

The Fourth Sector

By Jonathan Kent

There's a very 21st Century clash shaping up that in many ways echoes a struggle that has been going on for hundreds of years; the battle to take common spaces into private ownership. Corporate initiatives like The Stop Online Piracy Act (SOPA), PIPA, ACTA and attempts to end net neutrality amount to an attempt to fence off the internet for the benefit of multinationals. It threatens a vast and, in very many ways, deeply democratic emerging economy that is reshaping the way we live and work. Indeed the struggle for the internet looks set to be one of the most important conflicts of the next twenty years.

The economy I'm talking about is a nascent Fourth Sector – sitting along side existing private and state sectors, and those charitable and not-for-profit outfits sometimes dubbed the Third Sector. The Fourth Sector is collective, collaborative and cooperative. It's been given new life by new technology and to some it looks entirely novel, bringing together as it does transient communities of interest and purpose without regard to borders and with very little by way of formal organisational structures.

It's important to stress from the outset that the fourth sector isn't purely digital. The internet is often at the heart of these new enterprises, yet often it is merely an enabler allowing like minded people to discover one another whether on different continents or perhaps simply on the same street. The internet creates communities of interest, outlook and purpose however, just as with internet dating, though relationships may start on the web many soon find a more concrete expression in the real world. So too with the fourth sector. Moreover as these ways of working are encouraged online, soon they replicate themselves offline as people get reacquainted with the potential of working collectively, collaboratively and cooperatively.

Re-acquainted because in many ways what we are seeing is simply a revival, in a newly claimed common space, of ways of working that long shaped the commons until they were all but swept away by the industrial revolution, the rise of the corporations and a world where power and capital went hand in hand.

Think on this and ask yourself if it doesn't seem strangely familiar: In Mediaeval Europe large swathes of land were shared by the community according to the rules of the community. Just as Native Americans treated the hills and plains of what became the United States as common land, indigenous societies in South East Asia and Amazonia still have long a strong but communal link to the forests. In today's cities in Asia, Africa and Latin America shanties get built and markets take place and space is shared out along similar lines.

But land isn't the only thing that human beings share and use in common; 'the commons' is a much wider concept but "...hard to define. It provides sustenance, security and independence, yet typically does not produce commodities. Unlike most things in modern industrial society, moreover, it is neither private nor public: neither

business firm nor state utility, neither jealously guarded private plot nor national or city park. Nor is it usually open to all. The relevant local community typically decides who uses it and how.”¹

The great commons of the 21st century is that brought into being by the internet – a global web of collaborative, communal projects, of free and open source software, of copyleft, of creative commons and of many other things, that promises to change the way we live and work. The community which the net has brought into being is surely the largest, the most diverse, and the most complex in human history. Throughout history the organisation of the commons has looked chaotic but there’s generally been a fluid, internal logic to it.

“Commons rules are sometimes written down; and where they are not, this is not so much because what they protect is complex as because the commons requires an open-endedness, receptiveness and adaptability to the vagaries of local climate, personalities, consciousness, crafts and materials which written records cannot fully express.”²

That pretty much describes how the internet has worked, part regulation, part user participation and part guerrilla justice. But the internet as we know it with its open-endedness, receptiveness and adaptability, is under threat.

Two hundred and fifty years ago in England the clash was over the ownership of the common land. It fell prey to a process known as The Enclosures where rich men bribed politicians to pass laws allowing them to fence off the common land and keep it for themselves.

Some historians try to portray this as a benign process. They argue that the land taken out of common ownership was used inefficiently and that it needed private landlords to make it productive.

Well that wasn’t the view of one contemporary commentator. William Cobbett was farmer himself, an employer and a famous observer of rural England. “You, indeed, hear of *no more new enclosures*, and, I hope, most anxiously, that we shall hear of many of the late new enclosures being thrown again to common. They were, [i.e. the enclosures] for the most part, useless in point of quality of production; and, to the labourers, they were malignantly mischievous.”

Cobbett expands on his point about the enclosed land being less, not more productive: “Downs [i.e. hilly grazing land], most beautiful and valuable too, have been broken up by the paper system; and, after three or four crops to beggar them, have been left to be planted with *docks* and *thistles*, and never again to present that perpetual verdure, which formerly covered their surface, and which, while it fed innumerable flocks, enriched the neighbouring fields.”

Nor is that just a contemporary view. The economic historian Robert Allen agrees with Cobbett’s assessment; far from boosting productivity the land grab coincided with a period of stagnation in agricultural production. The great surges in agricultural production belong to the periods before and after the peak of the enclosure movement (1760-1820)^{3, 4}. Allen’s evidence is all the more striking when one considers that

most figures only assess the value of good produced and traded through the market rather than directly consumed by the producer or informally bartered.

The enclosures, the end of the commons, did more than degrade the land. It removed the ability of poorer people to make their own living and drove them into the arms of factory owners who forced down their wages, fed and housed them badly and treated them worse. William Cobbett again: “They drove them from the skirts of commons, downs and forests. They took away their cows, pigs, geese, fowls, bees and gardens. They crowded them into miserable outskirts of towns and villages, for their children to become rickety and diseased, confined amongst filth and vermin. They took from them their best inheritance: sweet air, health and the little liberty they had left.”

This may sound like a history lesson. It’s not. It’s a mirror from 1820 held up to our world in 2011. Two hundred years ago and more the commons provided a different way of working. It was collaborative, with people coming together to bring in the harvest, to share tools, to throw up a house for a newly married couple. Groups would form and break up as needed and reform in a different shape for a different project. Of course there were plenty of people who simply worked for an employer six days a week, but there were more choices.

It’s been argued that the industrial revolution wouldn’t have happened without workers being forced from the land into the cities. That’s impossible to prove one way or another. The profits made during the industrial revolution were vast. If workers had not been forced to work in factories, industrialists might have needed to pay them higher wages to persuade them to take factory jobs. The bounty of the age might simply have been spread a little more fairly and the worst abuses curbed. Historians who argue that communal possession and management of land was inefficient and doomed to be superseded ignore the possibility that the new methods and technologies that emerged from the agricultural and industrial revolutions might well have been adopted by those communities. The presumption some make that these agricultural communities were ignorant and stupid is plain wrong. One needs only look at the [vernacular architecture of the time](#), timber framed houses and barns made with a limited selection of tools to immediately realise that these communities were masters of their environment – attested to by the fact that so many of their buildings both survive to this day and remain highly prized; more so than much of what we built in the 20th Century and that we’re building in the 21st Century. Surely the uptake of technology might have been slower and hampered by a lack of capital, but we have no way of knowing what the outcome might have been. What we know now is that 21st century technology, at its best, is accessible because it’s affordable, and generative – in that it’s capable of being adapted to a myriad of applications unforeseen by its originators. Such technology is far more powerful in the hands of the myriad human nodes of a vast network than in those of monolithic corporations. Had the technology of two centuries ago been equally affordable and adaptable then we might have had a very different industrial and agricultural revolution.

But now, after two centuries where most people have been forced to work for big employers, the internet is on the cusp of changing everything again – not to something entirely new but rather resetting our working lives in a pattern our distant ancestors might have recognised.

Cobbett, meanwhile, didn't confine himself to commenting on the impact of the enclosures on the health of both the dispossessed and the land. He also attacked the additional burden enclosure placed on what then passed for social welfare as more and more families turned to the parish for relief under the poor laws.

Cobbett was vehemently opposed to hiring people who held their hands out for public support, but he recognised that enclosure had stolen both a means of subsistence and supplementing wages from the rural poor and their dignity.

The topic is too large for this paper, but modern society has come to assess value in almost wholly monetary terms. In traditional economies there are other key benefits earned from using one's skills, namely status and respect.

Jonathan Zittrain in *The Future of the Internet* picks up on a theme previously laid out by Yochai Benkler who talks about "sharing nicely" systems and a parallel economy of favours exchanged. Zittrain expresses it thus: "The joy of being helpful to someone... is one of the best aspects of being human, and our information technology architecture has stumbled into a zone where those qualities can be elicited for tens of millions of people." He then quotes from William Fisher who observes that "[i]n an attractive society all persons would be able to participate in the process of making cultural meaning."

This is already clear from phenomena such as the rise of the Q&A sector (where, on sites like Quora, people answer questions for pleasure) to radical shifts in the way the popular culture is driven from teenage bedrooms and YouTube rather than the A&R offices of record labels.

However Zittrain downplays the hard economics of the Fourth Sector and the associated benefits – that just as people feel good about themselves in creating or helping strangers online, they also feel good about themselves being part of an income earning enterprise in which they are a peer rather than an employee.

The examples of people seeking or receiving reward from their work in ways other than pay are so numerous it's astonishing that we've come to ignore them. It used to be called job satisfaction or 'feeling wanted.' Social and emotional factors routinely affect people's work choices. Companies can get away with creating 100 Vice Presidents and inflating job titles rather than pay packets, because those VPs feel good when they hand over a business card (especially if it's not to another debased VP). Britain has experienced a dearth of plumbers and a surplus of media studies graduates in part because many young people would rather tell someone at a party they are in media (even if that's simply a euphemism for advertising sales) than that they're a plumber, even if as a plumber they might earn four times as much⁵⁶. There are also pockets of deprivation where one enjoys more social standing for signing on than for doing a McJob because amongst one's peers there's honour in playing the system but none in being an underpaid, unappreciated schmuck in a dead end job. The need for people to earn respect and self worth has been too quickly discounted. The Fourth Sector has the potential to offer this in spades. In societal terms it's not about knowing your place but of having a place, a place that can change as the skills and knowledge one has to offer evolves.

It's a future where individuals once again take control over their own destiny. Where self worth, independence and self sufficiency are once again a possibility for millions of people who'd otherwise only have the choice of wage slavery.

So the social and economic ramifications could be extraordinarily far reaching and potentially very positive. However the operative word is 'could'.

Writers like Cory Doctorow, Charlie Stross and others have envisaged a future in which economic units shrink until more and more are simply once again autonomous individuals. Big corporations are proving flat footed as smaller, nimbler operations innovate and respond faster. We're moving into a world where assets turn into burdens faster than ever. Companies with a heavy legacy of personnel, property, equipment, IP, knowledge and sales pipelines can quickly find themselves dragged under. Kodak had so much invested in film, not just financially but culturally, that it spotted the switch to digital way too late. The Fourth Sector, while offering millions of individuals a world of opportunity, potentially poses a huge threat to established interests. Not only does it do the opposite of what the enclosures did by driving workers off the land and into the arms of industrialists, it collects millions of independent minded and talented people into fluid, free thinking, innovative economic units that have little at stake and much to gain and that are able to move fast to do so. The big corporations, just like the big landowners of 200 years ago, try to respond by exerting their control over common spaces.

With the internet this comes in the form of ending net neutrality, of net giants acting as gatekeepers that force users to channel transactions through their portals or, as [George Monbiot](#) points out, of rich corporations hiring trolls to skew debate or ratings systems in their favour.

One of the characteristics of common ownership is that the communities that manage such assets tend to do so with sustainability in mind. If that's true of anything today it's true of the interweb. Those who seek to keep it free believe that its true potential lies in unlocking the potential of the many not in corralling them into enclosures run by the few.

We need to frame this new debate and I suggest it's time to talk about this as a distinct 'Fourth Sector'; nimble, fluid, transnational and thoroughly human. While few of the principles that guide it are particularly new, the internet, in particular, and modern technology in general, has created new opportunities for revitalising these well established, but until recently all but forgotten, ways of working. And though many of the new opportunities are in the online sphere we're seeing plenty of cross-fertilisation between the internet and analogue RL – real life. People may first meet fourth sector structures on the web but they may equally apply their principles to setting up a local business or community group. One could argue that the Occupy movement has done just this.

However the Fourth Sector represents a real threat to large corporations because of the speed at which it innovates and uses new technologies to break down the nigh-monopolistic control long exercised by big business.

Let's look at a few examples of industries where big players have failed to keep up with the changes and where more collaborative enterprises have grown like grass through the cracks in the corporate pavement. Music tends to spring to mind. Things went horribly wrong for the music industry with the advent, in the early 1980s, of the pop video. Prior to that point it had cost about £5000 to make and market a single. A video, then, cost around £50,000. Yet rather than see the video as a product the music industry treated it as a marketing cost. It gave them away to outlets like MTV for nothing. The risk factor in releasing a single increased by a factor of ten and so the number of releases fell. At the same time the music became safer as record companies could ill afford too many failures. It stifled experimentation. It heralded the likes of Simon Cowell.

Yet when technology acted to reduce cost – video production became cheaper, likewise studio and production costs fell and CD's were easy and cheap to produce in short runs – the costs to the consumer remained high. With the advent of the mp3 and downloads costs fell once again, so did audio quality, yet the consumer felt no benefit. Indeed sharing your music with your friends as my generation did in the 70s and 80s by dropping vinyl tracks onto mix tapes now, in its 21st century form, leads to prosecutions with children being taken to court and their parents being threatened by unscrupulous law firms who mount unsubstantiated fishing expeditions for their clients. All this does is hasten the demise of the old model and the transition to a new one in which record companies have a smaller and smaller stake.

So the model is shifting. Bands increasingly use direct marketing to take their music to fans. They make use of Facebook and other social networking platforms (even MySpace has an afterlife of sorts as a music promotion platform), they use transaction tools like RawRip, a download service that allows bands to set the price for their tracks and keep all the revenue with the site making money from traffic and advertising. They sometimes allow fans to pay what they feel (as did Radiohead). Just as the record companies treated video as a promotional tool rather than a product some bands now see the music as promoting live shows. File sharers and pirates have taken the place of radio stations and home mix tapes in putting the word out – the fans reward their favourite bands by paying to go to gigs. The Malaysian singer songwriter Pete Teo was an early example of someone who benefitted from the power of then internet when, in 2004, his Japanese fans collaborated online to organise a five city, 13 date tour for him. It meant that they got to see him play and said thank you at the same time.

And seeing the potential of this, large companies have tried to dominate these social spaces so they can make money from the virtual traffic. Sometimes this is simply through advertising. Often it's by attempting to establish a dominant store front so they can take a large percentage of revenues just for hosting it and their very dominance reduces competition and leaves many people little option but to pay a large share of their income for the traffic these sites try to force their way.⁷

The publishing industry is now set to go the way of music with some writers cutting out increasingly unadventurous agents and publishers and self-publishing to electronic platforms such as the Kindle. Though Amazon is trying to exert a lock on it the market is likely to mature further as an open standard emerges that is common across readers so you can buy content once and move it from device to device with the

device manufacturer making money on the sale of the eReader rather than taking commission from content sales. Publishers and agents may well eventually find themselves replaced by teams offering editing and marketing services to writers for a much lower percentage than that taken by those they've supplanted. As costs drop so do business risks and so greater risk can be taken with content. Writers with substantial followings may well offer books direct to readers as a premium item and a different sort of printing industry, built around tech enabled short run printing. Publishing in 20 years will be very different but quite possibly far more exciting than it is now. The economic units will be smaller. There will be more collaboration on a project by project basis. The emphasis will be on service rather than production. In turn businesses that today struggle to keep up with chains could be, with imagination and the use of technology, able to respond better to changing circumstances than the multiples.

Yet books in hard copy will almost certainly survive. They're tactile and pleasant to use and a full bookshelf is not just a collection of books but a statement about the taste and erudition of the owner. Books themselves will surely only disappear when sensuality and pride are no longer part of the human condition.

If books persist so too surely will bookshops in some form. Bookshops in small towns could, for instance, choose to co-locate with a local independent café, to host book clubs, to stage readings, to offer knowledge and advice. Modern group ordering, logistics and replenishment technology is highly automated. Independent bookstores could collaborate to set up a central system so that they cut out wholesalers and offer prices closer to those readers find online. Collective systems generate more data and that data can then be used for demand forecasting helping small businesses to ensure they order the right quantity of a given item so that it's more likely to be there when customers want it and cutting the chances of over-ordering stock – processes that are currently typically only available to larger businesses. By coupling more competitive prices with knowledge, a welcoming environment, human contact and imaginative events such as book clubs and author readings they may be able to offset any remaining price difference with the big online sellers.

This model, to a greater or lesser extent, may offer hope to small and medium sized businesses across the developed world. The economies of scale and the efficiencies hitherto only enjoyed by those able to invest large sums in systems could become available to small enterprises and individuals.

Technology is already starting to marry up food producers with local shops, craftspeople with individual buyers, tradespeople with those who need an extension building, a washing machine fitting or a car repaired. We may see, in a scenario outlined in Cory Doctorow's novel 'Makers', manufacturing technology in the shape of 3D printers and laser cutters become so accessible that the bespoke and the customised become the norm as small enterprises and enterprising individuals form ad hoc networks to produce items for clients large and small.

We need to recognise that small businesses offer economies considerable stability. They tend to spend their money and create jobs more locally.

They also have the potential to increase competition in a way that big businesses often do not. The political right often treats Adam Smith's *The Wealth of Nations* like a Bible – in that they're fond of quoting selectively those parts that allow them to punish others while ignoring others that point to their own moral shortcomings. One of the best is Smith's observation that businesses have preponderance for forming cartels: *"People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices. It is impossible indeed to prevent such meetings, by any law which either could be executed, or would be consistent with liberty and justice. But though the law cannot hinder people of the same trade from sometimes assembling together, it ought to do nothing to facilitate such assemblies; much less to render them necessary."*

In an imagined future where people generating their own power through decentralised technology such as wind and solar came together in wikiEnergy supply companies, it's hard to imagine them getting together in a smoke filled room with representatives of Britain's 'Big Six' to cut secret deals. Democratic, decentralised organisations are generally, by their nature, far too accountable.

They may also change the social nature of businesses. As Facebook's CSO Joe Sullivan, a former California District Attorney, told me last year; "Corporations are not moral entities." For good reason they're focused on delivering value to shareholders. The reason being it allows shareholders to invest with confidence because corporations are legally bound to act in their best interests, which in turn reduces (albeit it does not eliminate) the chance of their being cheated.

Fourth Sector entities are potentially quite different. They can set their own goals. Those could be the maximisation of returns to those involved. They could equally be for the greater good. That greater good could be defined locally or it could be defined globally. Because while the Fourth Sector have huge potential to bring together people whose primary link is geographical, we're also likely to see a growth in projects that are the opposite of local – vast international collaborative projects that bring together individuals for the duration to simply to achieve a mutually agreed goal; in short global communities of interest. Some, like Wikipedia, are not-for-profit yet have already shown the vast potential for the global sharing of expertise and labour.

So what can government do? Firstly government should get out of the way. That is not a call for complete deregulation; every enterprise should be responsible to the society in which it operates. Rather it's a call for government to amend existing laws that don't properly address the existence, let alone the needs, of this re-emerging collaborative, co-operative, borderless, often informal and transient approach to work. It should also review the laws governing this area of work. Not only will that benefit local and national networks, it also grasps a global opportunity. Any virtual enterprise with a worldwide reach raises legal questions – whether for profit or not there is always the chance of disputes. Such disputes have to be arbitrated somewhere. If English law moves early to foresee and legislate for possible problems that this growing Fourth Sector will no doubt encounter then those launching wide ranging projects may well seek arbitration here. That in turn increases the chances that big 4th sector projects set up their headquarters in England and Wales and that we

succeed in creating more high value, professionally and socially rewarding jobs for a new generation of skilled, highly educated and imaginative citizens. If the government makes good its promises to measure wellbeing as a social indicator and economic goal the benefits of a vibrant fourth sector may be even greater than a simple of revenue generated.

However because revenue most certainly be generated there is also an increasingly urgent need to examine the tax ramifications. It's hard enough taxing transnational corporations that headquarter in whichever Swiss Canton promises the lowest rate of corporation tax while continuing to do business in jurisdictions whose markets and local skill base they need.

Fourth Sector businesses are less likely, because of their size and decentralised nature, to play jurisdictions off against one another. However that same decentralisation makes revenue collection a practical challenge.

The Swedish tech company [Mancx](#) came up against just this issue. It has launched a knowledge market - a space where people crowdsource information, typically business information, in return for payment. For a number of reasons they decided to remain headquartered in Stockholm. One major consideration is that the Swedish tax department's advanced IT infrastructure makes it relatively easy to ensure that tax authorities around the world are notified of transactions so that revenues can be collected. Apparently Swedish tax collectors joke that if they need to contact the IRS in the United States they have to send a fax and those faxes probably end up in a locked and darkened room in a basement somewhere because they rarely receive any response. The fact that the Swedes notify other tax authorities does not mean that those notified pay any attention. It does however mean that Mancx can remain compliant.

If government feels the need to do more than remove obstacles it should aim to be the enabler rather than the enactor. It can bring interested parties together. It could facilitate the setting up of shared systems by groups of independent businesses. It could encourage, and even fund through research grants, R&D into collaborative systems and software.

Lastly, and most critically, governments need to remain alert to attempts by vested interests to smother this infant economy at birth. Most notable amongst such attempts are those that aim to bring the new common space, the internet, under corporate control often through maliciously drafted legislation ostensibly addressing a particular 'evil' but in reality a powerful weapon to kill competition.

One of Jonathan Zittrain's key themes is the 'generativity' of the internet and other open instances of technology. He believes that the web's generativity lies in its capacity for allowing the creating of new content, ideas, products, services and further technology.

Zittrain argues that the chaos of the internet and its attendant 'evils' of piracy and poor security is born of the very thing that makes it so powerful as an engine for innovation – the fact that it's open to all to do pretty much what they want with.

With tethered technology – items like the iPhone or Xbox that can only legitimately be used to run software approved by its corporate parent – that means innovation can only happen if its filtered through that device's major vested interest. Zittrain cites for illustration the stultifying environment of US telecommunications in the era before anti trust suits opened up the phone network to innovation when corporations like AT&T could refuse permission for any third party technology to be coupled to the network and that in turn removed any impetus for the company itself to innovate either in technology or services.

That is the dismal status quo ante that legislation like SOPA, PIPA and ACTA has attempted to lead us back to. While their ostensible target is piracy the powers claimed are so sweeping that they lend themselves to killing off innovation and competition in much the same way as CDOs nearly killed off the financial system by decoupling responsibility from the possibility of meaningful oversight in so far as it makes service providers across the net responsible for the actions of others over whom they have no real control.

The difference between the modern United States and Canada has been explained thus, that “when Americans went West it was just them against the wilderness; the pioneers led and the law followed. They could do whatever they wanted unless someone with a badge and a gun told them they couldn't and maybe still even then. In Canada, on the other hand, when pioneers ranged into the vast interior, they found a man in a red suit waiting for them. Law in the shape of the Mounties got there first. So today's America is a wild, crazy, gun-infested place where the presumption is that you can unless you're forced to stop. It's a place of innovation, of culture wars, where anything goes. Canadians, meanwhile, are wonderfully polite.”

In internet terms we need to decide whether we want the United States or Canada or both. There's no harm in letting the nervous, inexperienced or unadventurous pick Canada, but unless there's a digital Wild West life north of the digital 49th parallel will surely be delightfully dull.

In the wider world we need to act to stop the power of large vested interests being used to kill off innovation that could lead to competition – competition for markets, competition for people, competition for hearts and minds.

Big corporations have become a modern aristocracy. As Thomas Jefferson declared nearly 200 years ago: "I hope we shall crush in its birth the aristocracy of our monied corporations which dare already to challenge our government to a trial by strength and bid defiance to the laws of our country."

Two hundred and fifty years ago aristocrats persuaded Parliament to allow them to seize the common land for their own profit. We should not allow our corporate aristocracy to do the same with the commons of the 21st Century.

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Endnotes

¹ <http://www.thecornerhouse.org.uk/resource/reclaiming-commons>

² [ibid](#)

³ Robert Allen, Tracking the Agricultural Revolution in England Economic History Review (1999)

<http://www.jstor.org/discover/10.2307/2599937?uid=3738032&uid=2&uid=4&sid=21101134336317>

⁴ Robert Allen, Enclosure and the Yeoman

<http://www.nuffield.ox.ac.uk/users/allen/yeoman.pdf>

⁵ <http://sru.soc.surrey.ac.uk/SRU9.html> UK social attitudes still routinely place ‘professional’ and white collar above manual roles.

⁶ <http://www.bis.gov.uk/files/file28575.pdf> School age girls interviewed with regard to pursuing plumbing as a career saw it as dirty and smelly and a significant minority of both sexes saw plumbers as dishonest or poorly skilled.

⁷ Of course it’s different when individuals try to make money from exploiting others’ intellectual property. [Richard O’Dwyer](#) set up a site that acted as a directory of links to places people could download content in violation of copyright. His role was merely to act as a signpost, he didn’t himself violate anyone’s copyright, but he made money from advertising on his site. And so he’s facing extradition to the United States where he faces up to 10 years in prison.