JIS Journal of Interdisciplinary Sciences
Volume 7, Issue 2; 45-61
November, 2023. © The Author(s)
ISSN: 2594-3405

Is the Platform Economy the New Rentier Capitalism? Capitalising Achille Loria's Analysis of Rent and its Elision

Plinio Limata[1] and Paolo Santori[2*]
[1]LUMSA University, Italy
[2]Tilburg University, The Netherlands
P.Santori@tilburguniversity.edu[*]

Abstract: *The economy's platformization has enacted new ways of creating value. This has happened in an unregulated context that has facilitated the spread of such tools. Nowadays, platforms mediate many services we enjoy, paying a hidden price: data. In this paper, we want to highlight platforms' role as value extractors in current market societies, which parallels the role of rent in the modern era's economic system. We employ Achille Loria's (1857–1943) philosophical and economic categories to understand whether the platform economy is a form of contemporary rent-seeking and, if so, to suggest steps to avoid its continued, yet hidden, value extraction. Our study stresses the importance of addressing such a phenomenon through the use of regulation that represents its natural elision, which is the element of novelty of our research with respect to the ones present in the literature.*

Keywords: platform economy; rent; Achille Loria; value extraction

Introduction

Driven by the digital infrastructures of cloud computing, big data analytics, and algorithms (Grabher and König 2020), platforms are a fundamental part of today's global economy (De Rivera et al., 2016). Nowadays, the most significant and fastest-growing companies operate platforms, not factories (Sadowski 2020).

The term 'platform' indicates a series of online digital agreements and programmable algorithms used to organize and structure economic and social activity (Kenney and Zysman 2016) – the key functionality of a platform is intermediation (Christopher 2019). There has been a "platformization" of infrastructure and an "infrastructuralization" of platforms (Plantin et al., 2018). It is a process of "thing-ification" of knowledge (Birch 2020) capable of transforming the way goods and services are created, produced, and distributed (Kenney and Zysman 2018; Berg et al., 2018), influencing the social and earnings dynamics of individuals (Frenken et al., 2017b).

Narratives and counter-narratives of the pros and cons of this phenomenon have been developed (Pasquale 2016), and scholarship has highlighted the need to analyze platform features critically – providing some categorization too (Srnicek 2017) – and impact on people's lives (Plantin et al., 2018). However, the landscape enriches daily (Sadowski 2020), with social, political, cultural, and economic consequences beyond the platform's boundaries (Schwarz 2019).

Users' advantage of some platform-mediated services has become evident in the pandemic times. Nonetheless, these practices still present many challenges: legal (McKee 2017, Frenken et al. 2017), economic (Mazzucato 2018), and social (Vallas and Schor 2020). To name a few: legislation and norms to be applied, manipulation of prices, management and manipulation of data for non-legitimate purposes, as demonstrated by some events (e.g., Cambridge Analytica). To date, there is no one-size-fits-all model for platforms, and the problems platforms raise and their impacts must be evaluated case by case. However, these are all public interest issues, and their effects on people's lives is unclear. Still, companies may use monitoring, collecting, and using data to shape individual behaviours and preferences, competing for market power and profits. As we point out, this is done by pursuing rent-seeking activities based on *value capture*.

The present contribution aims at interpreting platforms' phenomenon through the lens of rent theory since the analysis of digital platforms is among the "challenges" that need to be addressed (Ward and Aalbers 2016). Contemporary capitalism is increasingly dominated by rentiership rather than entrepreneurship (Birch and Ward 2023), being dominated by assets – natural and non-natural (Srnicek, 2021) – and their owners (Christophers 2019; Mazzucato 2018). Moreover, as shown by Piketty (2014), the net rate of return on capital is more significant than output growth, so societies are moving toward "asset-based economies" (Birch 2015) or the "asset economy" (Adkins et al. 2021). Assetization refers to the transformation of a resource (e.g., data) into capitalized property (Birch et al. 2021), and platforms collect monetary rent and data rent (Sadowski 2020). Personal Data is the fuel that sustains the architecture – e.g., Birch et al. (2021) offer an interesting analysis of how Big Tech companies (e.g., Google, Facebook, Microsoft) monetize it.

Therefore, rent is the most appropriate category for understanding platforms' location in the capital accumulation process (Srnicek 2021). There are many studies on rent and rent-seeking in contemporary market economies (Tullock 1967, Krueger 1974, Buchanan et al. 1980, Stiglitz et al., 2014, Dourado 2015, Piketty, 2020). As portrayed by Birch and Ward (2023), a key distinction is between Ricardian (the problem in rentiership itself) and Marxian (rentiership is an expression of underlying changes in the structure of labor exploitation) approaches as opposed to mainstream economics of the last century that reads rent-seeking as related to government interference in the market and/or lobbying activities to pursue individual benefits creating a social loss.

We will take a slightly different approach. We will focus on platform economy reviving the theory of rent developed by Achille Loria (1857–1943), an Italian economist living across the

19th and 20th centuries (Bruni, 2019). Loria's theory of rent (Jannacone 1955, Bartolì 2003, Faucci and Perri 2003, Perri 2004, Faucci 2014, Bruni 2019) combines some of the best findings of Ricardian and Marxist theory while expressing the soul of the Italian civil economic tradition (Bruni and Porta 2003, Bruni and Zamagni 2016), always critical of privileges and expropriations. This approach is interesting because it studies the static elements of rent (i.e., its main features and their relations) and the dynamics of rent (i.e., how it existed and evolved in different socio-economic contexts). In our understanding of the platform economy as a form of rent-seeking, the transition from a public sphere to a private one owned by a few big *rentiers* is crucial. Hence, reading and interpreting Loria's philosophical and economic theory will give us a basic grammar concerning rent and rent-seeking in the platform economy.

The article is divided into two sections: Firstly, we introduce the platform. We suggest that even readers familiar with the topic read this part because we move rapidly from platforms' features to the problems they engender. To develop the grammar through which we aim to interpret the platform economy. Secondly, we consider Loria's theory of rent and its elision. In the third section, we attempt to answer our research questions: Can the platform economy be interpreted as rent-seeking? Which features of platforms extract value (rent) and prevent redistribution (elision)? Are these features essential to the platform economy, as Loria saw rent as essential to a capitalistic society, or can they be modified without undermining platforms' structures? Because these questions open many lines of inquiry that can hardly be addressed exhaustively in one analysis, final remarks on future developments will end this paper.

The platform economy and its limits

The term 'platform' can refer to any organization that uses digital or other emerging technologies to create value by facilitating connections between two or more user groups (Fenwick and Vermeulen 2019). A platform provides an open, participatory interaction infrastructure and establishes governance rules (Parker et al., 2016). It is a two-sided (or multi-sided) market (Evans 2003) – that generates a series of network externalities that can be either direct or indirect, positive or negative (Shy 2011, Frenken and Schor 2017), intramarket or intermarket (Parker and Van Alstyne 2005) – in which the platform plays the role of the intermediary (Christophers 2019).

The *platform economy* is a new complex ecosystem, populated by different actors, motivated by different ideologies, and capable of giving life to new market forms. It represents a form of diversification that has attracted numerous labels (Selloni 2017); e.g., on-demand economy, peer-to-peer economy (Bauwens 2006), collaborative consumption or collaborative economy (Botsman and Rogers 2010), zero marginal cost economy (Rifkin 2014), and crowd-based capitalism (Sundararajan 2016). The different practices have generated different subsets (Pais and Provasi 2015) with their own characteristics and peculiarities. Commonly, platforms provide a digital infrastructure that permits exchanging goods and services, allowing the creation of value for those participating. However, each platform works

differently, attracts different types of users, and creates different forms of value (Parker et al. 2016).

Based on the transaction cost theory, the economic logic of online sharing and platforms is easier to understand (Williamson 1981). The key feature of these platforms is the compromise between reducing transaction costs for users and optimising information to match the two sides of the market, characterised by a high level of heterogeneity (Einav et al. 2015). Different categorisations have been proposed based on the type of good or service exchanged (Eurofound 2018, Fumagalli et al. 2018, Forde et al. 2017, Codagnone et al. 2016). They all highlight how capable these platforms are of creating and organising markets by themselves. However, it should be stressed that these markets are not free markets (Frenken et al. 2018). They arise from platforms where code is law (Lessig 1999), and algorithms establish rules of interaction (e.g., algorithmic governance, see Wright and De Filippi 2015). Power relies on the capacity to change these elements (Atzori 2015). The platform primarily regulates transactions by classifying items, matching supply and demand, and recommending or fixing prices. Likewise, the platform determines who is authorised to transact on the platform (Kirchner and Schüßler 2019, McKee 2017).

In an economic sense, the platform's service is better understood as a club good; it is non-rival but exclusionary (Frenken et al. 2018). In many markets where these companies compete, *the winner takes all* (Kenney and Zysman 2018, Taleb 2007). If a platform can dominate from the early stages of market development (having solved the chicken-and-egg problem that characterises these kinds of markets), the probability that it can block the entry of other potential competitors is high; thanks to network effects, the platform can scale – which is the crucial factor (Culpepper and Thelen 2020) – dominating markets (Vallas and Schor 2020). On the contrary, if multiple platforms can already compete during market development, this situation is more unlikely (King 2015). As highlighted by Mayer-Schönberger and Ramge (2018), online markets are generally vulnerable to concentration dynamics because of three different effects: (1) scale effects, (2) network effects, and (3) feedback effects.

By promoting more efficient markets, platforms create trust between parties (Fenwick and Vermeulen 2019). In this sense, platforms are new institutions (Frenken et al., 2017a) that minimise risks and increase consumers' confidence (Einev et al., 2015). The development of the platform economy has coincided with a profound reduction in information costs (Goldfarb and Tucker 2019), transforming the balance between the advantages of internal (corporate) and external markets. Information technology contributes to the erosion of the boundary between business and market. Open and inclusive collaboration and co-creation often fuel platforms' constant innovation (Fenwick and Vermeulen 2019). Instead of flowing in a straight line from producers to consumers, the value can be created, modified, exchanged, and consumed in a variety of ways and places, all made possible by the connections that the platform facilitates, unlocking new sources of value creation and supply (Parker et al. 2016). This creates network effects—the impact that the number of platform users has on the value created for each user—that generate a particular type of externality in

which the utility of consumers and/or the profits of businesses are directly influenced by the number of consumers and/or producers who use the same (or compatible) technology (Shy 2011).

A two-sided platform is not a new type of market; newspapers and shopping malls both represent long-standing two-sided platforms (King 2015). Problems arise when we need to start evaluating the impacts of the externalities they generate. For example, the platform economy's contribution to the current economic paradigm's sustainability is assessed positively by Frenken (2017b) and negatively by Martins (2016). Platformization has also an impact on public interest, which is both positive and negative (Frenken et al., 2017). Scholarship has shown that algorithms may reproduce racial, class, and other biases (Pasquale 2016), and there is growing evidence of related effects within firms and platforms (Vallas and Schor 2020). The functioning of formal and informal norms foreseen by the platform can also have significant distributional consequences, e.g., regressive distributive effects (McKee 2017).

Although it is difficult to assess this type of economy (for many reasons ranging from the informality of the activities put in place to the failure of companies to communicate their data due to privacy concerns), the response may vary based on the business model taken into consideration (Evans 2016). However, it is possible to identify trends within the competitive dynamics of these large platforms, such as the expansion of data extraction, the positioning of gatekeepers, the convergence of markets, and the fencing of ecosystems (Snricek 2017), all of which involve a *process of appropriating the value created by the network via the single platform* (Kenney and Zysman 2018, our emphasis).

This landscape demand evaluation of a critical factor of this debate: value. As Mazzucato highlighted in her latest work (2018), there is a huge problem within modern capitalism: *value extraction is better rewarded than value creation*. A debate on what 'value' means today and how it should be redistributed is needed because it may have profound consequences on people's rights and income dynamics in the case of the platform economy.

Who is creating value? How is it redistributed? Among the concerns expressed by the present research, value creation and redistribution are critical. Therefore, if a single platform owns the value created by users, is this a revival of rentier capitalism in disguise?

If platforms do not produce anything other than a digital infrastructure that allows peers to exchange goods and services (Frenken et al. 2018), the classic economists' distinction between 'productive' and 'unproductive' work recalled by Mazzucato (2018) seems pertinent. Although innovation (Schumpeter 1934) as the engine of modern capitalism is often believed to be driven by the individual (the Silicon Valley rhetoric docet!), in recalling the Nobel laureate H. Simon, Mazzucato (2018) highlights that innovation and value creation are collaborative processes. Many platforms are theoretically developed starting from this principle (Fenwick and Vermeulen 2019), which employs a bottom-up approach for modifying the market (Fitzmaurice et al., 2020), but with a twist.

To better understand this epithet under which we propose classifying some features of the platform economy, we now turn to Loria, who, more than a century ago, asked the same question about the industrial society in which he was living.

Loria on rent and its elision

In 1880, 33-year-old Loria published his first important book based on his master's thesis entitled *La rendita fondiaria e la sua elisione naturale* (*Land rent and its natural elision)*. Although he developed his thoughts in subsequent works (Loria 1891, Faucci and Perri 2003), his core ideas on the problem of rent in a capitalistic society are primarily ascribable to this first work. Bruni (2019) convincingly showed that it is impossible to label Loria's theory under one epithet, such as Marxist (he was dubbed 'the Italian Marx'), neoclassical or marginalist. He lived across two centuries when economic science was changing. Therefore, Loria's economic theory draws heavily upon the traditions of his time, but it also draws on his predecessors. In particular, he sometimes considered himself the last of the classical economists - 'let us return to Political Economy. Unfortunately, it has degenerated into a psychology made by ignorant in psychology' (Loria 1947, 93), sometimes as the heir of a 'National (Italian) scientific tradition' (Loria, 1889, 339).[1] The issue of rent, associated with conflicts against privilege, is what Loria inherited from these two traditions. Ricardo's and Marx's ideas gave him the conceptual tools to critique the capitalistic economic system, where rent still dominated over profits and salaries.

In *La rendita fondiaria e la sua elisione naturale*, Loria attempted to criticise Marx through Ricardo, and Ricardo through Marx. Ricardo gave him the most complete economic theory of rent ever elaborated, whereas Marx's historical materialism furnished him with the philosophical categories to observe the evolution of rent within society. However, the former failed to see the immutable, eternal laws of history in the natural dynamic of rent, and the latter ignored the real economic factors that explain societal development. To Ricardo, Loria replied through an appeal to historical materialism: Morality, religion, and law are only emanations of economic relations *in a certain time and place* or 'nature is the *Fieri* of History' (Loria, 1880, 89). Loria did not want to study the theory of rent but rather how rent developed and existed within the social organism. Marx, according to Loria, understood the importance of historical analysis. Still, he was guilty of underestimating the real factors that moved the economy (i.e., the limitation of the productive power of the soil [Ricardo], population growth [Malthus] and the dynamic of rent and its effect on redistribution [Loria]).

Loria did not view himself as directly indebted to Marx (he conceived of historical materialism as his own product) nor to Ricardo (he studied Ricardo's theory of rent through his mentor Emilio Nazzani). However, he systematically unified the two theories. Hence, we now turn to those elements which, according to Loria, are necessary to understand rent's static and dynamic elements. Together they will form our basic grammar of rent that we will later apply to the platform economy.

[1] *RF* translations have been made by the authors of this paper.

First, Loria considered rent, particularly land rent, together with the other two elements of the economic system: profit and wages. Rent materialises anytime an individual or a class gets in Time 0 revenue gained at time Time 1. In contrast, profits and wages are revenues in Time 1 for investment and effort carried out in Time 1 or Time 0. Rent is backward looking; profits are forward looking. Ricardo, according to Loria, postulated that 'placing the dynamics of wages and profits in correlation with the theory of rent, shows that the need to proceed with the cultivation of less fertile lands leaves the wage unchanged [...] but necessarily diminishes the profit and the rate of profit, and elevates, with the gap between the products of the lands of different fertility, the land rent' (Loria 1926, 17). This dynamic, which, in Ricardo's theory, corresponds to the fixed laws of nature, leads to an inevitable outcome: 'Thus economic evolution is resolved in the progressive decline of profit and the progressive elevation of rent until the rate of profit is reduced to the minimum [...] and the steady-state is reached, which Ricardo, with Adam Smith, consider with terror' (Loria 1926, 17).

Leaving aside the problem of value (i.e., whether the cost of production determines the value, the cost of reproduction or supply and demand), Loria believed that the lesson to be learned from classical economists was that rent is a value extractor. As Loria's mentor, Nazzani commented about Ricardo's viewpoint, 'out of the two theories on rent competing on the field, namely the Ricardian one and that of Carey and Bastiat, the former […] *recognizes with frankness and courage the existence of evil*, without concealing the sullen hues of the economic framework with easy optimism or paying tributes to (its) fatal harmonies' (Nazzani 1872, 92, Italic ours).

This brings us to the second element, which, according to Loria, is tied to the impact of rent on the economic system: *class struggle*. This is provoked by the progressive wealth accumulation in a few 'dead' hands (the landowners) and the consequent disempowerment of the productive classes. What Marx believed constituted the basic conflict of society (capitalist versus proletariat) was, for Loria, a consequence of a more basic contrast:

> 'This bifurcation of wealth [profits and rents, producers and speculators, capitalists and owners] is always very marked in the history of society, and although the other split, between the rich on one side and the poor on the other, *is deeper and clearer*, however, *is not so important and decisive*, because rarely, and only in small proportions, does the employee element affect the legislative assemblies, whereas the two classes of owners and capitalists, with their irreconcilable contrast, have given rise to all the social reforms' (Loria in Bruni 2019, 13).

Not only does rent pertain to a specific class, but this class—the rent-seekers—tries to influence the legal and social environment to perpetuate their value extraction capacity. According to Loria, the outcome is the immobilisation of productive capita (Loria 1889, 84) land the progressive transformation of capitalists/entrepreneurs into rentiers (Loria 1899, 402).

The third element is the most distinctive of Loria's theory, giving the title to his first book: *The Natural Elision*. Loria chose the word carefully. In linguistics, elision is 'the omission of a syllable or vowel at the beginning or end of a word, esp. when a word ending with a vowel is next to one beginning with a vowel' (Sinclair 1994, 506). Like a syllable or vowel, the value extraction produced by rent disappears when it encounters something that annihilates its effects. In other words, the elision of rent allows the value creation of the economic process to be distributed among different social classes rather than appropriated by the rentiers. Different social contexts and epochs had different rent forms, but each was associated with its elision, which guaranteed redistribution among social classes. Hence, 'in the history of humanity, rent is not the rule; it is rather its elision' (Loria, 1880, 52). Loria's book retraced all the periods in which rent was elided: patriarchal, Roman, medieval, and feudal.

To Loria, the capitalistic socio-economic system in which landowners expropriated the value creation of capitalists and workers was not as immutable as Ricardo believed. On the contrary, it was a period in which the elision of rent was blocked by population growth and the soil's limited productive power. The high prices of agricultural goods represented an imbalance in bargaining power between landowners and the other social classes. Still, given the growing population and the need to cultivate more lands, this naturally blocked the elision of rent. If the profits made by city industries were too big (if the rent was elided), no one would have invested in the cultivation of the less fertile lands: 'The rent is based not on a positive phenomenon (an increase of wealth) but a negative phenomenon (subtraction of wealth from the industrial producer to the advantage of the agricultural producer); the elimination of rent is only the "negation of negation", that is, the re-establishment of value at its limit of real costs' (Loria, 1880, 472). Hence, the real problem for Loria was not to remove the rent but to understand and eradicate *the elements that blocked its natural elision*.

Up to this point, the remedies for the land problem were inadequate. The legislation was quasi-controlled by landowners; open borders and foreign trade, as advocated by Ricardo, were merely palliatives. Not even the more important of the Ricardian solutions, technical progress, could provide a sufficient balance against rent. Loria's way out—the four elements we highlight for our grammar of rent—did not require people from different social classes to constrain their self-interested behaviour. As a Marxist, he inquired whether there was a true relationship between man and land that was not solely grounded in self-interest. He discovered it in the idea of small property typical of a 'limit society' characterised by free land:

> 'When there is free land, on which one can begin production only by working, when a man lacking capital can take over a piece of unoccupied land whenever he wishes, capitalistic ownership is categorically impossible because no worker is willing to work for a capitalist when he could freely settle on the land. In such conditions, each producer would occupy for himself a piece of land that would bear fruit typical of his work' (Loria 1899, 1–2).

Loria described a 'limit society' (*società limite*), which is not just the historical reference point for his theoretical analysis. It is more fundamentally an ideal type. It is also a utopia toward which history and evolution naturally move. In this society, small owners will not abandon their soil for more productive capital. They will be self-interested but also 'affective,' tied to their land (the fruits of their work). Once more, he revised Marxist theory, this time concerning the concept of alienation: 'The root of the modern social disease is not the separation of the worker from his product, but the separation of the farmer from the ownership of the land' (Loria, 1880, 325).

One question remained unanswered: How can we get from the big landowners' society to the free-land one? Loria did not state his position on this clearly, but he oscillated between two positions. On the one hand, he believed that this change should be the product of *natural progress in which human planning has a minor role*. On the other hand, Loria introduced the role of the state, which could resolve the problem of the elision of rent at its roots via reforms of ownership assets or the more radical return of lands to state ownership, thus blocking capitalist development by surpassing the same capitalistic propriety rights structure. However, he was aware that 'the owners of land resist with inflexible tenancy against any attempt to effectively realize reforms' (Loria 1899, 80).

More than the contents, which are inevitably outdated, Loria's analysis of rent is interesting in its method. We emphasised four elements of this analysis: the definition of rent in relation to profit and wages, rent and class struggle, rent and its elision and possible solutions to the rent disease. In this last respect, we saw that Loria argues for a radical change of property assets. However, he saw this change sometimes as the product of human action and sometimes as the inevitable outcome of natural progress. In the next section, we will show that it is possible to read the platform economy through Loria's categories and that this interpretation highlights the rent-seeking within it.

The platform economy and rent-seeking

Markets and enterprises represent two different ways of coordinating human activities and information; the former is horizontal and decentralised, the latter is vertical and centralised (Mayer-Schönberger and Ramge 2018). The platform economy can represent a hybrid with horizontal production of value (market) and vertical extraction of it (enterprise); it is simultaneously distributed and centralized (Sadowski 2020).

The erosion of the boundary between business and market (Fenwick and Vermeulen 2019) affects the link between the flow of information relating to the product and the product itself; thus, the information economy and the economy of things can be broken, and this process can be defined as deconstruction (Evan and Wurster 2000). This process leads to a differentiation between markets based on prices and information—the so-called *data-rich* market (Mayer-Schönberger and Ramge 2018). In the former, price is the indicator of the information contained by the product and can coordinate the actions of individuals (Hayek 1945), which is basically what has happened until today. However, in this process of simplification, much

information is lost. Within data-rich markets, the preferences of those involved in the transaction are not deduced by prices but *from all the information that is transmitted* (Mayer-Schönberger and Ramge 2018) (constant feedback on transactions and preferences as well as user profiling).

Data has become central and essential for increasingly more sectors of contemporary capitalism. It can be considered a form of capital (Sadowki 2019) since it is the vital input for the algorithms that perform platforms' match-making function (Grabher and König 2020). Thus, *digital data plays a fundamental role in the functioning of the entire ecosystem*, and everything needs to be directed at manufacturing and extracting them. An outline of how data is used to create value is offered by Sadowski (2019).

Digitalization has reduced the costs of storing, calculating, and transmitting data (Goldfarb and Tucker 2019). The platforms have information about their users that they can convert into big data ('datafication') and use for commercial purposes (Zuboff 2019), for instance, in terms of competitive advantages, price discrimination policies (Agarwal and Dhar, 2014; Frenken et al., 2017), or sale to other companies. The big data aftermarkets and the development of business models for monetising them demonstrate this (Wiener et al. 2020).

These processes show how the 'social production' that the platforms generate yields no property rights for those who create it converging value in the hands of a few (Lanier 2013, Carr 2008). Acting as market-makers, platform operators have developed various business strategies (Kirchner and Schüßler 2020). The (real) value (big data and metadata) created is extracted by whoever owns the platform, having the capacity to extract surplus value, transforming social interaction into content and data (Schwarz 2019), with little regard for consent and compensation (Sadowski 2019). Data privatization induces a new form of inequality (Mazzucato 2018). Sadowski (2020) outlines three critical mechanisms by which the platform economy contributes to these phenomena: data extraction, digital enclosure, and capital convergence. Our analysis focuses on the first mechanism as pivotal for the others since all spaces must be subjected to datafication (Sadowski 2019). This process reveals the power dynamics of a market that is pervasive nowadays while forging our social relations and interactions. We propose that the picture described can be analised through the lens of Loria's rent theory.

Rent as a value extractor

The shift from a price-based to a data-rich market (Mayer-Schönberger and Ramge 2018) is key. Big data, the appropriation of personal data by platforms (Dobusch 2019), commodification (Zuboff 2015), and aftermarkets (Wiener et al., 2020) represent the real stake. Currently, no property rights are recognised for those who produce data, generating income only for a few (Mazzucato 2018).

Platforms offer several transactional benefits to their users; users generally pay for these benefits with *their* data. On the value of these, there is an undeniable unbalanced power that

makes any mutual advantage between platforms and users merely hypothetical. As Mazzucato (2018) stressed, in light of the appropriation of personal data by platforms (Dobusch 2019), data ownership and management must remain collective as their source; the lack of collective ownership and the appropriation by a few is a form of rent.

Class struggle

Although talking about class struggle may seem excessive, the parties' interests conflict due to the atomisation of the parties involved and the absence of their formal representation in the platform economy's phenomenon. The political interests at stake are also far from uniform (Kenney and Zysman 2016). As in the case highlighted by Loria—that is, capitalists and proletariat whose interests were *not consciously conflicting* against those of the rentiers—in this case, we have producers and consumers on one side and the platform owner on the other. We stress that 'the extractive processes that make big data possible typically occur in the absence of dialogue or consent' (Zuboff 2015, 79) between these parties. Generally, users are called to sign the so-called End-User Licensing Agreements (EULA). They are one-sided, non-negotiated, and non-negotiable; you either agree or you are denied access (Sadowki 2019), and platform users often have no other alternative to do so (Lanier 2013).

Producers and consumers fuel the platform with their interactions, and platform owners extract value thanks to personal data appropriation (Zuboff 2019). Despite the right of those who own the infrastructure and the platform to be reimbursed for their investments, the imbalance in value production and its redistribution must be addressed quickly (Mazzucato 2018) to prevent the growth of inequalities. Moreover, there is friction between private and public interests, with public interests being threatened in several aspects (e.g., taxation, consumer protection, prevention of discrimination, public order, and platform independence, see Frenken et al. 2017). This brings us to the third point raised by Loria, elision, which allows value creation to be distributed rather than appropriated by rentiers.

Elision

Regulatory approaches are needed to produce elision, but it is challenging to identify and calibrate users' long-term interests (privacy) and defend all interested parties in light of platforms' immediate advantages.

The rapid proliferation of the platform economy calls for understanding how existing legislation adopted for the traditional economy also applies to online platforms. As Easterbrook argued, new technologies do not necessarily require new legal doctrines when the factual models are essentially unchanged (Werbach and Cornell 2017, 24). By relying on different governance mechanisms, platforms may pose unique problems for regulators (Vallas and Schor 2020) since it propels a further marketization of wider societal spheres (Fitzmaurice et al., 2020).

Technological advances may potentially alter our conception of the law (Werbach and Cornell 2017) because platform-based technological applications have operating rules between developers and users that are almost constituent in nature (Berg et al., 2018; Schwarz 2019). All regulatory approaches must consider various ways in which law and technology can influence each other, contributing to regulating individual behaviours (De Filippi and Hassan 2016). This concept is stressed by Grabher and König (2020) in recalling Polanyi. Till recently, there have been four regulatory possible approaches: (1) strict application of existing rules, (2) deregulation, (3) ad hoc regulation, and (4) no intervention (tolerance) (Frenken et al., 2017). Except for the new frameworks (the Digital Services Act and the Digital Markets Act) introduced by the European Commission, many platform-based activities occur in a regulatory vacuum (Codagnone et al., 2016), where they can exercise their "platform power" (Culpepper and Thelen 2020), creating tensions – between technological innovation and private/public interests – that must be mitigated by policies and regulations. Several unresolved issues have been identified by Codagnone et al. (2016) and the Asia-Pacific Economic Cooperation - APEC (2019).

Data is the key regulatory concern (Schwarz 2019; Zuboff 2019) since ownership of data is important, but "what matters more are the control, access and rights over the data" (UNCTAD 2019, 32). The platform itself defines these properties. It can take multiple forms (Fenwick and Vermeulen 2019), and identifying the appropriate market rules to be applied is becoming increasingly difficult. In this regard, proposals have been developed to find balanced solutions (Frenken et al., 2017, Mayer-Schönberger and Ramge 2018).

Conclusion

Our analysis emphasizes the centrality of data extraction and appropriation as a *value extractor mechanism* of the platform economy. By applying Loria's rent theory categories to the economy's platformization, we highlight that 1) data appropriation and datafication is a rent that works as a value extraction, 2) the class struggle should be reframed: consumers and producers both supply data to the platform, which acts as the *rentier*, and 3) in the absence of legislation, regulations, and norms capable of eliding the rent, technology development has been favoring rentiership that allocated the collective creation of value into the hands of few.
The intermediation of services, goods and information exchanges has generated 1) monopolies and corporations in some cases too big to fail due to pervasive infrastructures we rely on for everyday activities, 2) emulation patterns that are pushing companies to create their digital enclosure (e.g., licensing software), pointing at the monopolization and monetization of their users' data. Dealing with these dynamics requires to recognize that innovation and value creation are collaborative processes. There is an urgent need to apply inter- and trans-disciplinary approaches to understand the implications of the surveillance economy fully we are building and correct the distortions that rentier capitalism is creating to build a community of advantage (Sugden 2018).

The platform economy has been often described as the dawn of a new type of market, and yet we have witnessed an old phenomenon, i.e., rent-seeking. As Loria showed, elision is

intertwined with rent; it is the other side of the coin. There is a need for mechanisms that can *naturally* neutralize the rent of platforms. The starting point should be a different approach to data, managing them as a *common good*. Some technological solutions may go in this direction (e.g., blockchain); however, technical developments are not enough. Regulation is needed, and the parties' mutual advantage (Genovesi, 1824) should be the polar star.

References

Adkins, L., Cooper, M., & Konings, M. (2021). Class in the 21st century: Asset inflation and the new logic of inequality. Environment and Planning A. *Economy and Space*, *53*(3), 548–572. https://doi.org/10.1177/0308518X19873673

Agarwal, R. and Dhar, V. (2014). Editorial—big data, data science, and analytics: The opportunity and challenge for IS research. *Information Systems Research*, *25*(3), 443–448. https://doi.org/10.1287/isre.2014.0546

Atzori, M. (2015). *Blockchain technology and decentralized governance: Is the state still necessary?* Available from: http://dx.doi.org/10.2139/ssrn.2709713

Bauwens M. (2006). The political economy of peer production. Post Autistic Economics Review, 3(37), 28.

Berg, C., Davidson, S., and Potts, J. (2018). *Institutional discovery and competition in the evolution of blockchain technology*. http://dx.doi.org/10.2139/ssrn.3220072

Birch, K., & Ward, C. (2023). Introduction: Critical approaches to rentiership. Environment and Planning A. *Economy and Space*, *0*(0). https://doi.org/10.1177/0308518X231162363

Birch, K., Cochrane, D., & Ward, C. (2021). Data as asset? The measurement, governance, and valuation of digital personal data by Big Tech. *Big Data & Society*, *8*(1). https://doi.org/10.1177/20539517211017308

Birch, K. (2020). Technoscience Rent: Toward a Theory of Rentiership for Technoscientific Capitalism, *Science, Technology, & Human Values*, *45*(1), pp. 3–33. doi: 10.1177/0162243919829567.

Birch K (2015). *We Have Never Been Neoliberal*. Winchester: Zer0 Books.

Bruni, L. (2019). The rent disease: Achille Loria's criticism to the capitalistic society. *The European Journal of the History of Economic Thought*, *26* (1), 1–22.

Bruni, L., and Porta, P. L. (2003). Economia civile and pubblica felicità in the Italian Enlightenment. *History of political economy*, *35*(5), 361-385.

Bruni, L., and Zamagni, S. (2016). *Civil economy: Another idea of the market.* Newcastle-Upon-Tyne: Agenda Publishing.

Botsman, R., and Rogers, R. (2010). *What's mine is yours: How collaborative consumption is changing the way we live*. Collins, London.

Buchanan, J. M., Tollison, R. D. & Tullock, G. (Eds.) (1980). *Toward a theory of the rent-seeking society.* College Station: Texas A&M University Press.

Buchanan, J.M., and Tullock,, G. (1967). The dead hand of monopoly. *Antitrust Law & Economic Review*, 1, 85.

Carr, N. (2008). *Il lato oscuro della rete*. Rizzolli, Milano.

Codagnone, C., Biagi, F., and Abadie, F. (2016). *The passions and the interests: Unpacking the 'sharing economy'.* JRC Science for policy report. Institute for Prospective Technological Studies (EUR 27914, doi:10.2791/474555).

Culpepper, P. D., & Thelen, K. (2020). Are we all amazon primed? consumers and the politics of platform power. *Comparative Political Studies*, *53*(2), 288-318.

De Filippi, P. and Hassan, S. (2016). Blockchain technology as a regulatory technology: From code is law to law is code. *First Monday, 21*. doi: 10.5210/fm.v21i12.7113.

De Rivera, J., Gordoa, A., Cassidya, P., and Apesteguíabet A. (2016). A netnographic study of P2P collaborative consumption platforms' user interface and design. *Environmental Innovation and Societal Transitions.* http://dx.doi.org/10.1016/j.eist.2016.09.003

Dobusch, L. (2019). Dynamics of the sharing economy between commons and commodification. *Momentum Quarterly, 8*(2), 109–115.

Einev, L., Farronato, C., and Levin, J. (2015). *Peer-to-peer markets*. Available from: www.nber.org/papers/w21496

Evans, D.S. (2016). *Multi-sided platforms, dynamic competition, and the assessment of market power for internet-based firms.* Coase-Sandor Working Paper Series in Law and Economics, No. 753.

Evans, D.S. (2003). The antitrust economics of multi-sided platform markets. *Yale Journal on Regulation: 20*(2), Article 4.
Available at: http://digitalcommons.law.yale.edu/yjreg/vol20/iss2/4

Faucci, R. (2014). A history of Italian economic thought. Routledge.

Faucci, R., and Perri, S. (2003). Achille Loria: His vision and economic analysis. European Economists of the Early 20th Century. *Studies of Neglected Continental Thinkers of Germany and Italy*, *2*.

Fenwick, M. and Vermeulen, E.P.M. (2019). *A sustainable platform economy & the future of corporate governance. Lex Research Topics in Corporate Law & Economics Working Paper No. 2019-1*; European Corporate Governance Institute (ECGI) - Law Working Paper No. 441/2019. Available from: SSRN: https://ssrn.com/abstract=3331508 or http://dx.doi.org/10.2139/ssrn.3331508

Fitzmaurice C.J., Ladegaard I., Attwood-Charles W., Cansoy M., Carfagna L.B., Schor J.B., Wengronowitz R. (2020). Domesticating the market: moral exchange and the sharing economy. *Socio-Economic Review*, *18*(1), 81–102, https://doi.org/10.1093/ser/mwy003

Forde, C.,Stuart, M.,Joyce, S., Oliver, L., Valizade, D., Alberti, G., Hardy, K., Trappmann, V., Umney, C., Carson, C. (2017). *The social protection of workers in the platform economy.* UK: University of Leeds.

Frenken, K. (2017a). Political economies and environmental futures for the sharing economy. *Philosophical Transactions of the Royal Society A, 375*:20160367.
http://dx.doi.org/10.1098/rsta.2016.0367

Frenken, K. (2017b). Sustainability perspectives on the sharing economy. *Environmental Innovation and Societal Transitions, 23*, 1–2, ISSN 2210-4224.
https://doi.org/10.1016/j.eist.2017.04.004.

Frenken, K., and Schor, J. (2017). Putting the sharing economy into perspective. *Environmental Innovation and Societal Transitions*, *23*, 3–10. http://dx.doi.org/10.1016/j.eist.2017.01.003.

Frenken, K., Vaskelainen, T., Fünfschilling, L., and Piscicelli, L. (2018). An institutional logics perspective on the gig economy. *AocArXiv Papers*, 1–23.

Frenken, K., van Waes, A.H.M., Smink, M.M., and van Est, R. (2017). *A fair share: Safeguarding public interests in the sharing and gig economy.* Utrecht University Repository.

Fumagalli, A., Lucarelli, S., Musolino, E. and Rocchi, G. (2018). Digital labour in the platform economy: *The case of Facebook. Sustainability, 10,* 1757–1773.

Genovesi A. (1824). *Lezioni di commercio o sia di economia civile*. Milano: Società Tipografica dei Classici Italiani.

Goldfarb, A. and Tucker, C. (2019). Digital economics. *Journal of Economic Literature, 57* (1), 3–43.

Grabher, G. and König, J. (2020). Disruption embedded: A Polanyian framing of the platform economy. *Sociologica, [S.l.], 14*(1), 95–118. ISSN: 1971-8853. Available at: <https://sociologica.unibo.it/article/view/10443/10966>. https://doi.org/10.6092/issn.1971-8853/1044

Hayek, F. (1945). The use of knowledge in society. *The American Economic Review*, *35* (4), 519–530. Available from: from http://www.jstor.org/stable/1809376 [Accessed 28 September 2020].

Kenney M. and Zysman, J. (2018). *Work and value creation in the platform economy*. BRIE Working Paper, 2018-4.

Kenney, M. and Zysman, J. (2016). The rise of the platform economy. *Issues in Science and Technology*, *32*, 61–69.

King, S. P. (2015). Sharing Economy: What Challenges for Competition Law? *Journal of European Competition Law & Practice*, *6*, (10), 729–734. https://doi.org/10.1093/jeclap/lpv072

Kirchner, S. and Schüßler, E. (2020). Regulating the Sharing Economy: A Field Perspective. Maurer, I., Mair, J. and Oberg, A. (Ed.) Theorizing the Sharing Economy: Variety and Trajectories of New Forms of Organizing. *Research in the Sociology of Organizations, 66*, Emerald Publishing Limited, Bingley, pp. 215-236. https://doi.org/10.1108/S0733-558X20200000066010

Kirchner, S., and Schüßler, E. (2019). The organization of digital marketplaces: Unmasking the role of internet platforms in the sharing economy. In: *Organization outside organizations. The abundance of partial organization in social life*. Cambridge, Cambridge University Press.

Krueger, A.O. (1974). The political economy of the rent-seeking society. *The American Economic Review, 64*(3), 291–303.

Lanier, J. (2013). *Who owns the future.* Simon & Schuster, New York.

Lessig, L. (1999). *Code and other laws of cyberspace*. New York: Basic Books.

Loria, A. (1880*). La rendita fondiaria e la sua elisione naturale*. Milano: Hoepli.

Loria, A. (1891). The landed theory of profit. *The Quarterly Journal of Economics*, *6*(1) 108–111.

Loria, A. (1899). *La costituzione economica odierna*. Torino: F.lli Bocca.
Jannaccone, P. (1955). La figura e l'opera di Achille Loria. *Giornale degli economisti e annali di economia*, 419–434.
Mayer-Schönberger, V. and Ramge, T. (2018). *Reinventare il capitalismo nell'era dei big data. Milano: Egea*.
McKee, D. (2017). *Environmental Innovation and Societal Transitions*. http://dx.doi.org/10.1016/j.eist.2017.04.001
Nazzani, E. (1872). *Sulla Rendita Fondiaria*. Forli: Tip. Soc. Democratica.
Pais I., and Provasi, G. (2015). Sharing economy: A step toward the re-embeddedness of the economy? *Stato e Mercato, 105*, Il Mulino: Bologna.
Parker, G. and Van Alstyne, M.W. (2005). Two-Sided network effects - A theory of information product design (September 29, 2010). *Management Science, 51*(10), 1494.
Parker, G.G., Van Alstyne, M., and Choudary, S.P. (2016). *Platform revolution*. New York: WW Norton.
Pasquale F. (2016). *Two Narratives of Platform Capitalism* , 35 Yale L. & Pol'y Rev. 309
Perri, S. (2004). La 'solitudine'di Achille Loria: positivismo, questione sociale e distribuzione. Il pensiero economico italiano, 12 (2), 1000–1019.
Piketty, T. (2020). *Capital and ideology*. Cambridge: Harvard University Press.
Piketty T (2014*). Capital in the Twenty-First Century*. Boston: Harvard University Press.
Plantin, J.-C. Lagoze, C., Edwards, P. N., & Sandvig, C. (2018). Infrastructure studies meet platform studies in the age of Google and Facebook, *New Media & Society*, *20*(1), pp. 293–310. doi: 10.1177/1461444816661553.
Rifkin, J. (2014). *The zero marginal cost society: The internet of things, the collaborative commons, and the eclipse of capitalism*. London: Palgrave Macmillan.
Rochet, J.C., and Tirole, J. (2003). Platform competition in two-sided markets. *Journal of the European Economic Association, 1*(4), 990–1029.
Rochet, J.C., and Tirole, J. (2004). *Two-sided markets: An overview*. Working paper, Institut d'Economie Industrielle, France.
Sadowski J (2019) When data is capital: Datafication, accumulation, extraction. *Big Data and Society 6*(1):1–12
Sadowski, J. (2020). The internet of landlords: Digital platforms and new mechanisms of rentier capitalism. *Antipode*, *52*(2), 562-580.
Schumpeter, J.A (1934). *The theory of economic development*. New Jersey: Transaction Publishers.
Schwarz, O. (2019). Facebook Rules: Structures of Governance in Digital Capitalism and the Control of Generalized Social Capital. *Theory, Culture & Society*, *36*(4), pp. 117–141. doi: 10.1177/0263276419826249.
Sinclair, J. (1994). *Collins English Dictionary*. Harper Hollis, Michigan.
Sugden, R. (2018). *The community of advantage. A behavioural economist's defence of the market.* Oxford: Oxford University Press. Oxford.
Shy, O. (2011). A short survey of network economics. *Review of Industrial Organization, 38*, 119. https://doi.org/10.1007/s11151-011-9288-6

Srnicek, N. (2021) Value, rent and platform capitalism in Work and Labour Relations in Global Platform Capitalism edited by Julieta Haidar and Maarten Keune, *ILERA Publication series, 29*:45, DOI: https://doi.org/10.4337/9781802205138

Srnicek, N. (2017). *Platform capitalism.* Hoboken, NJ: John Wiley & Sons.

Stiglitz, J., Fitoussi, J.P., Bofinger, P., Esping-Andersen, G., Galbraith, J., Grabel, I. (2014). A call for policy change in Europe. *Challenge, 57*(4), 5–17.

Sundararajan, A. (2016). *The sharing economy. The end of employment and the rise of crowd-based capitalism*. Massachusetts, Cambridge: MIT Press.

Taleb, N.N. (2007). *The black swan*. New York: Random House.

Tullock, G. (1967). The welfare costs of tariffs, monopolies, and theft. *Economic Inquiry, 5* (3), 224–232.

UNCTAD (2019). *Digital Economy Report: Value Creation and Capture—Implications for Developing Countries. Geneva: United Nations Conference on Trade and Development.*

Vallas, S. and Schor, J. (2020). What Do Platforms Do? Understanding the Gig Economy. *Annual Review of Sociology. 46*. 10.1146/annurev-soc-121919-054857.

Ward, C. and Aalbers, M. (2016) Virtual special issue editorial essay 'The shitty rent business': What's the point of land rent theory? *Urban Studies 53*(9): 1760–1783.

Werbach, K. and Cornell, N. (2017). Contracts ex machina. *Duke Law Journal, 67*, 313. Available from SSRN: https://ssrn.com/abstract=2936294

Wiener, M., Saunders, C., and Marabelli, M. (2020). Big-data business models: A critical literature review and multiperspective research framework. *Journal of Information Technology, 35*(1), 66–91. https://doi.org/10.1177/0268396219896811.

Williamson, Ó. (1981). The economics of organization: The transaction cost approach *American Journal of Sociology, 87*, 548. Doi:10.1086/227496.

Wright, A. and De Filippi, P. (2015). *Decentralized blockchain technology and the rise of lex cryptographia.* Available at SSRN: https://ssrn.com/abstract=2580664 or http://dx.doi.org/10.2139/ssrn.2580664

Zuboff, S., (2015). Big other: Surveillance capitalism and the prospects of an information civilization. *Journal of Information Technology, 30*(1), 75–89. doi: 10.1057/jit.2015.5

Zuboff, S. (2019). *The age of surveillance capitalism. The fight for a human future at the new frontier of power*. New York: PublicAffairs.

Paper Received April 27, 2023; Accepted August 27, 2023; Published November 2, 2023