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The Social Wealth Fund:

The Social Wealth of Data

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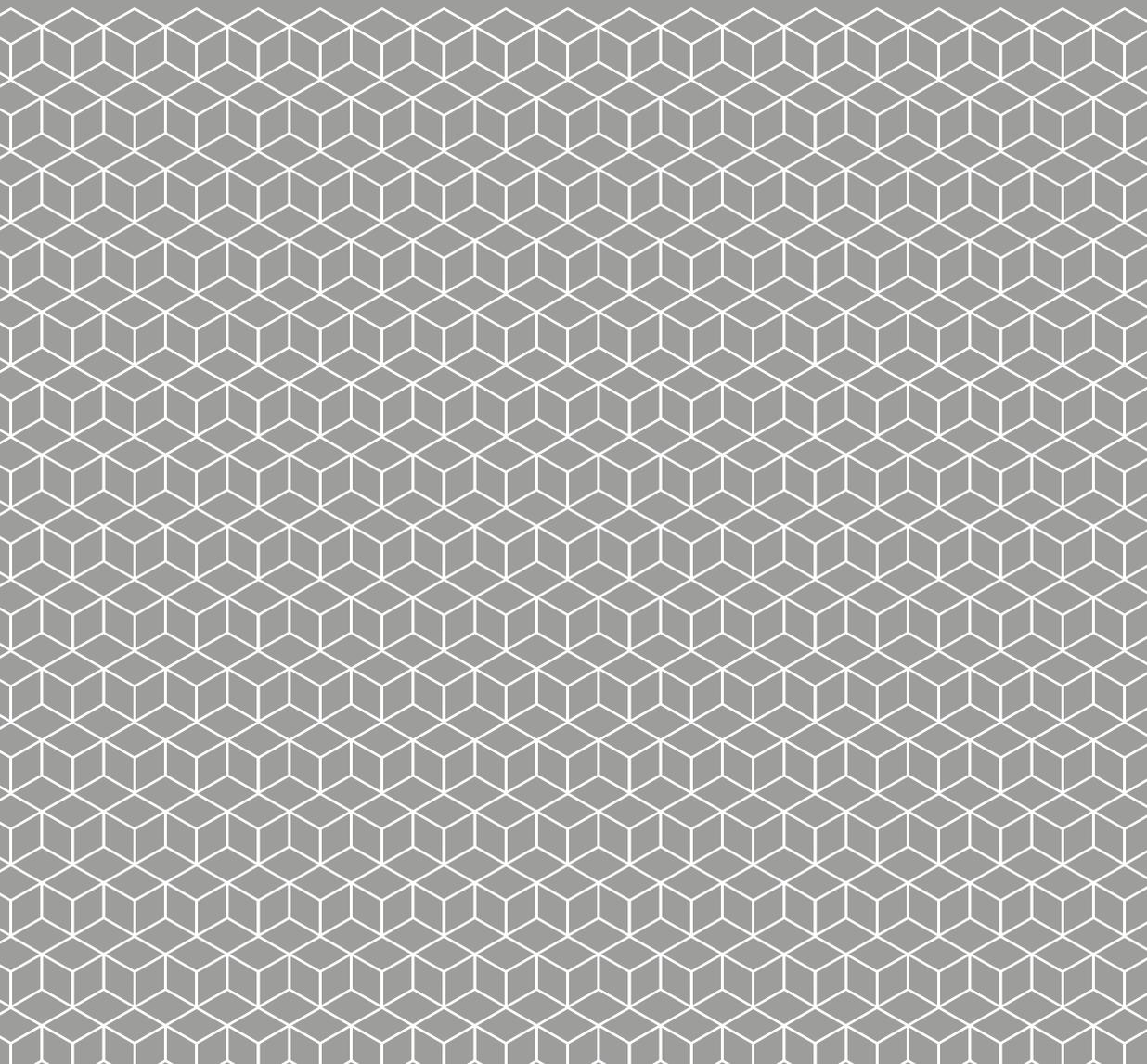
A Different Direction For The Fund

Christine Berry

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This new [report](#) on social wealth funds is a significant contribution – nothing less than an attempt to build an institution for collective wealth and control over investment. As the report notes though, one of the key challenges is in finding continual sources of funding that can sustain the fund over time. Here there appears room to bring together the social wealth fund with another idea that is starting to gain traction: that of being paid for the value of our data.

The latter idea responds to the situation of contemporary platform capitalism, where a handful of increasingly powerful and monopolistic platforms are able to extract an immense amount of data and control the wealth generated from it. The biggest companies in the world (measured by market capitalisation) are all increasingly platform companies, while their founders often rank among the wealthiest individuals. Yet at the same time many of the workers for these companies earn a pittance and struggle against miserable working conditions. The median Amazon worker, for instance, earns barely more than a worker at Walmart¹; while Facebook and Google have outsourced the existentially harrowing work of content moderation to poorly paid workers in the Philippines². All of these companies, in turn, rely to a significant degree upon our data to make their businesses work – yet the sources of that data see no remuneration, even as society mops up and pays for the negative externalities created by these companies.

There is a general recognition that ownership over data is one of the key issues in play here, but the type of ownership varies in different accounts. In this short piece, I want to outline two prominent options – personal data markets, and a national data fund – and critique the first, while suggesting how the second can fit into a social wealth fund.

¹Georgia Wells, Rachel Feintzeig, and Theo Francis, “Amazon’s Typical Worker Is in a Warehouse Making \$28,446 a Year,” *Wall Street Journal*, April 22, 2018, <https://www.wsj.com/articles/amazons-typical-worker-is-in-a-warehouse-making-28-446-a-year-1524402003>.

²Sarah Roberts, “Behind the Screen: The Hidden Digital Labor of Commercial Content Moderation” (University of Illinois at Urbana-Champaign, 2014), https://www.ideals.illinois.edu/bitstream/handle/2142/50401/Sarah_Roberts.pdf?sequence=1; Adrian Chen, “The Laborers Who Keep Dick Pics and Beheadings Out of Your Facebook Feed,” *Wired*, October 23, 2014, <http://www.wired.com/2014/10/content-moderation/>.

The idea of a personal data market is seeing a resurgence in popularity,³ finding recent support in the pages of the *Economist*,⁴ the *Wall Street Journal*,⁵ and the *New York Times*.⁶ The law scholar Eric Posner and Microsoft researcher Glen Weyl are leading the recent charge, particularly in the pages of their recent book *Radical Markets*.⁷ They've been joined by long-time supporter of the idea, Jaron Lanier, who first argued for micro-payments for data and content production in his 2013 book, *Who Owns the Future?*⁸ And an increasingly large number of blockchain-based initiatives are proposing systems for individual control over the selling of personal data. But the idea of personal data markets isn't just a right-wing or tech evangelist idea; many on the left have also been demanding 'wages for Facebook' and arguing that our online activities are a form of unpaid labour. (In fact, the latter idea is arguably the default position of the left on issues around the digital economy.) All of these positions, in one way or another, make the argument that individuals should be paid for their data. But should we be individually paid for our data?

There are a number of reasons why a personal data market/wage would be laborious, inefficient, and detrimental to individuals, but here I want to focus on two key points. First, there is the simple fact that individually, data is worth very little. Facebook's average quarterly revenue per user, for instance, is only \$6.18 at the moment,⁹ while Google's is marginally higher at \$6.70 per user.¹⁰ This is a pittance already, but once the basic expenditures of these companies are taken into account, individuals would be left with even less. The Financial Times provides a useful (and humbling) online tool to calculate your data value to the data broker industry – with almost everyone being worth less than a dollar (my data was worth 22 cents).¹¹ The value of data emerges from its aggregation and analysis, which means individual data is worth next to nothing. However, and this is our second point, even if our data was worth more we would run into the problem that it intersects with inequality. With personal data markets, we would create a system whereby the rich can afford privacy, while everyone else is incentivised to relinquish their basic rights to privacy. A personal data market would mean

allowing the highest bidder to purchase mass surveillance over us. For all these reasons, the idea of being individually paid for our data should be rejected and remain the preserve of neoliberal dreams.¹²

³The idea of a personal data market in fact has a much longer history. The original dot-com boom of the 1990s, for instance, saw companies like AllAdvantage create a platform that let users sell their personal data. In a story that is eerily reminiscent of today's headlines, it was funded by Softbank and venture capital, and at its peak was valued at \$700 million – before it went out of business in 2001. Mark Gimein, "Meet The Dumbest Dot-Com In The World," *Fortune*, July 10, 2000, http://archive.fortune.com/magazines/fortune/fortune_archive/2000/07/10/283752/index.htm.

⁴"Should Internet Firms Pay for the Data Users Currently Give Away?," *The Economist*, January 11, 2018, <https://www.economist.com/news/finance-and-economics/21734390-and-new-paper-proposes-should-data-providers-unionise-should-internet>.

⁵Eric A. Posner and E. Glen Weyl, "Want Our Personal Data? Pay for It," *Wall Street Journal*, April 20, 2018, <https://www.wsj.com/articles/want-our-personal-data-pay-for-it-1524237577>.

⁶Eduardo Porter, "Your Data Is Crucial to a Robotic Age. Shouldn't You Be Paid for It?," *The New York Times*, March 6, 2018, <https://www.nytimes.com/2018/03/06/business/economy/user-data-pay.html>.

⁷Eric A. Posner and E. Glen Weyl, *Radical Markets: Uprooting Capitalism and Democracy for a Just Society* (Princeton: Princeton University Press, 2018).

⁸Jaron Lanier, *Who Owns The Future?* (London: Penguin, 2014).

⁹See Facebook's 10-K report for 2017, page 37

¹⁰<https://www.statista.com/statistics/306570/google-annualized-advertising-arpu/> (Note that these are 2016 figures.)

¹¹<https://ig.ft.com/how-much-is-your-personal-data-worth/>

¹²Kenneth C. Laudon, "Markets and Privacy," *Communications of the ACM*, 1996.

By contrast, a national data fund presents a fundamentally different approach to the ownership of data.¹³ Rather than individuals being responsible for the selling of their data, a national data fund would collect (anonymised) public data, as well as any (anonymised) private data that people might wish to share. Ownership of this data would always remain with the collective, and differential levels of access would be provided. For researchers, they might be given open and free access to the healthcare data of a country, fostering the flourishing of medical insights and developments. Likewise, other public bodies might be given open and free access to relevant data (e.g. a public health body could be given access to transportation data in order to manage and reduce localised air pollution problems). And for the global tech giants, any access to this data would come at a high cost for them. In every case, access and use would be highly regulated and controlled, ensuring that privacy and data protection are in place at every step.

The system would be designed in such a way as to ensure privacy (and regulations could be passed to, for instance, restrict re-identification procedures), and to ensure individual control over their own data. If individuals prefer to not let a company use their location data, for instance, they should be given fine-grain controls over this. (One side benefit of this fine-grained control is that we could imagine collective and spontaneous withdrawals of data from companies that were stepping beyond the assumed social contract.) With such an institution, the incentives for individuals to sell their privacy would be gone, since any individual data point would be an imperceptible drop in the national data pool. The data could be as accessible as possible for those who are tasked with building up public goods and services.¹⁴ Yet at the same time, the value of this data for private companies would no longer be channelled into Jeff Bezos' or Mark Zuckerberg's wallet. Instead, the value would be more equitably shared with the public – which brings us back to the social wealth fund.

If the social wealth fund requires annual top-ups to ensure its sustainability, then a national data fund could be a key component of that. As the report argues, this wealth could then be spent on any number of socially useful tasks. In an age of platform capitalism, we should recognise that our data is part of our social wealth.

¹³To my knowledge, the first mention of this term is in Evgeny Morozov's article, though related ideas around data trusts have been circulating in a number of policy papers. The fundamental difference being that data trusts aim to establish trust between particular stakeholders in a sector in order to foster sharing of data, while a data fund aims to generate collective remuneration for public data. Evgeny Morozov, "To Tackle Google's Power, Regulators Have to Go After Its Ownership of Data," *The Observer*, July 1, 2017, <http://www.theguardian.com/technology/2017/jul/01/google-european-commission-fine-search-engines>.

¹⁴ For one example, with respect to healthcare data, see: Marc A. Rodwin, "The Case for Public Ownership of Patient Data," *Journal of the American Medical Association* 302, no. 1 (2009): 86–88.

A Different Direction For The Fund

Christine Berry

This [report](#) is an important and timely contribution to one of the central questions of post-neoliberal political economy: how can we democratise the ownership and control of wealth, rather than simply focussing on how that wealth should be (re) distributed? The idea of Social Wealth Funds offers the exciting possibility of genuinely transforming the social relation of capital – from private accumulation via dysfunctional markets to common dividends from common resources.

To see how the three models in the report measure up against this ambition, it's worth drilling down into the specifics of each from a capital ownership perspective: what are the sources of capital on which the funds are built, and how is that capital to be invested and managed for the common good?

Let's start with the 'social investment fund'. This is essentially an extension of the conventional model of funding public services out of taxation, with the added step of multiplying this tax income (and smoothing it over time) through investment on the global financial markets. This doesn't really move us on from the dependence of the traditional welfare state on capitalist production and growth: indeed, arguably it introduces a 'double dependence', as the tax earned on company profits is then invested back into the same companies' stocks and bonds. The same applies if the fund is to be capitalised through a state bond issue (i.e. borrowing on global financial markets), albeit via a different route.

The risk is that this approach merely accelerates the financialisation of public goods, turning the state into a capitalist rather than turning capital itself into a democratic force. The experience of private pension saving offers a salutary lesson here. Many had high hopes that the rise of this "workers' capital" would have a transformative effect on the ownership and control of the economy's productive base: ordinary workers were now shareholders in the world's biggest companies.

But so far, this has not materialised: far from capital markets being put at the service of their worker-owners, it is workers' pensions that have become financialised, marketized and subordinated to the skewed logic of short-term shareholder value. The main – perhaps only – beneficiaries have been the City intermediaries who manage the funds. If social investment funds are to be entrusted to professional investment managers with a mandate to maximise returns, we might reasonably expect the same fate to befall them.

So how could we rethink this model into something more genuinely transformative? If we want to fundamentally democratise wealth creation, rather than just siphoning off some of the profits of capitalist wealth creation for public goods, we need to imagine whole new ways of capitalising such funds and investing that capital.

Let's take the scenario of a post-work future where tech companies like Google and Facebook dominate the economy. Under the social investment fund model, we would tax Google's profits, invest the proceeds in Google shares, and use the returns to fund social care. But what if we capitalised a fund by socialising the common resources on which these companies' business models depend - such as our personal data (as Nick Srnicek argues for elsewhere), or technological advances built on publicly funded research?

And what if we invested that capital for social good in ways that sidestepped our dysfunctional and unfair equity and debt markets - like building social housing or energy infrastructure that generates long-term returns, or capitalising public banks? In this way the investment process itself would become a core part of the democratic delivery of public goods – rather than simply the goose that lays the golden eggs to be spent on those public goods. If these lines of thinking are pursued, the social investment fund concept does contain the seeds of genuine economic transformation.

So how about the ‘Citizen’s Wealth Fund’? Similar considerations apply in terms of the capitalisation and investment of the fund, so most of the ideas above could equally apply to this model. The main difference is in how the returns from the fund are used: for a flat-rate ‘citizen’s dividend’ rather than for collective provision of public services. (As an aside, it’s not clear to me that this model is in fact the one that “most directly achieves” the goal of increasing social equity – since it offers a flat payment to every citizen, while the services provided by the other two types of fund are likely to be redistributive.)

In this sense, it is the closest of the three models to a conventional investment fund or unit trust – just one in which every citizen has a stake. Again, the risk here is that, like our mortgages and our pensions, this could effectively give citizens a greater stake in maintaining the status quo (i.e. the protection of corporate profits and the pursuit of growth at any cost), rather than moving beyond it. And again, rethinking the way such funds were capitalised and invested could mitigate this risk. Whether it is worth it probably depends on whether the fund truly could evolve to the point of paying a Universal Basic Income sufficient to provide a livelihood.

This brings us to the Urban Land Trust model, which for me is the most exciting of the three. This proposal really illustrates the radical potential of the Social Wealth Fund model. It takes a common resource (land), puts it into common ownership, and sets it to work for the common good (social housing). Most importantly, it does so in a way that bypasses the capital markets and ownership structures which currently allow the extraction of rent from this common resource on a massive scale.

Rather than making public goods more dependent on financialised capitalism, it makes the provision of a basic human need – decent housing – more independent from a broken and highly financialised housing market. It replaces relations of rent extraction and marketisation with relations of democratic ownership and control. It would be interesting to explore whether a similar approach could be extended to other types of common resources, such as energy and water. This is the new economy in action.

Herein lies the real potential of Social Wealth Funds: not merely as ways for democratic actors to adopt existing market mechanisms to mobilise and generate wealth, but as new, inherently democratic means of doing the same - grounded in shared ownership of resources that should always have been held in common. Socialising the income from our rent-extracting financial markets might be a worthy goal – but building an economy that is fundamentally less dependent on these markets is an even better one.

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