

Yochai Benkler, “‘Sharing Nicely’: On shareable goods and the emergence of sharing as a modality of economic production”

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Background

Yochai Benkler explains how large scale practices of sharing private, excludable goods emerge. He uses several case studies to illustrate where this is happening. Transaction costs and motivation are examined as they relate to sharing practices among individuals who are strangers or weakly related.

Key Points

Shareable goods are defined as physical goods that have excess capacity. They have two main characteristics. First they are lumpy which means “they provision functionality in discrete packages rather than in a smooth flow” so there are set amounts that you buy regardless of whether that amount is too much or too little for your needs. Memory on a PC is a good example; you buy a certain amount even if you will never use all of the capacity. The second characteristic is granularity. A steam engine is a good example of large granularity because it can only be used by aggregating demand for it while a donut is a low granularity good.

Because everything is “lumpy” it is possible to harness the excess capacity through sharing. There are two types of goods that are lumpy and can be shared. The first is a renewable good which is something that can be used again and again. The second is a rapidly decaying resource like a car with empty seats. The two factors that determine if these two types of goods can be shared is the transaction cost of sharing and the motivation of the people sharing.

When we talk about transaction cost we need to determine our transactional framework. The first step is to determine exclusion. If we have no exclusion then we are simply leaving the resource open for anyone to use. This can lead to congestion costs which means the resource might not be available when you need it. The second step is choosing between perfect exclusion and partial exclusion. Partial exclusion requires you to be selective or non-selective in how you exclude people. Your transactional framework will determine your transaction cost which is the cost of sharing. Motivation is the reason that people will share. These two factors are directly correlated. The higher the transaction cost the higher the motivations to share has to be. People have intrinsic and extrinsic motivations. Extrinsic motivations “crowd out” intrinsic motivations by impairing self-determination and self-esteem. It is not acceptable to pay your friends for dinner, but it is acceptable to bring wine.

Discussion Questions

1. Now that we understand the theory of the shareable goods model, can we create conditions that encourage sharing or must we take this as an endogenous variable? What would you do to encourage this efficient use of goods?
2. What is more important when creating sharable educational resource transaction costs or motivation?

Additional Resources

Within in the article, Benkler includes a rich array of footnotes and references to additional materials that would be useful to read and explore.



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