

Digital Globality and Economic Margins—Unpacking Myths, Recovering Materialities

Anita Gurumurthy

Digital Economy: Mission Unbounded

Built on algorithmic mathematics, and revealing a sophistication that hides its brutality (Sassen 2017), the digital-financial nexus is emerging as the preferred *modus operandi* of information age capitalism.

The global financial crisis of 2007–2008 was propelled by the logic of finance and had nothing to do with traditional banking and credit. The sole aim of the information age capitalism that fueled the crisis was to extract a contract (the mortgage agreement) from low-income households (a majority of whom could have qualified for regular mortgages; Newman 2009) to increase capital flows to investors, and not for the purpose of mortgage repayment itself. Algorithms were able to slice, dice, and redistribute credit over a chain of balance sheets to a point where nobody really *knew* where regulated liabilities ended and unregulated liabilities began.¹

An important feature of what can be called the digital-financial assemblage—constitutive of contemporary capitalism—is its systemic nature. It is a self-propelling juggernaut exploiting and generating precarity and debt. It feeds off a division of labor in which specialists in law, statistics, and business intelligence at the higher end provide over-valorized expert labor, and invisible and alienated individuals at the lower end contribute the grist to keep the extraction mill going (Chen 2014).

For the digital-financial assemblage, venture capital is the chosen instrument for control over market share. The value of digital behemoths is largely dependent on speculations of potential profits the company can make out of the huge pool of user data. Although the viability of their business model is yet to be proven, the promise of financial market capitalization propels these corporations on their path.

Digital Globality: Material and Metaphoric

Current metrics and meanings of the digital economy are far too narrow to adequately capture and delineate its material and symbolic moorings. In digital globality, the economy is not a fixed idea. It is fluid. In conventional terms, economic activity is organized into sectors or industries bound by institutional norms, rules, and practices concerning production and distribution of goods and services for that sector. The emergence of data and digital intelligence as the means of production destabilizes the very logic of such organization. Amazon is held up as an exemplar for its “courage to cannibalise itself” (World Economic Forum 2016) and reinvent its product and service portfolio. As Amazon redefines its territory from digital content to delivery drones, and now, to brick-and-mortar food retail, market share battles are becoming intensified in newer sectors. When Amazon announced price cuts in its food business, “shares of rival grocers tumb[ed]” (Shepardson and Baertlein 2017). The material consequences of the digital-financial apparatus are without doubt likely to reverberate through the retail supply chain, suppressing payments of farm produce and annexing new sites of primitive accumulation (Roberts 2017).

The acquisitions and mergers in the digital-financial landscape suggest an extractive *raison d'être* that will take over lives and livelihoods, through a postmodern version of colonial sub-infeudation—the system by which land-holding tenants carved out new and distinct tenures by further subletting parts of their lands. Technology giants like Google, Apple, and Facebook are poised to enter the financial services business beyond mere experiments in mobile wallets (McCormack 2017), suggesting an economic future of hyperconsolidation. There are no traditional industry silos here. In this new architecture of economic organization, intelligence is organized *across* economic territories *for* runaway finance.² The fintech-philanthropy-development complex is the latest in the digital solutionism championed by global policy institutions (Soederberg 2013).³ Thanks to fintech, global finance can profile poor households into generators of financial assets, while states can sharpen their surveillance gaze (Gabor and Brooks 2017).

Discursive formations of the digital economy play a pivotal role in its material manifestations. Big platform players are emerging as transnational sovereigns who speak with independent voices in emerging global

policies—from trade negotiations to proceedings conducted by Internet standard-setting bodies. Their tactics to avoid liability include invocations of privileges and immunities, as well as aggressive construction of public debate through lawyers and lobbyists (Cohen 2017).

As digital intelligence blends with finance, the myth of rationality assumes the exalted status of an economic model, applicable anywhere, everywhere. The absurdities of political prediction markets in the “war against terror” based on intuition and hunches about security (Aitken 2011), for instance, reveal the fragile and questionable foundations of socioeconomic modeling.

The grand narrative of the connected digital worker flattens the idea of work, reducing it to a poststructural narrative of enterprise and creativity, erasing the difference between flexibility and precarity. It occludes the extraordinary risk taking and resilience of the toiling poor in the Global South, including the gig worker with little choice in the economy (Hussonot 2017).

Disassembling the Present, Assembling the Future

As the global economic and political elite peg their hopes on the fourth industrial revolution, a hard look at unqualified optimism about the digital economy is urgently warranted. The World Economic Forum recommends we embrace the disruptive unknown of artificial intelligence, acknowledging on the one hand the real risk of “artificial stupidity,” but on the other, investing extraordinary faith in industry self-regulation and the transparency of digital companies (World Economic Forum 2016).

Equality in future society is contingent on normative frameworks for the public regulation of finance and the network-data complex. The governance response to information flows can no longer take its cue from the self-serving pseudo-wisdom of the digital-financial hegemony. Neither should it be guided by the state’s knee-jerk repression of civic freedom. New legal-institutional measures for a global social contract that can bring about deep systemic change are necessary. In a politically polarized world, where human destinies are tied to the global, policies at the national and local levels that can support a transformative social contract depend on an idea of justice that is multiscalar. Such an idea necessitates an alternative

economic model, in which the digital is reimaged for the well-being of people and the planet.

Notes

1. The End of Banking, last updated February 7, 2018, <http://www.endofbanking.org/>.
2. Scholars like Appadurai (2001) point to the “runaway quality”—the elusiveness—of global finance in the neoliberal paradigm. Finance, in the current context, is noted as being untouched by traditional constraints of information transfer, national regulation, industrial productivity, or “real” wealth in any particular society, country, or region.
3. Fintech refers to financial technology innovations that use digital methods for the delivery of financial services, for example, banking or credit through smartphones.

References

- Aitken, Rob. 2011. Financializing Security—Political Prediction Markets and the Commodification of Uncertainty. *Security Dialogue* 42 (2): 123–141. <https://doi.org/10.1177/0967010611399617>.
- Appadurai, Arjun. 2001. *Globalization*. Durham, NC: Duke University Press.
- Chen, Yujie. 2014. Production Cultures and Differentiations of Digital Labour. *Triple C* 12 (2). <http://www.triple-c.at/index.php/tripleC/article/view/547/626>.
- Cohen, Julie E. 2017. Law for the Platform Economy. *UC Davis Law Review* 51:133–204.
- Gabor, Daniela, and Sally Brooks. 2017. The Digital Revolution in Financial Inclusion: International Development in the Fintech Era. *New Political Economy* 22 (4): 423–436.
- Hussenot, Anthony. 2017. Freelancing May Be the Future of Employment—Though It’s Not Always as Glamorous as It Sounds. *Scroll.in*, August 21, 2017. <https://scroll.in/article/847531/freelancing-may-be-the-future-of-employment-though-its-not-always-as-glamorous-as-it-sounds>.
- McCormack, E. 2017. The Marriage of High Tech and High Finance. *Economist*, June 27, 2017.
- Newman, Kathe. 2009. Post-Industrial Widgets: Capital Flows and the Production of the Urban. *International Journal of Urban and Regional Research* 33:314–331. doi: 10.1111/j.1468-2427.2009.00863.x.

Roberts, Wayne. 2017. Amazon's Move on Whole Foods Is Primal, More Than "Disruptive." *Medium*, June 19, 2017. <https://medium.com/@wayneroberts/why-amazon-should-not-be-allowed-to-take-over-the-whole-food-industry-2524e792671>.

Sassen, Saskia. 2017. Predatory Formations Dressed in Wall Street Suits and Algorithmic Math. *Science, Technology & Society* 22 (1): 6–20. <https://doi.org/10.1177/0971721816682783>.

Shepardson, David, and Lisa Baertlein. 2017. Amazon's Announcement of Whole Foods Price Cuts Sends Shares of Rival Grocers Tumbling. *Christian Science Monitor*, August 25, 2017. <https://www.csmonitor.com/Business/2017/0825/Amazon-s-announcement-of-Whole-Foods-price-cuts-sends-shares-of-rival-grocers-tumbling>.

Soederberg, Susanne. 2013. Universalising Financial Inclusion and the Securitisation of Development. *Third World Quarterly* 34 (4): 593–612. doi:10.1080/01436597.2013.786285.

World Economic Forum. 2016. Artificial Intelligence: Improving Man with Machine. *Digital Transformation of Industries: Digital Enterprise*, January 2016. <http://reports.weforum.org/digital-transformation/artificial-intelligence-improving-man-with-machine/>.

This is a section of [doi:10.7551/mitpress/10890.001.0001](https://doi.org/10.7551/mitpress/10890.001.0001)

Digital Economies at Global Margins

Edited by: Mark Graham

Citation:

Digital Economies at Global Margins

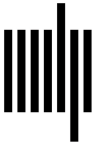
Edited by: Mark Graham

DOI: 10.7551/mitpress/10890.001.0001

ISBN (electronic): 9780262349482

Publisher: The MIT Press

Published: 2019



The MIT Press

© 2019 Contributors

This work is licensed under a Creative Commons Attribution 4.0 (CC-BY 4.0) International License.



Published by the MIT Press. MIT Press books may be purchased at special quantity discounts for business or sales promotional use. For information, please email special_sales@mitpress.mit.edu.

A copublication with
International Development Research Centre
PO Box 8500
Ottawa, ON K1G 3H9
Canada
www.idrc.ca/ info@idrc.ca

The research presented in this publication was carried out with the financial assistance of Canada's International Development Research Centre. The views expressed herein do not necessarily represent those of IDRC or its Board of Governors.

ISBN 978-1-55250-600-4 (IDRC e-book)

This book was set in ITC Stone Sans Std and ITC Stone Serif Std by Toppan Best-set Premedia Limited. Printed and bound in the United States of America.

Library of Congress Cataloging-in-Publication Data

Names: Graham, Mark, 1980- editor.

Title: Digital economies at global margins / edited by Mark Graham.

Description: Cambridge, MA : MIT Press, [2018] | Includes bibliographical references and index.

Identifiers: LCCN 2018010198 | ISBN 9780262535892 (pbk. : alk. paper)

Subjects: LCSH: Small business--Technological innovations. | Electronic commerce. | Marginality, Social. | Social marketing.

Classification: LCC HD2341 .D54 2018 | DDC 384.309172/4--dc23 LC record available at <https://lcn.loc.gov/2018010198>

10 9 8 7 6 5 4 3 2 1