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Anti-Copyright



# NFTs Suck for Labor

Eric Fleischmann

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It's best to start this piece off by admitting that I am not particularly tech-savvy. I am a cheerleader for open-source, peer-to-peer, decentralized, appropriate, etc. technology, but, otherwise, I am only about as knowledgeable about this stuff as your average zoomer.<sup>1</sup> However, some things in the technological and digital world appear quite obvious to me. For example, the latest cancerous offshoot of the private property regime has arrived: the NFT (a term you may have recently come across on the Internet). An abbreviation for 'non-fungible token,' these tokens, as Robyn Conti and John Schmidt describe for Forbes, are...

a digital asset that represents real-world objects like art, music, in-game items and videos. They are bought and sold online, frequently with cryptocurrency, and they are generally encoded with the same underlying software as many cryptos.

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<sup>1</sup> See Kevin Carson's *The Homebrew Industrial Revolution: A Low-Overhead Manifesto*, Karl Hess's *Community Technology*, and E.F. Schumacher's *Small Is Beautiful: Economics as if People Mattered*.

Although they've been around since 2014, NFTs are gaining notoriety now because they are becoming an increasingly popular way to buy and sell digital artwork. A staggering \$174 million has been spent on NFTs since November 2017.

They are called 'non-fungible' because, unlike conventional cryptocurrencies, they cannot be traded/exchanged for one another. In its basic function, NFTs allow someone to purchase the rights to the original version of a piece of media and then, by means of blockchain (decentralized lists of records maintained through networked cryptography), they can be authenticated as the actual owner regardless of how many times and in what ways it has been shared.

The conventional left-labor critique of this phenomenon is obvious: private property is fundamentally anti-social and so any expansion of private property into the digital realm will produce primarily negative ends. However, the broader critique of intellectual property pre-dates the Internet by decades and has primarily been the domain of the individualist anarchists and mutualists. The great individualist Benjamin Tucker writes:

[T]he patent monopoly, which consists in protecting inventors and authors against competition for a period long enough to enable them to extort from the people a reward enormously in excess of the labor measure of their services, – in other words, in giving certain people a right of property for a term of years in laws and facts of Nature, and the power to exact tribute from others for the use of this natural wealth, which should be open to all. The abolition of this monopoly would fill its beneficiaries with a wholesome fear of competition which would cause them to be satisfied with pay for their services equal to that which other laborers

get for theirs, and to secure it by placing their products and works on the market at the outset at prices so low that their lines of business would be no more tempting to competitors than any other lines.

And this line of thinking is continued into the 20th Century by Laurance Labadie, who writes that some of the main “restrictions to free production and distribution are patents, copyrights, and tariffs” and into the 21st Century by Carson, who writes that “enclosure, via ‘intellectual property,’ is why Nike can pay a sweatshop owner a few bucks for a pair of sneakers and then mark them up to \$200. Most of what you pay for isn’t the actual cost of labor and materials, but the trademark.”<sup>2</sup> And as such, IP works, as all monopolies do, to restrict free production and voluntary exchange and thus artificially shift the price of goods above the cost of production; the market equilibrium of the labor theory of value as it is presented in modern interpretations by Laurance Labadie and Carson.<sup>3</sup> These two thinkers write, respectively, that “it may be said that, *granting free competition*, that is, free and equal access to the means of production, to the raw materials, and to an unrestricted market, the price of all articles will always tend to be measured by the effort necessary for their production. In other words, labor as a factor in measuring value will become predominant” and that “[i]n an economy of distributive property ownership . . . time-preference would affect only laborers’ calculations of their own present consumption versus their own future consumption. All consumption, present or future, would be beyond question the result of labor.”

But why is intellectual property and its effect on pricing being discussed here? NFT ownership is ‘enforced’ through blockchain, not by the government, right? It’s not actually copyright or any-

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<sup>2</sup> Here, the forms of IP—patent, copyright, trademark—are treated as amalgamous in their behavior as mechanisms of monopoly.

<sup>3</sup> Economists hate them! Learn this one weird trick!

thing? Correct, NFTs are not the same as copyright or any other kind of IP. David Lizerbram & Associates write that NFT owners...

have the right to own, sell, lend, or otherwise transfer the NFT itself. They don't (unless they own the copyright) have the right to make or sell copies of the digital art, to transfer the copyright in the work, or to create derivative works based on the original.

The "right to make copies" bit is messy in the digital world. For example, if I buy an NFT, and then I post it to Instagram with the message "Check out this cool NFT that I just bought!", that's creating many more digital copies. But this is true for all kinds of visual art these days, and the artist is free to go to Instagram and file a copyright takedown notice, requesting that the post be removed. My ownership of the NFT wouldn't make that request invalid unless I also owned the copyright.

Therefore, NFTs do not directly—at least to a very significant degree—alter the price of the goods themselves away from the cost of production, but they do something similar to the *ownership* of goods, artificially creating a market in the production of ownership of things instead of things themselves. This inflates the value of the certificate from almost zero—the cost of the 'production' of the ownership (though the 'per-token' cost of maintaining the blockchain needs systemic consideration particularly in respect to the environmental externalities of its overall energy use and carbon emissions and the overall labor, as will be gestured toward later on, to perpetuate the Internet through information and technology production)—to the ridiculous price of the token's speculative resale value as the 'original' version or as part of an NFT 'brand,' thus creating a sense of value totally detached from the actual labor re-

Blockchain technology, particularly cryptocurrencies, are becoming more and more accessible—and therefore more commonplace—for the average lay person,\* with crypto ATMs popping up all over the place and more and more countries approving the official usage of cryptocurrencies. Jim Barth explains that, "[i]nitially a fringe movement supported by a small fraction of early adopters, the use of cryptocurrencies is following the trajectory of cell phone adoption, online shopping, touchless payment systems, and other technological and behavioral evolutions. These innovations started slowly as well before reaching an inflection point followed by explosive expansion." He points out further that "mainstream payments firms, including PayPal, now offer customers the ability to buy and sell Bitcoins – or fractions of Bitcoins – from their accounts. And an increasing number of tech companies, including Square Inc., accept payments in Bitcoins and hold portions of their cash reserves in the digital currency. Even VISA has jumped into the fray. Coinbase, the largest U.S. cryptocurrency exchange, will soon offer a VISA debit card that lets customers spend Bitcoins from their Coinbase VISA accounts." So as this popularity grows, the awful and, honestly, stupid reality of NFTs for visual artists, musicians, writers, and other artistic producers must be made clear.<sup>5</sup> NFTs suck for labor.

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<sup>5</sup> The answer for artistic producers is and will always be copyleft and other strategies of the intellectual and digital commons. Carson explains, for example, that "file-sharing has destroyed an enormous amount of total music industry revenue. But the revenue losses have come entirely at the expense of the record companies and their profits. The artists themselves have suffered no significant loss, and in fact have probably increased sales because of file-sharing." In my experience as a punk musician (check out my current projects Consumerist, Manbites-dog, and Soy.), making my music widely and readily available has only increased my listening base and encouraged people to buy cassettes, t-shirts, etc. This is a fairly consistent phenomenon across creative industries, and I firmly agree with Carson that "[f]ree culture benefits consumers, it benefits artists, and it benefits the general culture. The only people who don't benefit are the [parasitic] corporations of Big Content. Good riddance."

rely on galleries or auction houses to sell their art. Instead, the artist can sell it directly to the consumer as an NFT, which also lets them keep more of the profits. In addition, artists can program in royalties so they'll receive a percentage of sales whenever their art is sold to a new owner. This is an attractive feature as artists generally do not receive future proceeds after their art is first sold.

The picture is far less rosy than they make it out to be though, and Yeo outlines very clearly why:

There is the argument that NFTs are good for digital artists, as they enable them to be paid for their work. Currently, images are easily taken, duplicated, and spread online, often with no credit given to their original creator. NFTs enable us to hold one up as the one true original, giving it value and stimulating the arts industry by enabling collectors to collect. Surely this is a good use of cryptocurrency?

To that I say: If you want a unique artwork, then commission an artist. If you want to ensure creators are properly compensated for their labour, then commission an artist. If you're concerned about the viability of the arts industry, *then commission an artist.*

More than this, NFTs don't even guarantee any money goes to the person who created the work. As it currently stands, there is nothing stopping people from simply tokenising other people's work, claiming it and profiting off it. In fact it's already happening. There is even a Twitter account that will tokenise any tweet for you regardless of whether or not you yourself wrote it — all you have to do is tag it.

quired for production. Amanda Yeo explains this proliferation of 'false' value in a hypothetical scenario:

I imagine you stumbling through a post-COVID, post-apocalyptic party, gripping a half-empty beer and shouting in strangers' ears over pounding EDM.

"I own @dril's pinned tweet," you declare, pronouncing the @ because that's the person you've become. "Like, the original. I own it."

"You can't own someone else's tweet," replies your unimpressed victim as they subtly scan the room for friends. "It's text on the internet."

You falter. "No you don't get it — I tokenised it. I got the original. All... Everything else, the retweets, they're all just copies. They don't... Mine has *value*."

You can't explain what this value is, but you paid \$2.5 million so there must be value. The thudding song blasting over the speakers drops its beat. The beat is always dropping. The beat has never dropped. The beat dropped 13 years ago.

This is basically like if you actually believed buying an 'acre of the moon' or a star granted the same value as an *actual* acre of the moon or an *actual* star and you sold it within a community that somehow agreed with you.

And this rather gross dystopian vision should distinctly worry advocates of labor. Firstly—as demonstrated above—it adds to a culture, particularly on the Internet, that does not understand or accept labor as being a main definer of value; a culture, it should be noted, that is only disrupted by the direct action of the working class and through efforts to widen the distribution of the means

of production and investable wealth.<sup>4</sup> This has been an enormous problem since the advent of the Internet. As the Wu Ming Foundation writes...

Behind the phantasmagory of the Internet lies a set of definite social relations, and Marx means production relations, exploitation relations. The net rhetoric hides these relations. It is indeed possible to talk about the Internet for hours, days, months, touching only marginally the issue of who owns it, who is really in control of the nodes, the infrastructure, the hardware. The pyramid of labour – including slave-like labour – incorporated into the devices we use (computers, smartphones, ereaders etc.) and as a consequence into the Internet itself, is even less discussed. Everyday, corporations expropriate social wealth on the net, and oppress the working class at each corner of the Earth behind the scenes.

The Foundation goes further to point out that Facebook and other social media sites—the platforms which have been and will continue to be integral to the proliferation of NFTs (Facebook and Twitter are both looking to integrate them even further)—are largely the product of its users’ surplus labor. In fact...

“[y]our *whole* work is surplus work on Facebook, because you are not paid. Everyday Zuckerberg sells your surplus work—that is to say, he sells your life (your sensitive data, your navigation patterns, etc.) and your relations. He makes several million dollars

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<sup>4</sup> In the context of the Internet and its technologies, the Wu Ming Foundation invisions this as a “worldwide alliance between “digital activists”, cognitive workers, and electronic-industry workers.” However, “[t]he forms of this alliance, of course, are all to be discovered.”

each day, because he is the owner of the [means] of production, and you are not. Information is a commodity. Knowledge is a commodity. In fact, it is the quintessential commodity in Post-Fordism (or whatever you want to call it).”

But returning to the matter of anti-labor valuation more generally, this issue appears, from a Marxist perspective, in all market exchanges—such as, obviously, NFT transactions—in the form of commodity fetishization, the false belief that the value of a commodity is somehow intrinsic and the failure to realize its value as an investment of labor—the disappearing of social relationships above being the “net” version of this phenomena. But, for individualist anarchists and mutualists, as is discussed above, this is not, at least to the degree marxists posit, a condition of market exchange universally, but rather one enabled by an economic system—like capitalism—that restricts free competition in production and exchange, and therefore shifts primarily to defining value through marginal utility. Both groups would, however, likely agree that NFTs further integrate this problem into blockchain technology.

But furthermore, it is sometimes argued by those in the neoliberal center and center-right that IP is essential to protecting ownership of the products of artistic producers’ labor. The same holds true of arguments in favor of NFTs, and this is how it has often been presented to me in my ‘part-time work’ as a punk musician. And for leftists and pro-labor folks, this may appear to be enacting the slogan “labor is entitled to all it creates.” Or at the very least it might appear to be a trick that visual artists, musicians, and writers can take advantage of to increase their personal profit. Conti and Schmidt argue that...

[b]lockchain technology and NFTs afford artists and content creators a unique opportunity to monetize their wares. For example, artists no longer have to