of working depends on the participation of three principal economic actors. It is possible to consider it as a digital infrastructure that is based on these actors; 'employee' (service provider), 'customer' (service user), and 'platform' (allows matching requests). Here are the main distinguishing features of the platform's way of working: (i) There is a triple relationship between the digital platform, the employee, and the customer. (ii) The relationship between platform employees and customers is regulated through a digital platform. (iii) It aims to fulfill tasks or solve various problems over digital work platforms. (iv) Jobs on the platforms are divided into tasks and shared between people on a global scale. (v) Jobs on digital platforms are fulfilled when there is a demand (Eurofound, 2018; Kovanci, 2020). Digital work platforms ensure that the request matches with the supply of service in return for a fee. These platforms also reduce their costs through this system and increase self-employment options.

The foundation of the platform business model rests on offering products and services intended for communal use. In return, the platform earns a portion (commission) from the fee paid by the user for utilizing the service. There are multiple variations in terms of the categories and operations of digital platforms. In his book *Platform Capitalism*, Srnicek (2016: 50-88) mentions five different platform models. Srnicek categorizes five types of platforms, which might be present in different combinations (or entirely) within a specific platform corporation. These categories encompass advertising platforms (e.g. Google, Facebook), which gather user data and profit from advertising area; cloud platforms (e.g. Salesforce), which possess and lease hardware and software; industrial platforms (e.g. Siemens), which create the required structures to convert conventional manufacturing into internet-interconnected procedures; product platforms (e.g. Spotify), which utilize other platforms to shift a traditional product into service;

and lean platforms (e.g. Uber, Airbnb), which function with a business approach focused on minimal possession of assets.

According to the UNCTAD Digital Economy Report 2021, a few powerful corporations exert substantial influence and control across diverse sectors in the digital platform landscape. These key players have not just influenced the progression of the digital economy but also possess significant authority in global markets. The major players among these platforms, U.S. and Chinese companies, — Apple, Microsoft, Amazon, Alphabet (Google), Facebook, Tencent, and Alibaba—are increasingly investing in every facet of the global data value chain. In 2009, digital platforms constituted %16 of the top 20 companies. Notably, four of the top 10 firms in 2021—Amazon, Alibaba, Facebook, and Tencent—did not even rank among the top 100 in 2009 (UNCTAD, 2019, 2021) The report adds that while these companies maintain a competitive advantage in data due to their platform power, they have transformed beyond being solely digital platforms. These entities have evolved into global digital corporations with a worldwide presence, possessing substantial financial, market, and technological influence, along with control over extensive datasets on their users (UNCTAD, 2021).

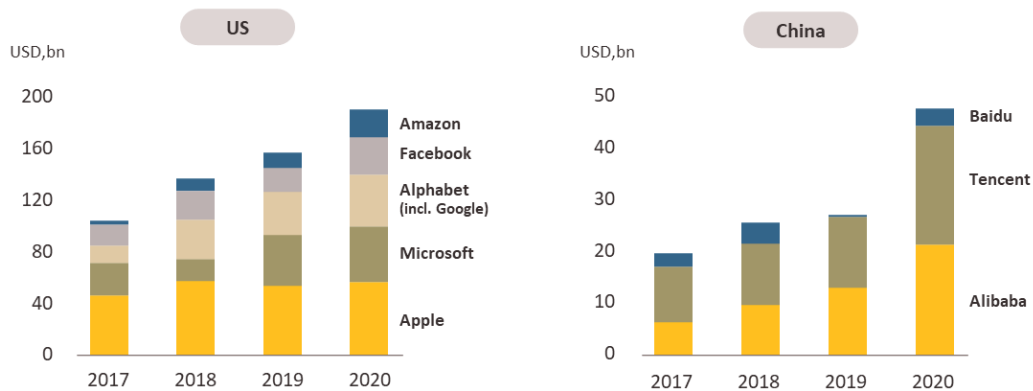


Figure 1. Profits by Major Digital Platforms
Source: UNCTAD (2021).

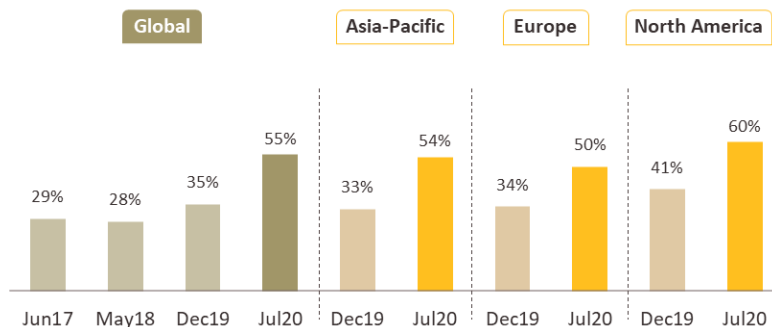


Figure 2. Average Share of Digitalized Business
Source: Krungsri Research (2023).

The companies within this sector, aside from experiencing "exceptional profitability," should be considered as "the fact that they are near-monopoly distributors makes them public utilities and should subject them to more stringent regulations, aimed at preserving competition, innovation, and fair and open universal access" (Soros, 2018). Expressing concern about the possibility of these companies inducing addictive behavior and manipulating users' attention, Soros asserted that social media companies are leading people to relinquish their autonomy (Cayla, 2022). The feature that distinguishes flexible platforms from other platform models is that their devastating effect on traditional economic models is not limited to the valuation between goods and services and the market. This business model reverses the traditional producer, consumer, and employee relations, and it makes workers precarious and outsources real costs.

Although flexible work arrangements and subcontracting are on the rise, there's a global decline in the prevalence of permanent employment (ILO, 2021: 2). Globally, wages have failed to keep pace with inflation, and the emergence of new business models in the digital platform labor economy has exacerbated instances of exploitation and discrimination through online labor brokerage (Boranova et al., 2019). The swift erosion of initiatives aimed at safeguarding workers' rights and advancements is evident. In brief, as the majority experiences declining prosperity, wealth is progressively concentrated within a smaller segment of the population.

In the context of social media, it is one of the fastest-growing areas of the technology industry. Many sectors such as e-commerce, health, nutrition, and transportation are being reshaped with social media with an increasing number of influential social media users. In an order where the use of the internet and social media has increased so much, companies are trying to keep up with this trend in a way that will benefit them the most. According to Data Reportal typical social media user spends more than 2.5 hours per day on social media platforms (Ali, 2023). 4.8 billion users, as of 2023 60% of the world's population uses social media, and this roughly means that the world's population spends 12 billion hours a day on social media (Chaffey, 2023). Technology companies that want to benefit from such potential are also fed by the data produced and consumed by so many users. Privacy of data is an illusion, for example, technology companies such as Meta, Apple, Twitter, and Google admit that they collect user data and use it to improve their algorithms to offer a richer experience to the end-user (Pathak, 2022). The majority of today's search engines use machine learning algorithms that combine thousands of different criteria. Due to the existing firms' extensive databases of past user behavior, new players—even ones with better algorithms—cannot enter the market and effectively compete with them. While data monopolies are detrimental to both large, established businesses and tiny start-ups, the biggest corporate actors enjoy the greatest data advantages. Similar to the ability of the oil monopolist Standard Oil or the railroad monopolist Northern Securities Company, data monopolists have the potential to prevent competitors from entering the market (Radinsky, 2015).

The emergence of the platform economy presents a range of prospects, and corporations such as Amazon, Etsy, Facebook, Google, Salesforce, and Uber are constructing online frameworks that enable diverse human endeavors. This paves the path for essential changes in how we engage in work, interact socially, contribute to the economy, and vie for resulting profits. On the other hand, the flexibility of jobs often accompanies the weakening of the legal and social standards of employees. So, as the platform economy grows, in terms of the erosion of labor standards and social protections, it is unclear by whom and on what basis the protection

requirements of platform employees are met (Aleksyanska et al., 2019: 5). As long as platforms play an intermediary role, misclassification of employment status, the duties and responsibilities of an employer will be a prominent challenge that needs to be resolved (Florisson, 2018).

5. Digital Labor Platforms and Challenges

Those with a negative outlook argue that the platform economy encourages neoliberal economic patterns and strategies that view workers as commodities, ultimately eroding market regulations. At the end of the 20th century, corporate structures have undergone radical changes with the digitalization process. In the last decade, the platform economy and digital employment proliferated steadily, and the digital economy spread beyond national borders. Through technological advancements, the process of digitization generates fresh employment opportunities and careers, modifies organizational frameworks, redefines job roles and skill sets, introduces novel products and services, affects the spatial aspect of production, alters production methods and processes, transforms marketing networks, and changes how goods and services are accessed (Sabbagh et al., 2013: 35-42). The process of digitization and digital transformation, while leading to the expansion of businesses, also eliminates many professions and fragments employment (Voss and Riede, 2018: 5). One of the new forms of work that emerged in the digitalization process is platform work. Those working on digital platforms often have few connections with their employers. Digital platforms break down formerly complete work tasks into small microtasks that are assigned to multiple individuals who compete in a highly competitive global market. The status of employees as independent contractors causes loss of rights and employees fall outside of the legal protection they need (EU Commission, 2021). As a result, the platform economy fails to generate fulfilling employment opportunities, instead leaving workers disempowered as they anticipate the next low-paying gig to appear online (Hoang et al., 2020). Since most of the digital platform jobs are short-term and unstable, self-employed platform employees take the cost of their social protection on themselves.

Digital platforms represent the latest technological trend that is altering and restructuring the economic and workforce environment. These digital platforms cover a wide array of services that depend on a continuously expanding workforce to address requests made on a per-demand basis. Over the past ten years, there has been a fivefold growth in digital labor platforms. In G20 nations, the count of platforms surged from 128 to 611 within the same time frame (refer to Figure 3). Workers associated with these platforms encounter challenges concerning the consistency of employment and earnings, working circumstances, social security, effective skill utilization, the ability to form associations freely, and the entitlement to engage in collective bargaining (ILO, 2021: 3). While the utilization of platforms enabled workers to enter gig work and access income streams that might have been inaccessible before digital platforms, it did not inherently enhance job security or improve the quality of life for workers. Previous studies indicate that a significant proportion of individuals who depend on the gig economy for income are migrant workers (Lata et al., 2023: 7). The promotion of isolation and constant competition is a significant obstacle for platform workers that each worker perceived as a component within the supply chain, where algorithms oversee and guide each "machine" to perform tasks as needed. The worker's body becomes a consumed entity in the production process. The reduction of shared risk amplifies the instability and mistreatment experienced by gig economy workers, leading to a division between types of employment;

therefore, low wages, security issues, and exploitation are now global problems that need to be addressed. (Lata et al., 2023: 7).

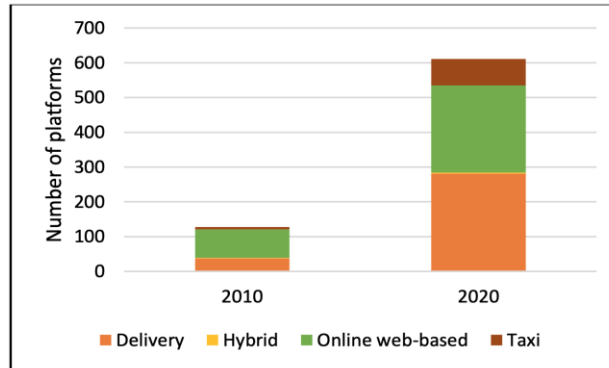


Figure 3. Online Web-Based and Location-Based Platforms in G20 Countries, 2010 and 2020
Source: ILO, (2021).

6. Conclusion and Policy Implications

The concept of capitalism, as Marx defined it, has persisted since the 16th century, and over the subsequent five centuries, it has undergone notable transformations. Nonetheless, none of these shifts have been as extensive and consequential as the changes witnessed in the past fifty years. The emergence of globalization, coupled with advancements in transportation and information technologies, has profoundly impacted both the ramifications of capitalism and its fundamental essence. These changes lead to the emergence of new means of production and the obsolescence of old relations of production. In line with the newly emerging means of production, relations of production are also transforming, and as a natural result of all these changes, an important social change emerges, and consumers, workers, markets, and all structures are affected by this situation. Nonetheless, the primary catalyst for transformation is technological advancement: “The hand-mill gives you a society with feudal lords, the steam mill a society with industrial capitalists” (Bottomore, 1992: 156).

Currently, we are observing the emergence of novel forms of capitalism and new means of production. Within these, platform capitalism stands out as one example, giving rise to innovative production dynamics through the utilization of hardware and software platforms. The growing economic influence of these platforms within the framework of capitalism is steadily on the rise. These platforms yield favorable outcomes in various aspects, including heightened competition, lowered expenses, and convenient service access. Nonetheless, functioning as highly potent economic entities, these platforms have begun to establish monopolies within their specific domains. In addition, since it creates a new form of alienation in the sense used by Marx, especially in the protection of the rights of individuals who work in production relations, and most importantly, a new type of rent other than traditional rent, new feudal lords, and monopolies with enormous economic power in a very short time; platform capitalism needs to be regulated. If not addressed, the global landscape would transition into a new phase of the market-state dynamic, and this transition would entail recognizing that these platforms, operating largely outside the democratic mechanisms, wield direct influence over the configuration of political and societal realms.

In the context of the changing dynamics of platform capitalism, policymakers should adopt a comprehensive set of regulations to redefine labor standards, safeguard consumer and worker rights, and ensure fair competition. Dealing with the inequality propagated by digital platforms demands a multifaceted strategy that gives importance to fair access, workers’ rights, and promoting inclusive economic advancement. Transparency and accountability are vital components of any policy addressing platform inequality. Hence, requiring platforms to reveal their algorithms and practices in utilizing data can aid in recognizing and correcting discriminatory behaviors. To promote inclusive economic growth, governments can encourage platform diversity by supporting small and local businesses. The cooperation among governments, civil society entities, labor unions, and platform administrators is pivotal in devising impactful regulations. This joint endeavor helps that policies are sufficiently resilient to tackle current disparities and adaptable enough to accommodate the swiftly changing digital landscape. Any global structure regulating the movement of data across borders must align with and be consistent with national policies to effectively harness the potential of the data-driven digital economy for development. It must be flexible to balance nations with diverse levels of preparedness and capacities to adapt the necessary policy for formulating and executing development strategies in the data-driven digital economy. By implementing these recommendations, governments can take significant steps toward mitigating inequality on digital platforms and fostering a more just and inclusive digital economy.

Declaration of Research and Publication Ethics

This study which does not require ethics committee approval and/or legal/specific permission complies with the research and publication ethics.

Researcher’s Contribution Rate Statement

I am a single author of this paper. My contribution is 100%.

Declaration of Researcher’s Conflict of Interest

There is no potential conflicts of interest in this study.

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