Research on the Mechanism of Dollarization and De-dollarization under the Global Financialization System (Part 1)

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Abstract: *Based on Marxist monetary theory, this paper investigates the formation mechanism of dollarization, its real-world impacts, and corresponding countermeasures. From a financialization perspective, the internationally dominated monetary system by the U.S. dollar has undergone three stages: the gold- dollar system, the oil-dollar system, and the institution-dollar system. Among them, the institution- dollar system, also known as the global financialization system, is a fusion of commodity and financial markets, domestic and international markets, achieved through financialization under the neoliberal institutional framework. It has further promoted the expansion of the U.S. dollar's international monetary power. The expansion of international monetary power is primarily achieved through dollarization, and global dollarization is realized through three financialization mechanisms: commodity financialization, technological financialization, and institutional financialization. Commodity financialization serves as the foundation for global dollarization, technological financialization acts as the catalyst, and institutional financialization provides the fundamental guarantee for global dollarization. Dollarization, centered around U.S. interests, has serious consequences for peripheral countries. The peripheral countries can counter dollarization by promoting international monetary diversification, curbing technological financialization, and fully recognizing the risks associated with neoliberal reforms: liberalization, privatization, and marketization (LPM). China should prioritize the management of its financial strength and adopt high-quality economic development and Renminbi internationalization as core strategies to advance de-dollarization.*

Keywords: *Global financialization system, Dollarization, De-dollarization, Financial Theory of Political Economy, LPM Mechanism.*

Introduction

IN 2022, THE OUTBREAK OF THE RUSSIA- Ukrainian War led to the freezing of Russia's foreign exchange reserves by Europe and the United

States, causing the international community to question the security of assets denominated in the U.S. dollar within the global financialization system. As a result, countries worldwide began to seek to hold reserves in assets such as gold and commodities. At this juncture, countries holding significant amounts of U.S. dollar reserves have two ways to safeguard their interests. One approach is to sell foreign exchange assets and purchase commodities from countries like Russia. The other approach involves implementing quantitative easing policies to buy foreign commodities with their currencies, which would lead to inflation of the U.S. dollar.

Consequently, dollarized countries may suffer losses from two perspectives. On one hand, they will directly bear the consequences of U.S. dollar inflation. On the other hand, the anti-inflation policies implemented by the United States will directly impact the economic development of dollarized countries. In fact, there have already been numerous studies on dollarization and its effects.

The dollarization phenomenon first appeared in the late 18th century, with typical cases occurring in Latin American countries during the 1970s. Based on the extent of the influence of the U.S. dollar, dollarization can take various forms and be categorized into de facto dollarization, de facto process of dollarization, and de facto policy of dollarization (Zhang, 1999: 17-25). From the perspective of currency substitution, dollarization can be classified into three levels: currency substitution, fixed exchange rate, and legal tender currency (Song, 2006). From a functional perspective, there are transaction dollarization, asset dollarization, deposit dollarization, etc. (Li & Huang, 1999; Reinhart, et al.; 2003; Mwase & Kumah, 2015), and dollarization resulting from arbitrage (Geng et al., 2018: 5-21). Depending on the dominant entity, dollarization can be categorized as official, semi- official, and unofficial (Cai & Yi, 2003: 5-10).

Through case studies of dollarization in Latin American countries, it is found that loan dollarization and deposit dollarization influence each other, with deposit dollarization promoting loan dollarization.

The degree of dollarization can be divided into full and partial dollarization, as well as high, medium, and low levels of dollarization (Husain, 2006: 13). Most Western economists view that dollarization serves the function of reducing inflation and stabilizing financial markets in small and medium- sized developing countries, such as Argentina and Ecuador (Mary, 2008: 335-355), and contributes to stabilizing economic policies and enhancing the efficiency of financial markets in emerging economies (Naceur et al., 2015: 4; Mendoza et al., 2017:2-10).

Scholars have researched the reasons for dollarization from perspectives such as inflation, external shocks, and exchange rate fluctuations. Through case studies of dollarization in Latin American countries, it is found that loan dollarization and deposit dollarization influence each other, with deposit dollarization promoting loan dollarization (Luca et al., 2008; Nendis, 2009; Isakova, 2010; Escribano, 2011). Throughout the transformation of the international monetary system, the global standing of the U.S. dollar has been steadily increasing. Concurrently, severe inflation and significant currency devaluation in peripheral countries have led to a phenomenon known as dollarization, where these countries adopt the U.S. dollar as their preferred currency (He & Lianj, 2015: 31-36). External market shocks can significantly impact the dollarization of economies, and fluctuations in commodity prices play a crucial role in promoting dollarization, particularly in resource-rich countries (Catão & Terrones, 2016). Some scholars have analyzed using portfolio models and found that the reasons for dollarization in some European or Central Asian economies are driven by investor arbitrage (Geng et al., 2018: 5-21). For Central Asian countries, the direct reason for their high degree of dollarization is the economic recession caused by the disintegration of the Soviet Union (Wang et al., 2018: 74-83; 2019: 109-118).

From the perspective of the formation mechanism, Western economists, under the assumption of a free market system, use the theory of money demand to construct models such as the cash reserve model and transaction cost model to study the various mechanisms of mutual substitution among different currencies in the circulation field. They point out that the key to dollarization is the long-term high yield from holding dollar assets (Wei & Fang, 2003: 66-80). In contrast to the view of Western economists that dollarization costs are short-term but can yield medium to long-term profits, Marxist economists point out through the construction of a stock- flow consistency model that dollarized countries are unable to use exchange rate policies to correct payment imbalances, resulting in a deterioration of the current account and leading to a decline in GDP and fiscal revenue (Izurieta, 2003).

Analysis of a dollarized economy growth model based on Thirlwall's model shows that the steady- state economic growth rate of dollarized countries is lower than that of countries with sovereign currencies, and the economic growth of dollarized countries is quite unstable. Under unchanged conditions, dollarized countries are more prone to falling into a debt trap (Missaglia, 2021: 656-686). Most Marxist scholars believe that dollarization is the main way for the expansion of the power of the U.S. dollar as an international currency. The

United States exacerbates the plight of dollarized countries through economic policies such as fiscal deficit monetization (Ren & Cheng, 2021: 5-20; Gong & Zhao, 2021: 87-104). Before the Russia-Ukrainian War, "de-dollarization" had become a global topic due to the subprime crisis. It is generally believed that de-dollarization weakens or eliminates the effectiveness of a country's monetary and exchange rate policies, leading to financial instability and increased financial risks, thus raising the probability of a financial crisis. Therefore, economies with favorable conditions should strive to achieve de-dollarization as soon as possible (Kokenyne et al., 2010). Regarding the Asian region, research has found that the Chinese yuan plays a significant role in influencing exchange rate fluctuations in Asia and could become an important pole in the international currency system's diversification.

Consequently, it becomes one of the optional international reserves after de-dollarization (Fratzscher & Mehl, 2013: 1343-1370). Studies focusing on emerging economies indicate that the abuse of the dollar's privilege in the current international monetary system is a significant reason for financial crises. Therefore, achieving currency diversification for reserves is crucial as soon as possible (Fratzscher & Mehl, 2013: 1343- 1370).

Research examining the influence of dollarization on China indicates that its presence in international economic exchanges exerts a considerably adverse impact on China's economy and social welfare.

Some scholars focus on de-dollarization in dollarized countries. Research shows that over a dozen countries1 have completely or partially achieved de-dollarization through macroeconomic policies such as relaxing exchange rate floating ranges, expanding the spread between domestic and foreign currency deposit rates, and raising foreign exchange loan rates, in addition to microeconomic measures such as raising the criteria for using foreign currency and foreign currency deposit insurance premiums (Kokenyne et al., 2010). Southeast Asian2 countries are implementing measures to promote the use of their domestic currencies and reduce their dependence on the U.S. dollar to achieve de-dollarization rapidly (Kubo, 2017). Some "Belt and Road Initiative" participating countries are progressively adopting local currency pricing for diverse transactions through currency cooperation with China, thus paving the way for de-dollarization (Linn &Zucker, 2019). Remarkably, research examining the influence of dollarization on China indicates that its presence in international economic exchanges exerts a considerably adverse impact on China's economy and social welfare. By reducing the level of dollarization, China can fortify itself against external shocks, foster the growth

of its domestic real economy, and substantially enhance social welfare (Wang et al., 2022: 79-136).

Existing literature on dollarization predominantly delves into its significance, root causes,evolutionarytrajectory,andramifications using case studies and empirical analyses. These studies primarily employ Western economic methodologies, making it challenging to truly delve into the essence of dollarization, particularly when researching its formation mechanism. They are merely grounded in extreme assumptions such as rational economic agents and fail to account for social and environmental changes, leading to their conclusions frequently diverging from reality. This paper commences by delving into the Marxist financialization theory, thoroughly examining the essence and formation mechanism of dollarization. The findings hold valuable insights for the selection of de-dollarization strategies.

Marxist Theory of Currency Internationalization

The foundation of dollarization lies in the internationalization of the U.S. dollar. Karl Marx held the view that the internationalization of currency is manifested as the internationalization of monetary functions, and its essence resides in the internationalization of monetary power. As a matter of fact, dollarization is the primary means of expanding international monetary power.

The essence of currency internationalization is the internationalization of monetary power

According to the principle of the dual nature of labor, concrete labor produces use value, and abstract labor produces exchange value. Value represents social relations between individuals in the production process and is abstract and intangible. This abstract and intangible value needs tangible carriers to exist, with different carriers reflecting different forms of value. The primary form of value is the use value, the second form is the exchange value (i.e., the exchange of goods), and the third form is currency (i.e., the general equivalent). The transformation of value carriers occurs through transactions: during the exchange of goods, the value is carried by the use value of the exchanged object. During monetary transactions, the value is carried by currency, the "general equivalent". Therefore, currency is the carrier of value.

Value carries a dual meaning. First, it pertains to the role and significance of value created by labor to others.Second,itinvolvesthedependencethatothers develop on this labor. This dependency gives rise to the power to control the labor of others, meaning "others must provide their labor in exchange for the goods and services provided by this labor" (Journalist, 2018: 19-28). Consequently, currency, as the carrier of value, possesses this power. "Each

individual exercises the power to dominate others or control social wealth by being an owner of exchange value or currency. The social power and connection with society are contained in their pockets." (Marx and Engels Collected Works, 2009: 51). Therefore, money not only embodies the social value of labor that serves others but also becomes a symbol of the power that individuals possess to control social resources. However, the current sovereign currency (paper money, digital currency, etc.) lacks intrinsic use value. Nevertheless, the state absorbs labor value through political power by issuing sovereign currency. Hence, sovereign currency is a product of political and economic power.

To become a world currency, a sovereign currency must meet certain requirements from both the supply and demand sides. From the supply perspective, the currency's value should be stable and widely accepted as a carrier of value. From the demand perspective, international trade should be limited to using that currency, forcing laborers from different countries to use it as a carrier of labor value (Yuan, 2021: 58-69). Once a sovereign currency becomes a world currency, its monetary power expands to the international level, becoming a symbol controlling the world's social resources. The U.S. dollar exemplifies this international currency. Based on its strong economic and military power, the United States demands global commodity transactions to be settled in U.S. dollars, thus exploiting labor value worldwide (Lu, 2018).

Financialization promotes the expansion of international monetary power

Financialization enhances the power of sovereign currency

Marxism views that currency, as the carrier of value, reflects social relations among individuals and possesses the power to control the labor of others, while financialization can enhance this power. Firstly, financialization elevates the power and capacity of currency. Financialization is a phenomenon where financial instruments are further derived (i.e., currency futures, currency options, etc.), extending control and enhancing the influence of the currency.

Secondly, currency power is derived through commodity financialization. Financialization tightly links various commodities and assets with currency, extending currency power to commodities and assets. Especially with commodity financialization, it not only strengthens currency's control over such commodities due to improved tradability, but also imbues the financialized commodities with certain monetary characteristics (i.e., value storage). As a result, financialized commodities gain additional power from sovereign currency (i.e., the ability to control other labor). This additional power does not divide the power of sovereign currency but emerges from

the commodity value transformation after financialization. Essentially, it is a derivative power built upon the foundation of the original power of sovereign currency. Consequently, commodity financialization enhances the power of sovereign currency.

Financialization promotes the internationalization of the U.S. dollar through credit

From the perspective of value anchoring, the internationalization of the U.S. dollar has gone through three stages: gold-anchored internationalization, oil- anchored internationalization, and neoliberal system- anchored internationalization. Correspondingly, the international monetary system since World War II can be divided into the gold-dollar system (the Bretton Woods system), the oil-dollar system (the Jamaica system), and the system-dollar system (the financialization system).

The gold-dollar system originated from the Bretton Woods Conference and was essentially a gold exchange standard. The U.S. dollar was directly convertible to gold. Other countries' sovereign currencies could be exchanged for gold through the U.S. dollar. This led countries worldwide to hold U.S. dollars as settlement and reserve currency, forming the basis for the dollar's internationalization. The international monetary power of the U.S. dollar depended on the natural monetary status of gold. However, the "Triffin Dilemma" led the United States to abandon the commitment to convertibility between the U.S. dollar and gold. Gold was no longer the basis for the internationalization of the U.S. dollar.

To maintain the international monetary power of the U.S. dollar, the United States found a new anchor for value: oil, which was essential for industrialization worldwide. The U.S. agreed to provide military assistance and protection to Saudi Arabia. In return, Saudi Arabia agreed to settle all its oil transactions in U.S. dollars, known as the "petrodollar agreement".3 As Saudi Arabia was the largest oil-producing country in OPEC and the largest oil-exporting country, other countries quickly adopted the U.S. dollar for oil transactions, establishing the oil-dollar system. After commodities like oil were financialized, the international financial market formed a pricing and settlement cycle centered around the U.S. dollar as a credit currency, known as the global financialization system (Lu, 2021).

The institutional-dollar system originated from the Washington Consensus. It was essentially an international monetary system4 where sovereign currencies of various countries were linked to the U.S. dollar through the neoliberal system built upon the financialization of commodities like oil. A key

feature of this system was the symbolization of sovereign currencies anchored to the U.S. dollar, increasing their interchangeability. As a result, alternative currencies (i.e., various quasi-currencies) measured by liquidity flooded the developed financial markets. Simultaneously, various financialized goods and assets from various countries were introduced into the international financial market, turning it into the dominant center power of global commodities, with the U.S. dollar as the hegemon of monetary power. Of course, the U.S. dollar is also a sovereign currency, and the global financialization system centered around it essentially falls under the will of the United States.

Financialization increases the speed of the monetary internationalization cycle

Once a sovereign currency becomes internationalized and widely used in international trade by most countries, it acquires a public attribute. However, it cannot shed its inherent sovereign attribute as a specific country's currency. As a result, while an international currency performs monetary functions globally (e.g., a measure of value, medium of exchange, and store of value), it plays the same function domestically. Therefore, the issuing country of the international currency must implement a series of measures to ensure the return of the currency from the international market to meet the needs of its domestic economy. This return mechanism can be achieved initially through international trade in goods or formal agreements (i.e., the Bretton Woods Agreement). However, with the expansion and globalization of capitalism and the increasing demand for more internationalized currencies in global trade, a global financial system emerges to tackle the "Triffin dilemma" while generating substantial seigniorage revenue.

This financial system revolves around financialization and financial liberalization. Financialization involves amplifying the financial attributes of various goods and introducing them into the financial market, including mechanisms for price formation and transactions. Through commodity assetization and asset securitization, it closely links economic activities such as production and consumption with financial activities, creating channels for the return of internationalized currencies. It enables swiftly channeling the returned currency into the domestic economy, achieving seamless integration between the returned currency and domestic economy, and allowing the surplus value absorbed worldwide to be conveyed to domestic capital, leading to comprehensive benefits for the domestic capital. Compared to other forms like commodity trade, the liberalization of financial transactions in the global financial system is more conducive to maintaining the sovereign attributes

of a world currency. It not only meets the domestic economic needs with the returned currency but also effectively integrates domestic capital circulation with international capital circulation, enabling the control of the global economy by domestic economic policies through institutional design.

Financialization and globalization together promote dollarization

Dollarization is the deepening of the power of the U.S. dollar after its internationalization, representing a substitution of power for other sovereign currencies. At this stage, the U.S. dollar not only wields its sovereign currency power domestically but also extends its influence extensively into other countries' economies and financial systems. As a country experiences financialization, its currency becomes increasingly susceptible to being supplanted by the U.S. dollar, and its resources become more exposed to potential U.S. control. The global financialization system, shaped by the Washington Consensus, represents a prominent phase of dollarization, wherein the U.S. dollar is extensively embraced globally. A substantial volume of U.S. dollars permeates various international domains, displacing certain or even all functions of other countries' sovereign currencies. These functions include pricing, circulation, investment, reserves, and acting as a currency anchor in peripheral countries.

The U.S. dollar accounts for over 85% of international trade settlements and foreign exchange transactions, leaving other countries as price takers.

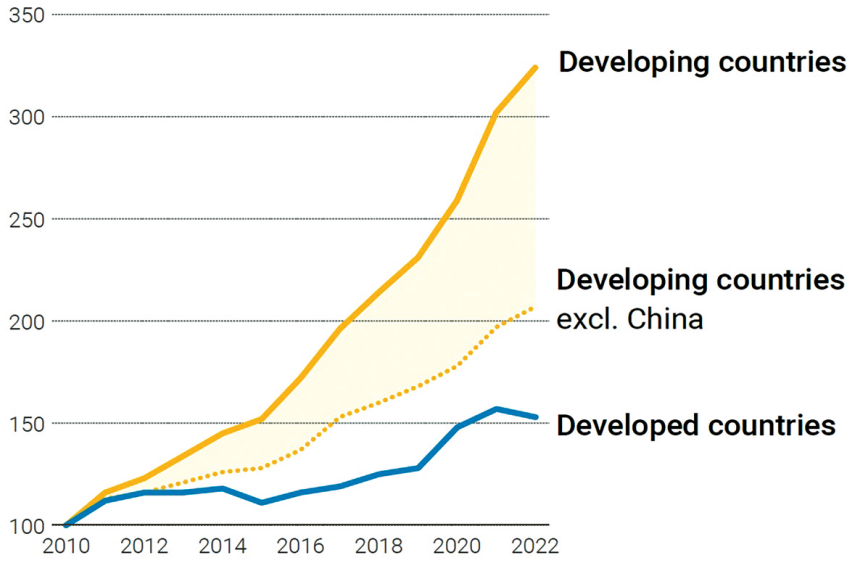
During global financialization, approximately 95% of global commodities are priced in U.S. dollars, and the U.S. dollar accounts for over 85% of international trade settlements and foreign

exchange transactions, leaving other countries as price takers. Following the disintegration of the Bretton Woods system, the share of the U.S. dollar as global international reserves experienced a decline to approximately 45%. However, this proportion consistently remained above 60% throughout the financialization era and often exceeded 70%. Furthermore, nearly one-third of the member countries of the International Monetary Fund (IMF) chose to peg their currencies to the U.S. dollar directly. These phenomena indicate a growing trend among countries within the global financialization system, wherein an increasing number of them are adopting their currencies as partial or complete substitutes for the U.S. dollar to fulfill various functions.

Establishing the global neoliberal financialization system has bolstered the international standing of the credit dollar, concurrently driving the dollarization ofsovereigncountries.Withinthiscurrencysystem, the credit dollar achieves dollarization through three levels of financialization: The first level involves the financialization of bulk commodities, where the original

currency anchor becomes integrated into the financial system, enabling easier circulation, trading, and speculation of commodities. The second level is characterized by technological financialization, where digital capital converges with financial capital, fostering the growth of digital financial instruments and facilitating more efficient aggregation, concentration, and monopolization. The third level is institutional financialization, accomplishing dollarization through the liberalization, privatization, and marketization (LPM) reform, integrating financially driven commodities and technologies into the global financial market, and forming a global circulation systemfortheU.S.dollar.

Figure 1. Public Debt is Growing Faster in The Developing World



UN Global Crisis Response Group calculations, based on (April 2023) IMF World Economic Outlook (Graph: UNCATD, 2023).

Commodity Financialization is the Basis of Global Dollarization

Commodity financialization enhances the status of the U.S. dollar as an international currency, attracting more countries to replace certain functions of their currencies with the U.S. dollar and U.S. dollar-denominated assets, further expanding the U.S. dollar's international currency power.

Establishing the dollar's power to price bulk commodities

Securing the pricing power for major commodities is the foundation of the dollar's internationalization. The United States has exerted control over oil trading by strategically influencing the Middle East and, in turn, has fostered

the dollarization of major commodities through the oil-dollar system. By controlling major commodity pricing, it wields the power to influence the exchange rate by regulating commodity prices, thereby shaping international trade dynamics. Simultaneously, by retaining control over pricing major commodities, it can leverage the ability to export dollars while importing major commodities. This enables the promotion of cross-border use of the dollar and facilitates the dollarization of various assets. Currently, the U.S. dollar serves as a credit currency, replacing gold as the anchor against major commodities and gaining global recognition as the preferred transaction currency.

Financialization of major commodities through the futures pricing system

After establishing the pricing power for spot commodities, the U.S. has successfully implemented a futures pricing system for major commodities, denominated in dollars and standardized in design, effectively achieving the financialization of these commodities5. The United States has established commodity futures pricing systems by setting up futures trading markets. These futures trading markets have maintained the status of the U.S. dollar as an international pricing currency and strengthened control over the spot market for major commodities. In addition to establishing futures exchanges domestically, the U.S., through the Marshall Plan, mandated the establishment of dollar-denominated futures exchanges in Europe, eventually forming major commodity pricing centers such as the precious metal pricing center (New York Mercantile Exchange), industrial metal pricing center (London Metal Exchange, New York Commercial Exchange), energy commodity pricing center (New York Commercial Exchange), and agricultural product pricing center (Chicago Mercantile Exchange, London Intercontinental Exchange). These pivotal centers now determine major commodity prices based on the U.S. dollar, directly influencing the choice of currency in international transactions of other countries.

The financialization of major commodities enhances the reserve status of the credit dollar

The process of commodities financialization not only enhances the role of the U.S. dollar as a dominant currencyforinternationaltradesettlementsandpricing but also fosters the growth of the dollar as a significant international investment currency. On the one hand, the U.S. dollar has evolved into a crucial financial trading instrument, serving as a significant investment tool, with dollar futures, dollar options, and other currency derivatives emerging as primary hedging mechanisms within the international financial market. On the other

hand, the dollar's progression from pricing commodities to pricing financial assets has greatly promoted the development of the international financial market. Simultaneously, for trading, settling, investing, and hedging purposes, a certain reserve of dollars is required globally, bolstering the dollar's status as an international reserve currency and further displacing the reserve function of peripheral sovereign currencies.

The Financialization of Technology is the Catalyst for Global Dollarization

Technological financialization manifests across four distinct levels: Firstly, emerging technologies function as instruments that expedite the accumulation of financial capital, serving the financial sector's interests. Secondly, the research and development of these new technologies rely on investments from financial capital. Thirdly, technological progress paves the way for the financialization of digital capital. Lastly, the financialization of digital capital enhances the global prominence of the dollar, expediting the displacement of other national currencies.

The development of science and technology promotes rapid financialization of the economy

In the contemporary world, the rapid advancement of information technology and artificial intelligence has led to a profound integration of finance with various technological domains. Information technology has been instrumental in reducing the cost of financial transactions, extending the reach and availability of financial services, broadening the scope of financial activities, and seamlessly integrating finance into all facets of the economy and society. Asaresult,thisnotonlyfostersthecomprehensive financialization of the economy but also paves the way for social financialization.

Firstly, advancing modern communication technology can effectively mitigate information asymmetry, alleviating corporate financing challenges and enhancing the efficiency of financial resource allocation. The integration of information technology in network searches optimizes evaluation efficiency and streamlines transaction services, reducing consumer costs and attracting a substantial influx of consumers into the financial market. Secondly, the platform-based development of finance based on information technology, facilitated by mobile internet, brings financial activities into real-life scenarios. The integration seamlessly and instantaneously aligns ordinary people's financial behaviors, including financing, investment, and payment. As a result, finance becomes intricately connected with individuals' day-to-day lives, ensuring a smooth and cohesive interface between financial transactions and

personal activities. Thirdly, building upon the aforementioned advancements, the intersection of finance and technology has given rise to the autonomous emergence of the Fintech industry. This dynamic sector exerts an enduring and all-encompassing influence on product design, business processes, organizational structures, and business models within the financial domain, thus significantly propelling the overall financialization process of society.

Technological advancements cannot be separated from substantial financial capital investment

Every stage of the technological innovation process demands capital, particularly in the case of the highly advanced and risky developments within the information industry. This increasing level of risk underscores the industry's heightened reliance on venture capital. On the one hand, the process of invention and creation demands increasing levels of team collaboration and financial support, while the likelihood of individual innovation is diminishing, gradually being eclipsed by market forces. On the other hand, new technology can only generate profits for capitalists when it is extensively adopted as a capital asset within the industry. Therefore, technological advancements that profoundly impact the economy and society are inherently linked to investments from financial capital. This phenomenon makes the capital market gradually replace bank capital as the incubator for industry innovation and development.

Technological advancement leads to the financialization of digital capital

According to Marxist scholars, the extensive adoption of information technology in financial markets is an inevitable outcome of the development of capitalism to a particular stage, signifying the ascendancy of virtual capital over production (Liu & Cheng, 2022). Digital transactions based on information technology have accelerated the circulation of global financial products, leading to the proliferation of financial derivatives and subsequently complicating the financial landscape, introducing novel uncertainties.

Firstly, the digital revolution of big data, artificial intelligence, and related technologies has created a networked economic model. This model significantly lowers production and transaction costs, seamlessly integrating all economic entities into a networked framework for production and trade. Consequently, resource allocation efficiency and socialization reach new heights, surpassing the economic paradigms of the industrial and financial capital eras. As a result, it is aptly referred to as the development model of digital capital, boasting enhanced surplus value. Secondly, within the digital capital model, currency plays an active and dominant role in the entire process of capital multiplication.

The influence of digital technology allows for a more virtual form of capital accumulation. The organizational structure of digital platforms empowers socialized mass production of capitalism with unparalleled flexibility and freedom, surmounting temporal and spatial barriers that once hindered the movement of capital value. Gradually dissociating from the traditional production process, this model facilitates the boundless multiplication of virtual value for digital capital in circulation. Thirdly, the process of digital capital multiplication described above represents the re-virtualization of the original virtual capital through the fusion of digital capital and financial capital, highlighting a significant characteristic of digital capital's financialization. This re-virtualization enables the value cycle to further detach from the real economy, bypassing lengthy production cycles and facilitating the potential for substantial immediate profits.

(To be continued)

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