

# DIGITAL FEUDALISM

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# DIGITAL FEUDALISM: CREATORS, CREDIT, CONSUMPTION, AND CAPITALISM

BY

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## INTRODUCTION: A SQUID GAME REALITY

Seong Gi-hun is presented with a simple gambling game of Ddakji by a mysterious well-dressed stranger in a subway. The goal of Ddakji, a game similar to milk caps or Pogs, is to throw a folded piece of paper at your opponent's folded piece of paper and flip their piece of paper. The stranger says the winner will pay the loser 100,000 won (approximately \$83) for every flip. However, Seong Gi-hun is a broke gambler and unable to pay his opponent after he loses. Instead of paying cash, the stranger offers to slap Seong Gi-hun in the face for every loss. After endless rounds of the game, the stranger propositions Seong Gi-hun that he “can make big money playing games like this for a few days.”<sup>1</sup> After this proposition, we learn that Seong Gi-hun owes hundreds of millions of won to loan sharks and the bank due to failed businesses. The stranger gives him a card and instructs him to call the number. This is twenty-first century capitalism – a world without job security, demands to consume more, and debt everywhere – where no job is too degrading for a few bucks.

Seong Gi-hun is the protagonist in *Squid Game*, the popular Netflix series in which contestants agree to play children's games for the chance to win a huge cash prize, but the losers all die. In the background of the series are wealthy and powerful men who bet large sums of money on different aspects of the game. The premise is disturbing, but as I write this in 2022, it feels familiar, and something seems to have changed over the past decade. In fact, *Squid Game* creator Hwang Dong-hyuk pitched it as a movie idea a decade ago, but producers and studios could not envision an audience so twisted who would watch a series of children's games where losing a game results in death. Netflix gave it a chance, though, and it has been the platform's fastest growing and most-streamed hit. The humiliation and death exhibited in *Squid Game* is not far from the alienation and exploitation felt by people in contemporary capitalism.

As the hunger for *Squid Game* demonstrates, we live in a unique moment of capitalism. In this book, I characterize the current structure of capitalism as built on three tendencies: the need to buy more things, precarious employment, and debt. These tendencies exist throughout capitalism, and also dominated at the moment when the global economy transitioned to capitalism at the pinnacle of feudalism. While these tendencies worked to grow capitalism in the background, they dominate once again. Accordingly, I call this moment "digital feudalism" to highlight the connection to their earliest formations. However, I do not use the term to suggest the harbinger signaling the end of capitalism, but rather, as a mechanism to show the constantly changing nature of capitalism.

In the introduction of this book, I define capitalism to establish the terrain of the book. Next, I analyze two aspects of capitalism that I think are foundational to understand the most important characteristics of digital feudalism: primitive accumulation and planned obsolescence. Primitive accumulation

was a dominant aspect of the economy during the transition from feudalism to capitalism and it once again proliferates. Finally, I present the three dominant characteristics of digital feudalism that are the focal point of the book: unending consumption, precarious labor, and debt peonage.

## CAPITALISM

Capitalism has been the dominant organization of the global economy for roughly 500 years. It has an overdetermining impact on the everyday lives of human beings. However, capitalism's ubiquity often obscures what it means. First, capitalism is an economic system that depends on the endless accumulation of capital. Capital is a social relation that gets to the underlying relationship between people, most importantly capitalists and workers. As a social relation, it is better to think of capital as congealed labor rather than simply money. Capitalists own the means of production – or the tools and resources needed to make things – and labor makes things with those tools and resources. Second, capitalism involves the exchange of commodities. A commodity is something created to be exchanged. Under capitalism, the goal is to exchange commodities for more money than it costs to produce them. Since capitalism is a social system that permeates society, the social elements described here help to understand the development and encompassing nature of capitalism.

Human beings need to meet their needs in order to survive. Those needs are both biological and social. Our biological needs stem from keeping our bodies alive – water, food, shelter, and clothing. Most people think of these basic needs when they discuss needs, but our social needs are just as important. Social needs depend on the organization of

society. For instance, in contemporary western society, a cell phone with access to the internet is a need. I'll never forget the time I was reading in a Panera Bread restaurant in 2009 when someone queried the cashier if the restaurant was hiring. The cashier responded that they needed to go online to apply. The assumption by Panera Bread was that in order to work at the restaurant, employees needed access to the internet for a job that didn't otherwise require internet access. Another example involves getting to work, I live in the largest city in America without public transportation (Arlington, Texas), which means a car is a social need to get around. As a result, many people drive beat-up cars that shouldn't be on the highway because they need to get to work. These needs change constantly and depend on the historical and cultural logics of a society.

The organization of society explains how we meet our needs. In a hunter-gatherer society, people eat by hunting or gathering food. In an agrarian society, people grow food or raise animals. As agrarian societies developed, basic forms of trade and exchange grew to facilitate a growing division of labor. As societies change, different ways of meeting needs can exist alongside each other. However, capitalism changed the way the vast majority of people access goods to meet their needs. Under capitalism, the way most people meet their needs is by purchasing goods as commodities. In order to earn money to purchase goods, they have to work or have others work for them. Again, in Arlington, Texas, there are plenty of native species of plants and animals I could eat to meet my dietary needs, but I don't know what they are nor do most residents of the city. As a result, I must earn a wage and *buy* food to eat. The same goes for shelter. It is illegal to sleep in most public areas, so one needs a home of some sort and shelter costs money. Even if you win a house, you have to pay taxes. *Extreme Makeover: Home Edition* is a great example.

The television production crew would rebuild homes for people who were down on their luck in one way or another. However, the new construction would cause their home values to skyrocket leaving them stuck with a higher property tax bill<sup>2</sup> – often resulting in the owners becoming homeless. It turns out you cannot live or eat for free under capitalism.<sup>3</sup> In order for people to obtain food, shelter, and internet access, people must have money and for most people under capitalism that requires earning a wage.

Because labor is a commodity, a wage is the price of labor. When commodities are exchanged, capitalists sell them for more than the amount they cost to produce. How do they sell things for more than it costs to produce them? Here, a concept called the “labor theory of value” is useful. This was the dominant value theory among economists from Adam Smith<sup>4</sup> to Karl Marx.<sup>5</sup> Stated simply the “labor theory of value” means that labor produces all value. Workers produce more value through work than the capitalist pays them.

Before capitalism, let’s say a shoemaker needed \$5 per day to meet their needs. They would make as many pairs of shoes in a day so as to earn that \$5 – no more, no less. If a pair of shoes sold for \$10 and the materials to produce the shoes cost \$5, then the shoemaker would make and sell one pair of shoes and call it a day – demand didn’t matter. However, when the shoemaker doesn’t own the means of production under capitalism, they have to work for someone else. The shoe manufacturer would make the shoemaker produce more than one pair of shoes and hold onto the added value. At first, the shoe manufacturer would make the shoemaker make two pairs of shoes and sell them for \$10 each. This \$20 of revenue would cover the \$10 in materials, \$5 for the shoemaker’s wages, and \$5 of surplus value held by the shoe manufacturer. Eventually, the shoe manufacturer would require the shoemaker to produce three, four, five pairs of

shoes, and so forth. At five pairs of shoes, there would be \$50 of revenue, which would include a \$5 wage, \$25 for materials, and \$20 of surplus value. Marx called this surplus value the rate of exploitation because it is the value the worker produces but doesn't earn. Eventually capitalists developed other mechanisms for wages beyond piecework such as hourly wages, salaries, and quotas.

While it's difficult to calculate the rate of exploitation, it is clear that if a person earns \$100 per day, they produce more than \$100 in value. But how do we get to \$100 per day as a wage? This wage for a generic worker links to the amount it would cost to subsist and reproduce the same worker. This is known as socially necessary labor time.<sup>6</sup> Reproduction matters here in two senses of the term. First, the reproduction of the worker to go to work the next day. This includes an amount sufficient to meet the specific workers' needs. People need food, rest, shelter, clothing, and whatever social needs placed upon the specific worker in cultural and historical context. Second, the worker must reproduce the next generation of workers biologically and socially. Here, we can expect the offspring of a worker to be of the same class and require the same level of skill.<sup>7</sup> Highly skilled workers cost more to produce and in the labor theory of value, they cost more than low skilled workers.

The other aspect of a workers' wage calculation comes from the same supply and demand logic of other commodities. The more workers available at a specific skill level, the less capital pays those workers. The goal of capitalism is to produce more workers at any given skill level to reduce wages. Marx called this the reserve army of labor.<sup>8</sup> When more people are available to do a job than jobs available, wages go down as desperate workers become willing to take lower wages. On the other hand, wages go up when there are fewer workers in a given field. We see this vividly in discussions

of STEM (Science, Technology, Engineering, and Math) jobs over the past two decades. A fervor among politicians and media pundits stated that “we” need more people with degrees in STEM fields. Why do governments care? In the United States, many argued this would create more “high-paying jobs.” But more workers in a field doesn’t result in more jobs in a field. Take a field like computer science. When I began college in 2001, the understanding was earning a BA in Computer Science would earn someone \$60,000 after graduation – equivalent to about \$95,000 in 2022 dollars. These were high prestige computing jobs in software development, computer networking, and data science. While still a top earning bachelor’s degree, in 2021 a new computer science graduate would earn around \$72,000.<sup>9</sup> Why hasn’t the salary kept pace with inflation? As more people entered computer science, three phenomena happened. First, people with computer science degrees began to earn higher degrees to differentiate themselves. Second, jobs began requiring a bachelor’s degree for jobs that did not require one previously – employers began hiring people with a BS in computer science for information technology (IT) jobs that required an Associate’s degree before. Third, computer science jobs were outsourced to countries in the Global South, often to people educated through STEM programs in the United States. Overall, this had the effect of suppressing wages at the same time technology companies saw increases in revenues resulting in even more surplus value!

These trends are part of the normal functioning of capitalism, but something has changed. What we see today is a decoupling of the price of labor and the ability of workers to meet their needs (more below). Capital accomplishes this by employing “flexible” labor. However, this is still capitalism – capital hires workers and pays them a wage less than the value they create. In fact, it looks like some of the earliest forms of capitalism.

## SHIFTING IDEAS WITHIN CAPITALISM

Seemingly on a cycle, capitalism goes from moments of growth to crashes. As a way to deal with moments of economic crashes, capitalists adjust the structure of capitalism, oftentimes by utilizing new technologies.<sup>10</sup> In the nineteenth century, people thought these crashes would lead to the fall of capitalism,<sup>11</sup> but thus far capitalists have figured out ways to patch the economy. There is reason to believe capitalism will not last forever, after all, different modes of production have existed throughout history. Alongside those shifts, certain characteristics dominated at different moments. Here, I explore two characteristics: primitive accumulation and expansion of the means of consumption.

### Primitive Accumulation

As European countries transitioned to capitalism, Karl Marx called the phase “primitive accumulation.” Primitive accumulation had two elements: (1) it forced people to become workers and (2) the state spent money in the form of debt to boost capitalist consumption. The start of capitalism was a brutal process driven by these two elements of primitive accumulation. While this transition bore discrete elements different from feudalism, it was not yet full-fledged capitalism. Yet, primitive accumulation is not unique to this transitory phase, but rather characterized by a process that continues throughout capitalism.<sup>12</sup> At the current moment, many of the themes that were dominant during primitive accumulation work to drive capital accumulation and exploit people.

In Europe, a substantial population lived in serfdom under feudalism.<sup>13</sup> Serfs lived and grew crops on land owned by lords. They did not own the land, the product of their labor,