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PART I

*Diverse economies*

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# 1 *Introduction*

Over three billion times a day, someone types a search term into Google and within a few seconds receives a list of search results on their screen (Internet Live Stats, 2014). This service, delivered entirely free to the user, has become a cornerstone of the work and knowledge practices of a substantial portion of humanity.<sup>1</sup> But the Google Search business model – like many others in the digital economy – confounds and undermines some of our best established ways of thinking about the economy. Although Google makes substantial profits by serving up advertisements alongside these search results, the idea that one can run a successful business by giving away a free service to perhaps a quarter of the human race flies in the face of conventional economics. Yet it also confounds Marxist ideas that economic value is essentially a product of labour: both the delivery of search results and the sale of advertising space alongside them are thoroughly automated processes, in which almost all of the processing required is done by computers not people. Nor does it support conventional ideas of the gift economy, which is usually seen as an alternative to the commercial economy, making personal connections on the basis of reciprocal obligations.

The best-established ways of understanding our economy are the neoclassical tradition that dominates mainstream academic economics and the Marxist tradition that dominates critical politics. For both, despite individual dissenters and substantial differences in the details, the contemporary economy is a monolith: a capitalist monolith, characterised more-or-less universally by the production of commodities by businesses for sale at a profit. For the typical neoclassical economist this is to be celebrated as the most efficient way to run an economy – and extended into whatever benighted spaces have resisted it. For the

<sup>1</sup> Google, at the end of 2012, delivered 65% of global web searches (Internet Live Stats 2014), and by the end of 2014 it is expected that 40% of the world's population will be Internet users (ITU 2014).

typical Marxist it is to be criticised as alienating and exploitative, and overthrown by taking control of the state and imposing an entirely different, but equally monolithic, form of economy.<sup>2</sup>

The real economy, however, is far more diverse. It is neither overwhelmingly capitalist as most Marxists assume nor overwhelmingly a market economy as most mainstream economists assume. Both traditions tend to ignore vast swathes of the economy that do not fit with their stylised models, but because their models have thoroughly shaped our thinking they have largely succeeded in obscuring these diverse economic forms from view. This is not a new problem. Feminists, for example, drew attention to the household economy many years ago (e.g. Friedan, 1963; Hochschild, 1989; Molyneux, 1979). But the problem is coming more sharply into focus with the rise of the digital economy, with its proliferation of innovative economic forms.

Our failure to recognise the diversity of our existing economic systems is doubly consequential. On the one hand, it produces a warped and damaging understanding of how the existing economy works; and on the other, it radically limits our ability to think creatively about economic futures. Capitalism as a universal system, if such a thing could even exist, would be utterly inadequate to the challenge of meeting human needs, but this does not mean that the solution is some *other* universal system. If we are to think productively about alternatives we must stop imagining our economic futures in all or nothing terms: capitalism universal vs. capitalism destroyed.

The central original contribution of this book is to propose a new framework that enables us both to see and to analyse a vast range of diverse economic forms, and to illustrate that framework by applying it to cases in the contemporary digital economy. In this framework, which I call a *political economy of practices*, each economic form is understood as a complex of *appropriative practices*: social practices that influence the allocation of benefits from the process of production. Different combinations of appropriative practices give us different economic forms with very different effects on who receives what benefits and harms from the economy. The political economy of

<sup>2</sup> Although even some quite orthodox Marxists are revisiting this assumption in the wake of the collapse of the Soviet bloc, for example David Harvey, who has suggested that communists are starting to adopt more anarchist-inflected visions of the future (D. Harvey, 2011, p. 225).

practices examines how the practices concerned interact to produce those effects, but it also takes an evaluative stance, offering grounds to judge which forms are more desirable in any given context.

The appropriative practices at work in a fairly conventional capitalist firm like Apple are very different from the set at work in a gift economy structure like Wikipedia, but some of the most interesting processes in the digital economy are hybrid forms that combine elements of both capitalist and gift economy forms. The digital economy is diverse not only in the sense that it includes both capitalist and non-capitalist forms, but also in the sense that there are multiple varieties of the capitalist form, many of which do not conform to the traditional models, and indeed multiple varieties of gift economy forms, as well as forms that are neither, or indeed a mixture of both. From this perspective, it becomes possible to see our economy as a complex ecosystem of competing and interacting economic forms, each with their own strengths and weaknesses, and to develop a progressive politics that seeks to reshape that ecosystem rather than pursuing the imaginary perfection of one single universal economic form.

This chapter first summarises the book's argument, then discusses its political implications in the current historical context, and ends by saying a little more about what is involved in a political economy of practices.

### **An economy of diverse appropriative practices**

For too long we have thought of the economy in terms dictated by the market paradigm. Many of the terms we use to think and talk about the economy, including not only *economy* itself, but also *production*, *consumption*, and even *labour* have either been derived from the market model or come to be understood in thoroughly market-oriented ways. The economy has come to be seen as those activities in which goods and services are produced for and exchanged in the market. Production, in turn, is separated from consumption by the moment of commodity exchange: if food is cooked before it is bought, for example, that is taken to count as production, but if it is cooked after it is bought, that is seen as consumption, and thus not as part of the productive economy. Human activity is counted as labour only if it contributes to the production of commodities for sale in the market or is done for a wage – and thus belongs in the

labour market.<sup>3</sup> Although this concept of the market is not entirely congruent with capitalism – non-capitalist enterprises, for example can produce for the market – it has become the predominant discursive form of advocacy for a capitalist economy. The market concept itself and all these market-inflected terms are part of what J.K. Gibson-Graham call<sup>4</sup> a dominant discourse of the economy in which ‘capitalism is the hegemonic, or even the only, present form of economy’ (2006b, p. 2). Gibson-Graham argue that if instead we think of the economy as ‘fragmented’ we ‘could begin to see’ a vast range of other economic activity (2006b, p. 263).

Part I of this book adopts their concept of the ‘diverse economy’ (2006b, p. xii) and seeks to extend their argument. They describe a vast range of contemporary economic activity that does not fit the traditional model of the capitalist firm (2006b, pp. xii–xv), including the state sector, commodity production by non-capitalist enterprises such as co-operatives, the self-employed and family businesses, and the many forms of work that occur within the household such as care work and subsistence agriculture/horticulture. I will also stress the importance of the contemporary gift economy, which overlaps with Gibson-Graham’s cases but also goes beyond them, including for example charitable giving, volunteering, blood and organ donation, ritual gifts on birthdays and other occasions, assistance to friends, neighbours, co-workers and indeed unknown passers-by, bequests, the creation of digital resources that are then freely shared with others on the Internet (including, for example, web pages, advice offered on Internet forums, Wikipedia pages, videos posted on YouTube, and open-source software), and perhaps most substantially of all, sharing of resources and caring labour within the household.

Including these activities in the economy requires us to redefine the economy in terms that no longer depend on the market, and Chapter 2 will argue, following a number of heterodox traditions, that we should define it instead in terms of *provisioning*: activities intended to meet human needs. This allows us to include non-market provisioning in

<sup>3</sup> Engels made an interesting distinction between *work*, which includes all productive activity, and *labour*, which is work done for a wage (Fuchs, 2014, pp. 26–7; Standing, 2014, p. 22).

<sup>4</sup> I use the plural form because this is the pen-name of two writers writing together under a single ‘authorial voice’ (Gibson-Graham Cameron & Healy, 2013, p. ix).

our definition of the economy, but measuring the scale of the non-commodity economy is problematic: because it is not traded, it is not automatically valued in monetary terms. Yet I will argue that the non-market economy as a whole, far from being marginal, is at least similar in size to the market economy in contemporary global society, and arguably larger than it.

The concept of the diverse economy represents a radical break with both Marxist and mainstream traditions, leading us on to more theoretical discussions of alternative forms of political economy in Part II. Chapters 3 and 4 respectively engage with the Marxist and mainstream traditions and Chapter 5 outlines my proposed alternative.

Whatever its other strengths, the Marxist tradition, as Gibson-Graham have argued from within its fringes, has contributed to the dominant discourse that sees capitalism and the market as more or less universal in the contemporary economy. The pivotal Marxist contribution to that discourse is its concept of *modes of production*, which remains enormously influential not just in the Marxist tradition but in contemporary understandings of modern history. A mode of production, as the term is usually understood, is a form of economic organisation, characterised by a particular set of class relations, a particular way of allocating rights over the outputs of the process of production to the occupants of different social roles. The mode of production is ‘the economic structure of society’, and history shows successive modes of production as ‘progressive epochs in the economic formation of society’ (Marx, 1978b, pp. 4–5). In the popular understanding and in many (though not all) readings of the Marxist tradition, today we live more or less globally under a capitalist mode of production, which displaced feudalism several hundred years ago, at least in Europe. While there has been some recognition that particular societies might include multiple modes of production (Marx, 1978c is a classic example), Marxists have tended to marginalise this issue. Typically for Marxists the mode of production is seen as a single form of social relations that either constitutes or dominates all economic practice within a given society or social formation.

This treatment of modes of production as economic forms that dominate a society, while other forms are essentially marginal, is highly problematic – not only because this concept fails to describe contemporary social reality, but also because that failure is politically consequential. In obscuring the diversity of non-capitalist practice in existing

society, it directs the attention of those seeking economic alternatives away from the possibility of developing alternative forms within a diverse economy. This monolithic conception of the economy threatens to lead us directly to a monolithic conception of political action, in which control of the state becomes the only route and the wholesale replacement of one economic monolith with another becomes the only destination. If we are to understand contemporary economies more accurately, then, and develop a framework that allows us to think of economic change more realistically, we need to think of the economy in more flexible terms than Marxists usually do.

But mainstream economics is even less suited to this task. Marxism at least historicises its understanding of economic form and recognises that there might be different forms in different societies or social formations, but mainstream economics is built on a model that is inherently tied to one and only one concept of the economy: the economy as a market economy. Its methods assume that we can model all economic situations in terms of demand, supply, rational calculating agents and optimising functions (Keen, 2011). There are a host of reasons to suspect that this is inadequate as an analysis of the market economy itself, and there is a broad range of work from heterodox economists and other social scientists that contributes to this suspicion. But many of these critics miss a crucial point: there are large sections of the economy that do not follow the market model at all, and mainstream economics has no tools to deal with these. Occasionally we see a kind of economics imperialism that seeks to analyse families and other non-market social phenomena *as if* they could be thought of in terms derived from the market (notably Becker, 1990), but this merely confirms the failure to recognise that there might be sections of the economy that cannot be treated as if they were markets, inhabited by rational optimising agents and immune to the effects of wider social forces.

By contrast with both of these models of the economy, this book seeks to develop a more finely grained analysis that can explain the variety of economic forms at work in contemporary society and thus open up the political possibility of favouring some over others without seeking to eliminate their diversity altogether. This is an argument that cannot be developed within economics as it is currently understood by the mainstream but requires a wider trans-disciplinary perspective, drawing for example on economic anthropology's discussion of gift



economies, on sociological accounts of economic practices, and on more theoretical work on mechanisms and causal powers that has been developed by critical realist philosophers of social science. Chapter 4 examines not only the mainstream model but also a number of these alternative traditions and what they can contribute to a more coherent understanding of our diverse economies.

While Chapters 2–4 provide important context, many of their central arguments can be found elsewhere in the literature. Chapter 5, by contrast, develops the book’s central theoretical innovation, the political economy of practices. The heart of the argument is that we can understand the economy better by seeing it as a diverse collection of economic forms, each of which can be characterised as a particular *complex of appropriative practices* – social practices that influence the allocation of benefits from the process of production. Groups of people adopting these practices form *appropriative structures*, at a variety of levels. The net result of many different kinds of appropriative structure interacting with each other is an economic system that does not behave like either the Marxist model of capitalism or the mainstream economic model of a market economy.

Let me introduce each of the three terms that define the concept of a complex of appropriative practices. First, the term *practices* is used to identify the unit of economic form. A whole economy cannot be the unit of economic form, the sort of thing that can be described as having or being a single economic form, because many different economic forms can coexist within it. Even single social sites or entities cannot be the unit of economic form for the same reason. Within the household, for example, we may find not only a kind of gift economy at work when parents or carers provide food and other goods freely to their children, but also a more commercial form of economy if they pay wages to a nanny or maid to provide caring or domestic services to the household. These are two different *practices*, where a practice is a tendency to act in a certain way, usually a tendency that is reinforced by normative social expectations, and it is possible to identify each of these as a distinct economic form.

The concept of practices, however, is very widely used in the social sciences to refer to a broad range of institutionalised human behaviours, many of which are usually not thought of as economic. Kissing and praying, for example, are practices, but not primarily economic practices. I use the term *appropriative* to single out those practices that

are elements of economic form. Despite their nominal interest in production, it is the *appropriation* of the product, or of the benefits that arise from its production, that is the real focus of both mainstream and Marxist economy, and thus of our conceptions of the economic. By *appropriative practices* I mean those practices that determine who receives these benefits (not those related specifically to becoming the *first* owner of something, as the term *appropriation* is sometimes used in property theory). Thus, under wage labour, the worker receives a benefit in the form of a wage, and the employer receives a benefit by taking ownership of the product of the labour, so wage labour is an appropriative practice.

Larger patterns of appropriation, however, often depend not on single appropriative practices, but on interacting *complexes* of them. Wage labour, for example, may be combined with a variety of other practices, and the resulting complexes have quite different appropriational outcomes. The classic form of industrial capitalism combines wage labour with private ownership of production facilities and with commodity production – the sale of the product on the market. This combination of three distinct practices typically generates outcomes that cannot be achieved by wage labour alone, and in particular it tends to generate monetary profits for the capitalist. The interaction of many such commodity sales generates a market system, but wage labour need not be combined with commodity production. It could, for example, be combined with state allocation of the outputs to other enterprises, and in this case we would have a different complex of appropriative practices with quite different consequences, not only for the appropriation of benefits, but also for the dynamic properties of the system. Equally, we could have markets and commodities without wage labour, as when households produce commodities using purely family labour.

One would have to classify and analyse a vast range of such complexes, covering a broad sweep of global history, to evaluate the concept of *complexes of appropriative practices* properly. This book does not attempt such a classification: instead it makes an initial case for taking the concept seriously by applying it to a small number of interesting contemporary cases. It also begins to justify the argument that complexes of appropriative practices have systematic consequences, not just for the appropriation of monetary benefit, but also for phenomena that conventional economics tends to ignore, such as