Is an Ethical Economy Possible: New Forms of Value in the Information Society?

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In recent decades, managerial discourse and actual business practice has paid increasing attention to ethics. What was chiefly an academic discussion about business ethics has grown into a virtual 'ethics industry' (Hyatt, 2005), and has been supplanted by a growing focus on corporate social responsibility and a booming consumer demand for ethical or 'fair' goods. Critical observers, myself included, have tended to dismiss this focus on ethics as little more than a cynical response to the new demands put forth by a more networked and better informed public opinion. Together with the managerial promotion of ideals like 'creativity' or 'self-actualization', such 'ethics-talk' has been read as part of a New Spirit of Capitalism, in which the critique put forth by the social movements of the Sixties and Seventies has been incorporated and transformed into a new way of legitimizing the same old forms of exploitation and capital accumulation (Boltanski & Chiapello, 1999). In this short piece I would like to try out a different approach. I will suggest, quite provocatively, that the managerial focus on ethics is more than just a cynical move. Nor is it merely a matter of benevolence. Rather, it reflects an important structural transformation within the information society: the growth of a number of strategically central, albeit quantitatively marginal productive practices: all working according to a logic where value is related to the quality of social relations, and not to the quantity of productive time, or as Marxists would say, socially necessary labor time. These diverse practices, which I collectively refer to as 'the ethical economy', are located within the boundaries of the corporate world, as in the case of new forms of knowledge work. But they also transpire outside of, or even in opposition to corporate capitalism, as in the case of more purist forms of Free Software. These processes are generally located at the top end of contemporary value chains and they have all to do with the production or manipulation of information and affect, like experiences, events and brand image. As such they have all been significantly empowered by the spread of networked information and communication technologies. The traversal nature of this ethical economy means that it is likely that its further growth and consolidation will quite radically redraw the boundaries of capitalist economy and redefine the field of conflict and compromise on which it evolves. (This is already visible in intensifying struggles over intellectual property and the
emergence of powerful hybrid forms like the social entrepreneurship movement, cf. Boyle, 2008.)

The fact that the ethical economy is closely linked to information technology, or, more precisely, that it emerges out of the extended forms of cooperation that these technologies enable, implies that the ethical economy is likely to be central to the emerging economic ecology of the information society. The ethical economy might even become hegemonic to that ecology. Will value in the information society be conceived of as organized around ethics, just as it was conceived of as organized around labor in industrial society? That would amount to nothing less than a mutation in the socially dominant value form, a rare and radical kind of social transformation which has, nevertheless, occurred before (as when 'labor' and 'self-interest' emerged as central forms of value and motivation out of the tumultuous transformations of the European 17th century (Hirschman, 1977, Linebaugh & Rediker, 2000).

Why Ethical Economy?

The notion of an 'ethical economy' is immediately provocative. After all, ever since Aristotle, ethics and economics have been understood to belong to different spheres (the polis and the oikos, respectively) and to build on incommensurable logics. Economics is about the production of material necessities and the accumulation of private gain, ethics is about the civil coexistence of free men in the polis. When necessary the former must be invoked to contain the latter, as in the Aristotelian notion of 'just price'. A similar perspective has been prevalent in the tradition of business ethics. There ethics has generally been conceived as the justifiable limitations that must be put on business practice in the interest of the common good (Rodin, 2005). My use of the term 'ethical economy' builds on a different idea: that ethics is not to be conceived as an extrinsic limitation to economic pursuits but, on the contrary, as an intrinsic source of economic value. This requires a different understanding of ethics. To most of the tradition of business ethics, as well as to modern (post-Kantian, or even post-Augustinian) discussions of ethics more generally, ethics has been taken to mean something like 'the elaboration of general roles for moral action'. More recently
such formalistic theories of ethics have been challenged by more 'post-modernist' approaches like those of Alain Badiou, Imanuel Levinas, Judith Butler, and, long before postmodernism, Michail Bakhtin (cf. Bauman, 1993). Common to these authors is a rejection of universal ethical rules in favor of an approach that conceives of ethics as the practice of creating values and norms of action (a nomos) that is particular to the specific situation at hand. To put it in the words of Gabriela Coleman, who applies Bakhtin's theory of ethics to Free/Open Source Software production, “the hard labor of ethics, its demanding phenomenology, is an outgrowth of taking risks, putting in the effort to engage with others and choosing to confront the situation at hand in its specificity” (Coleman, 2005:60). In this version, ethics is less about the elaboration of universal moral laws (such as the Kantian imperative) and more about creating the values and norms that keep a particular web of social relations together. Ethics is about producing however transitory forms of communion. Curiously, such 'postmodern' definitions of ethics come very close to what Aristotle had in mind. For him, ethics- conceived, importantly, as a craft, rather than as a science- was about the construction of community through the mutual balancing of affects and passions (ethoi). In their free interaction as ethical beings, the citizens construct the kinds of social relations that make the good life (eudaimonia) attainable within the polis. Ethics in this sense of the balancing of affect and the construction of relations is the very foundation of the political project of constructing a thing in common.

**Where is the Ethical Economy?**

We can see the emergence of precisely this Aristotelian notion of ethics as the fundamental value-creating practice in a number of central contemporary business developments. Corporate social responsibility, a field that is rapidly moving from a marginal add-on to a central business practice, has evolved from a matter of 'doing good', or ensuring that business practice confirms to universal standards of proper conduct, to a matter of balancing the interest of a multitude of stakeholder groups, and actively managing the relations that confer value on the company. CSR in this sense is
about extracting value from the relations that constitute increasingly open and networked companies (Vogel, 2005). Marketing has seen a similar development. It has evolved from the 'scientific salesmanship' of the 1930s to a discipline that actively seeks to install and cultivate productive relations with consumers and other stakeholder groups. This is most visible in contemporary developments like 'customer co-production' or 'relationship marketing, where value depends on the ability to 'unlock the productive potential of relationships' (Prahalad & Ramaswamy, 2004:10, cf. Zwick et al. 2008). Similarly, contemporary forms of knowledge work, whether this be the high paid work of managers or the low paid work of the growing service 'precariat', tends to confirm to the model of immaterial labor, put forth by Maurizio Lazzarato (1997) and his colleagues. There, as Lazzarato emphasizes, what really creates value is the ability on the part of workers to create and maintain social relations, whether this be the temporary relations that enable the project team to function, or the affective relations that make possible a positive service experience. Indeed, Lazzarato goes as far as to suggest that in immaterial labor “the production of value tends to coincide with the production of ethicity (eticità)” (1997:13). Finally, this confluence of ethics and value is visible in a host of 'anti capitalist', oppositional, or hybrid practices, like the rapidly growing Free Software movement, new Open Design communities and social entrepreneurship and other forms of bottom up social production (like the urban agriculture movement, Carson, 2008).

It is significant that Coleman uses Bahktin's Aristotelian notion of ethics to describe productive practice in the community of Debian developers, and that she calls it 'ethical labor' (an expression that would have made Hannah Arendt cringe!). In her description it is such ethical labor, rather than programming labor that is the most important source of value in the Debian community. Programming is abundant; contrary to Microsoft, Debian does not need to pay people to program, on the contrary the community needs to devise complicated entry rituals to keep potential programmers out. What is scarce is the ability to build and maintain the complicated web of relations that keeps Debian functioning as a productive community and that maintains the ability of
the Debian brand to keep attracting vast supplies of free programming labor. Conversely, along with technical brilliance, it is the hard 'ethical labor' of building community that ultimately confers on participants the charisma and reputation in which their relative value is manifested. This picture is not too different from the ways in which management scholars have described work in networked, knowledge intensive 'post-bureaucratic' organizations (Maravelias, 2003). Indeed, a wide and quite disparate literature on Free/Open Software (Coleman, 2005, O'Neil, 2009), Social, Open or User-led Innovation (von Hipple, 2006), web 2.0 (Benkler, 2007), brand management and viral marketing (Arvidsson, 2006); knowledge work and creativity (du Gay, 2007, Arvidsson, 2007) suggest similar findings. In advanced contemporary productive practices, ethics and economic value seem to coincide.

**General Intellect**

Why is this the case? All of the productive instances listed above rely mainly on abundant or 'common' (Dyer-Withford, 2005) resources. The creation of trust and social capital deploy common affective and communicative skills. The same thing goes for self-organization and creativity. Customer co-production schemes are about appropriating the common knowledge of consumers. Web 2.0 participation requires that are common to one's group of peers, and access to a networked computer, which is fairly 'common'- in the sense that 1.5 billion people have such access. FLOSS or Open design participation requires more sophisticated skills which are nevertheless common to particular communities of practice. Indeed one of the most prevalent reasons for participating in F/OSS initiative is the ability to absorb this common knowledge through a collective learning process, O'Neil, 2009. In other words, the most important productive resources deployed by social production are skills and competences that are commonly available and highly socialized, what Marx, in a famous and much quoted passage in the *Grundrisse*, called General Intellect (Marx, 1973[1939]:705-709). Marx said two important things about General Intellect. First, that this is a common resource, freely available to workers through their membership in a productive context;
their status as social (on our case, 'networked') individuals. Second, that to the extent that the capitalist production process becomes more complex- as it has with the onset of globalization and the hyper-networking that mark the information economy- the importance of such General Intellect would dwarf that of labor time as a source of wealth. But since General Intellect is common, and hence abundant, it cannot, by definition, constitute a basis for value. Hence Marx concludes that the massive importance of General Intellect as a source of wealth will ultimately explode the 'labor theory of value' on which the capitalist economy builds, and propel us directly into communism, where the most important productive resource would remain 'beyond value' (Negri, 1999). What Marx did not foresee was that the very expansion and complexity of the productive process that have promoted this new importance of General Intellect also create the conditions for a new standard of value. When production is hyper-complex and networked, and builds on commonly available resources, the scarce element becomes the ability to coordinate such complex and mobile processes in real time in ways that ensure the successful appropriation and utilization of General Intellect. Economic value becomes contingent on the ability to build, however transient social values and norms that are able to coordinate particular and situated productive processes. The creation of value comes to depend on the ability to construct the temporary, particular and situated nomos that allows a flexible and complex productive process to go on. In other words, value becomes contingent on ethical practice.

The value of ethics resides in its ability to construct however temporary forms of order in complex productive networks. This is particularly relevant in situations with abundant recourse to common resources and 'free labor', or forms of labor that are difficult to command, like the 'creativity' of employees. Since such resources are ‘free’ in the double sense of being unpaid and being beyond command, they render the two classic forms of capitalist coordination, identified already by Coase (1937), market and contract, insufficient. Here the value of ethics takes two important forms: One, 'the right kind of ethics' confers order and direction on productive cooperation, it creates the kind of
trust and social capital, which facilitates cooperation in complex networks. Two, 'the right kind of ethics' is able to attract externalities that are difficult both to command or remunerate (like customer input to Open Innovation systems, or programmer labor in Free Software).

General Sentiment

These two problematics- how to organize extended and complex productive networks that build in part on 'free labor', and how to legitimately appropriate common resources- are also central fields of struggle in contemporary capitalism. As such they have given rise to a number of attempts to subsume the ethical economy under an established value logic. One example of such attempts are the corporate promotion of forms of subjectivity and life projects that 'package' productivity in market-ready formats like 'creativity' or 'entrepreneurship' (Abercrombie, 1991) or that seek to build the kinds of cultural ‘values’ that can attract economic value from the social (as in the case of brand management, Arvidsson, 2006). Another example is the expansion of the range and scope of intellectual property rights. All of these fields are ripe with struggles and conflict, and they have been amply discussed elsewhere (Boyle, 2008 du Gay, 2007). I would like to focus on a different aspect that is more rarely discussed yet in rapid evolution: the unresolved issues of how to measure this new value form.

Concomitant with Marx's observations, contemporary capitalism is faced with a growing value crisis. (And we can view neoliberalism as an attempt to bracket that crisis by elevating to dogma the central dictum of neo-classical economics: that there are no values, only prices.) This value crisis is visible, among many things, in the rapidly growing share of intangibles to company valuation. Intangibles are per definition resources that fall outside of established accounting standards. This does of course not mean that there are no attempts to measure such intangible efforts. On the contrary there is a whole measurement industry that proposes more or less realistic models for the estimation of things like brand value or intellectual capital. Just like existing
attempts to measure the productivity of service work, educational efforts or other forms of
immaterial labor—beginning perhaps with the TQM movement in the 1980s—there efforts depart from
an established, 'taylorist' (De Angelis, 2007), or 'disciplinary' paradigm of measurement, where
'value' is defined according to adherence to centrally defined standards or benchmarks. In other
words, the quality of relations that is the source of value in these practices or assets, whether it be
the quality of a service encounter or the quality of relations between a brand and its stakeholders,
are measured in ways that are similar to the practices that have evolved around the measurement of
value in terms of labor time. At the same time however, a radically different way of conceiving of
(and eventually measuring) value is emerging. At a first level this new value form is visible in the
proliferation of reputation economies; in self-branding as a key to managerial careers and in a host
Common to these instances is that value is not related to centralized standards, but to the ability to
attract positive affect from one's peers or from members of the public at large. Taking inspiration
from Gabriel Tarde's (1902) pioneering work we could say that, just like value is produced by
accumulating General Intellect, it is estimated through accumulations of General Sentiment. This
new value form is taking its first steps towards objectification in the proliferation of ratings and
reviewing in e-commerce; in the success of social media like Facebook or Twitter that in some sense
objectify one's 'ethical value', or at least the number of one's friends together with some aspects of
the quality of one's interaction with them (visible in the activity level of one's profile, for example),
as well as in the growing use of bottom-up tagging systems, or 'folksonomies' as ways to evaluate
the utility of information, starting, albeit imperfectly, with Google itself.iii There are already start-
up companies who are trying to synthesize this multitude of peer-judgments into general ethical or
'trust' indexes. Very likely the transition to mobile platforms and the proliferation of RFID tags or
other aspects of the coming 'internet of things', will radically facilitate this practice. Such peer-
based forms of measurement bring on two important novelties. First, that they are peer based, that is
value is not conferred by one central gaze, as in the disciplinary regime of industrial society, but by
a multitude of glances.\textsuperscript{iv} This implies a radical democratization of the (Nietzchian) ability to decide what the values should be. This fits nicely with the socialization of the ability to produce value that constitutes an important structural tendency in the General Intellect-based information society. While this will most probably have a long range of unpleasant consequences (imagine its implementation within corporate bureaucracies, for example), it does open up for the possibility for a rather radical democratization of the economy. This is particularly likely if such peer-based measurements can be tied to the valuation of financial assets. Imagine for example that as I swipe my cell phone over a branded sweater in the store I get access to a number that synthesizes the ratings of the ethical impact of that brand on the part of a multitude of actors placed all along the value chain, including perhaps the Thai seamstresses that have actually produced the sweater. Then imagine that that ethical index not only affects my willingness to purchase the sweater, but that investors will treat it as a reliable estimate of the intangible value of the brand, much like they treat Interbrand's much less realistic measurements today.

Second, the proliferation of the peer based estimation of one's overall social impact as the main form of value would institutionalize a radically different motivational structure all across the social fabric. In his analysis of protestantism and the Spirit of Capitalism, Max Weber makes the fascinating argument that while the first generation of protestant entrepreneurs worked hard for the love of God, the second or third generation worked even harder simply because they had to. The values of continuous accumulation had been socially institutionalized in the new iron cage of capitalism. That iron cage was the tangible result of a host of institutional developments, the most important being the capillary diffusion of money in a social fabric that up until the 18\textsuperscript{th} century had remained predominately untouched by that medium (Braudel, 1985). As Georg Simmel (1978 [1907]) subsequently observed, the spread of money helped to institutionalize a new value structure where individual self interest and a calculating attitude came to prevail. Seen form this perspective, it is not unlikely that the capillary diffusion of some form of medium of ethical value will
institutionalize a different overall motivational pattern: the drive to expand the reach and quality of one's social impact.

This is of course speculation, it is unlikely that ratings will save the world, or that technology will propel us directly into something akin to the Whuffie-based reality of Cory Doctorw’s (2003) famous novel. However, there are two major reasons to believe that it is likely that some form of objectification of General Sentiment will grow in importance as a medium of value, and that it will acquire some influence on how financial markets work. First, because the measurement industry is growing, and there is a distinct demand for a rational system for the evaluation of intangible assets. The first company to build a system that is based on how those assets are actually evaluated by the people that consume and produce them is likely to make a killing! Second, because the proliferation of networked Ict:s is also the socialization of the means of social organization: This means that bottom up social technologies, among them new media of value are more likely to emerge (this is already visible in the massive expansion of alternative currencies, Lietaer. 2001). In other words, people have an unprecedented power to organize economic flows from the bottom up. Is it possible to imagine that one major field of resistance to the capitalist subsumption of the ethical economy will be the popular imposition of a new logic of value? Could such a perspective cast a different light on diffuse phenomena like ethical consumerism, growing online social activism, and the surge of social entrepreneurs?


Doctorow, C. 2003, *Down and Out in the Magic Kingdom*, San Francisco; Tor Books.


The term 'precariat' has been circulating for some time in European activist milieus and it has only recently trickled up into social science discourse. The precariat, is defined by their unstable and subordinate conditions of labor and existence. (In Latin, *precarius* means both insecure, like a peasant without tenure to his land, and 'something that has been obtained through prayer'). It is a more apt term than proletariat that originally implied a class of people who's only wealth were their children. One of the defining elements of the European precariat is that they have few or no children cf. Tari & Vanni, 2005.

This does not mean that labor disappears, but that its value becomes related to its ability to exploit General Intellect. Rather than the disappearance of labor, this situation presupposes an enormous expansion of the global labor force and hence of the availability of an enormous mass of productive skill that can be networked into General Intellect.

Although the 'folksonomic' page-rank algorithm was Google's original idea, it now counts as one of some 200 variables that determine the ordering of search results.

Rather like the citizens in Aristotle's Athens who were evaluated by each other, or for that matter like members of any traditional society. The difference is of course that the global, networked polis is far larger, and far to dynamic and mobile for public ritual to function as a medium of value conferral, cf. Graeber, 2001.