

## **Gifts and Commodities: Temporal Contradictions of the Internet Economy and their Forms of Appearance**

The Internet economy has been conceptualized as a contradiction or symbiosis between commodity and gift exchange. According to the proponents of this thesis, the Internet, with its reliance on non-rivalrous digital data and low cost of copying, enables the existence of a high-tech version of the gift economies that Marcell Mauss, Bronislaw Malinowski, Marshall Sahlins and other economic anthropologists theorized in relation to so-called primitive societies.

Richard Barbrook argues that the non-rivalrousness, the low cost of copying and the architecture of the Internet are reasons for the existence of the online high-tech gift economy. Hyperbolically, he refers to the Internet as a “really existing form of anarcho-communism” because Internet users collaborate and exchange information without the “direct mediation of money.” Similarly, but with less hyperbole, Christian Fuchs argues that “information gifts form a part of the Internet economy in which goods are distributed for free and openly accessible” (2008:21). For Lawrence Lessig (2008) the gift economy as part of read-write culture, which is inherently about sharing.

This gift economy, however, exists in symbiosis with or in contradiction to commodity exchange. According to Barbrook “On the Net, the same piece of information could exist both as a commodity and a gift... The profits of commercial Net companies depend upon increasing numbers of people participating within the hi-tech gift economy.” Fuchs’ theorizes the same contradiction as one between the logics of co-operation and competition. Rooting his conceptualization in informational capitalism, he considers the contradiction as follows: “Information gifts form a part of the Internet economy in which goods are distributed for free and are openly accessible. Information commodities constitute a subsystem of the Internet economy in which goods are sold and controlled with the help of intellectual property rights” (Fuchs 2008:210). Fuchs maps this contradiction onto the internal

contradiction of the commodity form: the gift onto use-value and the commodity onto value.

In relation to labour, he conceptualizes the contradiction as one between “global co-operative production” and “global outsourcing for reducing c[onstant capital] and v[ariable capital]” (Fuchs 2008:210).

Lessig counter-poses “read-write” culture with a commercial “read-only” culture. Read-only objects are subject to copyright and before they can be used permission must be given, usually granted through purchase. Barbrook also recognizes that the same piece of digital code may exist as both a gift and a commodity. Similarly, Fuchs argues that the circulation of digital commodities form part of a sub-system of the Internet economy that is controlled by intellectual property rights.

Theories of the gift economy 2.0 typically do not theorize the gift as the obligation to reciprocate in order to strengthen social relationship as Mauss and Malinowski focused on, and instead focus on the gift as an object or the labour behind the object that is given. This focus on the object and labour is understandable, however, considering that these theorists often counter pose gift exchange to Marxist commodity exchange. The gift is thus that which is not exchanged for money.

This paper, while agreeing that the Internet economy is indeed a contradiction between gifts and commodities, will analyse why this contradiction came about in the first place. I argue that gifts and commodities are the forms of appearance of the fundamental and internal contradiction of the digital object – the fundamental unit of the Internet economy – and that it is the speed of telecommunications that produces the differentiation of the digital object into the two elements of gifts and commodities, an external opposition that expresses the inherent contradiction of the internet economy between simultaneity and immediacy.

In order to make my argument I rely on Marx theory of the circuit and circulation of capital and Paul Virilio’s category of real time. I start with the circuit of capital that Marx described in the second volume of *Das Kapital*.

## **Circuit of capital**

Capital is a circuit because it is a quantity of value that passes through a sequence of mutually connected metamorphoses of economic forms that comprise three stages of a total process. Fulfilling the function of each of the particular forms completes a stage. Two of the stages belong to the sphere of circulation and one to the sphere of production. In this circulatory process value both maintains itself and increases its magnitude. By completing all the stages, capital can repeat this circulatory process (Marx 1978:132-133). As a succession of stages and forms, capital is a process and is something that moves and does so a certain velocity.

The circuit of capital represented on the slide shows the circuit's three stages, the sphere of production (stage 2) and circulation (stages 1 and 3) and the three forms of money (M), commodity (C) and production (P). When capital fulfills the specific function of one of its particular forms it completes a stage and assumes the next form. Stage 1 is completed by the capitalist using money's function as means of payment and/or purchase to acquire the labour-power and means of production. When these commodities are set in motion as productive capital (P) and the function of productively consumption of the elements of production the second stage is completed, resulting in a mass of commodities with a higher quantity of value than originally advanced. The third stage is completed when the commodity's function of being bought and sold is fulfilled, thereby realizing surplus-value, completing a turnover of capital and making capital accumulation possible in the first stage.

The circulation of capital proceeds in space and time. The stages of the circulation of capital are accomplished successively in time and in different geographical locations. The spatial aspect is directly related to the transportation of commodities from the point of production to the market because, in order to be exchanged, commodities may require a change of location. Capital strives to “annihilate this

space with time, i.e. to reduce to a minimum time spent in motion from one place to another” (Marx 1973:539). This is an indication of the space-bias of capital, as Kamilla will talk/ has talked about. The annihilation of space by time is the same as abbreviating the time capital takes to circulate, which is mainly done through the development of the physical conditions of exchange, i.e. infrastructure and the means of communication and transport. Telecommunications, fibre-optical cables, computers, digitized objects and the Internet belong to the means of communication and transport, and enables capital to circulate at the absolute speed of electromagnetic waves.

The temporal aspect is related to the fact that it takes time for capital to complete a stage and move to the next and therefore complete a turnover. The faster capital can complete a turnover, the more surplus value may be produced and more capital may be accumulated. In other words, the faster capital can go through the sale of newly produced commodities and purchasing the elements of production, the more often the production process can be repeated within a given time. The number of times the production process can be repeated is thus a direct function of the velocity of circulation; the higher the velocity of circulation, the more often the production process can be repeated. The maximum number of repetitions occurs when the velocity of circulation is absolute, that is when circulation does not take time at all so that turnover time is equal to production time. Since turnover time equals production time plus circulation time, the velocity of circulation is measured in circulation time. Absolute velocity is therefore a circulation time of zero. In other words, at absolute velocity capital can restart the production process as soon as the previous process is completed; from the point of the overall circulation of capital, value production is at its maximum (Marx 1973:538-45, 627).

In essence, increasing the velocity of circulation is the same as speeding up the transformation of capital because “[t]he more that the circulation metamorphoses of capital are only ideal, i.e. the closer circulation time comes to zero, the more capital functions, and the greater is its productivity and self-valorization” (Marx 1978:203). It is through telecommunications, digital code and the Internet that

capital can circulate at absolute velocity. For the next step of my argument I need to turn to Paul Virilio's concept of real time.

### **Real space to Real time**

Real time is the milieu of any technology that transmits information/data at absolute speed. It is a "space" that appears when the geographical foundation of real space are "replaced by the tele-foundation of the global real-time communications system" (Virilio 2000:9). Space is thus found in electronics, silicone and fibre-optics rather than in geography (Virilio and Lotringer 2008:115). Phenomenologically, this is the space we refer to as virtual reality or simply "online". In other words, real time is the speed space of any technological motor that operate on the limit speed of light. Real time thus includes all tele-technologies and computational devices. It is in this context that the Internet economy and its economic units exist. More importantly, the unit from which both gifts and commodities arise, the digital object, is the basic unit of real time.

The electronic space of real time is a void in which digital data reigns supreme and the volume, matter and gravity of real space vanish. Before discussing real time's temporal contradiction between immediacy and simultaneity and the effect this contradiction has on the circuit of capital, I give a short explanation of Virilio's concept of real space, since real time can only be understood as the supersession of geophysical real space through absolute speed.

Real space is first and foremost substantial and material; it possesses volume, density, gravity, and extension. These characteristics condition how matter is physically displaced and the speed with which it is transported; the max speed limit is conditioned by the earth's gravity. The extension of real space "keeps everything from occupying the same place" (Virilio 1991:17) so that everything in real space have unique locations. Real space corresponds to a particular form of time: the extensive, historical time of *longue durée* (Virilio and Lotringer 2008:98). In other words, it is time that passes,

has duration, and can be divided in past, present and future. Extensive time is a dependent variable of the extension of real space; as distance-space increases, so does distance-time, assuming speed is constant (Breuer 2009:217-218). Thus real space is structured according to the intervals of duration (i.e. time) and extension (i.e. space). In Leibnizian terms, time is the order of succession and space the order of co-existence. Events and actions occur at specific moments in time, have a given duration and can be located in specific geographical locations. In essence, everything has its “here and now” (Virilio 2007:26-29). For example, the circulation of capital that I discussed above, belong to this real space of physical displacement because, as Marx’s argued, it “proceeds in space and time” (1973:533).

Circulation can be interpreted according to the intervals of real space because it has duration (circulation/ turnover time) and extension (spatial orbit/ the world market), and the points of production and exchange have precise geographical locations separated by an interval (distance) of space.

Real time comes into existence with the revolution in transmissions that completely voids the intervals of real space. According to Virilio, real time is a “hypercentre of temporal compression where everything crashes together” (Virilio 2007:100). That is, anything occurring in real time, does not take place anywhere that can be located in reference to a centre or a set of co-ordinates in real-space's space-time.

Rather than the intervals of duration and extension, real time is simply structured by the speed at which phenomena occurs, i.e. at absolute speed. The only interval of real time is therefore light or limit-speed. Real time represents the end of geography because absolute speed eliminates the distances and delays that make up the world of distinct events with specific durations and locations. In essence, real space implodes because tele-technologies voids the distance between two or more points in real space, in effect making everything ubiquitous; everything is theoretically everywhere at the same time.

Events simply take place, i.e. they occur in time. Thus at absolute speed, Virilio argues that co-existence is ordered by time, rather than space as Leibniz argued. This temporal co-existence, however,

occurs in a time that is not chronological (has neither succession nor duration). Thus when the extension of real space is eliminated, so is its associated time of duration in favour of a time that is intensive and has no duration (Virilio 1991:14, 63). Thus, to reiterate, the absolute speed of tele-technologies abolishes both extension and duration of real space. Real time is therefore a non-space and a non-time in relation to the extensions of real space. In other words, absolute speed negates the intervals of extension and duration, and introduces a now-here! of nowhere. It is important to bear in mind that real time is a form of space-time because events do actually occur, but not anywhere that can be specifically located in the space-time that correspond to real space. The ubiquity and simultaneity of absolute speed are therefore ways in which to conceptualize the topsy-turvy space-time of real time, which is found in electronics and silicone.

I now finally come to the temporal contradiction of real time. Computer programmers and systems designers use the term “real time” to mean something “occurring immediately,” typically used to describe operating systems that can respond rapidly to data input (Hassan 2009:89). Although Virilio’s use of real time partly refers to this technical perspective, immediacy is secondary to the compressive effects of the absolute speed of telecommunications on real space. In *The Metaphysics of Virtual Reality*, Michael Heim writes that real time is “simultaneity in the occurrence and the registering of an event, sometimes called synchronous processing” (1993:157). Robert Hassan argues that the distinction is significant:

*Immediately* connotes a brief temporal lag... *simultaneity*, however, suggests “happening at the same time,” a cancelling-out of temporal duration, delay, or latency between events. *Simultaneity* implies, then, a nontime, the shattering, or voiding, or “death” of time (2007:49).

Mike Crang supports the argument that the main impact of telecommunications is the changes in the “sequencing of events, where one event needs to happen before another. Real-time compression means more and more is simultaneous” (2007:76). The primacy of the order of succession, the “present” time of real space, is eliminated by removing it from its here and now (Virilio 2000:118; Virilio and Lotringer 2002:85). Virilio even refers to real time as the “era of simultaneity,” where the chronology of past, present and future loses both its importance and meaning. Real time can thus be understood as both immediacy – a brief temporal lag – and simultaneity – a voiding of time.

### **The circulation of capital in real time**

Marx argued that the circulation of capital proceeds in space and time. In Virilio’s terms, the circuit of capital is conditioned by and can be interpreted according to the real-space intervals of extension (space) and duration (time). The stages of the circuit are successive in time; they are discrete events, each with a particular duration and “here and now”. While capital’s spatial moment is important for determining the duration of its stages, the temporal unfolding of the overall circuit according to extensive time is vital for capital’s existence.

First, absolute speed voids the spatial moment of capital in favour of ubiquity. Space no longer divides and separates the stages of the circuit, and cannot be the order of co-existence. Mediated by tele-technologies, the stages occupy the same place or, what is really the same, they are everywhere at once. The stages are in electromagnetic proximity, i.e. the circuit is ubiquitous in space and no longer has a spatial extension. All markets and points of production are in electromagnetic proximity; they are for all intents and purposes indistinguishable from each other. The point of production is the market and vice-versa, and they are located neither here nor there.

Second, the temporality of circulation is voided by the intensity of simultaneity. The time of duration is replaced by the present moment. The stages of capital therefore occur at the same time;



nothing remains of the specific and previously successive movements purchase, production and sale are indistinguishable. In the case of streaming, even consumption would be indistinguishable from production and circulation.

Because completion of the stages of the circuit occurs by capital fulfilling the functions corresponding to its forms and thereby metamorphosing, the elimination of the stages also impact capital's forms. Because capital changes from the commodity form into money and back again in the sphere of circulation, these particular forms are eliminated together with the universal form of capital since capital is nothing but the unity of the particular forms. It is when the circuit of capital is voided that previous commodities can become gifts. And of course, digital objects not produced capitalistically were always already gifts. Perhaps a pocket of the Internet is, as Barbrook suggested, really existing anarcho-communism.

However, commodities co-exist with gifts in the Internet economy. It is capitalist production and circulation based on immediacy that is in contradiction to the free exchange and circulation of gifts. The existence of commodities online comes from the phenomenon of immediacy. More specifically, it comes from the capitalist inserting the moment of exchange before the production and distribution of the commodity. For example, when I buy an album or movie from the iTunes store, I actually pay for the commodity before it is produced. This means that the sale of the commodity and the realization of value occur before the commodity is produced. As soon as I have paid and clicked on the download link, I immediately start to download the digital commodity. In terms of the circuit, what actually occurs is that the third stage (the sale) occurs immediately before the first and second stages. That is, the moment of exchange is of a brief temporal duration, but after this moment simultaneous real time folds the remainder of the circuit of capital into an intensive moment consisting of the production and distribution of the commodity. More precisely, what occurs is that the real-space moments of (1) bringing the elements of production together; (2) production; and (3) transportation

take place simultaneously. Thus commodities in the Internet economy come into existence if, and only if, the moment of the sale can be inserted immediately before purchase and production.

Simultaneity voids the latency between capital's stages and metamorphoses of form, whereas immediacy inserts some latency where it's most important, i.e. the sale. If the moment of exchange occurs, the commodity is kept in its form and its function of being bought and sold can be fulfilled, and capital can therefore transform into money.

Without latency, however, neither commodity nor capital can exist. The circuit is reduced to a dot with no discernible stages or spheres. Capital's universal form, i.e. the circuit, together with the particular forms of commodity, money and productive-capital are replaced by the singular form of the digital object, which is the basic unit of the real-time of the internet and computers. Although in my exposition I have arrived at the digital object quite late, it is the precondition for the Internet economy and from which the economic forms of gift and commodity arise.

The digital object is "any unit of content" (Galloway 2004:73-74) and its essence is the binary digit (or bit), which is the smallest possible unity of data and the ultimate abstraction of information. Irrespective of content, digital objects are equal because they are numerical representations; all are expressed in an alphabet of 0s and 1s (Wolf 2000:20, 32). A digital object is a mathematically defined collection of bits that only the computer can understand and handle (Wolf 2000:20, 70; Manovich 2001:20-25). Any difference between digital objects is quantitative rather than qualitative; inside the computer "everything becomes a number: quantity without image, sound or voice" (Kittler 1999:1).

As numerical representations, digital objects exist only conceptually and symbolically; they must be deliberately put on display to render their qualitatively effects intelligible to human senses. The human use-values of sound, image and text are, as Kittler (1999:1) puts it, only "surface effects" or, according to Michel Betancourt (2006) "superficially distinct forms".

From the point of view of the computer, binary code is the only use-value in existence, and,

from the point of view of a human, it is an anti-human use-value because only computers can use it as the object for their labour. This singular anti-human use-value can be contrasted to human use-values, which are always qualitatively diverse. Importantly, it is only humans that view the digital object as either gift or commodity; the computer, internet routers etc. do not distinguish between the two, for them they are both simply collections of data.

In *Capital Vol. 1*, Marx argues that exchange, “produces a differentiation of the commodity into two elements, commodity and money, an external opposition which expresses the opposition between use-value and value which is inherent in it” (1976:199). The argument I have made in this paper is similar to Marx’s. In the case of the Internet economy, it is the absolute speed of real time that produces the differentiation of the digital object into gift and commodity, which is merely an external opposition that expresses real time’s contradiction between simultaneity and immediacy. In other words, online gifts and commodities are merely the economic forms of appearance of digital code. It is not a given that the digital object is a gift. It can in certain circumstances be exchanged as a commodity, just as readily as it can be gifted.

Even use-values, such software that can normally be downloaded for free as a gift, can transform into a commodity as long as the condition of the sale is met. Perversely, one business model consist of selling otherwise free file-sharing software, such as uTorrent, and “access” to public torrent trackers such as the Pirate Bay and Isohunt (Enigmax 2009). All that has happened is that the moment of exchange interrupts the download, or what is the same, these enterprising scammers have slowed down the speed of real time from simultaneous to immediate.

If a digital object comes with digital rights management (DRM), however, it is always a commodity because the object itself is, in essence, turned into a moment of exchange. Before the digital object’s surface appearance is unlocked, a fee must be paid. Again the commodity exists because of the exploitation of the immediacy of real time, though in this case the moment of exchange is

inserted immediately before consumption rather than production, as is the case with the iTunes store. DRM in this context is nothing but the attempt to transform digital objects into commodities, i.e. DRM is an attempt to negate the contradiction of the digital object in the favour of capital. Or for that matter, a DRM free commodity off iTunes can easily be shared as a gift after it has been purchased and exists on your computer.

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