

ΠΣΕΒ 2.0



The P2P 'Tipping Point'

- ◆ "The most profound finding of the 2006 Edelman Trust Barometer is that in six of the 11 countries surveyed, the "person like yourself or your peer" is seen as the most credible spokesperson about a company and among the top three spokespeople in every country surveyed. This has advanced steadily over the past three years.
- ◆ In the US, for example, the "person like yourself or your peer" was only trusted by 22% of respondents as recently as 2003, while in this year's study, 68% of respondents said they trusted a peer. Contrast that to the CEO, who ranks in the bottom half of credible sources in all countries, at 28% trust in the US, near the level of lawyers and legislators. In China, the "person like yourself or your peer" is trusted by 54% of respondents, compared to the next highest spokesperson, a doctor, at 43%.
- ◆ "only 13% of consumers say they buy products because of their ads. Contrast that to 60% of small business owners in North America that say they use peer recommendations to make their buying decisions and over 70% of 18-35 year olds who report the same for their media purchases."

1. Understanding P2P

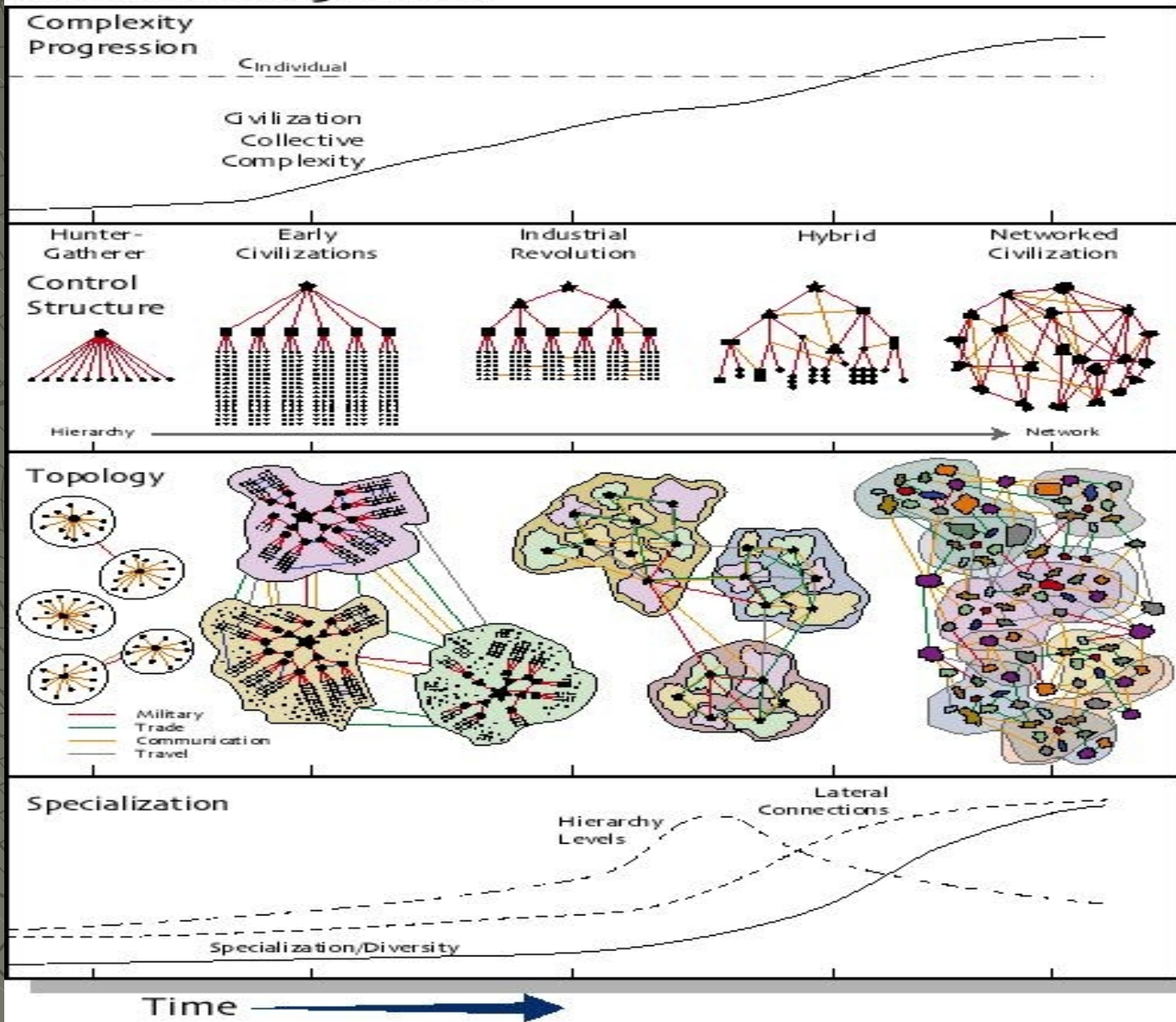
- ◆ P2P is the relational dynamic at work in distributed networks
- ◆ Hierarchical, de-centralized networks, distributed networks

Levy: from the molar to the molecular

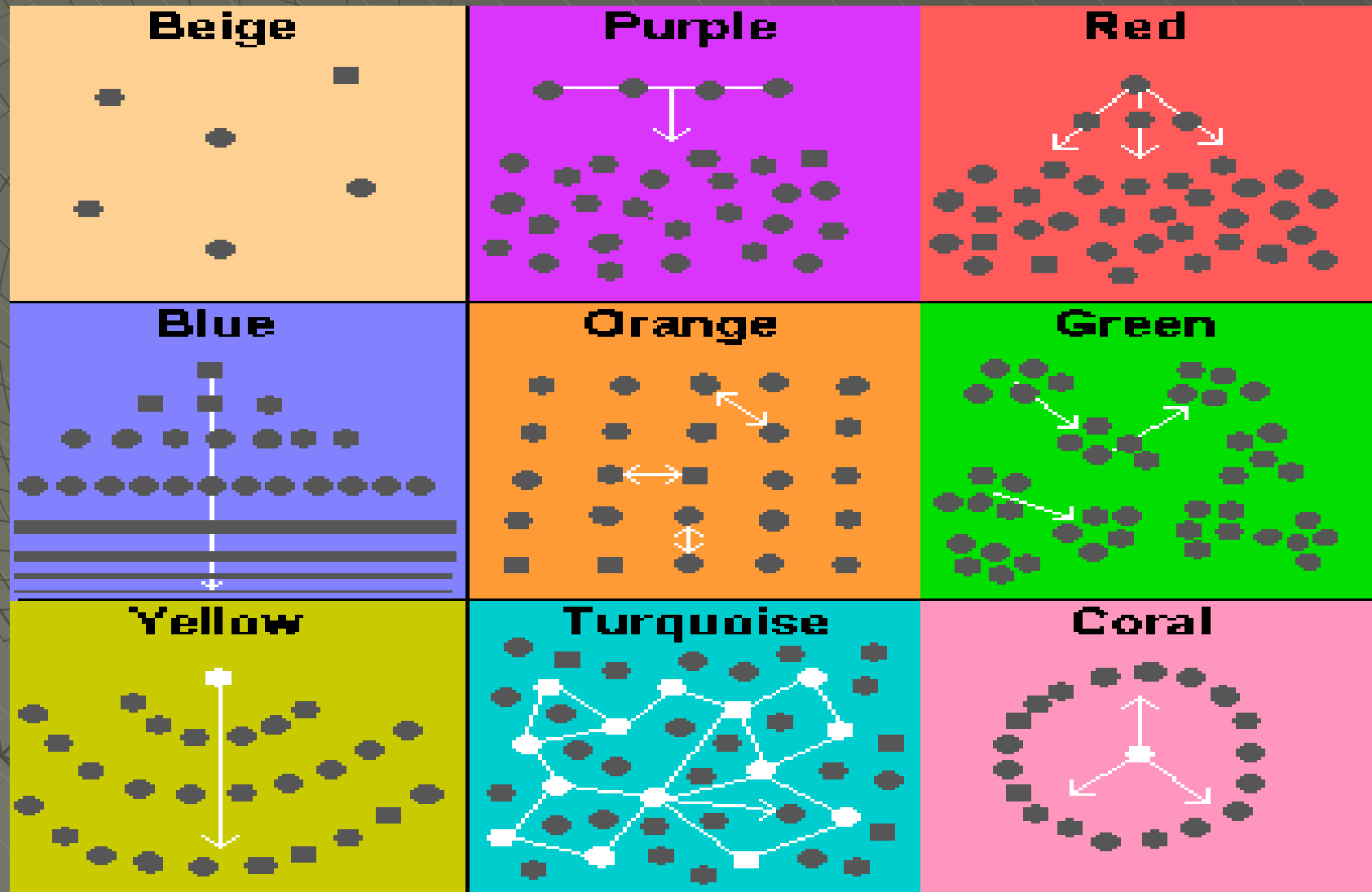
	Archaic	Molar	Molecular
Life	Natural Selection (natural time)	Artificial Selection (generational time)	Genetic splicing (real-time)
Matter	Mechanical (outside)	Thermodynamic (Warming)	Nanotech (cold)
Information	Somatic (co-presence)	Mediatic (mass)	Digital
Human Groups	Organic	Organizational	Self-organized

Complexity and Hierarchy

Historical Progression



Usage of P2P depends on consciousness



P2P Social Processes

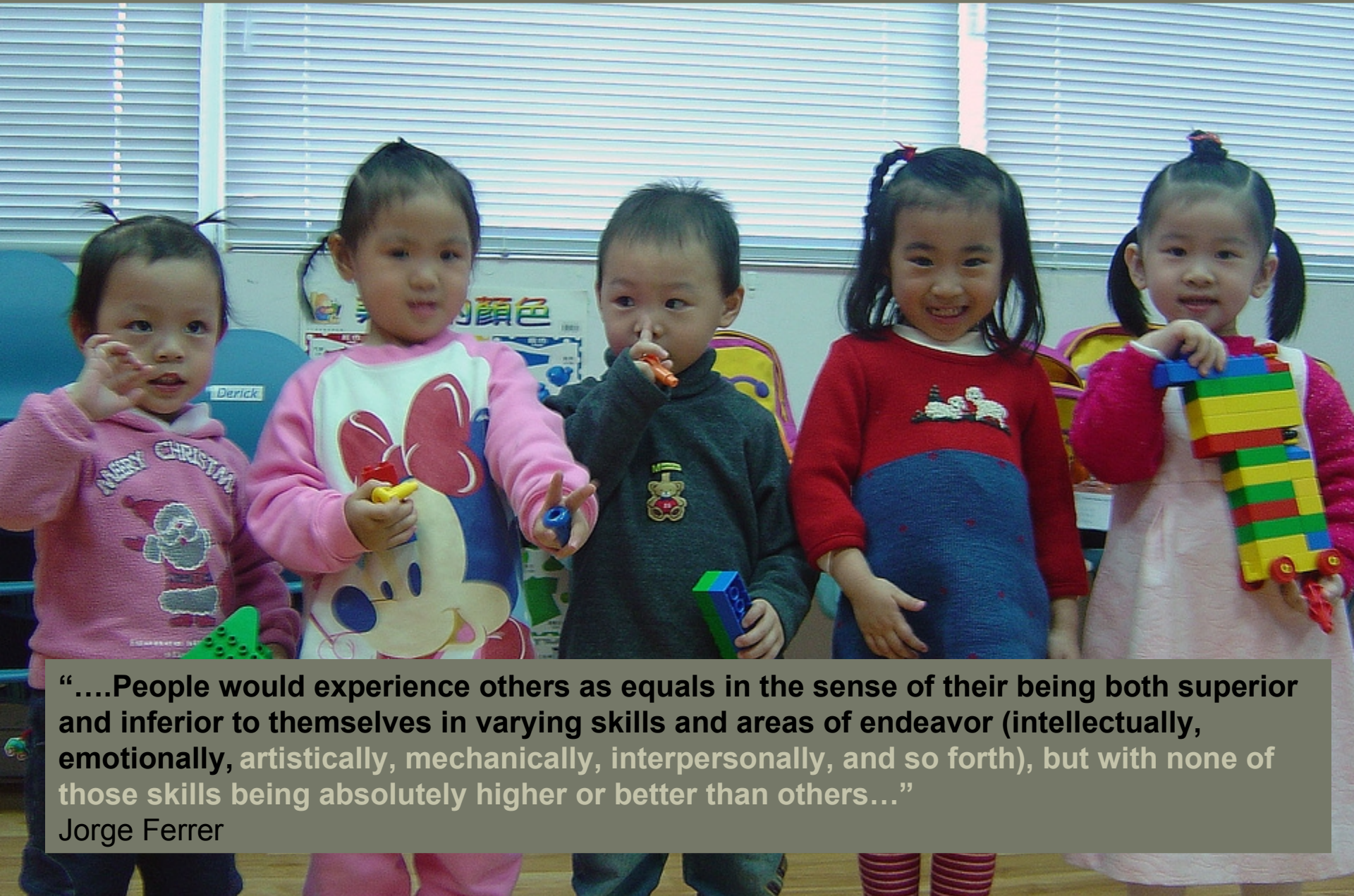
- ◆ 1. The ability to produce in common: Peer Production as a third mode of production
- ◆ 2. The ability by participants to manage distributed projects by themselves: Peer Governance as a third mode of governance
- ◆ 3. The ability to protect the common project from private appropriation: Peer Property as a third mode of non-exclusionary property

Peer Governance as 3rd modality

	Centralized	Decentralized	Distributed
	Hierarchy	Heterarchy	Autonomy
Economics	Centralized Planning	Market	Peer Production
Politics	Absolute monarchy	Separation of powers	Peer Governance
Property	Collective State	Private Exclusionary	Common Inclusionary Peer Property

- ◆ **Conclusion: P2P is a *third mode* of production, governance, and property**

The Revolution of Equipotentiality



“....People would experience others as equals in the sense of their being both superior and inferior to themselves in varying skills and areas of endeavor (intellectually, emotionally, artistically, mechanically, interpersonally, and so forth), but with none of those skills being absolutely higher or better than others...”

Jorge Ferrer

Characteristics of Peer Production (1)

- ◆ No division of labour, but distribution of labour: equipotentiality
- ◆ No exclusivity, but inclusivity: anti-credentialism
- ◆ No composite tasks, but granular tasks: self-selection
- ◆ No products, but always unfinished 'artefacts'

Characteristics of Peer Production (2)

- ◆ No a priori, but a posteriori distributed control: communal validation (collective choice systems, algorithms)
- ◆ No panoptism, but holoptism: participation capture, usage is production
- ◆ Not owned, but shared content

Conditions for Success

- ◆ **Benkler: 3 characteristics of successful group efforts:**
- ◆ 1) must be modular. That is, they must be divisible into components, or modules, each of which can be produced independently of the production of the others. This enables production to be incremental and asynchronous, pooling the efforts of different people, with different capabilities, who are available at different times."
- ◆ 2.) "For a peer production process to pool successfully a relatively large number of contributors, the modules should be predominately fine-grained, or small size. This allows the project to capture contributions from large numbers of contributors whose motivation levels will not sustain anything more than small efforts toward the project"
- ◆ 3.) "... a successful peer production enterprise must have low-cost integration, which includes both quality control over the modules and a mechanism for integrating the contributions into the finished product, while defending "itself against incompetent or malicious contributors.

The Circulation of the Common

- ◆ Peer production needs open and free access to the raw material for its production: open/free paradigm and movements
- ◆ Peer Governance is the participatory process for the production of the common: the participatory/cooperation paradigms and movements
 - **“when costs of participation are low enough, any motivation may be sufficient to lead to a contribution.”**
- ◆ Peer Property uses new legal and institutional formats to protect its production: the Commons-based paradigms and movements
- ◆ The Common Property format creates open/free raw material: the viral circle spirals onward

The Evolution of Hierarchy (1)

	Degrees of Moral Insight	Relationship between hierarchy, cooperation, autonomy
Premodern	no rights of political participation	Hierarchy defines, controls and constrains co-operation and autonomy
Early Modern	political participation through representation	Hierarchy empowers a measure of co-operation and autonomy in the political sphere only
Late Modern	political representation with varying degrees of wider participation	Hierarchy empowers a measure of co-operation and autonomy in the political sphere and in varying degrees in other spheres
P2P Era	equipotential rights of participation of everyone in every field	The sole role of hierarchy is in its spontaneous emergence in the initiation and continuous flowering of autonomy-in-cooperation in all spheres of human endeavor

by John Heron

Characteristics of P2P Hierarchy

- ◆ Usually consists of a core leadership embodying the original aims of the project, sometimes - the 'benevolent dictator'
 - Linux: coders – trusted Lieutenants – Linus Torvalds
 - Wikipedia: contributors – core editors – Jimmy Wales
- ◆ Teams are led by flexible meritocratic leaders: jazz band logic
- ◆ Principle of non-dependence or reverse dependence
- ◆ Large projects are led by a non-profit foundation - possibility of corporate spin-offs

Evolution of Cooperation

“it’s no longer about incentives, but about removing impediments”

<i>Time frame Typology =></i>	Cooperation & Motivation Formats	Game Typology	Quality of Cooperation
<i>Pre-modern (feudal, imperial)</i>	Adversarial Extrinsic negative	Zero Sum: Win-Lose <u>“Power Game”</u>	Low, $1+1<2$
<i>Modern (market, industrial)</i>	Neutral Extrinsic positive	Zero Sum: Win-win: Draw <u>“Money Game”</u>	Average, $1+1=2$
<i>P2P era</i>	Synergistic Intrinsic positive	The 4 wins <u>“Wisdom Game”</u>	High, $1+1>2$

P2P as a new way of working

A few people do all the work	Many people do a little of the work
You have to pay all of them	You don't have to pay most of them
It's hard to get involved	It's easy to get involved
Support from people you know	Support from a legion of strangers

Peer Property

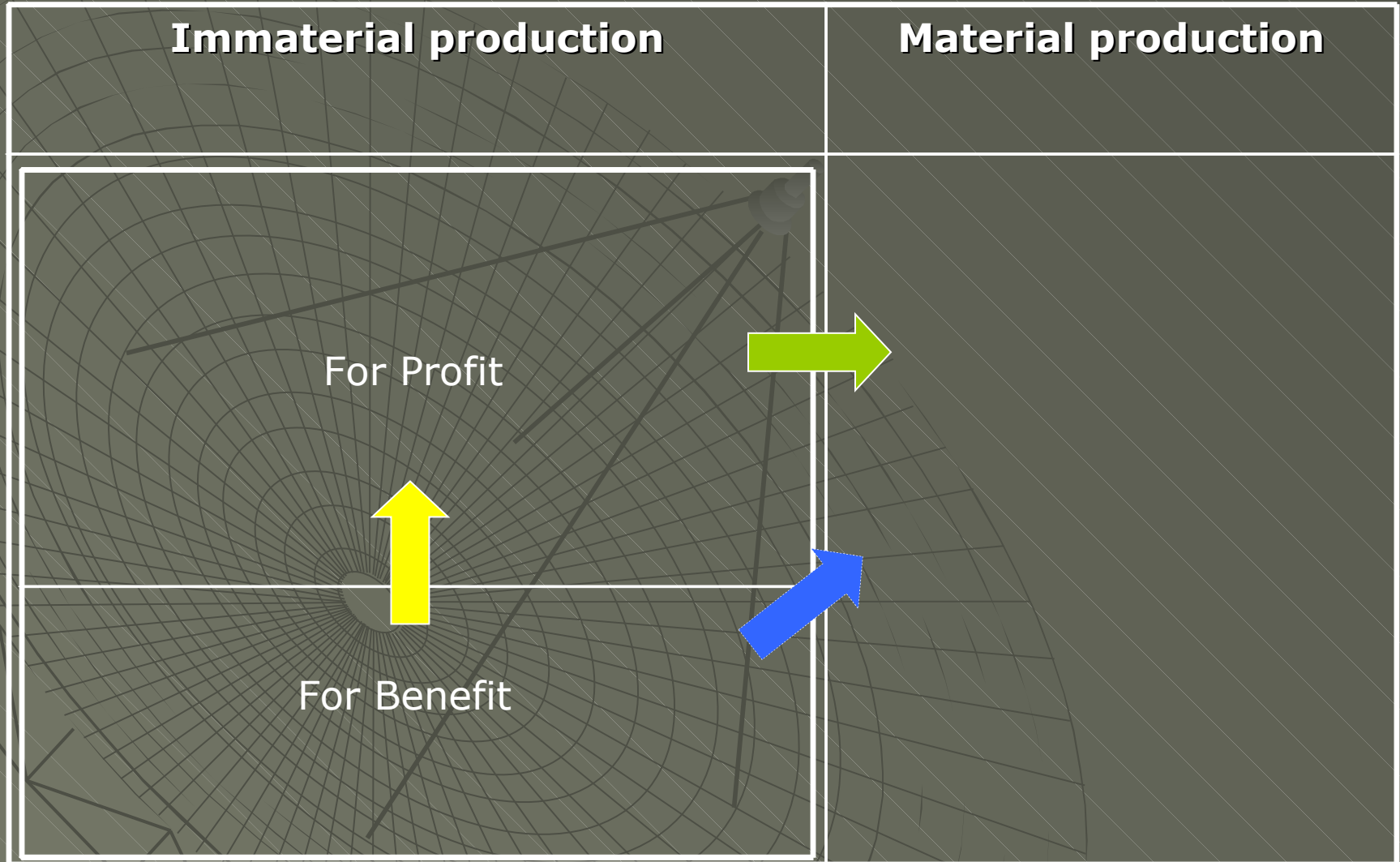
- ◆ Universal common property regimes are different from private property and public collective property
- ◆ Individual authorship + share-alike + free distributed access
- ◆ Examples: 1) Creative Commons for individual expression and sharing; 2) GPL for creations of 'Commons'

Part Two: P2P Business Models

PRECONDITIONS FOR PEER PRODUCTION:

- **Abundance/Surplus/Distribution of intellect**
- **Abundance/Distribution of the means of information production and sharing**
- **Lowering of 'need for capital', which becomes a posteriori, not a priori condition for success; entrepreneurship is divorcing from capitalism**
- **Conclusion: the treshhold of participation, i.e. the capability to bypass centralized capital outlays is diminishing in human, physical and financial capital**

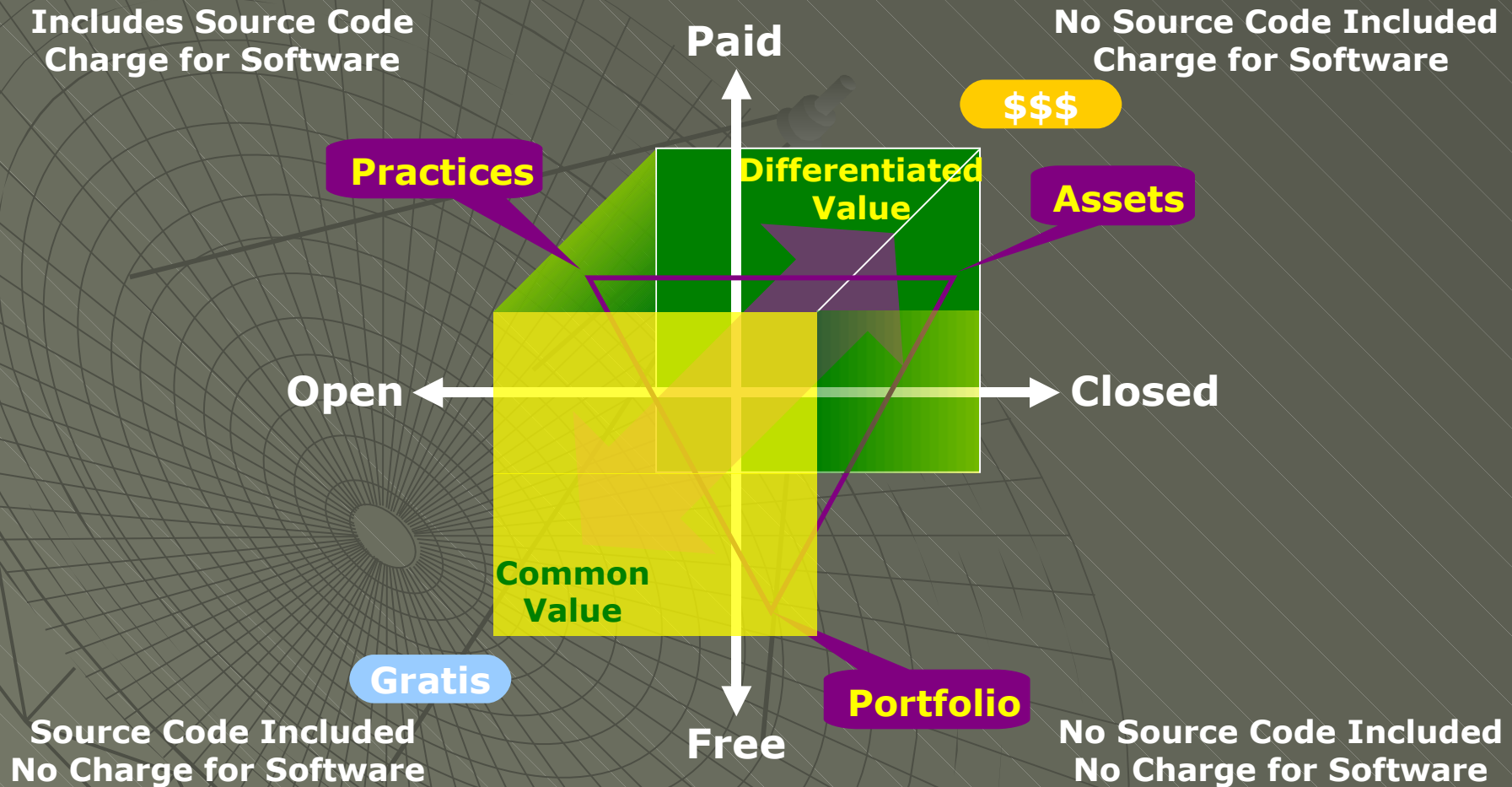
Why P2P will grow



Conditions for expansion of 'physical' peer production

- ◆ The 'distribution of everything': further distributive advances in financial and industrial capital
 - Desktop manufacturing, fabbing, multi-purpose machinery, implications of nanotech/biotech for distributed production
- ◆ Separating the design and material production phase of the industrial process: open design communities with built-only markets
- ◆ Finding integrated processes for the physical, logical, and digital 'commons' (e.g. Semapedia, German White Bicycle program, Bookcrossings)

Striking a Critical Balance between Giving It Away and Making Money...



...And Utilizing a Sound Business Model to Stay on Track

The role of capital?

- ◆ The cost of starting an internet company have gone down by 80% over the last 8 years
- ◆ “Companies no longer need to raise lots of cash, no longer need lots of people, no longer need to even directly sell anything at all to be considered successful. They need revenue, of course, but that's mainly through advertising. And they need to create something people want to use. But Super Bowl ads? Forget those.
- ◆ So there is plenty of money available -- nearly \$1 trillion -- but it is coming at a time when, as I have just described, a whole new class of start-ups has appeared that doesn't want VC money -- at least not very much of it.”
- ◆ Conclusion: 1) emergence of 'non-capitalist' social entrepreneurs; 2) capital needed 'a posteriori', after prior success

The Laws of Asymmetric Competition

- ◆ 1. In a competition between a for-profit entity with closed proprietary strategies, and a for-benefit institution working with a community and a commons, the latter will tend to win out
- ◆ 2. In a competition between for profit companies, those using open/free, participatory, and commons oriented strategies will tend to win out

User vs. corporate typology

Type of Users	Type of Corporation
Prosumer Mode	Crowdsourcing
Swarming Mode	Platform Enablers
Community Mode	Commons-dependent

Mixing Openness and Closedness

- ◆ Joe West:
- ◆ **"in standardization, firms face an inherent conflict between value creation and value capture. A completely open standard creates lots of value, none of which can be captured; a completely closed standard captures 100 percent of no value created. So a profit-maximizing firm must seek an intermediate point that partially accomplishes both goals.**
- ◆ **Thus to pay the bills, there has to be value capture somewhere: everything has some level of openness and some level of proprietary-ness. Typically, standards that are open in one area are often not open in another."**

Corporate Co-Creation Strategies

The Direct Economy Model of Xavier Comtesse

- ◆ **Passive consumption:** The consumer is getting products or services with no real interaction and no real choice. He has to take whatever is available.
- ◆ **Self Service:** The consumer is now given the ability to choose between various products or services. This first step is already a huge step forward, as the consumer can go around the vendor to pick and choose what he wants.
- ◆ **DIY: Do It Yourself:** At this level, the consumer starts getting involved in the value chain. This is what IKEA offers, where you are not just buying a product, you are actually also delivering it to your home and building it yourself. This case is an example of the first disruption from the standard retail value chain.
- ◆ **Co-design:** At this level, the consumer starts adding value by customizing the product and therefore defining his needs himself (as opposed to buying a product defined by the product management team). This is what Dell is asking from customers when they have to pick and choose options to build a computer.
- ◆ **Co-creation:** This is the ultimate level of involvement, where the consumer is actually involved in the design of the product or service itself. This is what Open Source does for developers, and what Wikipedia does for knowledge consumers. Similarly Procter and Gamble has a "Connect and Develop" program that lets innovators define products.

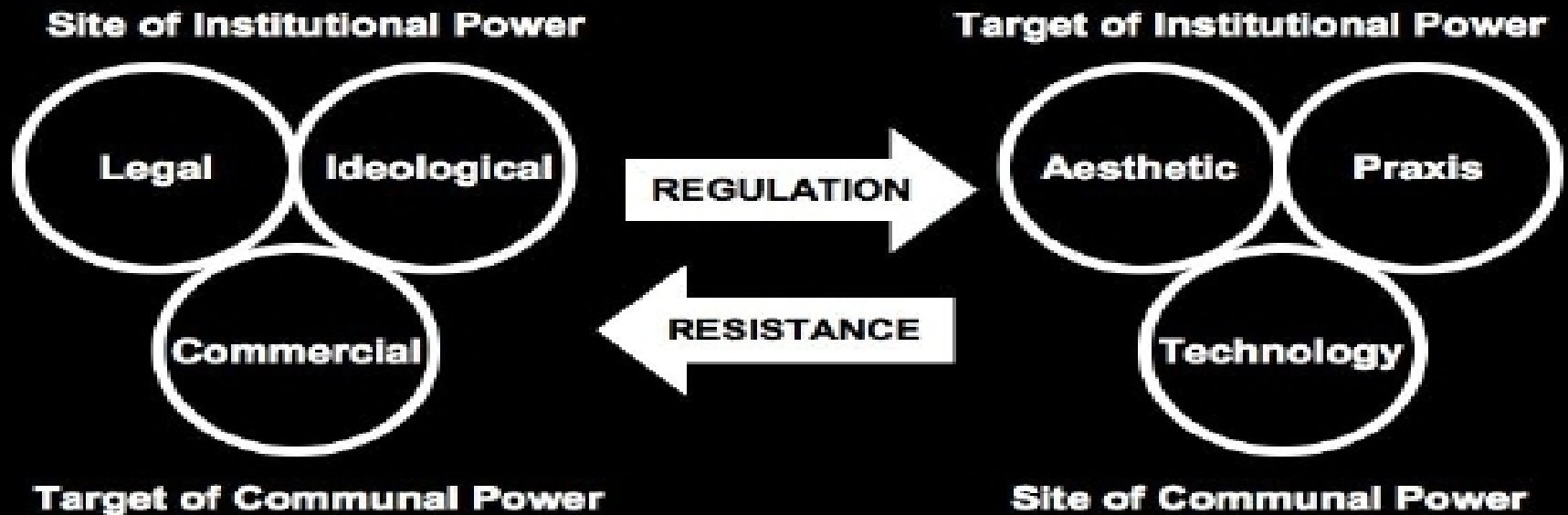
Autonomy in Production (2)

The Direct Economy Model updated for peer production:

- ◆ **Direct peer production of use value with no concern for monetization: the adventure economy of couchsurfing.com**
- ◆ **Direct peer production of use value with concern for equitable monetization: OS Alliance, ecopyleft, user ownership theory**
- ◆ **Direct production of use value by groups with commons-oriented business ecology**
- ◆ **Direct production of use value by individuals with monetization of attention through proprietary platforms**
- ◆ **Direct production of exchange value by groups: cooperative production**
- ◆ **Direct production of exchange value by individuals: minipreneurial ecology, social commerce, social retailing**

Institutions vs. Communities

Musical Regulation and Resistance



The politics of Web 2.0

- ◆ Web 2.0 and peer producers, the dolphin/shark dilemma:
 - 1) Who owns the platform (netarchical and vectoralist strategies)
 - 2) Is the infrastructure open/free;
 - 3) Participatory design: is true sharing possible?
 - 3) Who owns the content? (third enclosures)
 - 4) Monetization strategies (revenue sharing)

What kind of 'intersubjectivity'?

Alan Page Fiske's Relational Model

- ◆ **Reciprocity:** The Gift Economy (tribalism)
- ◆ **Authority Ranking:** The Tributary Economy (feudalism)
- ◆ **Market Pricing:** The Market Economy (capitalism)
- ◆ **Communal Shareholding:** The Sharing Economy (peer to peer)

Economic Evolution (projection)

- ◆ **The primary economy is based on reciprocity, which derives from common ancestry or lineage.** It is based on families, clans, tribes and exchange mostly operates through gifts which create further obligation. Wants are defined by the community. Leadership is in the hands of the lineage leadership. Key issue: belonging.
- ◆ **The secondary economy arises together with power monopolies which engender coercion as a means to force cooperation.** We enter the domain of class societies, and production is organized by the elite in power, which holds together through the symbolic power which transforms power into allegiance. Respect for power, in the form of tribute, taxes, etc.. is normative. The key question is: 'to deserve power or to deserve subjection'.
- ◆ **The tertiary economy arises with the entrepreneur and capitalism. It is based on 'equivalent', i.e. 'fair' exchange, which is normative.** Power arises from relative productivity, relative monopoly over a needed good, and from the wage relationship which creates dependence. Cooperation is no longer correlated to belonging. Relationships are impersonal.
- ◆ **The quaternary economy, based on peer to peer processes, is based on 'ideological leaders' which can frame common goals and common belonging and is based on membership and contribution.** Contributing to the best of one's ability to common goals is normative and the key question becomes: to follow an existing group or to create one's own, i.e. to convince or be convinced..

A peer-informed economy? (1)

- ◆ Today: treating scarce goods as if they were infinite; treating abundant goods as if there were scarce: the current economy is based on pseudo-abundance and pseudo-scarcity
- ◆ Tomorrow: A steady-state economy coupled with growing immaterial assets and a well-being economy: the P2P political economy is based on real abundance and scarcity

A peer-informed economy? (2)

- ◆ Today: the commodification of everything; cognitive and affective capitalism; the colonization of the life-world in the market state
- ◆ Tomorrow: a pluralist economy combining:
 - A core of non-reciprocal peer production
 - A reciprocity-based gift economy for services and traditional pre-capitalist economies (open money reform)
 - A vibrant market based on non-externalization, non-scarce monies and new corporate formats
 - Governance based on multi-stakeholdership

P2P Politics: Strategies

- Three strategies:
 - ◆ **Transgressive = ignoring the old: Filesharing, Piratbyran**
 - ◆ **Alternative/Constructive = building the new: Creative Commons, GPL**
 - ◆ **Reformist = changing/adapting the old: legislative reforms (DAVDSI France)**

P2P Politics: Goals

- ◆ Recognition of true scarcities through true costing
 - Reforming the market: natural capitalism, living economies
- ◆ Impeding artificial scarcities
 - IP reform (against illicit monopoly rents from IP)
 - Monetary reform
- ◆ Promoting true abundance
 - Sustainability of peer production: p2p to market?
 - Universal basic income?

Democracy vs. Self-governance

- ◆ One vote, binary decisions vs. Many differentiated decisions
- ◆ Discontinuous participation and batch processing Vs. Continuous, real-time bubbling up
- ◆ Polyphony, with prior perspective, arrested products Vs. No prior code, permanent evaluation.
- ◆ Autonomy is about direct expression without representation
- ◆ Politics is no longer about having/taking power, but about augmenting the potential for autonomy

P2P = a total social fact





THANK YOU

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