NFT Communities as Societies of Producers

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From Web 1.0 to Web 2.0 and Beyond

It is hard to say if such a thing as Web 1.0 has ever existed at all, because in the early days of the internet, nobody spoke about Web 1.0 until the concept of Web 2.0 started spreading in the middle of the 2000s (Kawashima, 2010). Retrospectively, Web 1.0 stands for a centralized virtual economy which contains "only two types of agents: users and the publisher" (Lehdonvirta & Castronova, 2014, p. 21), and the publisher supplies digital goods for purchase and consumption, while the internet users buy them from the company-owned online store or an in-game shop. The next era of Web 2.0 arrived when dedicated gamers and users of virtual worlds start creating their own digital content to enhance their virtual lives – the functionality that became the core selling point of the most popular virtual world Second Life. In such an economical arrangement, users "dynamically step into such roles as 'producer' and 'consumer'" (Lehdonvirta & Castronova, 2014, p. 32). At the same time, PC gaming has allowed "modding" game assets and characters and even entire games, such as the long and fruitful history of Doom mods (see Hong, 2013). After global adoption of the internet, its users gained opportunities to produce their own content and make it accessible worldwide (Chohan, 2023). Today's example of commercial success, the Roblox platform for user-created games and roleplaying communities, had its successful predecessors in sandbox environments such as Garry's Mod, which is still used by the current generation of teenagers to create meme content for YouTube and TikTok.

Early visions of Web 2.0 often presented it as a sharing economy that did not necessarily presuppose commercial transactions. For instance, Lastowka and Hunter have characterized the emerging Web 2.0 economy as a "decentralized amateur production sphere, in which individual authors or small groups freely release their work to other amateurs for experience, redistribution, and/or transformation" (Hunter & Lastowka, 2004, p. 958), the model that they labeled "amateur-to-amateur." Logically, the next phase in development of the peer-to-peer digital economy would be a multi-sided trading platform where users trade digital assets with each other. The process

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of value production on such markets is collective and, initially, unregulated (Hagiu, 2014). Technologically, such marketplaces came into existence as the concept of Web 2.0 was coming to life; still, most of them represented niche markets such as platforms selling stock images and 3D assets created by individual artists. Over the history of almost two decades, a new trend – blockchain-based virtual assets, which mostly exist as non-fungible tokens (NFTs) – has revealed the contradictions in this model, pushing it to the limits of what we understand as digital consumption. Here I argue that we should see the paradoxes of the NFT market as a hasty and anxious attempt to return to the "solid" and "grounded" society of producers, now in digital form.

From Consumers to Prosumers and Beyond

Historically, capitalist societies have been characterized as "consumer societies," where consumption is just as important as production for their economies to function. To achieve perpetual growth, consumption has to be accelerated far beyond the satisfaction of basic needs such as the need for food, shelter, and safety. At first glance, virtual worlds provide this new frontier of consumption (Lehdonvirta, 2009; Mäntymäki & Salo, 2011), where digital assets are eagerly purchased and consumed as signs of social status. Even before the digitalization, Jean Baudrillard argued that a postindustrial society is based on consumption of signs, rather than utility or use value (Baudrillard, 1998). This principle is still in action in centralized, corporate-owned massively multiplayer games such as Fortnite (see Schöber & Stadtmann, 2020). Symbolic consumption reached its climax in the virtual economy of NFTs, as we will see later in this chapter.

As described above, the alternative has always been to encourage users/players to create and trade digital assets between themselves. By doing so, they e ectively become "prosumers." This portmanteau term describes virtual economies where everybody is a consumer and a producer at the same time (Ritzer & Jurgenson, 2010). The phenomenon that is described in technology journalism as "Web 2.0" translates to "prosumer capitalism" in socioeconomic terms. The aforementioned Doom mod creators have been described as "prosumers" by Renyi Hong: According to him, the company ID Software which developed and owned Doom embraced user-generated content because this allowed "modding to more fluidly enter the folds of capitalist relations" (Hong, 2013). Social networks and platforms with user-generated content create multi-sided relations between consumers and producers where an ordinary person can take on either role, or both. Other socio-technological phenomena that have contributed to the process of "prosumerization" include deindustrialization, "digital labor" (Fuchs, 2014), and the "gig economy" (Woodcock & Graham, 2019). As Butler observes, "with such blurring of work and play, the traditional boundary between economic and artistic production also disappears," which is why

“much of the business literature on play, the entrepreneur and the artist melt into one figure” (Butler et al., 2011).

But what happens when we supposedly move from Web 2.0 to Web 3.0? At least, according to a multitude of online manifestos and white papers for the projects that never came to be, Web 3.0 will become to Web 2.0 what the latter was to so-called Web 1.0. Here I suggest that, after having come a full circle, an archetypal Web user changes her role from consumer to prosumer and then to producer, the role that would seem more in place in a traditional village, rather than in the “global village” of the internet. This suggestion is based on observations over the community of NFT adopters, who represent the most radical transformation of such kind.

It is almost uncanny how many growth pains of Web 3.0 have already been described by researchers of early Web 2.0, especially early virtual worlds with resellable user-generated content. We can discover appropriate visions of the future of the NFT economy in one of the earliest fundamental works in research of virtual worlds, Coming of Age in Second Life by Tom Boellstor (Boellstor , 2015). In the title of the book, coming of age refers to development and maturation of the virtual world itself, “the formative years when the virtual world was coming of age.” The ethnographer observes di erent forms of value extraction that would make a comeback in later blockchain-based projects such as Decentraland, such as “camping” – earning virtual money from simply staying on the property, boosting tra c score for the land, “rating parties” where users would rate each other to boost reputation, and especially bots “programmed to purchase land that had mistakenly been set up for sale at a low price” (Boellstor , 2015). Boellstor ’s account also sheds light on the earliest concepts of intellectual property rights and their violation in a virtual world, such as reselling objects made by others, or using textures made by others in assets sold for profit.

The New Society of Producers: Accelerated Creationist Capitalism

Before we move away from the subject of consumerism, we need to define what preceded it. In a way not dissimilar to the introduction of terms “Web 1.0” and “Web 2.0,” Zigmunt Bauman suggests “society of producers” as an antithesis to a “society of consumers” (Bauman, 2013). Under this term, he means the early modern Western society that was driven by industrial capitalism, when “the productive power of producers could not be separated from the producers themselves,” according to Bauman, even though the products of their labor were alienated and sold as commodities. Bauman treats the consumer society more or less in line with the conceptual development proposed by Baudrillard (1998). For Bauman the society of consumers is one which “interpellates in members primarily in their capacity of consumption” (Bauman, 2013). Commodification of the worker, as described by Marx, now extends to commodification of the consumer, as the object of such industries

as marketing and advertising (see also “economy of attention” in Serada et al., 2022; Webster, 2014).

Eventually, the economy of Second Life develops into the phenomenon that Boellstor calls “creationist capitalism.” According to him, “creationist capitalism unites production and consumption [where] the core of creationist capitalism is the idea of the self as a creator [and so] production is reinterpreted as creation” (Boellstor , 2015). What is important in this new mode of production (characterized as “prosumer economy” and “Web 2.0” within our framework) is that it is “production without alienation” and it is “creativity operated as its primary mode of production, governance, and subjectivation (self-making)” (Boellstor , 2015). Creativity was linked to self-expression and thus to freedom; this attitude has been inherited by the Web 3.0 ethos later on. On Web 3.0, everybody is a producer and nobody is a consumer, which may be the answer why it is doing “just great,” as its critics ironically suggest (White, 2023).

If we turn to NFTs, some of them are unique products of genuinely creative labor, artistry, and craftsmanship. In others, the creative work is outsourced to image and sound generating algorithms, but the result is still insightful in terms of human and algorithmic creativity. Finally, some projects recycle dominant trends with disruptive irony and artistic framing, which is also creative work. In the majority of best trading projects, say, trending on OpenSea, creative labor is performed with the minimal skill, often outsourced to other creators, and the role of the algorithm is not much more than randomization of parts. In other words, “creativity fetishism” replaces creativity. Even for a relatively short time of their “mass adoption,” or at least, mass awareness of them, NFTs existed, first and foremost, as symbols of wealth (Serada, 2023), which directly contradicts the message of the democratization of art [see also Chapter 3].

Production without alienation is also production without consumption – but, if everyone is a creator, then everyone can, and should, produce. The basic principles of a platform economy [see also Chapter 11] state that the value for sellers diminishes if there are not enough buyers. Even when all participants of a platform economy are equal, they are still engaged in bilateral relationships (which is to say, buyer-seller relationships). The value for one side increases when more participants on the other side join: This is the so-called “cross-side network e ect” on a multi-sided platform (Hagiu, 2014, p. 72; see also Chohan & Van Kerckhoven, 2023).

Freedom of creation is replaced by obligation to create, and the biggest shame is to “stay poor.” The real work becomes to generate and support solidarity in the group, in a way not dissimilar to spiritual groups and cults. This solidarity is a collective e ort, as shown in Franceschet’s (2021) study on sentiment of “crypto art.” In fact, this study demonstrates that it is the obligation of NFT adopters to produce positive sentiment, rather than art. Based on that, Edward Munch and Francisco Goya would be really terrible

at selling NFTs! Well, Heronimus Bosch would at least compensate for the negative sentiment of his paintings by the variety of collectible creatures.

Conclusion: Back to Digital Abundance?

In this chapter, we have followed the development of the online economy from Web 1.0 to Web 2.0 and eventually to Web 3.0. As we have seen so far, particularity of these concepts does not exclude the possibility of coexistence. Most standalone commercial Web pages and shopping platforms do not exceed the functionality of Web 1.0. Their visitors stick to the role of consumers, and very comfortably so.

The term "prosumers" describes the current state of certain formations in global society – not the entirety of it, mind us. But do we even need artificial scarcity in the virtual worlds that we design ourselves? Is the problem of digital property rights as acute as it is described in NFT manifestos? Turning digital goods into NFTs was expected to solve a number of real and not-so-real problems, but, in the perspective of virtual labor economies, the real problem here was alienation from the results of one's creative labor (Chohan, 2019). Modern anxieties spawned by the new digital mode of production launched a pre-emptive strike to protect "creator sovereignty," to unexpected results.

Digital abundance may undermine the market, but it is also the ideal state of things for virtual subjects with no money (given that they have something else to do in their worlds, apart from being a consumer). From the viewpoint of neoliberal virtual economics, "digital abundance negates huge swaths of economic theory that are predicated on the assumption that goods are scarce" (Lehdonvirta & Castronova, 2014, p. 42). From this perspective, without scarcity there would be no economy (Chohan, 2021b; see also Chapter 1). But what if, in fact, there would be no exploitation? The very thing that destroys virtual economies may be the one that benefits virtual societies [see also Chapter 11].

Is a virtual economy without scarcity even possible? Lehdonvirta and Castronova define virtual economy through scarcity as one "based on scarce digital resources" and where "virtual goods would refer to the scarce digital resources themselves" (p. 2). Digital goods, according to them, are different from digital information because they "can easily be made rivalrous and excludable" (Lehdonvirta & Castronova, 2014, p. 42), and therefore scarce. But is this the necessary condition for a virtual world to exist? Technologically speaking, the most unique quality of digital assets is that they can be reproduced in infinite quantities with no marginal costs (Chohan, 2021a). The reason why virtual assets are made scarce is in the mindframe of the engineers behind most hyped technological solutions.

The current "crop of virtual worlds is the brainchild of large, property-owning corporations, which are typically based in the United States," they observe, and so "in imagining how property rights should be structured, one

hardly expects these organizations to be boosters for communal, socialist, or communist property-holding systems" (Lastowka & Hunter, 2003). According to Lastovka and Hunter, one of the first popular proto-virtual worlds, the multi-user dungeon (MUD) LambdaMOO did not a ord private ownership or a functioning market on a technological level. Users could code their own objects and share them freely, based on early open source philosophy. Disputes about property still emerged, in particular, to negotiate the boundaries between the public and the private domains. What is most important is that, in such environments, value creation is easier, and value extraction is more di cult.

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