

# 1 Introduction

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## 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 typical

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<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).

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 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

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<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).

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 *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

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<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, Stephen, 2013, p. ix).

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 one 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 two 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 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 two. Chapters three and four respectively engage with the Marxist and mainstream traditions and chapter five 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 noncapitalist 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 optimizing 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 four 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 two to four provide important context, many of their central arguments can be found elsewhere in the literature. Chapter five, 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 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 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 satisfaction in work and the development of community. Part three of the book is therefore devoted to examining four different complexes of appropriative practice that have appeared in the contemporary digital economy and to demonstrating some of the benefits of a political economy of practices by showing how it improves our ability to make sense of these cases. None of these cases can be seen clearly when they are viewed through the polarising lenses of the prevailing views of the economy; each of those lenses allows us to see only one dimension – if that – of the economic activity in these diverse economic forms.

Chapter six considers one prominent case of capitalist commodity production, the case of Apple. In many ways Apple approximates to the traditional model of the capitalist firm, making a significant share of its profits by creating and distributing material goods. Yet many aspects of its behaviour, and of its effects, cannot be explained by the rather crude conceptions of the market that feature in political advocacy of the market system. It does not, for example, simply compete in existing markets but constantly seeks to control the market, while excluding competitors by the manipulation of legal rights. It is also earning increasing revenues from the sale of immaterial ‘goods’, raising major questions about the role of both labour and the social construction of property rights in the generation of profit. Nevertheless, elements of the market paradigm do apply to cases like Apple, and it is essential that any innovative model of economic forms should be able to accommodate such aspects as well as those that escape the traditional view.

Alongside the commodity economy, however, the Internet has become the site for a thriving gift economy, exemplified by Wikipedia and open source software communities. Chapter seven discusses the appropriative practices at work in Wikipedia: its creation by voluntary labour, its funding by donations, its provision of its product as a free digital gift, and the internal practices that sustain this model. Wikipedia is a nice example of how the technological characteristics of the Internet have created new opportunities for the co-operative production of digital gifts. As such, it illustrates the importance of the contribution of technology, and in particular of non-human material objects, to shaping and enacting appropriative practices, and this chapter briefly introduces the related concept of



*sociomaterial structures*. It is also a fascinating example of decommodification, in which new combinations of information, software and culture threaten existing commodity producers.

The interaction between the commodity and gift economies has led to the emergence of a range of hybrid forms, two of which are considered in chapters eight and nine. First we consider the model with which this chapter opened. Google's business model for search generates massive profits that depend on it giving things away – search results, email services, and maps, for example – and using those gifts to acquire data about users that allows Google to sell highly targeted advertising. Business models like this, in which wage labour plays a vanishingly marginal role, cannot be explained in terms of traditional Marxist analyses of capitalism, but they also illustrate the inadequacy of mainstream economics: what is the relevance of price competition in a 'market' where the product is free?

Finally, sites like YouTube<sup>5</sup> and Facebook profit from a different kind of hybrid, which I call *user content capitalism*, in which users effectively donate their time to build resources that generate profits for the capitalist owners of the site concerned. Again, we have profit largely without wage labour, but this case also calls into question fundamental concepts of economics, above all the division between production and consumption.<sup>6</sup> Once we move beyond the market, how do we decide which activities are 'economic'? And how desirable are models of production in which users engage in largely unalienated labour but also generate profits for the platform provider?

Different parts of this argument may appeal to different kinds of reader. More academic and more theoretically inclined readers will find part two of the book important, but the book should also appeal to non-academic readers, who could skip part two (perhaps returning to chapter five later) and focus instead on the digital economy case studies in part three. I have tried to make parts one and three accessible to any educated reader, but part two may be a little more challenging for readers without an academic background.

## Historical context and political strategy

One central message of this book, then, is that we live in a much less capitalist economy than most of us think, with a broad range of other economic forms coexisting already, some of which could be developed further to shift the balance of our diverse economy away from capitalism. But this should not lead us to underestimate or wish away

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<sup>5</sup> Also owned by Google.

<sup>6</sup> This is often known as *prosumption*, a concept I will question in chapter nine.

the enormous power that capitalist business exerts in the contemporary world, or the structural consequences that arise from the interactions of many capitalist processes, whether or not the actors involved intend them. There is a nexus of economic, discursive, and political power around the interests of capitalist business that is arguably the single most momentous focus of power in the contemporary world.

In the economic dimension, capitalism generates monetary assets on a massive scale (while the gift economy, however large it is as a share of productive activity, does not) giving capitalist businesses enormous power over resources. They are able to translate that economic power into discursive power through their control of the media industry: although the Internet has created new opportunities for user driven communication, the most widely heard voices are still predominantly those controlled by the capitalist media. The influence of the popular press, TV and radio on how we think about public issues remains enormous, and this is one of the channels through which, for example, the discourse of the economy as purely a market economy has become so prevalent. Equally important, the media has made a major contribution to the construction of a discursive regime in which reputation of governments is measured by their success or failure in stimulating business growth. Both this discursive power and their economic resources have also given capitalist business substantial influence in the political process in most of the countries of the world, and as a consequence many of those governments have pursued the interests of the business sector in their international as well as domestic policies.

It is in this context that neoliberals have been able to refashion the global economic environment, capturing and employing state power to deregulate private business, privatise the state sector, and cut back the provision of public services that do not directly benefit businesses in many of the countries of the world (Klein, 2007; Mirowski, 2013). Neoliberals have both exploited and encouraged globalisation: for example breaking down trade barriers and thus creating the opportunity to shift manufacturing from the Global North to the Global South – or perhaps we should say the Global East – where lower wage levels and looser regulatory regimes allow the extraction of greater profit. One consequence has been to hold down wages in the North and create a class of permanently insecure workers – the precariat – while expanding the class of similarly insecure workers in the destination countries (Standing, 2014).

This is a world in which inequality is rising, as the share of wages in official national incomes falls (Piketty, 2014), with harmful effects not just for the poor but for the entire population (Wilkinson & Pickett, 2010). It is a world in which multinational corporations like

Apple, Google, Facebook and Amazon can arbitrage regulatory regimes to pay only minimal taxes on their enormous revenues, avoiding their obligations to contribute to funding the very states they depend upon to protect their interests (Duke, 2012; Duke & Gadher, 2012). It is a world in which the values of the market gradually eclipse all others (Sandel, 2013). It is, increasingly, a world that pays no regard to the needs and problems of human beings who do not command monetary power. And it is, of course, a world that needs to be changed. The massive power of capitalist businesses to defend their interests is a major obstacle to such change, but it is not the only obstacle.

A further obstacle, and the one that motivates this book, is the lack of viable alternatives on offer from many of the critics of neoliberalism. Traditionally different sections of the left have advocated two routes to improving the organisation of our economy: reformist accommodations with capitalism on the one hand, or seizing the state to impose revolutionary change on the other. Neither of these, in my view, is a viable path to a radically better economy. Both derive from the monoliths in our heads: from the view that capitalism is an “all or nothing” system, and a homogeneous one at that. But once we recognise that other economies already exist all around us, a third option becomes available: to introduce, develop and support progressive economic alternatives within our diverse economy, while seeking to cut back the more harmful forms and aspects of capitalism.

This is a route that Vishwas Satgar has called *transformative* politics and it has an increasing number of advocates (Satgar, 2014). In the world of political practice, it fits with the outlook of the World Social Forum and the many campaigning organisations linked to it (Mertes, 2004; Ponniah, 2003). In the world of academic theory, it fits quite closely with a number of projects related to alternative economies and solidarity economies (e.g. Hart Laville & Cattani, 2010), but most productively, perhaps, with the logic of Erik Olin Wright’s *real utopias* project (Wright, 2010). Wright, though he has a Marxist background himself, is critical of the traditional Marxist tendency to focus on the critique of the present while saying very little about what kind of future we should be aiming at, beyond vague platitudes about communism. Instead he argue that we need to develop clear and detailed alternative proposals which he calls “real utopias”. These alternatives are *utopian* in the ethical sense that they are visions for “social institutions free of oppression”, visions that expand our imagination about what is possible (Wright, 2010, p. 6). But they are also *real* in the sense that a proposal only qualifies if we can make a good case that it is viable and achievable. What makes Wright’s project particularly compatible with the argument of this book is that the utopian proposals he endorses do not advocate a new monolithic economy, but instead offer a range of partial

alternatives that could coexist with existing institutions, including economic forms that could plausibly operate within an evolved version of our diverse economy. As Geoff Hodgson has argued, “If there is a role for utopians... it is not to design one Jerusalem but to understand and imagine a whole set of contrasting and unfolding possibilities, and the social forces that could lead to them” (Hodgson, 1999, p. 154).

Here we have the basis of a viable progressive strategy for the economy: work on many fronts, advance many options, recognise that we have a diverse economy and work towards shifting the balance. This means growing some progressive alternatives but also cutting back some regressive ones. It entails being open to a wide range of alternatives, including the possibility that there might be some valuable continuing role for some forms of capitalism in a more adequate mixed economy of practices.

Capitalism itself is not a monolith; there are many different complexes of appropriative practice, operating in many different contexts, which have often been lumped together under that label. The Marxist discursive strategy of dividing the economic and political spectrum into bourgeois and proletarian, them and us, has made it difficult for thinkers on the left to differentiate between different economic forms that are labelled capitalist, and closed off the possibility of a radical left that evaluates some capitalist economic forms as useful and others as harmful, and differentiates between these in its political strategy. Only the right, it seems, is allowed to recognise the positives in some capitalist forms of business organisation, such as their flexibility, their dynamism in developing new products and services, their success in pushing forward technological development, and their ability to reallocate resources through the process Schumpeter calls creative destruction (Schumpeter, 1994, p. 83). Even the ability of market forms to orient production towards customer demand would be a desirable force in an economy with a less unequal distribution of purchasing power.

The total abolition of capitalism is thus not only unrealistic but also *undesirable*. Once we recognise that capitalism itself is diverse we can focus on differentiating between those forms that (if suitably regulated) could contribute to an economy oriented to human needs and those which could not. This is not only an essential strategy for identifying desirable ways forward; it is also an essential strategy for identifying politically feasible ways forward, because it is unlikely that any strategy that both antagonises the *entire* capitalist power-complex and denies the positive experiences that many ordinary people have with *some* capitalist employers and providers of goods and services could achieve political momentum. Put simply, I am suggesting a strategy that involves distinguishing between good capitalism

and bad capitalism and bringing the good capitalists onto the side of progressives, or at least to a position where they do not feel threatened by criticism of more harmful forms of capitalism. The alternative is to push all or most capitalist businesses into the same political alliance against progressive change.

Nevertheless, progress towards an economy more oriented to human needs is also likely to require the outright abolition of some forms of capitalist practice and the regulation of others, including some that are backed by, and productive of, enormous financial power. Such changes will surely provoke massive resistance from the businesses affected and their discursive and political representatives. I do not claim to have a solution to this challenge, but I suggest it will involve building political alliances between the advocates of a broad range of different practices in a diverse economy. There is at least some indication of what such an alliance might look like in the shape of the World Social Forum. It is particularly significant that the WSF, unlike most leftist movements in the Global North, is not centred on the labour movement, and thus not tied to the labourist strategy of shifting the balance of power within the wage labour relationship rather than developing economic alternatives to that relationship.

### **Towards a new political economy**

Although the last section strayed into questions of political strategy, it did so only to position this book's argument in the current political and economic context. The primary focus of this work is not politics as such but political economy. Let me tentatively define *political economy* as the scientific, but also necessarily evaluative and thus political, study of economic practices and systems. While the mainstream tradition often presents itself as purely technical economics rather than an evaluative and thus political enterprise, any recommendation arising from economic analysis is always concerned with the allocation or appropriation of resources and benefits between different people and therefore cannot be ethically neutral. Such recommendations always entail ethical evaluations, whether these are explicit or hidden from view. Marxism, by contrast, makes a virtue of claiming the label of *political economy*.

There are thus multiple political economies, where *a* political economy is a more-or-less homogeneous, coherent, and comprehensive tradition of work *on* political economy. These traditions arguably share some of the characteristics of Kuhn's *paradigms* (Kuhn, 1970). They build on core theories that are taken to be fundamental to the tradition. They develop their own conceptual vocabulary and structure of argument, which may make it

difficult for adherents of different traditions to make sense of each other's arguments, or even to *see* empirical phenomena that do not fit within the categories of their own paradigm. And their adherents are somewhat resistant to revising or rejecting core concepts and theories, finding ways to reinterpret apparently conflicting evidence that prevents it from threatening their belief in the paradigm. On the other hand, the existing traditions in political economy are even more resilient to disproof than the paradigms Kuhn studied in the natural sciences because they have found ways to insulate themselves from mundane considerations of empirical validity. Partly this is done under cover of the sheer difficulty of testing social science theories, but it also happens because adherence to the paradigm is often motivated more by political belief than by scientific considerations.

Today we are faced with only two substantial political economies: the explicitly political economy of the Marxist tradition, and the covertly political economy of mainstream economics. The former claims the label of political economy, but the latter is equally political, though it conceals that under a mantle of pseudo-objectivity and mathematics. It provides a framework that accepts and implicitly validates the market economy as the only form of economy, and provides the technical material that underpins the neoliberal political agenda.<sup>7</sup> Both of these political economies must be rejected. As I shall argue later both are scientifically unsound, and both are committed to political projects that are out of step with the needs of humanity.

This book argues that we need a new political economy: a political economy of practices. As with all intellectual developments, it builds on but goes beyond earlier ideas. Bourdieu, for example, has called for “a general science of the economy of practices, which would treat mercantile exchange as a particular case of exchange in all its forms” (Pierre Bourdieu, 2002, p. 280). Not only drawing on earlier work, but also influenced by some recent political movements, the book contributes to a tradition that is arguably already in formation, by offering a different kind of political economy more suited to our diverse economy and the political challenges it raises.

From the ethical perspective, it advocates a political economy that is also what Andrew Sayer calls a *moral economy*: a political economy that takes an evaluative stance towards “economic systems, actions and motives in terms of their effects on people's lives” (Sayer, 2004b, pp. 80–81). Such evaluations always presume values or ethical standards upon which their judgements are based, and providing objective justifications for such values is

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<sup>7</sup> Though neoliberalism has also been inspired by Hayekian economics, which shares the market paradigm but differs from neoclassical economics in some respects.

notoriously difficult. Elsewhere (Elder-Vass, 2010a) I have tiptoed through this minefield to support Habermas's claim that we can arrive at good justifications for ethical standards through a process that he calls *discourse ethics*. This describes a process in which ethical principles are provisionally agreed through discussions conducted in a spirit of truthfulness and sincerity, where all those affected are suitably represented, and where differences in power are not allowed to influence the outcome (Habermas, 1993, p. 31). On the basis of global processes of debate that have approximated to this model we have good grounds, at least, to argue that we should value all humans, support those systems and actions that provide for their basic needs and the capabilities they require to achieve human dignity, and oppose those that do not (see chapter three).<sup>8</sup> We may be able to justify stronger ethical standards on the basis of the discourse principle: for example, that we should not only meet the basic needs of all but also enable them to achieve their full human potential, or in other words to *flourish*. But the contemporary economic system blatantly fails to deliver even the weaker requirement of providing the basic human needs of all, and it is the responsibility of political economy to investigate why that is and how it could be changed.

The standard presentations of both mainstream and Marxist political economy implicitly concede that we should value all humans, since both invoke some variety of this standard in their discourses of justification. Mainstream economists and apologists for capitalism routinely argue that the market system benefits everyone, and that this provides adequate justification for it. Marxists routinely argue that their objective is a communist society in which the needs of all are met, and that this justifies all manner of instrumental decisions along the way. Yet both employ this standard as a kind of legitimation device, employed to justify a theoretical and political stance and then pushed aside, never to be consulted again. This is not the perspective of moral economy: for a moral political economy, the principle that we should value all humans and provide for their basic needs and capabilities is a criterion to be employed in the evaluation of specific actions, systems, and policies.

An ethical perspective, however, is not all that we need: if we are, for example, to evaluate economic forms on the basis of the outcomes that they have for human flourishing, we need to be able to analyse what outcomes they tend to produce, and how. A political economy must therefore also be scientific: it must analyse the real social world as it actually functions, rather than substituting highly abstracted models for empirical relevance. Nor can

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<sup>8</sup> On the question of capabilities, see in particular Nussbaum (2000, p. 5). Her full list of essential capabilities is provided on pp. 78–80.

its scientific conclusions be subordinated to philosophical dogma such as the labour theory of value or the teleological conception of history as a series of stages leading towards a faintly imagined nirvana.

As I have argued in my earlier books, drawing on the philosophical tradition of critical realism,<sup>9</sup> an adequate scientific approach to the social world requires that we see social events in terms that are similar in some crucial respects to natural events: they are produced by the interacting causal powers of a variety of different entities, which may include material objects, human individuals, and social entities (often referred to as social structures) (Elder-Vass, 2010b). Any given event will be *multiply determined* by a number of different powers, depending on the particular context, and explanation of such events depends on (a) recognising the full range of causal powers involved; and (b) identifying how each of these causal powers works. By ignoring all but a handful of the factors that influence economic events, mainstream economics simplifies the task, but unfortunately in the process it simplifies out elements that are crucial to understanding the economy. Social forces beyond the swings of supply and demand are the most striking: the economy depends, for example, on culture, on social networks and relationships, and on the social construction of phenomena like money and property (Elder-Vass, 2012). A fully adequate account of the economy will sometimes have to take account of these forces, and indeed others, which is only possible in a political economy that seeks to understand the economy as a site of many interacting entities and mechanisms.

Critical realism's ontology thus provides a coherent framework for the scientific tasks of political economy, but this does not in itself solve the substantive scientific questions: every causal power, and every event, requires investigation of the empirical evidence as well as theoretical analysis of the mechanisms involved before an explanation can be developed. To produce not just one explanation but an entire political economy is thus an enormous task. To produce one from scratch would be unthinkably daunting. Fortunately there is already a great deal of material that can be reused and built on. On the one hand, there have always been thinkers who have stood outside the mainstream *and* Marxist traditions: heterodox economists of many stripes, social theorists, economic sociologists, and economic anthropologists, for example. These thinkers have generated important material that already casts light on many of the mechanisms at work in various sectors of the economy. And on the other, even some of the work done in the two central traditions can be disembedded from its

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<sup>9</sup> Key contributions to critical realism's social ontology include: (Archer, 1995; Bhaskar, 1975, 1979; T. Lawson, 1997; Sayer, 1992).



context and used to construct a more realist analysis of the phenomena concerned. We can simultaneously draw on both of these traditions while rejecting their core assumptions.

This political economy of practices is also therefore a pluralist political economy, in several respects. From the scientific perspective, it recognises a plurality of economic forms that must be analysed in different ways; it accepts contributions from a plurality of traditions of socio-economic thinking; and it accepts the need for a plurality of methods in order to investigate and analyse economic phenomena. From the normative perspective it advocates a continuing diversity of economic forms and the development of a plurality of new ones. And from the political perspective it recognises that there is no end point for the diverse economy, but only a perpetually changing mix of practices and as a consequence we will have a permanent need for political pluralism: a healthy polity of debate over which alternatives should rise in the mix and which should fall.

This book, then, is a step towards a new political economy, an ethical, realist, pluralist political economy, a political economy of practices, which can provide us with the tools to understand, evaluate and indeed see the diverse economy that surrounds us.