

# Conditions for synergy between the economy and the sphere of non-market information exchanges

Philippe Aigrain

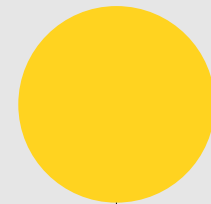
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1. history



Autonomous  
finance

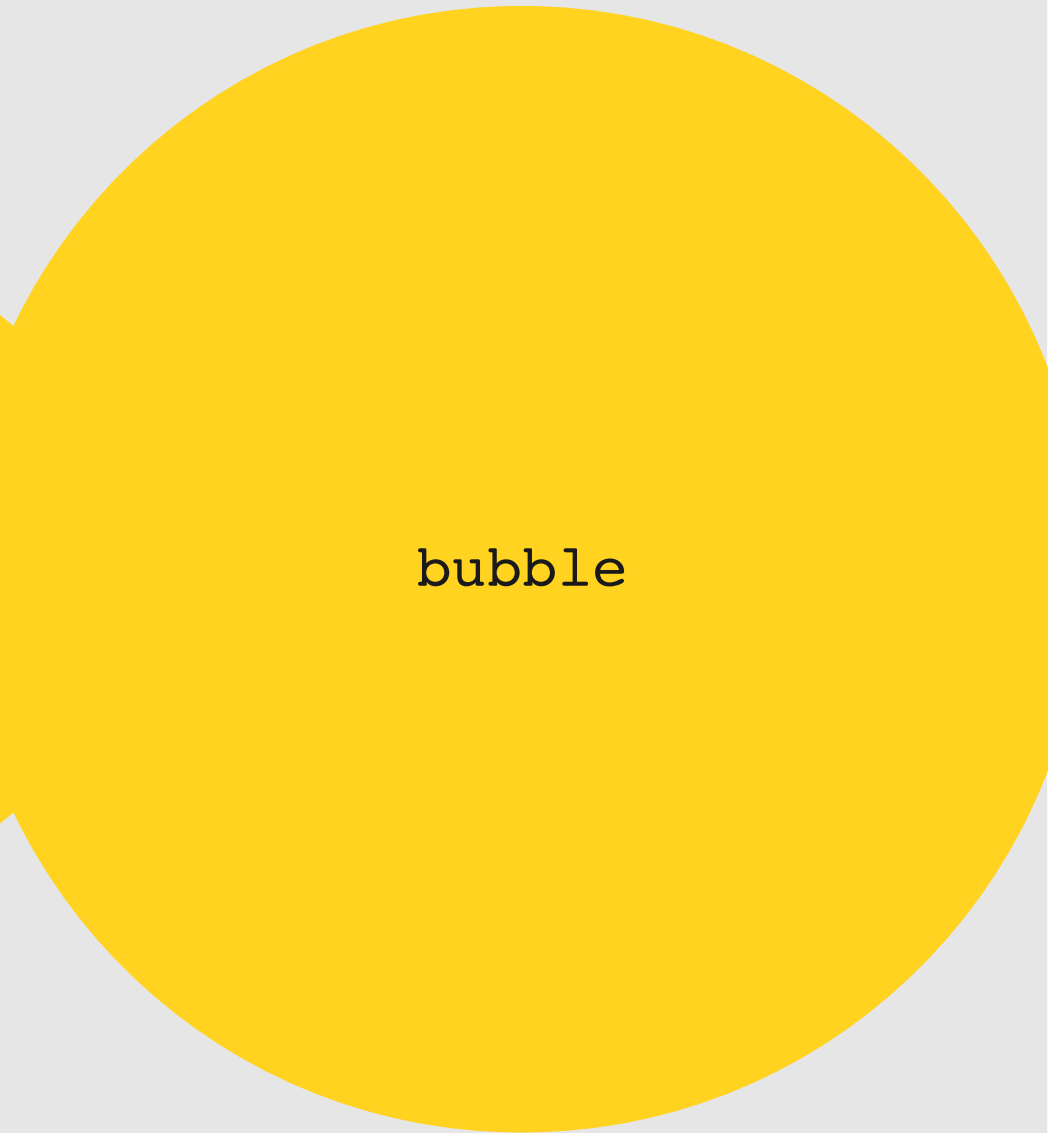




non-market



market



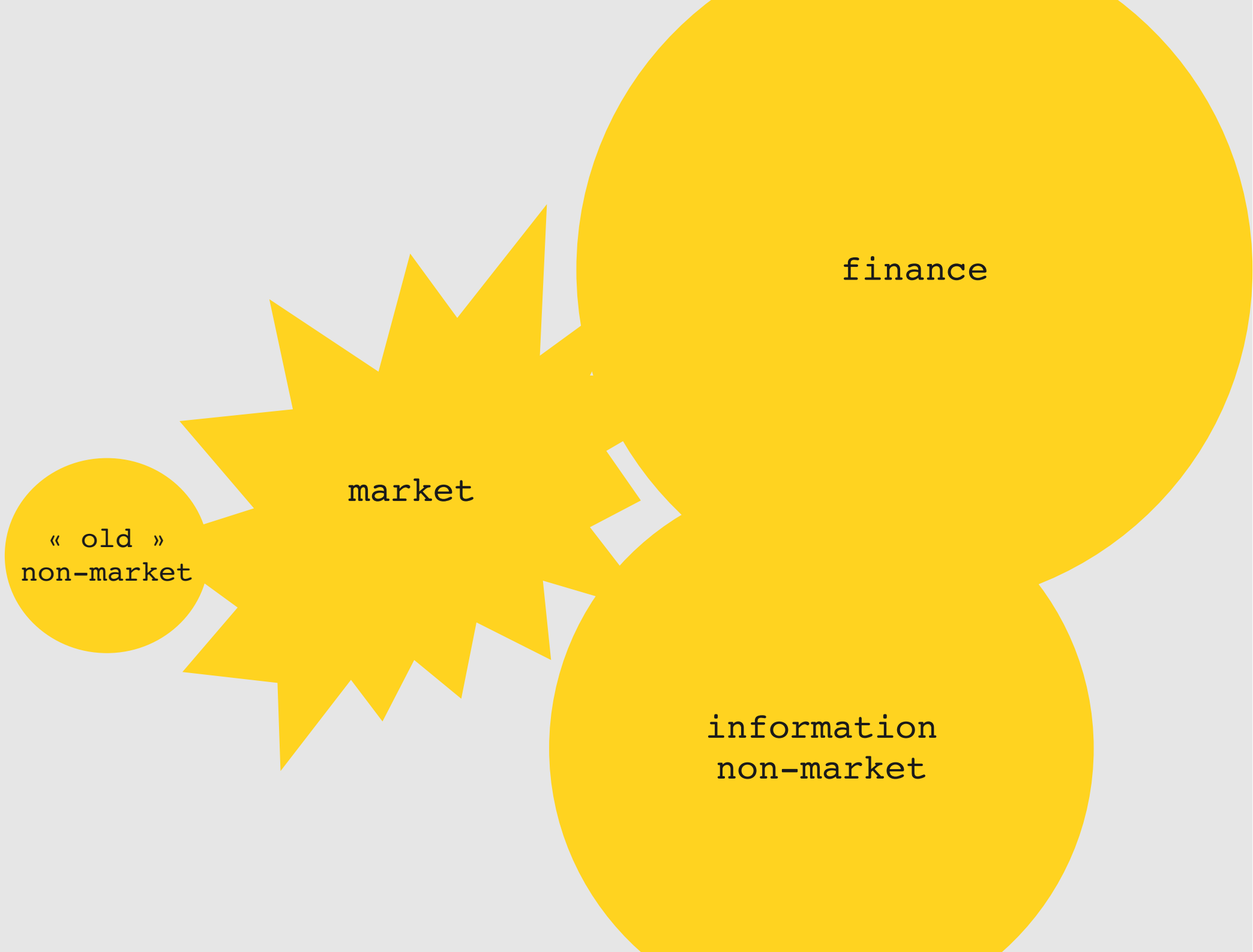
bubble



non-market

market

credit  
crunch



« old »  
non-market

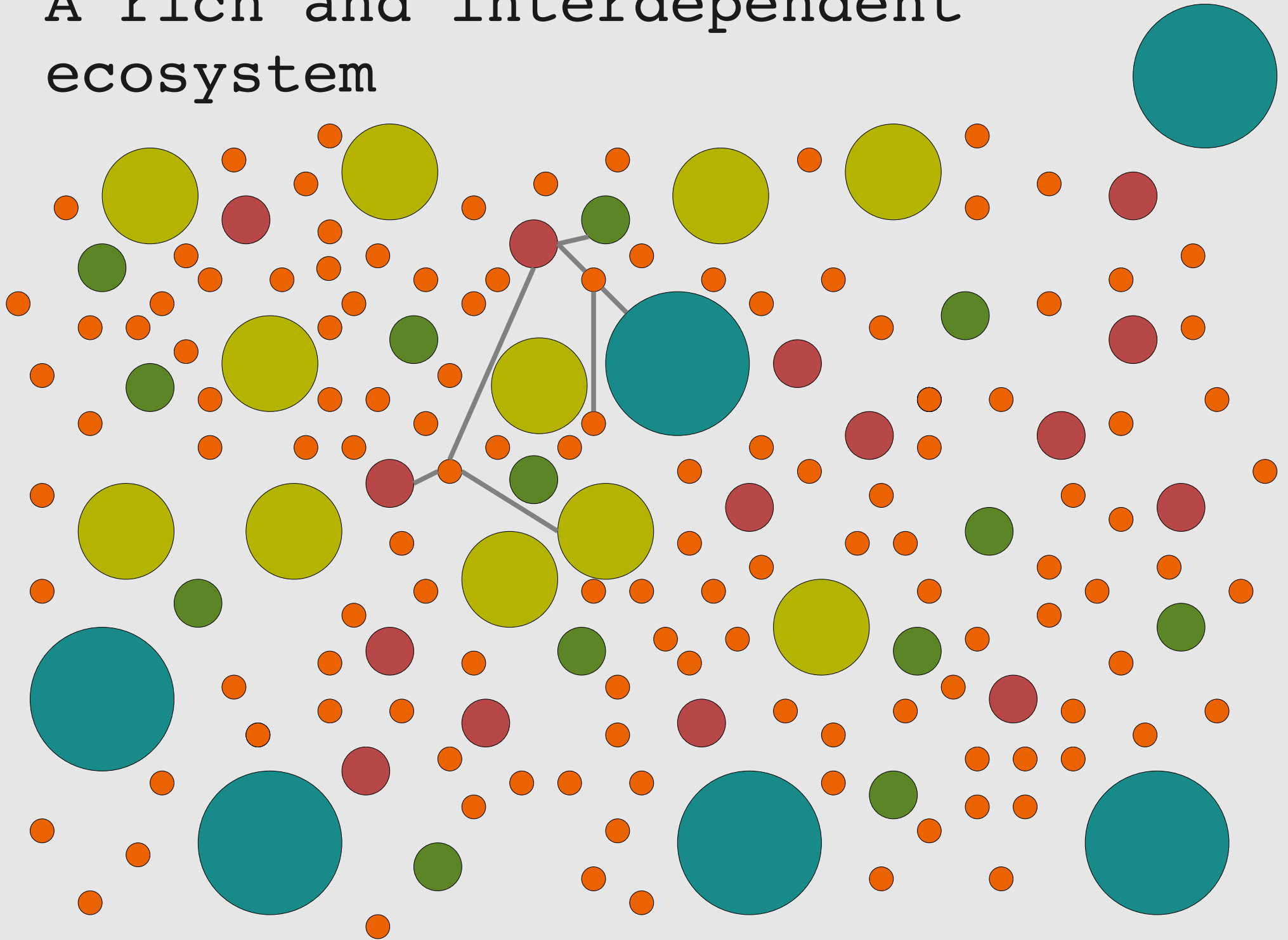
market

information  
non-market

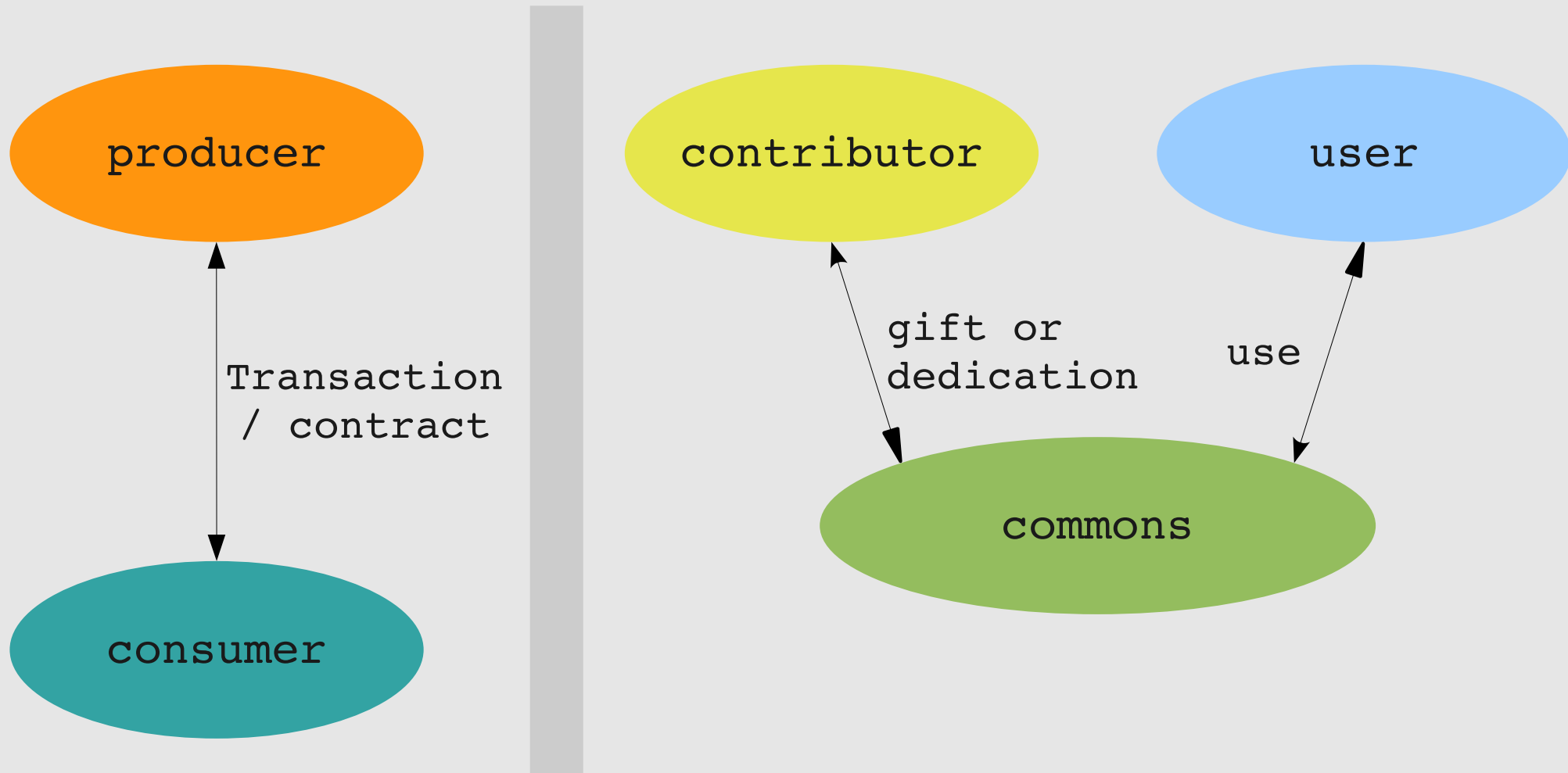


## 2. non-market information

# A rich and interdependent ecosystem



# mediated by commons



# continuum vs. separation (of positions)

reception

production

Passive reception

recommendation

comparison

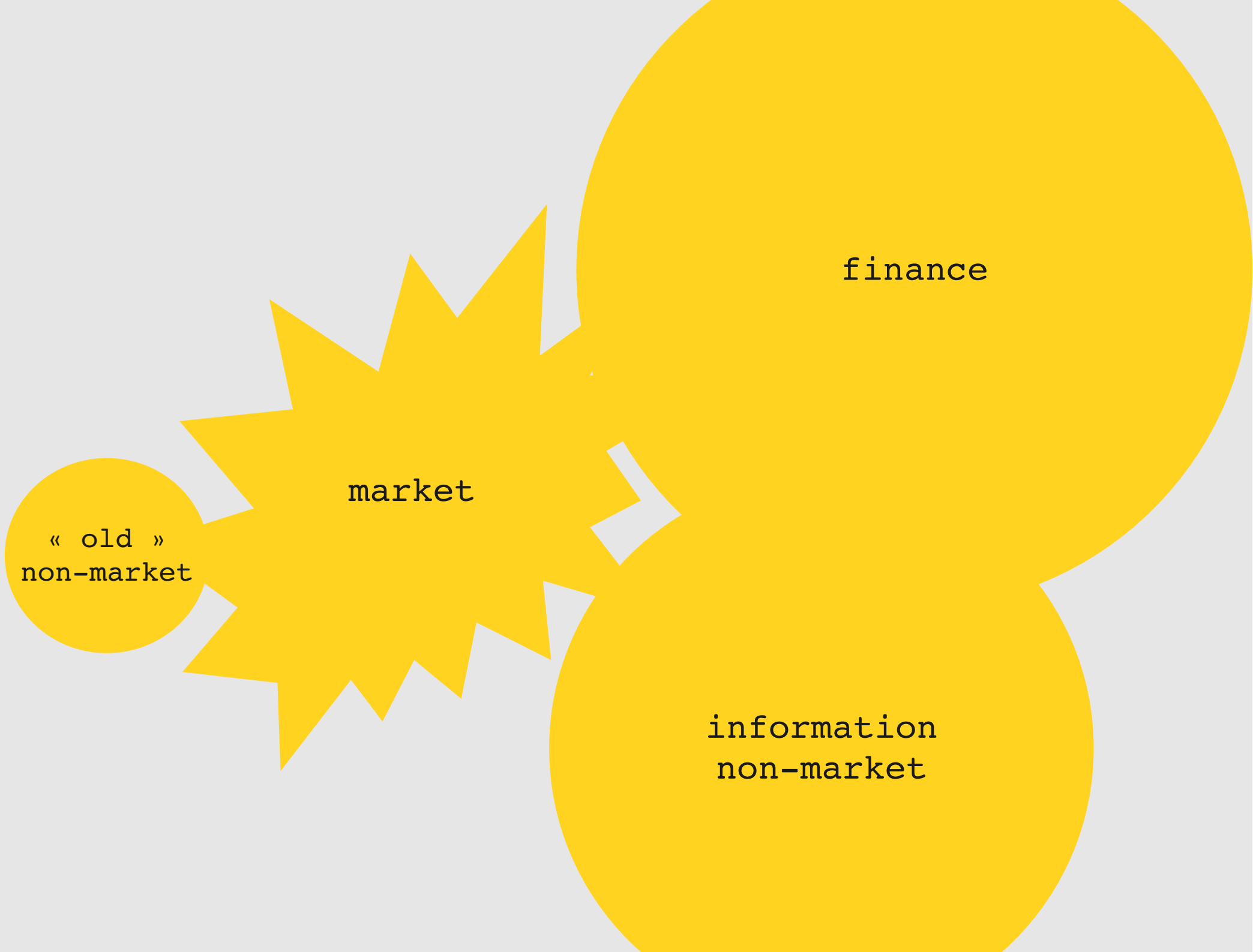
comment.

expression

pro-am

production

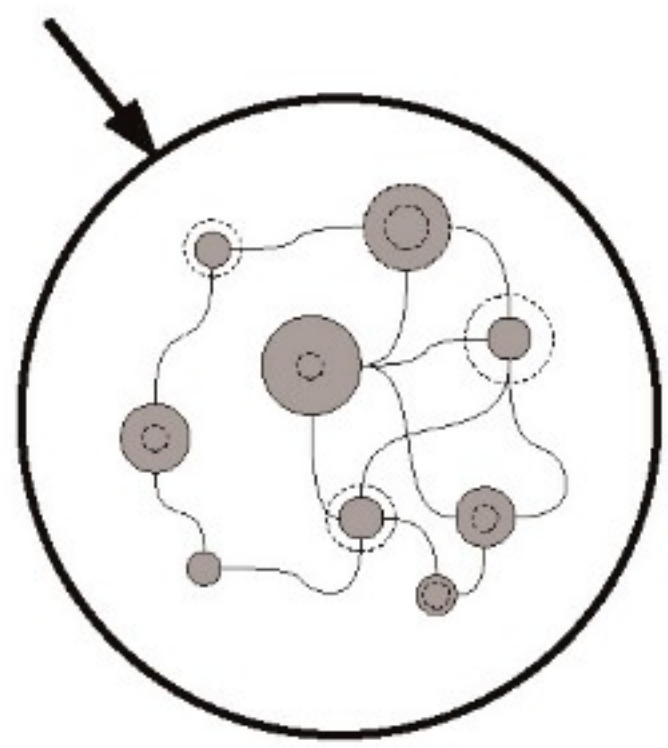
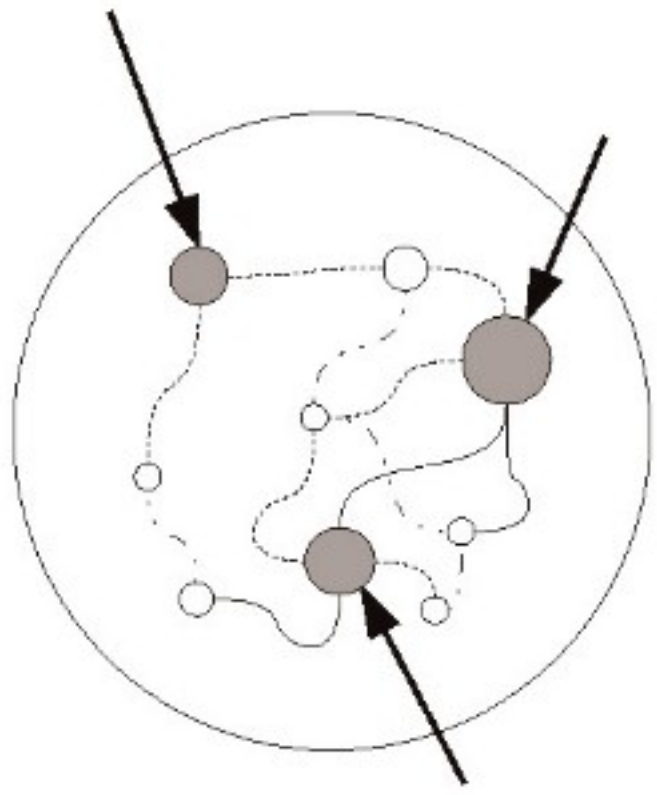
3. A simple hybrid economy?



The economy is not the sum  
of business models

4. Which coupling?





## 4. The creative contribution example

- A recognition of non-market file sharing between individuals of digitally published works
- Associated with a flat-rate contribution by (broadband) internet subscribers
- Used for both remuneration (reward to) of worked used on the Internet and for funding of the conditions of creation (what leads to production of future works)

## 5. Conditions for healthy synergy

- Respecting the « good properties » of non-market commons
  - Decentralized free allocation of resources
  - Usage driven assessment of value
  - Freedom of organization enabled by non-transactional rights
- Scaleable to accomodate growth of non-market « quaternary sector »
- Positive retroaction in terms of social justice

Equitable  
among

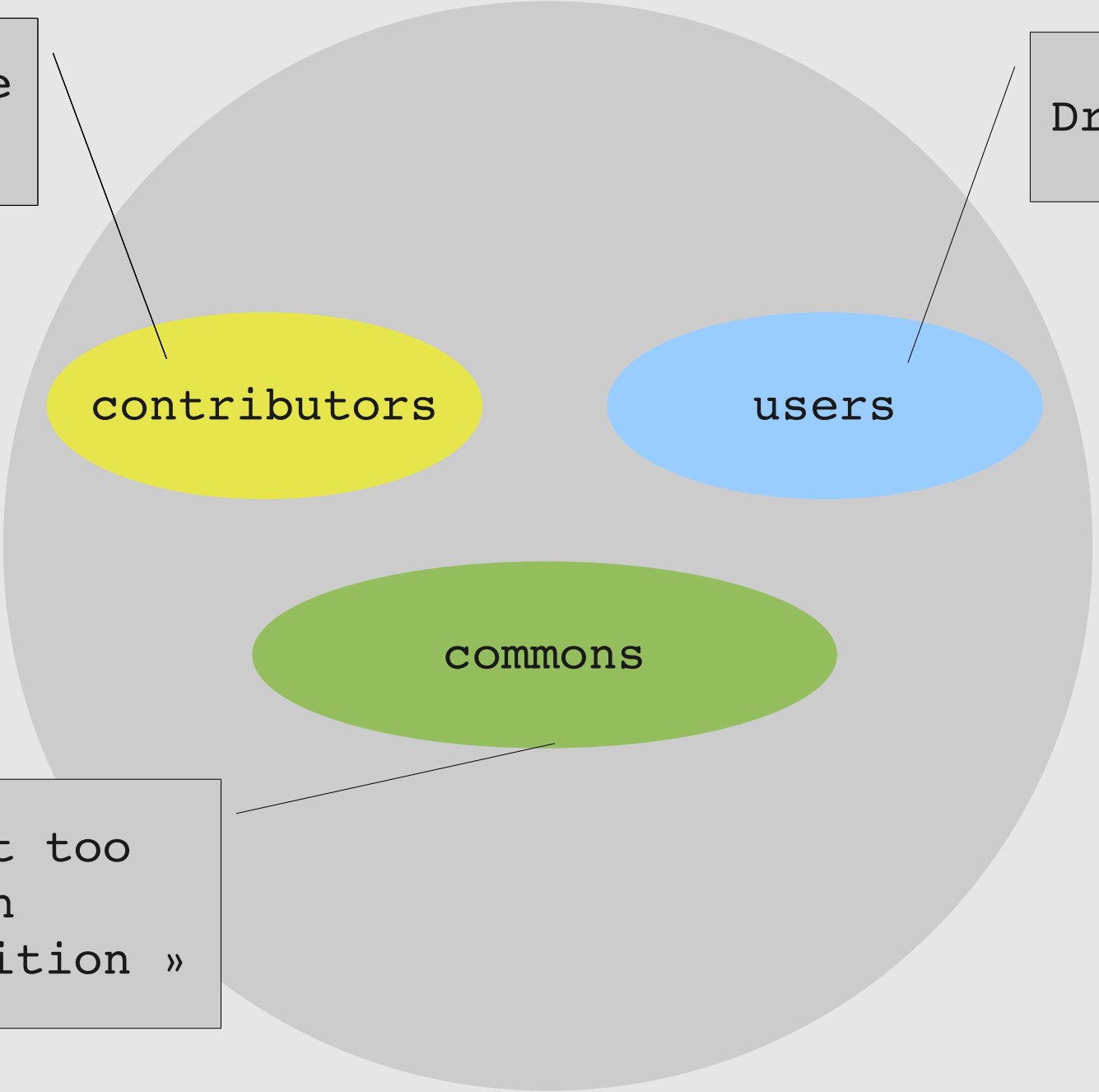
Driven by

contributors

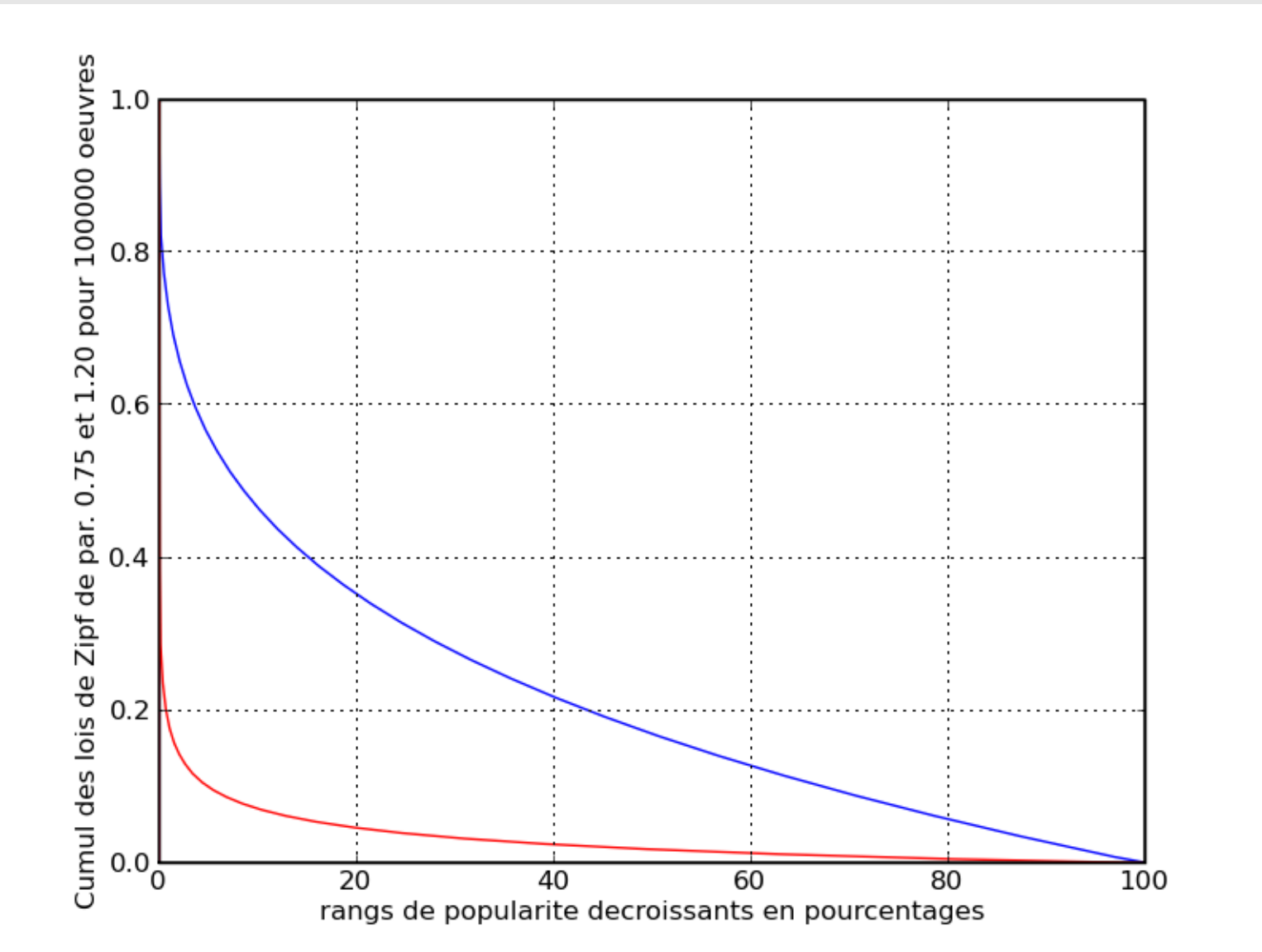
users

commons

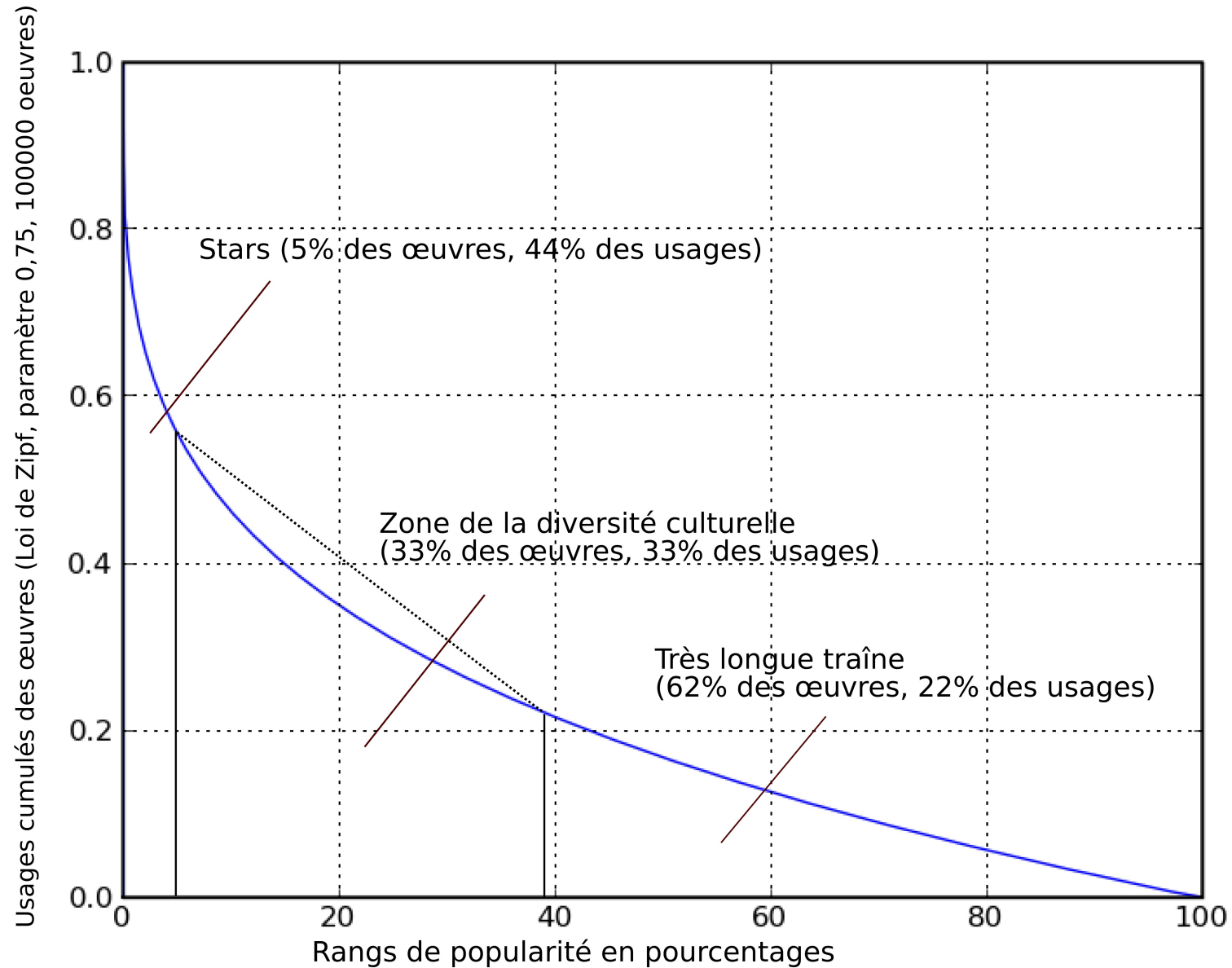
Without too  
much  
« deperdition »



# Concrete cultural diversity (1)



# Concrete cultural diversity (2)



# Conditions for synergy between the economy and the sphere of non-market information exchanges

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1

A few preliminary remarks:

When I speak of non-market information exchanges this is a wider sphere than commons-based peer production of information, but my key focus is on this latter universe.

Why would I want synergy with the economy when much sucks in it? Because we are not talking about the same economy but a restructured one, and because in a transition phase, it is not good to be in a pure confrontational situation.

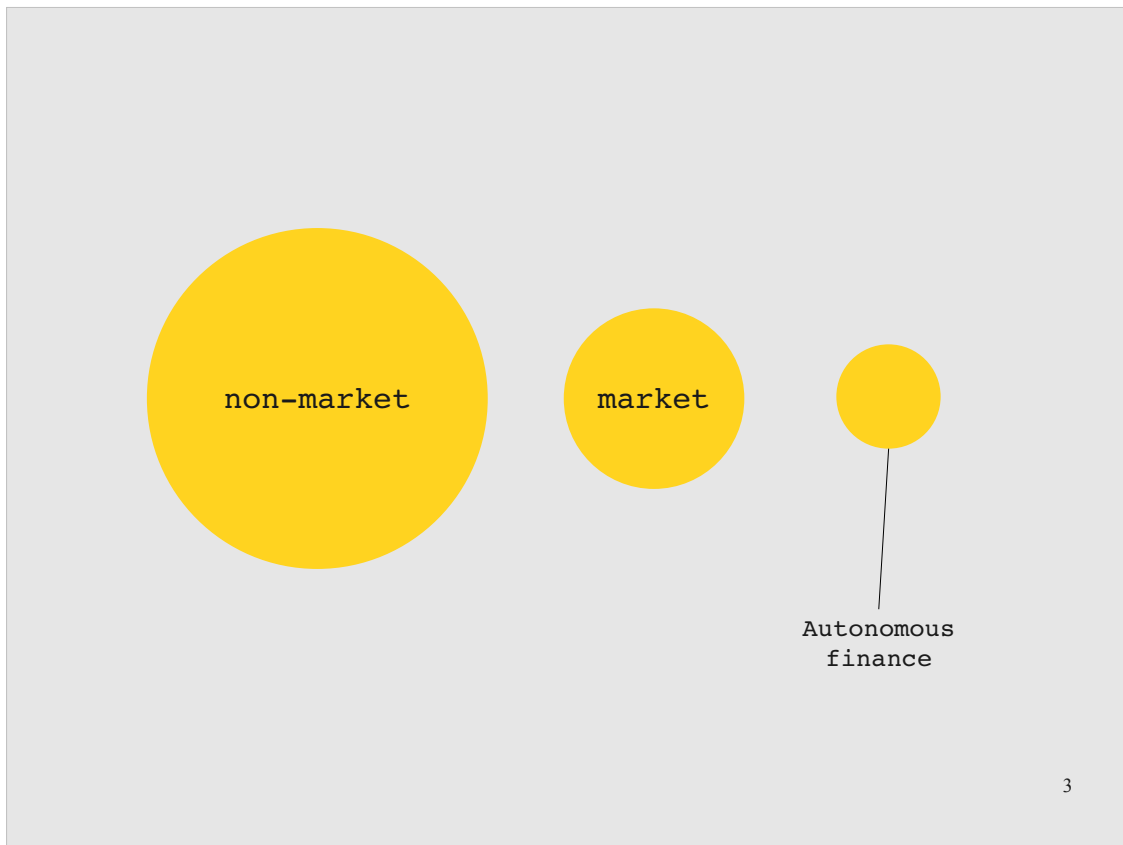
Last, my presentation has notes. They contain what I should be saying if I were a decent orator. They will be made available.

## 1. history

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Let's start by by playing back a few centuries of history at the rate of one minute per century.

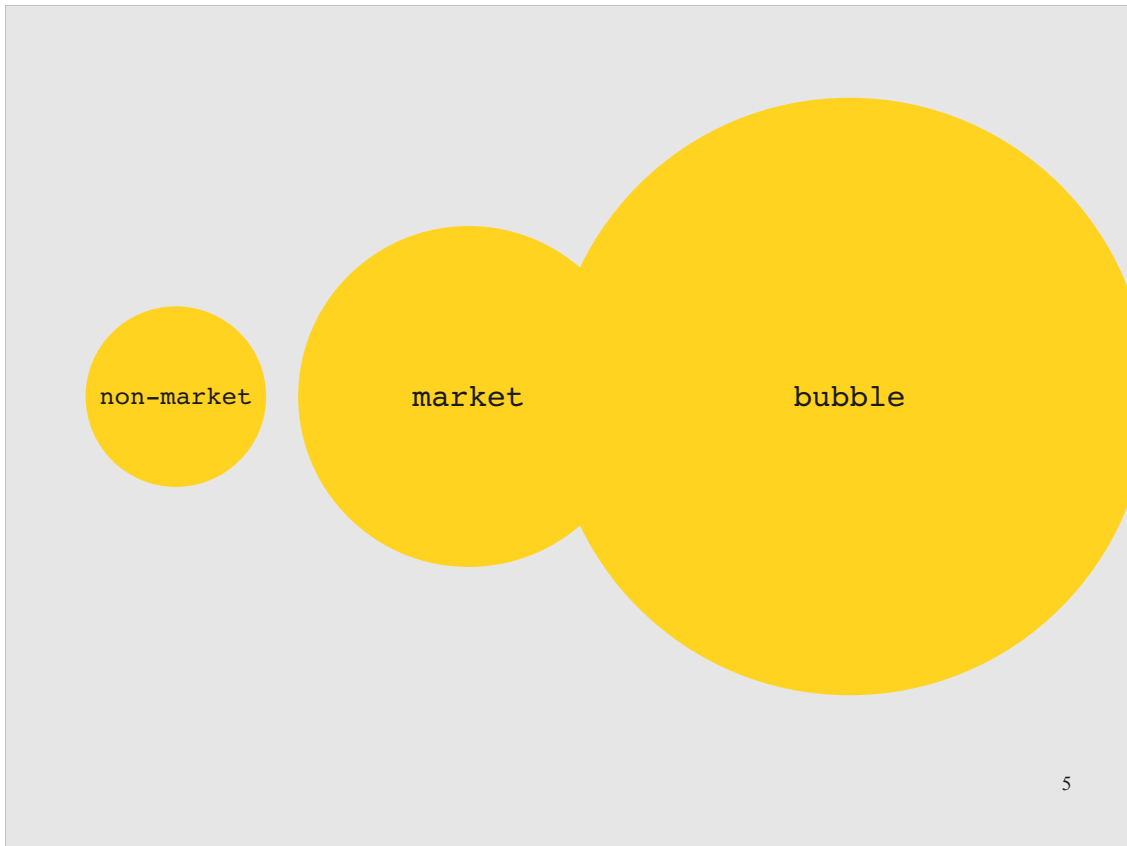




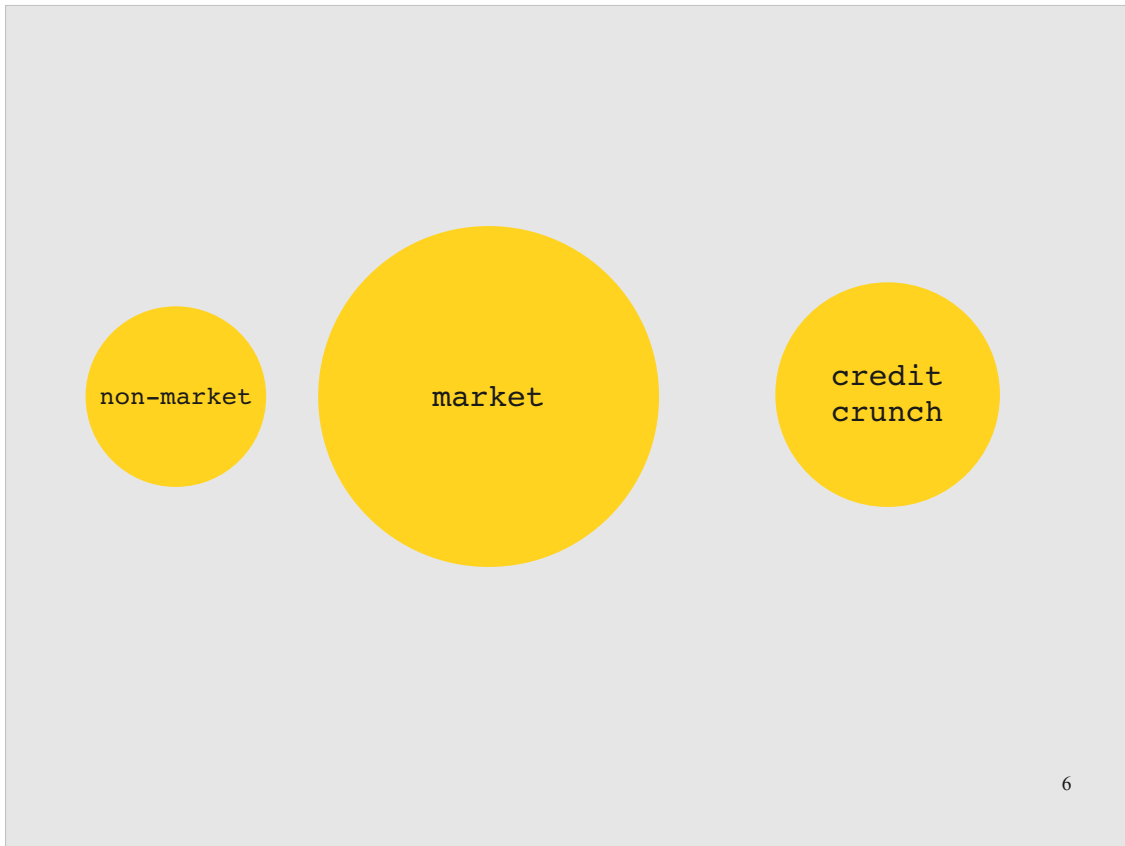
Let's give a look at the societies of the 15<sup>th</sup> and 16<sup>th</sup> centuries as described in Fernand Braudel's « Civilisation matérielle, économie et capitalisme ».. A great part of human activities are « non-market » (self-production and subsistence, barter). A much smaller part are currency-mediated exchanges (what I call market in the strict sense). Autonomous finance (meaning finance that does not purely accompany exchanges of goods) exists but is comparately much smaller.



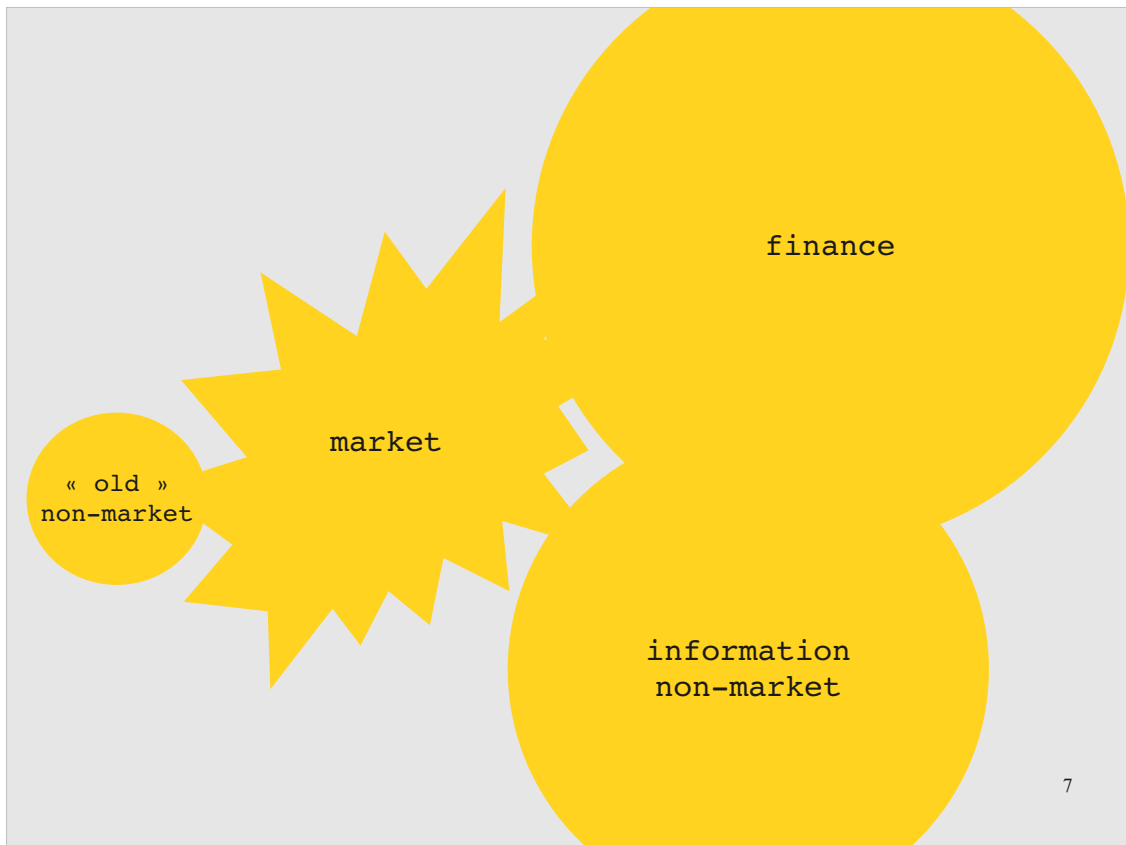
Let's travel now to the industrial era, to the last century until 1970. Non-market has shrunk, and even more, it is considered as a left-over. It's worth one small comment in the introduction to National accounts : « domestic production such as vegetable gardens and exchange of work between individuals has not been accounted for. » As you can see, finance has grown very much, but still is in some form of relation with the size of market activities, even though ...



it can inflate...

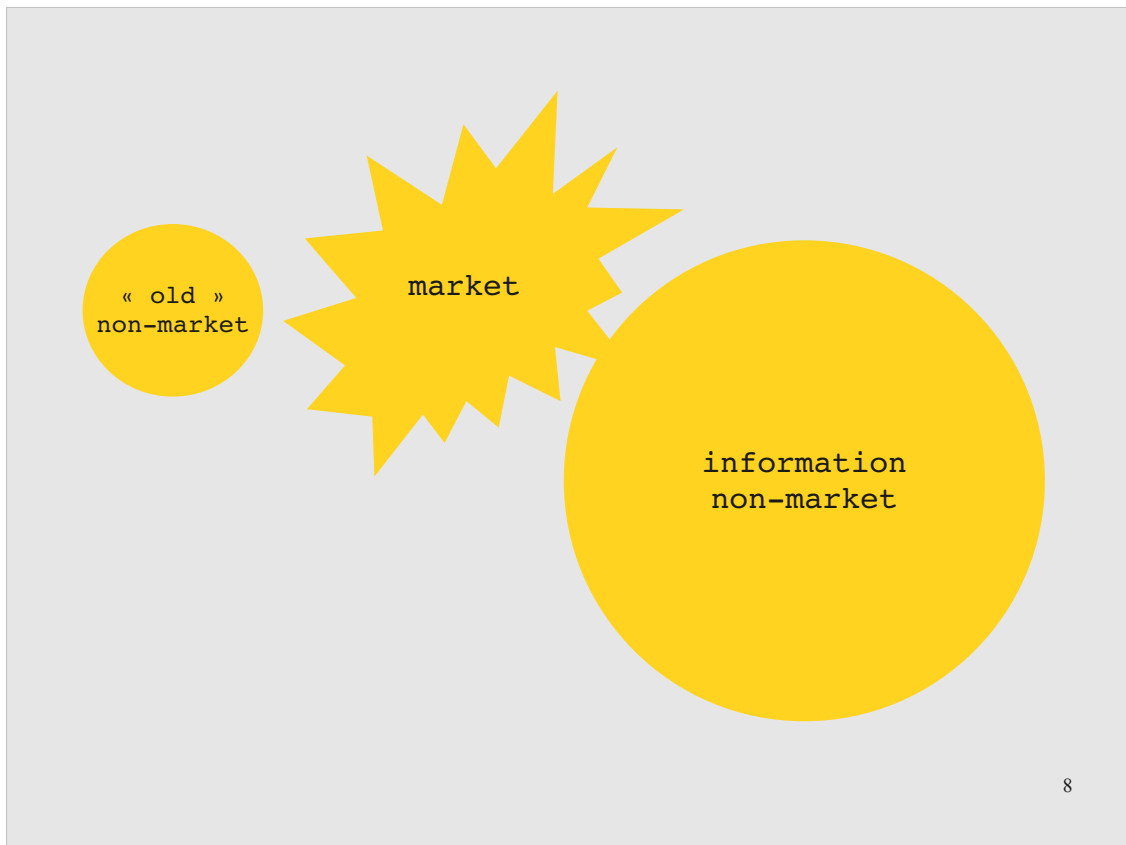


and subsequently shrink.



Let's now come to our present. The critics of « merchandization » or Jeremy Rifkin in « The Age of Access : The New Culture of Hypercapitalism, Where all of Life is a Paid-For Experience » claim that the market expands to invade everything. They are right in the sense that it tries. But this expansive trend, together with the insane expansion of finance and other bubbles such as the copyright and patent monopoly pricing bubbles may actually hide a deep trend at « de-marketization », due to the growth of a huge sphere of non-market information production, exchange and usage.

There are clear signs of this : the share of GDP of providing means to non-market exchanges of information is twice bigger in developed countries to the economy of selling information as goods or services.



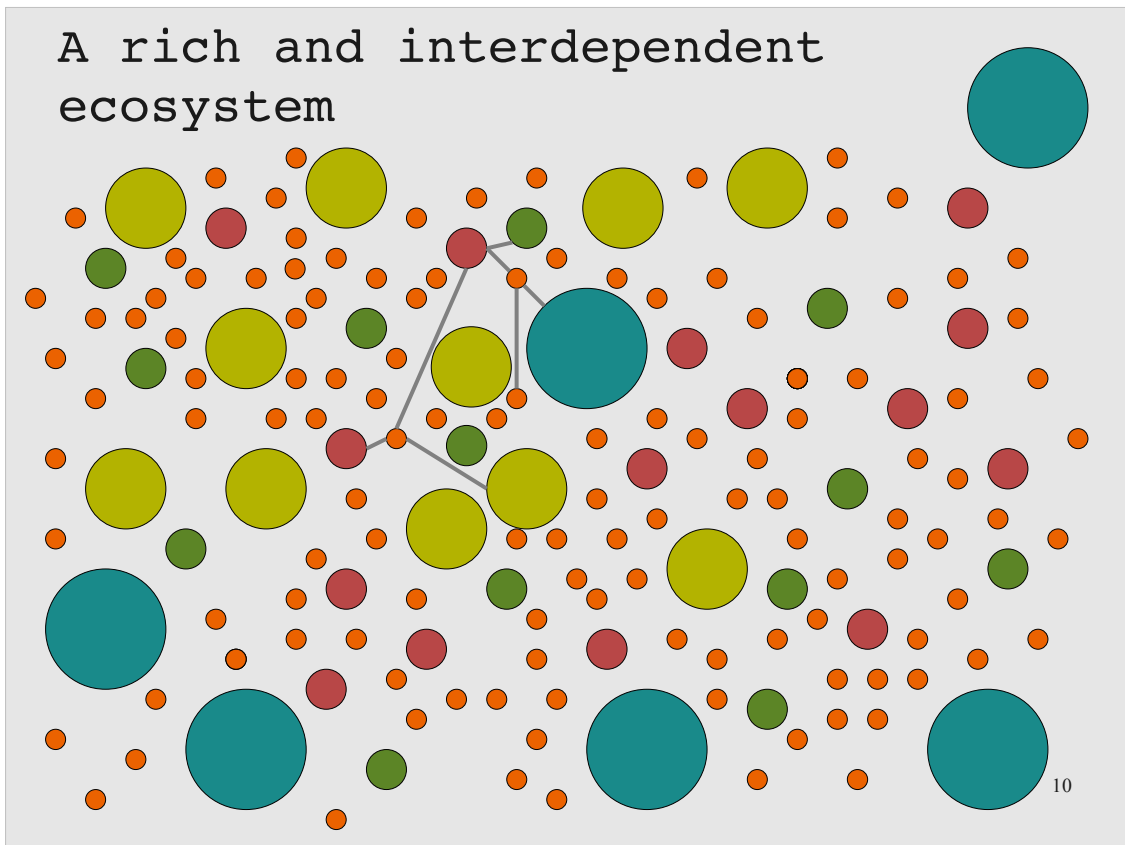
Let's forget about finance (a welcome rest these days, but I will come back to it) and focus on what is truly important : what relation is being built between the currency-mediated economy and the non-market sphere)

## 2. non-market information

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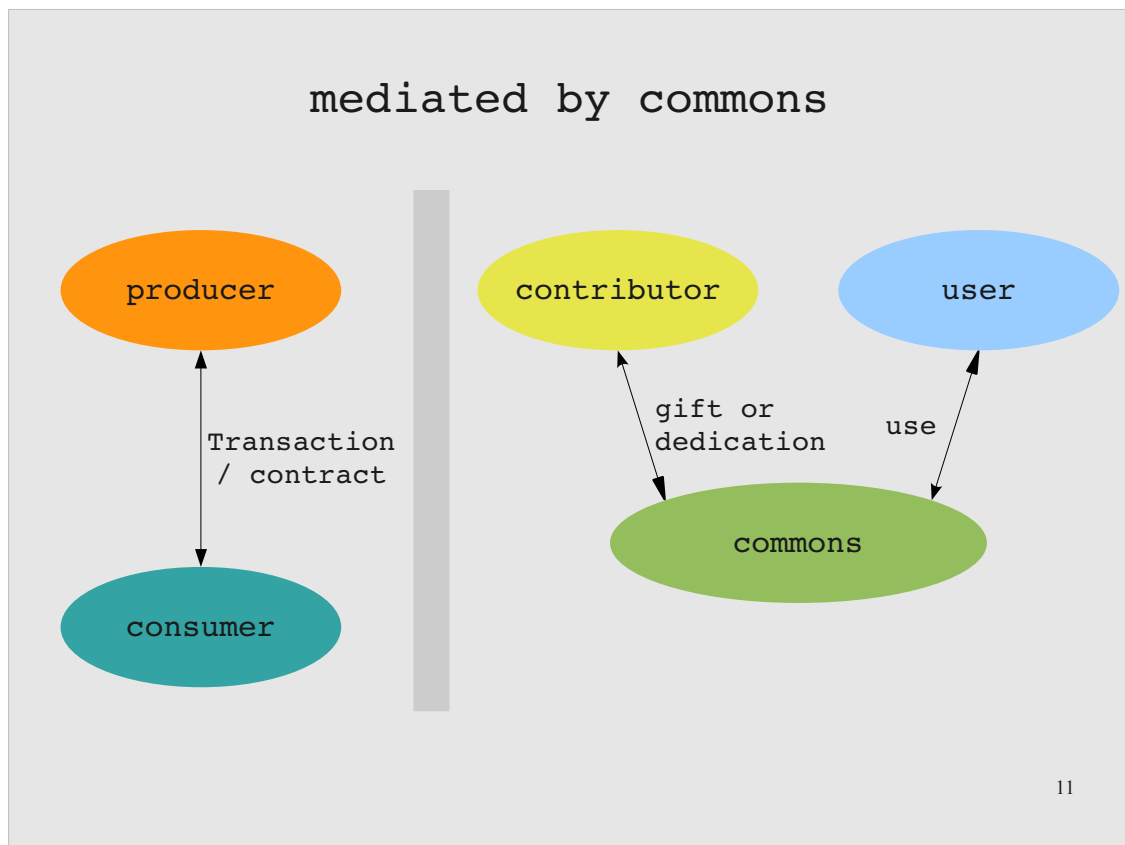
Let's first look at some essential properties of the non-market sphere.

A rich and interdependent ecosystem



First of all, the non-market sphere of information is a blossoming ecosystem with a great number of components : pieces of software, individual works, papers, data, items of public expression, entries in encyclopedias. These components are generally interdependent, they make sense together, though in different manners : direct technical interdependency for software, indirect interdependency for artistic works that belong to a same school or style. Or somewhere in between, direct reuse but still independence in usage for instance in remix music.





A second important property for the non-market sphere of information is that it was often created either without making some aims explicit, or by using contract / transactional instruments to emulate the definition of a commons statute. It is all the more important to measure how the functioning of the transaction/contract-based market sphere differs from the commons.

The ternary nature of the commons illustrated on the right side of this slide is at the heart of what makes them a new founding paradigm at the age of information. We must remember it when we will discuss the relationship between the currency-mediated economy and the non-market commons : when we create some forms of relationship, we risk importing the transactional/contract approach in the internals of the commons production.

continuum vs. separation  
(of positions)



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The non-market sphere is important because of the human activities it enables. A key aspect is the replacement of the producer/consumer or creator/receptor face-to-face by a continuum of positions. Please note that the extreme points do not disappear. We will always (I hope) spend time listening to pieces of recorded music by just playing it from start to end. But the fact that we can also do lots other things and through that move across the continuum by small steps is a key contribution of the non-market commons.

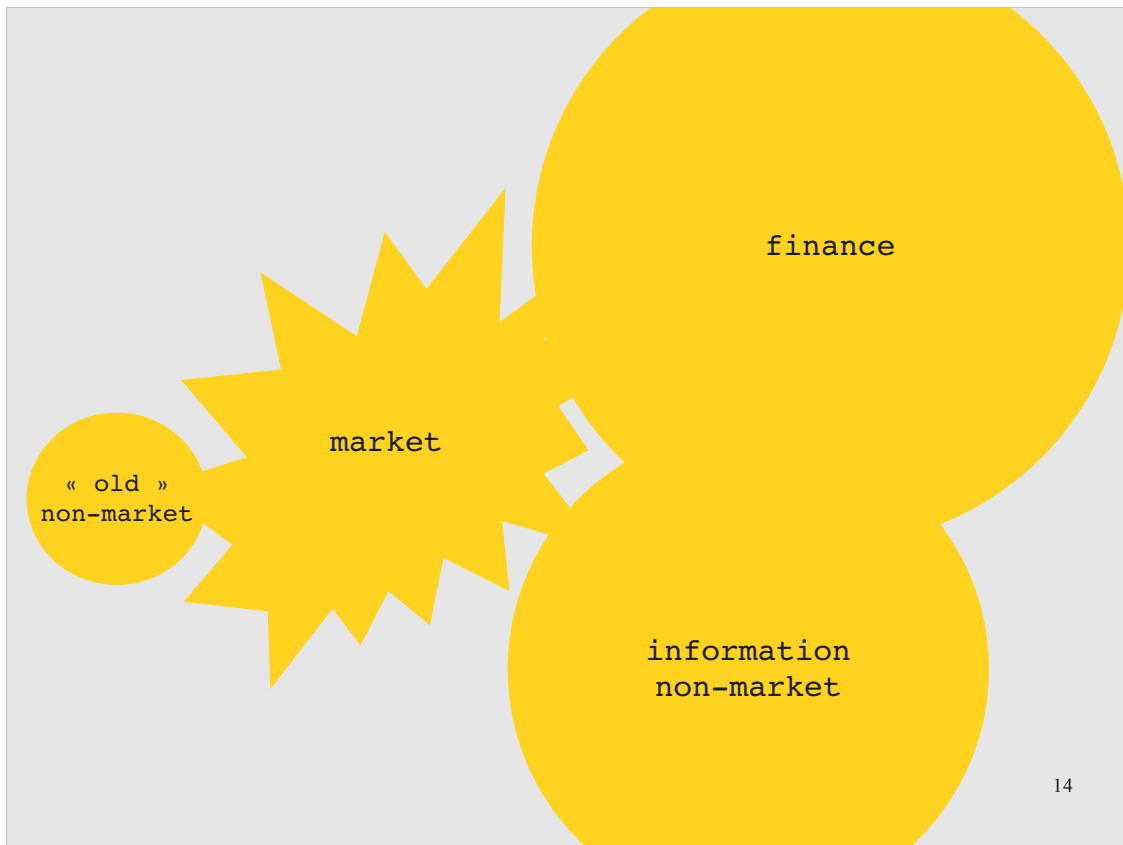
### 3. A simple hybrid economy?

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There is an implicit answer that has been given by great thinkers to the question of this talk: « just let it happen and things will work out ». « Just recognize the non-market sphere as valuable, stop conducting a war against it, keep the market where it belongs, and things will be right ».

There is an element of truth or plausibility in that answer : when something as useful as a rich non-market sphere of information production and exchange exists, it is clear that there will be generate a rich economy to provide means to it and to provide services using it.

So why do I think we need to take a more proactive approach at structuring the relationship between the economy and the commons non-market sphere ? There are 2 reasons, one dealing with creating the conditions for the very existence of the commons and the second one being based on scalability challenges.



Remember that slide?

Well, there is another side to it. If there is a war staged against non-market sharing of works of all types, it is because it has the potential to do something to part of the market activities and through that to a share of the financial bubble.

Not that all or even many of market activities will in any way suffer from people spending more and more time accessing, using and producing information commons material. Many will only benefit from it. But some very important components will indeed suffer: Rifkin's hypercapitalism capture of time is an example, and those people who sell (only) the wind of free reproduction of information at monopoly prices being another.

This is not just a small problem with a few minor pathological players. Of course, they are bound to suffer anyway unless we allow them to make us all suffer by losing all of our fundamental rights. But it makes sense to organize a credible phasing out scenario out of this model. We don't want to find ourselves in the situation of spending hundreds of billions on « saving the media industry » just like government presently do on the car industry because they failed to force them to evolve before. One way to force them to evolve is to make competition easier for other « non-market compatible » models.

The economy is not the sum  
of business models

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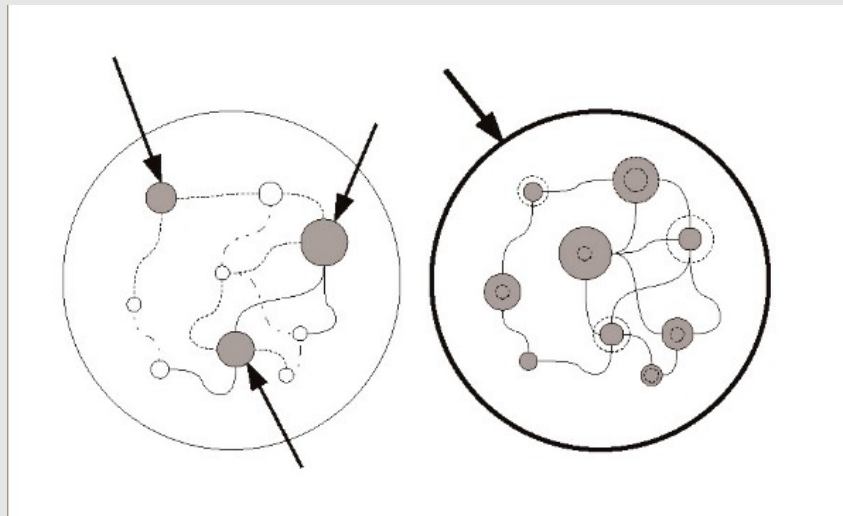
When the optimistic hybrid economy thinkers wish to substantiate their optimism, they use examples. These examples are indeed enlightening : yes Radiohead can make lots of money respecting non-market freedoms and telling people to pay whatever they think worth for the downloads. Yes Jamendo does a great job of giving access to voluntarily shared music recordings and might even be sustainable if it builds a leader position in this domain.

But does it scales up? My answer to this is « it depends ». It depends upon how we couple the non-market activities with the funding of their conditions of existence, that is with whatever our economy will become. Right now it does not work because to be sustainable Jamendo AND the musicians that share on it depend either on channels (record sales, concerts) that are often controlled by interests that do share their values, or on mechanisms that risk polluting the commons such as advertising.

#### 4. Which coupling?

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Ways of coupling, creating connections between the currency-mediated economy and the commons vary mostly by the scale at which these links are established. One extreme is total marketization, where each individual production in the commons would depend on business models schemes and related investment. The other extreme is the basic income model where every individual is given means of existence and allocates freely his or her time to activities of one's choice. Many of the interesting things happen « in between ». The free software commons fare not too bad using a mix of the two extremes and of indirect funding through the university system. But even in this mature well functioning commons, there are issues of scaling up in particular regarding some forms of innovation.



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This is an illustration in my book « Cause commune: l'information entre bien commun et propriété » (Common cause: information between commons and property).

I produced it to illustrate why it is critical to have connections (meaning funding) at the level of the overall commons human ecosystem and not just at the level of individual components through « business models ». You can look at this with the lens of transaction cost analysis or at the level of protecting ecosystems' values, and in both cases you will find (and one can quantitatively model) that using only micro-level funding will bias the ecosystem and impoverish it. One finds similar findings in the study of biodiversity, cultural diversity, etc.

However, this does not tell us which macro-level fundings should exist, and most of my work since 2005 has been on further exploring this issue.

#### 4. The creative contribution example

- A recognition of non-market file sharing between individuals of digitally published works
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- Used for both remuneration (reward to) of worked used on the Internet and for funding of the conditions of creation (what leads to production of future works)

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I will use an example developed in my last book: *Internet & creation: comment reconnaître les échanges sur internet en finançant la création* (Internet & Creation: how to recognize Internet file sharing while fundin creation) as an experiment on the choice of which coupling to build between a non-market ecosystem and the currency-mediated economy.

My proposals build on earlier proposals from a 2003 proposal by EFF in the US to many proposals in Europe since. They all share common elements (the first two bullet points on my slide).

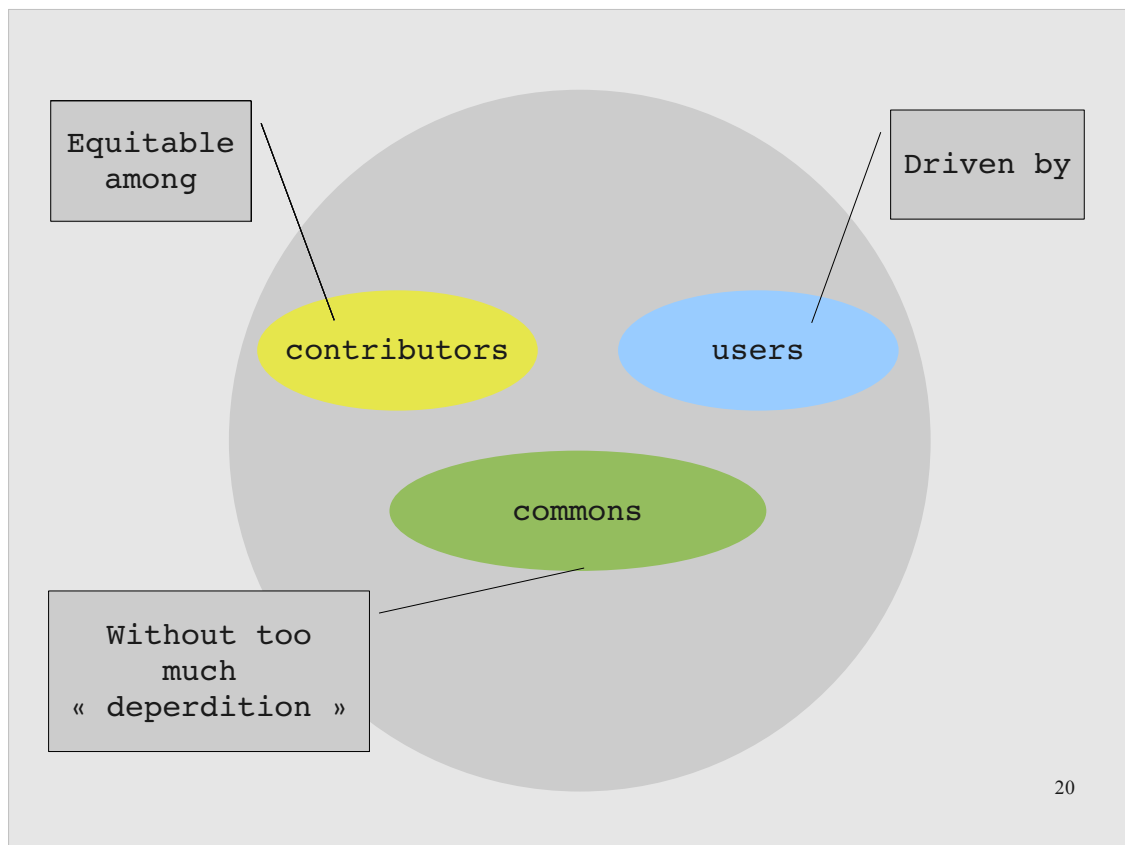


## 5. Conditions for healthy synergy

- Respecting the « good properties » of non-market commons
  - Decentralized free allocation of resources
  - Usage driven assessment of value
  - Freedom of organization enabled by non-transactional rights
- Scalable to accommodate growth of non-market « quaternary sector »
- Positive retroaction in terms of social justice

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Here are some criteria that I motion to be essential to this choice. The first one regards « respecting and enriching the commons ». The second regards scalability. If one believes that information production and exchange will be a quaternary sector after the agricultural, industrial and sectors, one needs to ensure its conditions of existence not just at the present level, but at a much wider scale. The last one regards social justice overall (not just in the commons). If we fail to address it, our nice concrete alternatives will just be crashed by the consequences of insane inequality in societies and in the world.



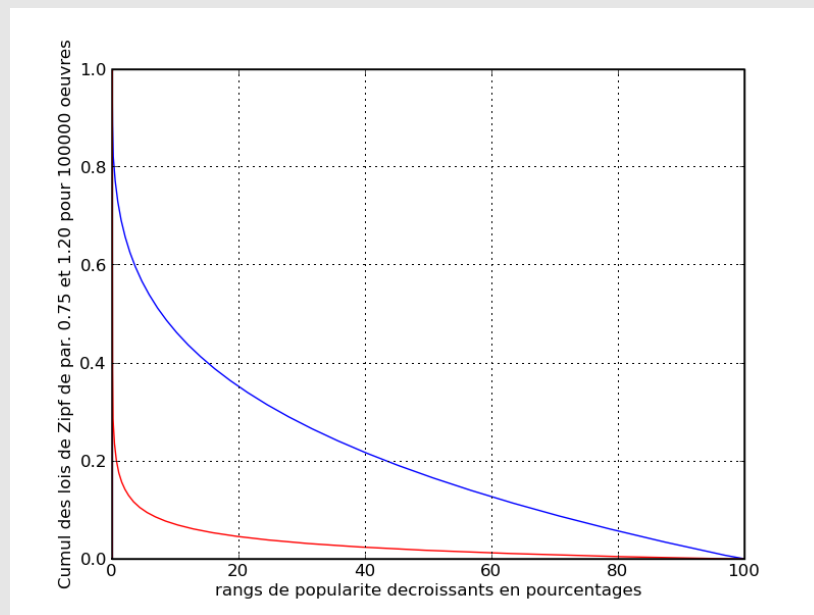
I summarize this graphically by going back to the ternary structure of the commons.

I guess the two points above should be self explanatory, though the practical translation for instance in governance mechanisms can be very difficult.

Let's look at the third one below. Please remember that what we are talking about is how the conditions of existence of the human activities that create and use the commons are realized. When I say that « not too much deperdition occur », what is meant is that money (or similar ressources) that are allocated should not leak too much towards « non-commons compatible » segments of the economy such as speculative finance and other forms of rent-seeking.

Concretely, in the case of P2P licensing, this would mean that not too big a share of the remuneration of usage of works in free sharing should go to artists or contributors that would get much more than needed for pursuing their life and activities.

## Concrete cultural diversity (1)



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All of this breaks down to curves of this type. Don't just go in sleep mode because you would think this is one more long tail boring stuff. Actually what is represented here is how different the cumulated distribution of attention to works can be in a commons world and in a published or controlled distribution environment.

This analysis is substantiated by empirical case studies (by myself on open information communities and the open Internet, by others on P2P file sharing).

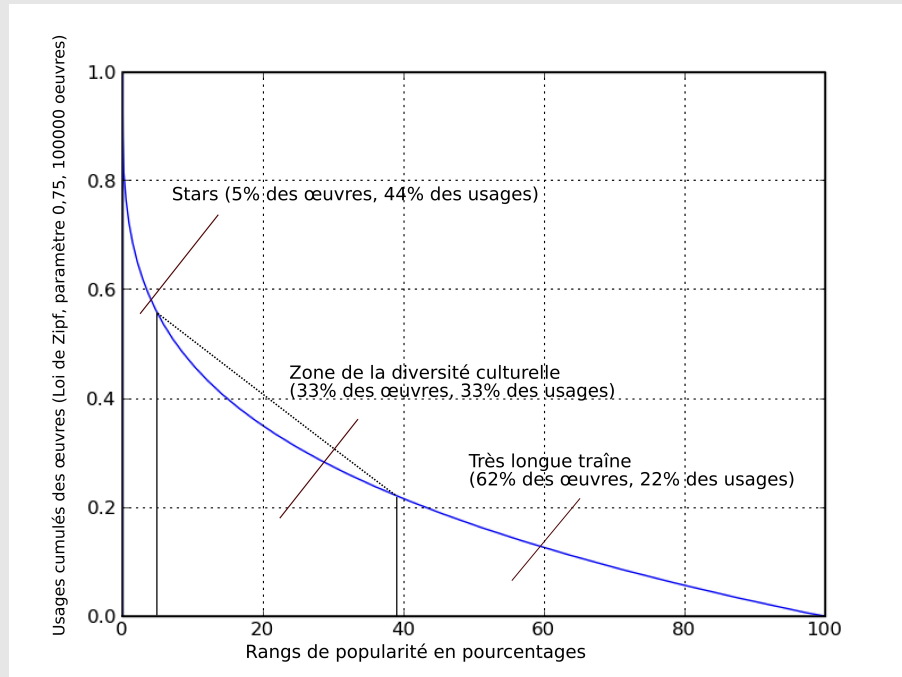
Refs :

- Philippe Aigrain in First Monday 11(6) and in the Internet & Création book (in French)

- TNO/IViR study on impact of P2P

For distribution of attention in the overall Internet, I will soon publish the core stuff on my blog and later as a more formal paper.

## Concrete cultural diversity (2)



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Now, let's look at what I claim is likely to be a distribution of attention in the free usage of digital representations of creative works such as music. One thing we see is that stars still get a significant share of attention, but a much smaller one than in a publishing or distribution controlled world.

So some equity will come directly from the good properties of the commons. But to do better, one needs to change also things such as the distribution functions (how much money one gets from a given level of usage). In an information world it must go sublinear rather than overlinear as in the world of publishing on physical carriers.

However, remember that in a world where transactions costs kill you, perfection is the worse enemy of justice.