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IS THE PLATFORM ECONOMY THE NEW RENTIER CAPITALISM?

ACTUALISING ACHILLE LORIA'S ANALYSIS OF RENT AND ITS ELISION

Plinio Limata and Paolo Santori

Abstract

Today there is a growing consensus on the benefits of the platform economy. All the stakeholders are fairly remunerated, and the market sphere is grounded on the parties' mutual advantage; points of equilibria are reached more efficiently, and costs of production and transaction are lowered thanks to the channels created by the platforms. We question this idyllic picture highlighting their role as *value extractors* in current market societies, which parallels the role of rent in the modern era's economic system. Therefore, we employ Achille Loria's (1857–1943, dubbed 'the Italian Marx') 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.

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

1. 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), influencing the social and earnings dynamics of individuals (Frenken et al. 2017). The rise of the platform economy and the spread of intelligent tools and systems transform the way goods and services are created, produced, and distributed (Kenney and Zysman 2018; Berg et al. 2018). There has been a "platformization" of infrastructure and an "infrastructuralization" of platforms" (Plantin et al. 2018, p. 295).

Nowadays, the biggest and fastest-growing companies operate platforms, not factories (Sadowski 2020). However, there is still no clear definition of a digital platform; the term 'platform' simply indicates a series of online digital agreements, programmable algorithms used to organise and structure economic and social activity (Kenney and Zysman 2016). Narratives and counter-narratives of pros and cons of this phenomenon have been developed (Pasquale 2016), and scholarship has highlighted the need to critically analyse platform features and impact in people's life (Plantin et al. 2018) providing some categorization too (Srnicek 2017). However, the landscape is enriching every day (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 these pandemic times. Nonetheless, these practices still present many challenges, including legal (McKee 2017, Frenken et al. 2017), economic (Mazzucato 2018), and social (Vallas and Schor 2020) issues concerning, respectively, the relevant legislation to be applied, the possible competitive advantages to be gained, the manipulation of prices, and the management and manipulation of data for non-legitimate purposes, as demonstrated by some recent events (e.g., Cambridge Analytica). These are all public interest problems, and the need to understand the possible impact on people's lives is urgent. To date, there is no one-size-fits-all model for platforms, and the problems platforms raise, as well as their impacts, must be evaluated case by case. However, the literature shows that it is possible to highlight several issues surrounding this sector's development principles that could have significant, diverse negative implications if they are not addressed.

The present study dives into this stream of literature, interpreting platforms' phenomenon through the lenses of rent theory. 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 2013, 2020). However, we will take a slightly different approach. We will revive the theory of rent developed by Achille Loria (1857–1943), an Italian economist living across the 18th and 19th centuries.[1] 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 of interest because it studies not only the static elements of rent (i.e., its main features and their relations) but also 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 fundamental. Hence, reading and interpreting Loria's philosophical and economic theory will provide us with a basic grammar concerning rent and rent-seeking in the platform economy.

The article is organised as follows: In the first section, 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, in the second section, we consider Loria's theory of rent and its elision. In the third section, we attempt to answer our initial 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.

2. THE PLATFORM ECONOMY AND ITS LIMITS

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)—collaborative consumption or collaborative economy (Botsman and Rogers 2010), on-demand economy, peer-to-peer economy

[1] In this respect, Bruni (2018) wrote: 'He started his economic education just before the marginalist revolution (mid-seventies). At 22, he published his first book, putting him right among the rising stars of this discipline. This great precocious success was also, perhaps, a cause of his later hardships. At 27, he was already a full professor in Siena, a point of reference for the Italian economic science, and gaining ever more internationally recognition. He was certainly an outstanding economist of his generation, very well-known abroad.' 'Loria was among the Italian economists of his time the most known and discussed in every country' (Jannaccone 1955, 420). 'His major books were translated into many languages, including English, German, French, Russian and Japanese. He was involved in scientific discussions and polemics with Marshall, Edgeworth, Fisher, Wicksell, Seligman and many others' (p. 3).

(Bauwens 2006), zero marginal cost economy (Rifkin 2014), and crowd-based capitalism (Sundararajan 2016) to name a few. The different practices have generated different subsets (Pais and Provasi 2015), with their own characteristics and peculiarities.

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 infrastructure for interactions 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 et al. 2015), in which the platform plays the role of the intermediary. Platforms do not produce any goods or services but provide a digital infrastructure that permits peers to exchange goods and services (Frenken et al. 2018), thus allowing the creation of value for all participants.

Each platform works differently, attracts different types of users, and creates different forms of value (Parker et al. 2016). The economic logic of online sharing and platforms is easier to understand based on the transaction cost theory (Williamson 1981). The key feature of these platforms is the compromise between reducing transaction costs for users and optimising the use of information to match the two sides of the market in light of 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 organising the markets 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 because algorithms establish the rules of interaction (e.g., algorithmic governance, see Wright and De Filippi 2015), any change in them is an expression of power (Atzori 2015). It is the platform that primarily regulates transactions by classifying items, matching supply and demand, and recommending or fixing prices.

Besides, a platform can determine 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 of the markets in which these companies compete, *the winner takes all* (Kenney and Zysman 2018, Taleb 2007). Online markets are generally vulnerable to concentration dynamics because of three different effects: (1) scale effects, (2) network effects, and (3) feedback effects (Mayer-Schönberger and Ramge 2018).

If a platform is able to dominate from the early stages of market development (having solved the chicken-and-egg problem that characterises these 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 are already able to compete during market development, the occurrence of this situation is more unlikely (King 2015).

Essentially, by promoting more efficient markets, platforms create trust between parties to facilitate the free flow of goods, information, and services (Fenwick and Vermeulen 2019). In this sense, platforms are new institutions (Frenken et al. 2017) that have found various ways to minimise risks and therefore increase consumer 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; platforms are built around offering constant innovation through open and inclusive collaboration and co-creation (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, going so far as to eliminate the gatekeepers of the pipelines, 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).

According to Frenken et al. (2017), these new practices have impacts on public interests that are positive (e.g., increased wealth, employment, entrepreneurship, social cohesion, and environmental protections) and negative (obstacles to maintaining a level playing field, taxation, consumer protection, prevention of discrimination, public order and platform independence; the prevention of monopoly formation; and the protection of privacy and autonomy).

Moreover, scholarship has shown that algorithms may reproduce racial, class, and other biases (Pasquale 2015), 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 regressive distributive effects. By structuring transactions between users, these rules determine who can use the platforms and under which conditions, resulting in significant distributional consequences (McKee 2017).

A two-sided platform is not a new type of market. For example, 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. The platform economy's contribution to the current economic paradigm's sustainability is assessed positively by Frenken (2017b) and negatively by Martins (2016).

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. Who is creating value? How is it redistributed? 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 for people's rights and income dynamics in the case of the platform economy. Among the concerns expressed by the present research, value creation and redistribution are critical. Therefore, if the value created by users is owned by a single platform, is this a revival of rentier capitalism in disguise?

Platforms do not produce anything other than a digital infrastructure that allows peers to exchange goods and services (Frenken et al. 2018). In this case, the distinction between 'productive' and 'unproductive' work utilised by classic economists and 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.

3. LORIA ON RENT AND ITS ELISION

In 1880, 33-year-old Loria published his first important book based on his master's thesis entitled *Land rent and its natural elision* (*La rendita fondiaria e la sua elisione naturale,* RF henceforth). 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 thought of himself as the last of the classical economists ('let us return to Political Economy. Unfortunately, it has degenerated into a psychology made by ignorant in psychology' [1947, 93]), sometimes as the heir of a 'National (Italian) scientific tradition' (*RF*, 339).[2] 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 *RF*, 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 the philosophical categories to observe the evolution of rent within society. However, the former failed to see in the natural dynamic of rent the immutable, eternal laws of history, 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' (*RF*, 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, but 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

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

mentor Emilio Nazzani).[3] However, he systematically unified the two theories. Hence, we now turn to those elements which, according to Loria, are necessary to understand the static and dynamic elements of rent. Together they will form our basic grammar of rent that we will later apply to the platform economy.

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 T0 revenue gained at time T1, whereas profits and wages are revenues in T1 for investment and effort carried out in T1 or T0. 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, p.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' (*ibidem*). Leaving aside the problem of value (i.e., the question of whether the value is determined by the cost of production, 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 in reference to 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 1972, 92, our emphasis).

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 accumulation of wealth in a few 'dead' hands (i.e., the landowners) and the consequent disempowerment of the productive classes. What Marx believed constituted the basic conflict of society (i.e., 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*

[3] Despite Nazzani's marginal position in the Italian intellectual context, Loria sustained that after his 'classic Saggio' (Loria 1880, p. XIII), it was superfluous to 'defend, expound or comment on the theory of rent'.

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. The outcome, according to Loria, is the immobilisation of productive capital[4] and the progressive transformation of capitalists/entrepreneurs into rentiers.[5]

The third element is the most distinctive of Loria's theory, and it gave 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' (*Collins Online*). Like a syllable or vowel, the value extraction produced by rent disappears when it encounters something that annihilates its effects. In other words, the element producing the elision of rent is what 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 different epochs had different forms of rent, 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' (*RF*, 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 an immutable system as Ricardo believed. On the contrary, it was a period in which the elision of rent was blocked by the growth of population and the limited productive power of the soil. 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. In fact, if the profits made by city industries were too big (i.e., 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

[4] 'The owners, either by not renting part of their land, or by offering the remaining one at such unfair conditions that it discouraged the use of capital, made a share of the total capital impossible to utilise' (Loria 1889, 84).

[5] 'The rent-seeking behaviours of the capitalist entrepreneurs who, with the aim of not boosting the demand for labour that would lead to an increase of wages and a consequent decrease of profits, restrict the accumulation of productive capital and instead invested their profits in various forms of "unproductive capital" (Loria 1899, 402).

negation", that is, the re-establishment of value at its limit of real costs' (*RF*, 472). Hence, the real problem for Loria was not to remove the rent, but to understand and to eradicate *the elements that blocked its natural elision*.

Up to this point, the remedies for the land problem were inadequate. 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, was able to 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' (*RF*, 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.

4. THE PLATFORM ECONOMY AND RENT-SEEKING

Markets and enterprises represent two different ways of coordinating human activities and information; the first is horizontal and decentralised, and the second is vertical and centralised (Mayer-Schönberger and Ramge 2018). The platform economy can represent a hybrid that mixes enterprises and markets, 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 those based on information—the so-called *data-rich* market (Mayer-Schönberger and Ramge 2018). In the first, 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) (e.g., 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), being 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 need to be directed at manufacturing and extracting them. An outline of how data is used to create value is offered by Sadowski (2019).

By transforming the information into bits, the costs of storing, calculating and transmitting data are reduced (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; thus, value converges in the hands of a few (Carr 2008). Digital networking enriches a few individuals who misappropriate the value created by many (Lanier 2013), and the privatisation of data induces a new form of inequality (Mazzucato 2018). Sadowski (2020) outlines three critical mechanisms by which platform economy is contributing to these phenomena: data extraction, digital enclosure, and capital convergence. We do not deny the importance of all three elements, but we focus on the first mechanism as pivotal to the value extraction operated by the platform itself. As the same Sadowski argues (2019), all spaces must be subjected to datafication.

Acting as market-makers, platform operators have developed various business strategies (Kirchner & Schüßler, 2020), in which consumers have become producers, and value chains have begun to resemble networks (Evans and Wurster 2000). 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).

The picture presented neatly corresponds to elements of Loria's analysis:

i) Rent as a value extractor:

The pivot from a price-based to a data-rich market is key (Mayer-Schönberger and Ramge 2018). The big data, appropriation of personal data by platforms (Dobusch 2019), commodification (Zuboff 2015) and aftermarkets (Wiener et al. 2020) of data-rich markets represent the real stake, and 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 services 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.

ii) Class struggle:

Although talking about class struggle may seem excessive, given the atomisation of the parties involved and the *absence of their formal representation* in the platform economy's phenomenon, the interests of the parties conflict. 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 argue 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 remunerated for their investments, the imbalance in the production of value 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.

iii) Elision and solution:

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

The rapid proliferation of the platform economy calls urgently for understanding how existing legislation, adopted for the traditional economy, is also applicable 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).

According to the European Commission, there are four possible approaches to this: (1) strict application of existing rules, (2) deregulation, (3) ad hoc regulation, and (4) no intervention (i.e., tolerance) (Frenken et al. 2017). All regulatory approaches must consider various ways in which law and technology can influence each other, both contributing to the regulation of individual behaviours (De Filippi and Hassan 2016). This concept is stressed by Grabher and König (2020) in recalling Polanyi. Therefore, technological advances may have the potential to 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).

Today, 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 tension between technological innovation and private/public interests that must be mitigated by policies and regulations. There are still several unresolved issues that 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 (e.g., Frenken et al. 2017, Mayer-Schönberger and Ramge 2018).

5. CONCLUSION

Using Loria’s philosophical categories and his concept of elision, our analysis focused on the centrality of *datafication* (Zuboff, 2019) for the functioning of the platform economy as a *value extractor mechanism*.

Platforms do not produce anything other than a digital infrastructure that allows peers to exchange goods and services (Frenken et al. 2018). In this case, the distinction between ‘productive’ and ‘unproductive’ work utilised by classic economists and 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. How data are manufactured, managed, and shared is crucial. The rising of the platform economy has been often described as the dawn of a new type of market that could benefit all the stakeholders involved, and yet we have witnessed an old phenomenon, i.e., rent-seeking, being in disguise into this new market configuration.

There is an urgent need to correct the distortions that practitioners and academics have outlined to build a real community of advantage (Sugden 2018). As Loria showed, the 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.

We suggest that a starting point may be a different approach to data, managing them as a common good. Some technological solutions go in this direction (e.g., blockchain – see De Filippi 2018, Scholz and Schneider 2016); however, technical developments are not enough. What is needed is regulation, and the mutual advantage (Genovesi, 1824) of the parties should be the north star.

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