

DIGITAL CAPITALISM

In simple words, digital capitalism refers to capitalism through the internet. The concept of cyberspace was initially developed by the State organs like the government agencies, educational institutions, military contractors etc. But it has now come to be used primarily by corporate users. Earlier digital information that was primarily being used for social activity also includes economic activity as a major share of it. Some of the services like reading of news, listening to music, interacting with peers, sharing codes, purchasing items etc. have heavily grown through digitization. Thus, digitalism can be basically inferred as the effort to develop a network economy wide in order to support the ever-growing thirst of intercorporate and intra-corporate business process (the objectives of capitalism).

Google is a burning example of digital capitalism. It is a private company that has grown solely based on digitization. It has almost monopolized the Search interface across the world with 90% of all search queries being done on Google. It has left behind Daimler, Yahoo, MSN and others to become the leading company in search interface. This story is also a reflection of how competition is working in this industry too with capitalists competing closely on the heels to capture one of the biggest digital based industries.

Today the digitization of the economy has left few elements of the social and economic environments untouched. More and more of the devices people own are connected to electronic networks and to other devices. Subsequently, all content, in whatever format, can be digitally recorded. And the pace of the digitization process is expected to accelerate in the future too. Over time, the Internet of Things will guarantee that almost no product or consumer is beyond its reach.

That means the devices and digital footprints, and, by extension, the lives of the people will no longer belong entirely to them. Through regular mandatory “upgrades,” tech firms optimize the customer lifetime value (CLV). They don’t make switching platforms and transferring personal files especially easy. In a tech-centric economy, product “ownership” resembles leasing or renting rather than outright purchase.

Big Tech wants more than a share of our economic activity. It seeks to model our social assets by tracking and tracing our consumer tastes, purchasing behaviours, ancestry, medical history, intimate relationships, political affiliations, religious beliefs, cognitive biases, personal interests, careers, and much else. It superimposes an economic scorecard on the social graph and psychological constructs of humans, mapping out all the commercial activity and interactions. Companies gather, store, analyse, share, and market this data through a few lines of code. Digital capitalism has transformed our lives into a new commodity: personal data. Decentralization helped propel this evolution. Deregulated markets have opened the door for intermediaries to access the financial assets of the people just as web-based solutions have given tech firms control over their digital assets. Neither fund managers nor tech firms have to pay for this window into citizens’ data. On the contrary, they are often free to analyse and sell it.

While people used to store the personal data on home computers, such desktop solutions have given way to cloud-based applications. Microsoft Office programs like Excel and PowerPoint were once part of a PC’s standard package, but now most of their functionalities, including backups and upgrades, reside in the cloud. Indeed, Google Docs, the key challenger to MS Office, was cloud-based from the outset.

The implication of this “convenient” solution is that the service provider can control, process, and repackage the private data without much supervision. While cloud-computing critics have focused on security and privacy risk, the associated financial rewards pose a larger issue.

In capitalism, those that control the assets obtain the best economics. As industrialists in an earlier age gathered wealth by owning the means of production, today’s tech alchemists are building vast moats/trench around data.

Digital capitalism is in no way revolutionary. Its techniques are reminiscent of those used by the mining and oil sectors in the 18th and 19th centuries. Success in such extractive industries is driven largely by securing exclusivity. Prospectors seek out long-term concessions, licenses, and leases. Technology firms didn’t need any head of state’s permission before metaphorically drilling for data and selling it. Such unrestricted and indefinite command over it makes digital mining even more lucrative than mineral extraction. Seven of the 10 largest market capitalizations in the world are technology companies that derive at least some of their value from customer data, though to be sure, natural resource monopolies still have some resilience: Aramco, Saudi Arabia’s oil and gas concern, is among the two non-tech firms in the top 10.

Drilling for digital resources is as speculative as digging for the mother lode in the mining industry. But in both cases, striking real or figurative gold comes with a payoff. Hence the phrase: “Data is the new oil.” Just as mineral explorers and geologists can identify a promising natural gas fields from specific sources, tech firms can prospect for data from various sources: Google, Facebook, and Amazon, for example, have zeroed in on search, social media, and consumption, respectively.

A leading UK industrialist wrote to Prime Minister Winston Churchill in 1944: “Oil is the single greatest post-war asset remaining to us. We should refuse to divide our last asset with the Americans.” Silicon Valley gives the United States a similar comparative advantage. Access to data could produce an unbridgeable moat for any country or corporation that secures it. Digital capitalism has now become an acceptable means of global economy. The consumers are heavily dependent on it and see it at time as their only source of entertainment and information. While this trend may not be harmful per se, what has come to haunt the digital world is the rapid spread of fake news, hate messages in the form of memes etc. In fact, these have come to occupy a major chunk of content on the internet. The problem here lies with the ease and speed of dissemination that has been allowed by the digital giants. For example, Facebook does not earn anything by consumers reading a good post on it. But it earns mostly when they scroll, like, react or comment on the posts. Thus, more the posts go viral, the more is the chance of receiving posts on it, comments and reactions. The opening of the whole world of memes has allowed people to express their creative ideas through it, irrespective of whether it is defamatory to a particular person. The same goes with the media houses. More posting of viral news on their walls attract viewership and search engines also gain through more number of searches through it.

The other quite old issue has been that related to privacy. There have been major complaints that these digital giants either do not have a strong privacy mechanism in place or ignore the mechanism altogether. Privacy issues have been mostly hovering around social networking site like Facebook, Twitter etc. Even after so much of debate on it, the policies still do not seem to be in place.