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Book review: Profit and gift in the digital economy

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Book review

Dave Elder-Vass (2016). *Profit and Gift in the Digital Economy.* Cambridge: Cambridge University Press. £ 27.99 (paperback).

Reviewed by Dr Line Nyhagen, Reader in Sociology, Loughborough University.

In this excellent and highly engaging book, Dave Elder-Vass argues for a new political economy; 'a political economy of practices'. Stating that the economy is about more than capitalist markets, and that we ought to work towards an economic system that supports equality and justice, Elder-Vass builds his argument from a position of critical realism and also by drawing on feminist thinking. While the book mainly speaks to an academic audience, it is also a book for the general public and for digital consumers, with fascinating stories about companies that many of us use and interact with on a daily basis, including Apple, Wikipedia, Google, Facebook and YouTube.

The book's core theoretical argument is that neither neoclassical economic theory about the market economy nor Marxist theorizing about the capitalist economy can provide us with useful frames for understanding the economy, and that an alternative perspective is needed. That alternative, as proposed by Elder-Vass, is *a political economy of practices* that encompasses not only the capitalist market economy but also state provision and other non-capitalist practices including gifting practices in the digital economy and in housework and care-work. In Elder-Vass's view, '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'* (p. 7; my emphasis). While Elder-Vass successfully supports this argument via empirical evidence, he is also keen to forward a complex understanding of economic activities which forefronts the need for economic changes that reduce harm and increase benefit for people. In doing so, he acknowledges that progressive economic forms may well combine profit with the concern to meet human need.

Elder-Vass thus argues for a *moral* political economy that values all humans and provides for their basic needs and capabilities (p. 19). This economy is rooted in ethical principles agreed upon in a deliberative system of decision-making based on recognition, parity of participation, and equality. It is an economy that is also based on scientific principles. Elder-Vass thus forwards his critical realist approach through asserting that empirical knowledge must inform both our theorization and our political commitment to a more just world.

In developing his argument, Elder-Vass delivers critiques of both Marxist and what he calls 'mainstream' approaches to the economy. For example, he critiques the Marxist notion of 'mode of production' because it suggests that *one* mode of production, namely the capitalist form, is dominating in contemporary society. As such, the concept fails, according to Elder-Vass, to acknowledge the diversity and importance of non-capitalist economic practices. Elder-Vass is, however, not uniformly critical of Marxist perspectives on the economy, as he also details how 'Marxists have been in the forefront of exposing' many of the harms that capitalism produces (p. 46). But perhaps the biggest challenge to Marxist thinking is Elder-Vass's assertion that 'our contemporary society is one where capitalist economic activity is in the minority' (p. 56).

The tradition of mainstream economics is also deeply flawed, according to Elder-Vass, as it perceives the economy as a system of markets while 'large sections of the economy do not follow the market model at all' (p. 8). Moreover, Elder-Vass criticizes the mainstream tradition for deliberately failing to engage in discussions about the distribution of resources and benefits by purporting to represent a neutral and technical position, while in reality acting 'as cheerleader for the market system' (p. 74). But Elder-Vass goes deeper in his critique and argues that mainstream economic theory is based on unrealistic assumptions about how people act and therefore fails to consider how the real world works. Moreover, neoclassical economic theory supports a market system where 'the needs of the rich are served far more fully than those of the poor' (p. 81), and as such it is morally indefensible, he argues.

The real economy is neither overwhelmingly a market economy nor an overwhelmingly capitalist economy, asserts Elder-Vass. Instead, we have a political economy of practices with a ‘vast range of diverse economic forms’ where each economic form should be understood as a complex of ‘appropriative practices’: ‘social practices that influence the allocation of benefits from the process of production’ (p. 4). The political economy of practices approach is the book’s main contribution to theorizing about the economy.

The political economy of practices extends beyond the market economy; it views the economy as diverse and consisting of for profit businesses, the state sector, the gift economy, and hybrid, mixed forms. Elder-Vass claims that the gift economy has been neglected by the social sciences and indeed dismissed by sociologists. This is a big mistake, Elder-Vass asserts, because when ‘we begin to think of the economy in terms of provisioning, it becomes clear that giving is an economic activity in much the same sense that exchange is an economic activity, and producing to give is an economic activity in much the same sense as producing for sale’ (p. 33).
Examples of gifting include ‘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 [….] and sharing of resources and caring labour within the household’ (p. 34). Measuring these types of activities is difficult, but ‘doing the chores’ in UK households was recently valued by the Office of National Statistics at 1 trillion pounds (approximately equivalent to 56% of the UK’s gross domestic product; ONS 2016). Unsurprisingly, women carry out a majority of such unpaid work. In Elder-Vass’s framework, care-work and domestic work constitutes forms of provisioning in that they provide benefits to those at the receiving end.

In addition to the gift economy, there are also other non-market or non-capitalist forms of economic activity, including those associated with the state sector, the self-employed, co-operatives and family businesses. But Elder-

Vass is particularly interested in the hybrid economic forms that combine elements of the capitalist and gift economy forms, and he proposes that the digital economy provides ample empirical examples of such hybrid forms. The second half of the book is dedicated to a description and analysis of major firms that operate in the digital economy: Apple, Wikipedia, Google, Facebook and YouTube. They all represent what Elder-Vass calls ‘complexes of appropriative practices’. Focusing here on the example of Wikipedia, which Elder-Vass sees as ‘a particularly pure case of the gift economy in action’ and a ‘spectacularly different economic model than monopoly capitalism’ (p. 144), the book offers an analysis of Wikipedia as an economic form based on the notion of ‘digital gifts’. The encyclopedia entries (‘gifts’) are created by volunteers and are free for anyone to use. Those who contribute to Wikipedia are thus engaged in a form of appropriative practice; they give the gifts of their own time and their written products. From the perspective of mainstream economics, this practice does not make much sense: ‘hundreds of thousands of people give their time for no financial reward in order to create an asset that is of value to billions yet is made available to them for nothing. There is no market here, no exchange, no commodities, and from the mainstream perspective therefore, no economy’, says Elder-Vass (p. 155). Moreover, the company makes no profit and its staff is paid for entirely by donations; Wikipedia is thus also engaged in another type of ‘alternative appropriative practice’, namely a reliance on grants and donations. Elder-Vass points out that Wikipedia *could* have chosen a different path; it is massively popular and could easily attract advertisers, yet it refuses to do so and continues the appropriative practice of funding through donations. The case of Wikipedia is thus used by Elder-Vass to demonstrate that economic forms are better analyzed as complex sets of appropriative practices, rather than as simply market versus non-market based. The examples of Google, Facebook and YouTube that are also analysed in the book illustrate the presence of hybrid economic forms in digital spaces, where appropriative practices of gift giving are combined with practices that support capitalist economic forms.

While giving is ordinarily viewed as an altruistic action, and a gift is normally free to its recipient, Elder-Vass shows (especially in his analysis of Google, Facebook and YouTube) that digital gift giving can come with a catch and is rarely entirely benign. Indeed, it is important to caution against a fetishisation of the digital gift economy. For example, the users who donate to Wikipedia either in the form of monetary donations or encyclopedia entries are likely to be privileged individuals with resources that extend beyond what most people in the world possess. Both the givers and receivers of digital gifts are, in several ways, advantaged in having access to computers, money, and time to consume digital gifts. The question of who can participate and how in the digital gift economy, is one that needs addressing beyond Elder-Vass's book. And while the digital gift economy is important, there are certainly limits to its ability to support and sustain human need. A larger political question is thus: what is an appropriate mix of capitalist, state and gift economic forms that can support and sustain the provisioning of what people need?

Reference

ONS (2016). 'Women shoulder the responsibility of unpaid work'. Available at: http://visual.ons.gov.uk/the-value-of-your-unpaid-work/ [accessed 6 February 2017].