

## An ontology for the digital age?

David Elder-Vass, *Profit and Gift in the Digital Economy*. Cambridge: Cambridge University Press, 2016, 257pp. (ppk) ISBN: 978 1 316 50938 8

Jamie Morgan [Leeds Beckett University, UK]

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Though he studied economics in Cambridge in the 1970s, David Elder-Vass is not an economist in the professional/academic sense. He is a well-known social theorist and sociologist working within the broad approach of critical realism that readers may be familiar with from the work of Tony Lawson. In *Profit and Gift* he sets out to argue that we need a new conceptual framework for the economy. To be clear, by conceptual framework he literally means *conceptual* framework: a fundamental ordering set of concepts that presupposes the need for and then seeks to supply a generalised framing of what it means for something to be designated as economic, and so, by extension of an economy. His point of departure is a combination of empirical claim and theoretical critique: real economies are manifestly diverse, current approaches, though heterodox economics is a source of important critique and insight, do not adequately conceptualise this diversity – in so far as they are able to encompass *all* of that diversity as in some sense economic. More specifically, in order to apply a more encompassing set of concepts Elder-Vass begins from a “clearing” exercise focused in particular:

“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 for sale at a profit... 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” (2016, pp. 3-4).

In what follows I focus first on the core positive aspect of Elder-Vass’s argument before making some comment on the material used to provide the point of departure for that core (including the way, neoclassical economics, Marxism and monolithic capitalism are positioned).

### The positive argument

Elder-Vass’s main point is that thinking in terms of markets tends to peripheralise already existent economic forms that do not fit the concept of market capitalism (at least the concept he then sets out). Economic forms that are *not* based on commodity production for profit are

widespread (according to Elder-Vass, “the non-market economy as a whole, far from being marginal, is at least similar in its size to the market economy in contemporary global society, and arguably larger” 2016, p. 7, also p. 35). However, the concept of a gift economy also does not quite capture the full range of ways this is so. For Elder-Vass, there are many “hybrid” forms. Importantly, it is in recognising this that one understands the need for a different more encompassing account of an economy.

According to Elder-Vass, it is only by providing this more encompassing account that the range becomes properly visible and this is important because the rethink provides a way to support, nurture and “think creatively” about economic forms that already exist and for a constructive future. For Elder-Vass there is a current danger of viewing capitalism as overwhelmingly dominant and solutions to its problems as all or nothing outcomes. So, the point is to develop an approach that is less zero-sum and which recognizes the changes and potentials around us (inviting a constructive optimism, which finds a place for capitalism, markets etc rather than simply dichotomises). So, Elder-Vass approaches economics critically and with purpose, motivated to address:<sup>1</sup>

1. A social system that fails to prioritize the needs, let alone the flourishing, of the vast majority of the population;
2. An utterly distorted system of economic values shaping policy and perceptions of social issues;
3. An obsession with the idea that the market is the only significant (and either necessarily good or necessarily evil) form of the contemporary economy;
4. A discourse of the economy that sees it as essentially distinct from other aspects of society;
5. And reflecting that perception, a wall dividing economics from the rest of the social sciences;
6. A thoroughly formalist attitude to economics, at least in the mainstream, both in the sense of its mathematical form and in Polanyi’s sense of being narrowly focused on optimising activities in markets;
7. A dominant tradition of economics that is flawed at a number of different (though thoroughly interconnected) levels – empirical, methodological, theoretical, epistemological and ontological.

Elder-Vass’s solution is what he terms a *political economy of practices* (Chapter 5). That is, a concept of the economy as an integral constituent of social reality based on a common ontology. Events in the world are caused by the interacting causal powers of entities. *Social* entities involve people in contexts, typically organized through relations involving roles, and where the form of organization makes possible powers and activities that could not otherwise be possessed. Practices enacted can vary by organization, and given one can categorise as similar some kinds of organization, which Elder-Vass terms “complexes”, one can designate economic activity as a social variant of complexes. He follows the heterodox inspired approach of designating social activity as “economic” (and so exploring this is to explore the “economy”) if focused on “provisioning” (and emphasises an activity may have an economic “dimension” rather than is restrictively “economic”). Activities oriented on provisioning are termed by Elder-Vass “appropriative practices”. The complexes can be explored at small scales (the causal powers operative, conditioned and expressed, for some category of

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<sup>1</sup> Personal communication 18<sup>th</sup> April 2017.

economic entity, such as a business, or within a sector) and at large scales (price determination in markets, obligations in gift transfers etc). So:

“The unit we can characterise as belonging clearly to a specific economic form is neither the social formation [the entire society, since economic activity can be of varying kinds within it] nor the social entity [since there can be variation here too], but rather the *practice*. A *practice* is a tendency to act in a certain way, usually a tendency that is both reinforced for the individual and standardised across individuals by normative social expectations, although other factors can also contribute to the standardisation of practices... Practices are primarily the product of social norms: standardised expectations of how we should behave....” (2016, p. 99).

The underlying concept of the “economic” Elder-Vass wants to articulate draws initially on Allan Gruchy, Karl Polanyi, Andrew Sayer, Julie Nelson and various others. That is, the substantive component of social activity aimed at provisioning, or the interchange with the natural and social environment meeting the needs of human beings (2016, pp. 28-32). Elder-Vass acknowledges that there is a danger in extending the range of coverage of the economic through contestation of a market focus. In enabling a focus on what is “economic”, opting for “provisioning” might become elastic to the point of meaninglessness (involving dispute regarding real versus false needs, varieties of immaterial needs of one kind or another etc). This may undermine the constructive potential of using the term provisioning that initially seems to be created because the term does not involve an *a priori* focus on markets. However, he states and suggests:

“Our definitional strategy must be guided by our purposes. My purpose here is critical. Driven by the need to recognize that non-market activities can often meet our needs just as well as those activities that are considered *economic* under the market-oriented definitions of the economy. It seems more viable to persuade people that our familiar concept of the economic needs to be expanded in this way than to invent a completely new non-economic terminology to encompass the market and social alternatives to it. This is, of course, a strategic not an ontological argument... unlike the usual concepts of provisioning or the substantive economy [it] suggests a practical way of delimiting what activities we will call economic: the provision of goods and services through commodity exchange, plus the provision of equivalent goods and services through other social practise... [this] is not a definition of an objective social category... But the task we face today is not to be fully free of market thinking; it is to re-establish belief in the possibility of alternative social practise in a context where being fully free of market thinking is literally unthinkable” (2016, pp. 31-32).

Thereafter in Chapter 5 he sets out what appropriative practices are:

“Using economic in the sense discussed in Chapter 2, that is, those practices concerned with provisioning our needs, either in the form of commodities or through goods and services that could have been supplied as commodities. Appropriative practices are related to – and ultimately dependent on – the production of goods or services (defined broadly, to correspond to this broad definition of economic) but their defining feature is that they are concerned

with the allocation of the benefits (and indeed harms) that arise from production to individuals or social groups. In a sense this is a functional definition, as it picks out a specific set of practices on the basis of their tendential effects rather than, say, some common feature of their structure, mechanisms or the actors involved: it includes all those *practices that significantly, systematically and more or less directly influence the allocation of the benefits of production...* [but] Let me be clear, then, that my use of the term *appropriative* neither refers to the initial creation of property nor carries any implication as to who is in charge of the practice [it involves no ethical judgement, focus on unowned to owned or simply ordinary language sense of taking]" (2016, p. 102).

Having defined appropriative practices in the context of his social theory position Elder-Vass then develops the way different complexes of appropriative practices can be stated and explored. For example, he terms "the pursuit of capital accumulation by the employment of wage labour to produce commodities" *canonical capitalism* (2016, p. 106). In the rest of the book he attempts to apply his approach to practices in order to illustrate that there are in fact a wide range of economic forms (and that his account can encompass the diversity of real economies). He provides five extended examples drawing on the digital economy: Apple, Wikipedia, Google Search, Facebook and YouTube (Part III: Chapters 6-9). Wikipedia illustrates an effective non-market economic model in operation, Apple a form of market power, but one based on practices that do not conform to mainstream economic accounts, and the other 3 different hybrid economic forms.

*Profit and Gift* concludes by both drawing together key aspects of the argument whilst also stating the ultimate purpose served by a broader provisioning inspired approach to economics:

"Capitalism is not one such form but a range of different complexes of appropriative practices that share one central feature: activity in capitalist forms is ultimately driven by the need to accumulate ever-increasing amounts of capital. Our economy, however, is not only the site of capitalism but also of a wide range of other complexes of appropriative practices, including gift economy and hybrid forms..." (2016, pp. 216-217).

"To make it possible to think beyond the economic systems we have today – and even just to understand the economy we already have – we need a new kind of political economy... We need a political economy that evaluates actions and practices against explicit ethical standards that reflect the actual needs of people" (2016, p. 216).

"How, then, might we go about changing the economy to better meet human needs?... Part of the problem we confront is what David Harvey calls a 'double blockage': 'the lack of an alternative vision prevents the formation of an oppositional movement, while the absence of such a movement precludes the articulation of an alternative' [what is required is a spiral of critical experimentation with forms but also conceptual clearing of the kind Elder-Vass undertakes to facilitate this]... We will only be able to engage productively in such a process by abandoning monolithic visions of nirvana and working instead towards multiple partial real utopias. This is not a step

backwards but a step forwards for progressive politics: we must reject the dogmas of both the old political economies and instead engage creatively with our diverse economy and its open future” (2016, pp. 231-232).

### Critical comments

It should be clear from the above that *Profit and Gift* does not emerge, depend on or develop an existing school of thought in economics as (traditionally conceived) substantive economic theory. Also, though drawing on the same tradition of philosophy and social theory work as Tony Lawson, the Cambridge Social Ontology Group and various other similar approaches (which also draw inspiration from the methodological and philosophical elements within the history of economic thought – original institutionalism, Keynes, Marx and so forth; Pratten, 2015; Dow, 2012), it is quite different. The intent is to clarify what the “economic” is and what an economy is, in order also to clear the ground for a progressive economy of the future, recognizing more explicitly the actual range now. This of course, in argumentation terms, presupposes that there is a need for a clarification of the economic and the economy, and requires that Elder-Vass’s account is adequate as that clarification. Moreover, given the actual argument uses as its point of departure the claim that both a neoclassical and Marxist framework are dominant (albeit differently) and that both obscure real diversity, the initial presupposition seems to rest on the claims made regarding these two. However, one might argue that it only *seems* to. Elder-Vass’s accounts of both neoclassical and Marxist economics can be misleading or ill-founded and it can still be the case that we *do* in fact tend not to pay due attention to the diversity of economies beyond (in his terms) archetypal market forms and processes, and this is worth highlighting and discussing. I would suggest this is the case.

Elder-Vass’s account of neoclassical economics and Marxism is reductive in ways that serve his argument rather than represent the nuance of these points of departure as subjects (see Milonakis and Fine, 2009; Martins, 2012; Morgan, 2015; Stillwell, 2011). However, this merely makes the first part of the book something a reader is liable to read critically rather than just read as *critique*. The purpose of the book still remains interesting, and though liable to be provocative one should not neglect that being provoked is an important exercise to prevent complacency. Provocation is the flipside of the *practice* of pluralism (Fullbrook, 2008). As Fourcade et al (2015) reminds us, in terms of received practice economists more than any other branch of human inquiry need this kind of provocation. Oleg Komlik, Jakob Kapeller and Wolfram Elsner (amongst others) have done much to encourage genuine inter-disciplinary engagement with sociology.<sup>2</sup> Still, as political economists who work in sociology tend to note, sociology has its own problems and has become more introverted (for counter-tendencies see Jessop, 2008; Sayer, 1995; 2014).

There is also something inherently interesting about a focus on provisioning as a way to order our concerns regarding an economy. It does open up a wholly different way of thinking about ultimate concerns and the role of an economy (see e.g. Jo et al., 2017; Lee and Cronin, 2016). However, it does not follow that a focus on provisioning requires one to endorse Elder-Vass’s way of expressing the constitution of that ordering. The concept of appropriative practices in complexes is required to do a great deal of work. One can always ask what kind

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<sup>2</sup> See for example: <https://economicsociology.org/oleg-komlik/> and <http://www.heterodoxnews.com/HEN/current%20issue.html>

of work is it doing and is it doing that work effectively? Arguably it is a theory of generalised mutual definitions that *different* elements of an economy are then *re-described* in terms of. As a general purpose framework it integrates with Elder-Vass's prior social theory work, and there are competing varieties and critiques of this (see Archer and Elder-Vass, 2012; Porpora, 2015). Still, Elder-Vass is clear that his approach is more than just an exercise in categorisation, it allows one to clarify the range of causal mechanisms and real complexity of economic complexes. The task set is immense:

“It seems, therefore, that we need concepts for at least three levels of economic form: i) the character of the whole economy or world system, which is clearly not a purely capitalist system but rather one that also encompasses non-capitalist economic forms; ii) capitalism as a rather varied form of economy that shares the core characteristics of being driven by the accumulation of capital; and iii) lower level (more concrete) forms, whether capitalist or not, that can be characterised by particular forms of organization of the productive practices (these are the forms that I propose to theorise using the concept of *appropriative practices*)” (2016, p. 60).

It is an open question whether re-description (if that is what it is) adds any insight to the different foci to which it is applied. One needs first to read the book and absorb the way of thinking before one can decide whether such statements as “x is an appropriative practice”, “y is an appropriative practice” creates clarity and triggers lines of thought that would not otherwise exist for that practice, whilst also creating consistent or coherent thinking in regard of all such practices, as *an economy*. For example, what would recent post-Keynesian work on financialisation, and variants on credit theory-money creation through the banking system as unstable *real* tendencies in contemporary economies, and alternative wage-led aggregate demand approaches, look like in *appropriative practice-complex* terms (see e.g. Keen, 2017; Wray, 2015; Palley, 2013; Hudson, 2015; Lavoie and Stockhammer, 2013)?

More generally, there is a great deal more to say regarding the *mutuality* of diversity, once recognized. Not least because (as Elder-Vass as a proponent of emergence is aware) the character of a system acts down on as well as emerges from the complexity of (however described) the activity and organization of parts (see Elder-Vass, 2010). If a system contains capitalist forms but also non-capitalist ones then that system, *if it is a system*, still has operative conditioning aspects that make a difference to its parts – otherwise they are not *parts* of a *system*. They are just juxtaposed entities not components. What are those conditioning aspects and what is that “system”? *Non-monolithic* capitalism?<sup>3</sup> Alternatively, in what sense could a non-capitalist total system condition (serve to reproduce) capitalism within

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<sup>3</sup> I was never quite certain what status Elder-Vass afforded to capitalism and what *he* meant by it: system (within which *not all* activity is commodity based extraction of surplus labour, since it is inherent to Marx's general theory that not all activity is of this kind – the household, the finance architecture in Volume 3 of *Capital* and relations to M-C-M, some of the activity in any given economic sector, political institutions etc.?) or specific operative form within a system etc? He uses the term in several senses based on different sources (e.g. 2016, p. 35) and acknowledges in each case that it is used so (but what is Elder-Vass's eventual position on the relations of system and specifics could be usefully clearer, his attempts at clarification notwithstanding). Moreover, many of the sources of inspiration for the progressive conclusions to the positive argument derive from socialists and Marxists (Harvey, Olin Wright, Nelson etc.); these thinkers do not seem to have been hampered in thinking creatively in terms of recognized diversity by Marxism – and are part of the always existent critical tendency in Marxism and related thought.

it? I have no answer here.<sup>4</sup> It merely struck me that Elder-Vass has implicitly set himself a larger task by virtue of the nature of his critique, and this is not just about the names we apply.

## Conclusion

One should remember that *Profit and Gift* is also a book about the digital economy and so its interest also stems from the many things written regarding trends in this aspect of the economy.<sup>5</sup> However, the abiding question that the book begs is *does one understand (and can one explain) a/the economic system any better based on the tools of the book, or has one merely acquired tools to explore specific parts in a new language of recognition?* One might be tempted to ask the same question of some of Tony Lawson's work – but it is important also to note that Lawson's initial contribution was to *bring out* the ontological and to draw attention to the problem of justifying the realism of economics (rather than necessarily what is real; see Lawson, 2003; 2015). In the spirit of pluralism I would recommend one read *Profit and Gift* and one do so with an open mind. Elder-Vass is an original thinker, one prepared to do the difficult work of building frameworks of thought, this is rare, and a quality that always offers the prospect of new insight, if at the risk of great error. Still, the prospect of progress without error is idealistic, and if one thinks that way, one may as well just go back to endorsing models of rational economic man where neither error nor insight is possible.

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<sup>4</sup> Elder-Vass argues that Marxist ways of thinking tend to render alternatives impossible – the flipside is Marx's argument that the reality of Capitalism is to spread and also to co-opt or subordinate any alternatives beyond or emerging within it. Though, of course, Marx also notes the contradictions that create the grounds for people to organize and overcome this – so for Marx there seems to be no inconsistency, but for Elder-Vass there is (albeit one of Marxists).

<sup>5</sup> For another and different take on issues arising from the new world of information etc. see Moore, 2017.

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**Author contact:** [jamiea.morgan@hotmail.co.uk](mailto:jamiea.morgan@hotmail.co.uk)

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