

D I G I T A L E C O N O M Y

Dave ELDER-VASS, *Profit and Gift in the Digital Economy*
(Cambridge, Cambridge University Press, 2016)

Capitalism is a social formation undergoing constant transformation. Much of this transformation is driven by technological development, and the currently ongoing digital revolution is such a transformation. Nobody can foresee how deeply this transformation will interfere with established forms of interaction and social organization, but many observers agree that we are currently experiencing a profound change in the way the economy, society, and politics work due to a completely new set of technological possibilities.

The merit of Dave Elder-Vass' new book is its contribution to the systematic understanding of these ongoing transformations, which it achieves by discussing them from the perspective of theories of capitalism and market society, asking whether the conceptual frames provided by these theories actually allow us to grasp analytically the "appropriative practices" characteristic of the digital era.

"Appropriative practices" is the core term of the book. It refers, as Elder-Vass defines it, to the "social practices that influence the allocation of benefits from the process of production" [4]. The term lends itself to a broad understanding of the economy, much broader than Marxist definitions centering on wage labor or standard economic definitions focusing on market exchange. Both these approaches, Elder-Vass argues, miss important elements of the digital economy, whose emergence we are currently witnessing. Digital capitalism is different, the book claims. Marxists do not see that the real economy is not overwhelmingly capitalist; mainstream economists err in assuming that the economy is primarily a market economy [4].

The alternative understanding of the economy that Elder-Vass proposes, based on the notion of "appropriative practices," reminds us of what economic anthropology in the 1960s called the substantivist understanding of the economy. Though Karl Polanyi does not figure prominently in the book—he is mainly mentioned in the section on economic sociology—the plurality of allocative forms in the economy that Elder-Vass emphasizes bears resemblances to Polanyi's (1944/1957) claim of heterogeneous forms of economic organization, expressed in the distinction between market exchange, redistribution,

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European Journal of Sociology, 58, 3 (2017), pp. 506–511—0003-9756/17/0000-000\$07.50per art + \$0.10 per page
©*European Journal of Sociology* 2017. doi: 10.1017/S0003975617000303

reciprocity, and house-holding. Like Polanyi, Elder-Vass also points to the plurality of allocative forms. However, as the title of the book, *Profit and Gift*, already indicates, there is one form that Elder-Vass is especially interested in, namely the gift, which has also stood at the center of some of the author's earlier work [2014, 2015]¹.

The heterogeneity of economic organization identified in the book is distinct from the heterogeneity stressed in comparative political economy. Practices are distinguished neither along the lines of nation states, nor along institutional differences on the supply side of the economy. Rather, it is a perspective that looks on the micro level at existing practices for the provisioning of economic goods and services, and analyses these practices from a bottom-up perspective. That analysis involves strong normative elements. At first sight, this approach seems to share elements with the French *économie des conventions*, whose authors are equally interested in heterogeneous forms of provisioning in the economy. However, Elder-Vass mentions this school but does not follow the idea that diverse economic forms emerge from distinct orders of justification. One might ask why the author does not make more use of the *économie des conventions*.

Elder-Vass makes a very convincing case in the first part of the book as to why neither Marxism nor standard economics do justice to the multiple forms of provisioning that exist in the economy, and why these approaches do not allow for the recognition of the ethical ambiguities that contemporary economies entail.

This first part of the book is followed by a second part which discusses the digital economy empirically. In four chapters, Elder-Vass analyzes the business models of Apple, Wikipedia, Google, YouTube, and Facebook. These chapters are fully convincing in the empirical analyses of five dominant companies comprising much of today's digital consumer economy.

Profit and Gift has two parts that are each very well informed, and theoretically and empirically interesting. My reservation regarding the book is the following: it is my impression that the two parts do not support each other well.

The claim of Part One of the book is that a more pluralistic perspective on different appropriative practices within capitalism allows us not only to take a more nuanced political stance toward

¹ Dave Elder-Vass, 2014, "Commerce, Community and Digital Gifts", in R.F. Garnett, P. Lewis and L. Ealy, eds., *Commerce and Community: Ecologies of Social*

Cooperation (Abingdon, Routledge: 236-252). Dave Elder-Vass 2015, "Free Gifts and Positional Gifts: Beyond Exchangism", *European Journal of Social Theory*, 18: 451-468.

capitalism, but also to identify economic forms which are normatively especially attractive. Normatively attractive means for Elder-Vass that they foster benefits to the members of society by increasing their well-being. Elder-Vass repeatedly makes reference to Eric Olin Wright's project of real utopias [Wright 2010]². One may or may not like Eric Olin Wright's real utopias. However, by alluding to it, the reader is set to expect to find examples in the empirical analyses of the digital economy which actually entail this utopian element and do indeed increase the well-being of those engaged in the appropriation practices described. With the possible exception of Wikipedia, however, the reader of *Profit and Gift* does not get the impression that Apple, Google, Facebook, or YouTube could possibly be "real utopias" as understood by Eric Olin Wright.

Wikipedia is certainly the strongest example of a gift economy that works largely detached from the capitalist logic of accumulation. It is indeed an alternative form of provisioning. However, even with regard to Wikipedia one can ask critical questions. The fact that Wikipedia authors are not paid means that the model operates parasitically on the fact that its authors receive their means of living from other sources. This is different from an argument of exploitation. I rather make the point that the Wikipedia model cannot be generalized because "workers" need to receive income from somewhere.³ Going one step further, one can question the philanthropic model of financing. Philanthropy can be defined as a form of provisioning through gifts. As such philanthropy is often considered unambiguously normatively desirable, and indeed many positive things can be said about it. But more critical remarks are also warranted. The *New York Times* columnist Anand Giridharadas, in a speech to the Aspen Institute—with many philanthropists in the audience—made the very intriguing point that philanthropists always talk about "doing good" but never about "taking less" [Giridharadas 2015]⁴. The accumulated wealth that is donated by philanthropists results from profits that derive from business models that often foster social inequality, violate labor standards, avoid taxation, and lead to the destruction of the environment. This may not hold for Wikipedia, which relies mostly on very small donations. But the problematic forms of philanthropy also show

² Eric Olin Wright, 2010, *Envisioning Real Utopias* (London, Verso).

³ A similar point could be made with regard to open access publications more generally. All these models presuppose that authors receive income from somewhere else.

⁴ Anand Giridharadas, 2015, *The Thriving World, the Wilting World, and You* <https://medium.com/@AnandWrites/the-thriving-world-the-wilting-world-and-you-209ffc24ab90>.

that the alternative forms of provisioning can be normatively ambiguous. The normative implications of gift-giving are far more complicated than they appear at first sight.

The four other companies that Elder-Vass discusses show the normative ambiguity of the digital economy much more directly. And it needs to be said that Elder-Vass is fully aware of this. The case of Apple, the first of the empirical chapters, sets the tone: Apple is a company that uses very smart managing techniques to attach consumers, squeeze suppliers, exploit workers, and deprive states of legitimate tax revenues.

Google, Facebook, and YouTube are more ambiguous because they provide a service for free that is beneficial to billions of people. One may argue that there are gifts involved, though I have doubts on theoretical grounds. The “counter gift” is not voluntary, the gift giver is usually not even aware of it, and there is no time distance between gift and counter gift. Elder-Vass talks about “inducement gifts” [176], i.e. gifts that are provided with the intention of provoking a counter gift that can be profitably used—most importantly the personal data of the user.

Just following Elder-Vass’ descriptions of the business models of these companies provokes the impression in the reader that the digital economy is not so much a more pluralistic form of provisioning that can at least in part be seen as a “real utopia” in Eric Olin Wright’s sense. Instead it appears to me rather to be an especially wicked form of the logic of capitalist accumulation, where profits are made from intruding into the most inner aspects of a person’s identity. It might be that this is a peculiar perspective driven by German *angst*, but I fail to see how the business models provided by these companies entail elements of what I would call desirable developments of the political economy.⁵ This does not deny that the prime services of these companies are desirable: searching for information effectively, keeping in contact with groups of people, listening to music, or watching video clips. But the price being paid, mostly unknowingly, by users makes it difficult to see why the author chooses these services as examples for an ethically desirable form of the economy.

⁵ See for instance the following quotation: “Recognising the diversity of our existing economy provides grounds for some limited optimism about the possibility of significant economic change. The domination of our economies by capitalism is less than it might

seem from prevailing discourses of the economy, and it must be possible to build alternatives alongside capitalist economic practices since many alternative forms are already thriving” [228f].

This is why I see the two parts of *Profit and Gift* as not fitting well together. The empirical parts do not confirm the normative demands the book rightfully makes. The analysis of Google, Facebook, and YouTube would much more merit a theoretical frame that proceeds from the notion of hyper-capitalism where digital capitalist accumulation is continuing the process of land grabbing into the most intimate realms of the life of the consumer. The argument that capitalism is enmeshing all social forms, including its critics, has been put forward by Boltanski and Chiapello [2007]⁶ in *The New Spirit of Capitalism*, which is discussed by Elder-Vass but ultimately dismissed.

Despite being impressed by many of the insights the individual chapters provide, I was not convinced by Elder-Vass' assessment that digital capitalism would form "a strange hybrid [...] with an element of capitalism interacting with elements of other forms of economy" [205]. Already Bourdieu made the argument that it is exactly the seeming disinterestedness of actors that can be a precondition for capitalist accumulation in specific realms. Historically, capitalism came in very different forms but remained capitalism—be it in its liberal, social-democratic, or authoritarian form. The historically surprising characteristic of capitalism is its amenability to its critics. While some forms of gift certainly stand outside the logic of capitalism, others become fully integrated and turn into profit generating devices. This is the case for most parts of "gift-giving" in the digital economy.⁷ The empirical part of the book would need more examples where the capitalist logic is indeed brought into question. Wikipedia—with the qualifications mentioned—might be such a case. Others may be software companies that offer their product for free, asking users for voluntary donations. More examples may be found outside the digital economy—cooperatives, community support, and provisioning by the state.

As a last point, I turn to the role of the state in *Profit and Gift*. Elder-Vass does repeatedly refer to the state as a crucial provisioning system of contemporary societies [e.g. 230]. However, the state does not play any significant role in the examples of firms of the digital economy that were chosen.

The provision of public goods through a system of taxation is the single most important addition to market systems, and arguably

⁶ Luc Boltanski and Eve Chiapello, 2007, *The New Spirit of Capitalism* (London, Verso).

⁷ Elder-Vass [229] is aware of this: "Alternative appropriative practices can themselves be entangled in capitalist forms."

a corrective against exploitation and the inequalities created through market exchanges. Elder-Vass could have asked why the infrastructures of Google or Facebook are not actually provided by the state. On a global scale the costs of providing these infrastructures are negligible, and many of the normatively problematic aspects associated with data collection from users could be avoided. Consider a Facebook paid with taxpayer money and without the commercials and the data collection. For me, this would qualify as a “real utopia.” When reading the book I found it striking that Elder-Vass identifies the great importance of the state but does not discuss its role as a provisioning system in any detail, not even with regard to the digital economy. The fact that many of the technologies provided today in proprietary forms by Google and other digital companies were invented with provisions by the state would merit discussion. At the same time I find it quite telling that after 30 years of neoliberal rhetoric and reform we obviously can no longer even imagine an active state as part of a real utopia contributing to our well-being. Elder-Vass focuses on the gift as the central alternative form of appropriative practice. Though the recognition of the role of gifts in the modern economy enlarges our understanding of appropriation practices, compared to Marxism and standard economics, it does not exhaust the spectrum. What finds no recognition in the book is, if you will, the perspective expressed politically during the 20th century in social democracy.

As I stated above, the book has excellent insights. I do share many of the normative and theoretical concerns of Dave Elder-Vass, but I am afraid I do not share the “careful optimism” of the book—at least not with regard to the digital economy. It may be that having been born in Frankfurt limits my capacity for optimism. But if we are looking for real utopias, we need to keep looking.

J E N S B E C K E R T