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In a gift economy we'll all still be getting richer even as GDP stays the same [1]

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It's a fairly standard observation these days that economic growth isn't as fast today as it was in the decades immediately post WWII. Quite why is always a bit of a puzzle: obviously, immediately post WWII Europe was nowhere near the technology limit so catch up growth was possible. And as China is showing us today catch up growth can indeed be faster than when you are trying to figure out how to invent the new stuff not just copy the old. There are myriad other speculations as to cause as well but one that is obviously in part responsible is that we've had a rise in the non-payment part of the economy more recently. All that open source and collaborative stuff being done in software for example.

This is an interesting paper that tries to put some numbers on the value of just one of those projects, the Apache server suite [3]:

> Is that a lot of Apache? Standard principles of GDP measurement compare a free good to the pricing for its closest substitute, which comes from Microsoft?s server products. Using this approach, Frank and I estimate that use of Apache potentially accounts for somewhere between $2 billion and $12 billion in the United States. Apache?s advanced functionality provides reasons to think the estimate tends toward the higher number, but, as yet, standard methods can?t settle on a single number. Is that a lot? That equates to between 1.3 percent and 8.7 percent of the stock of prepackaged software in private fixed investment in the United States. That looks like a lot to me, especially for one piece of software.

In comparison to a $15 trillion economy that's not much: but it is indeed something all the same. And there are many such projects as well where we're all getting good use out of things that we're not having to pay for.

And those numbers are also a gross underestimate. For what they've done is valued Apache at what it would cost to get the same services from the paid for alternative (one of Microsoft's bits of kit). But of course that alternative is made cheaper by the fact that there is this free competition to it. And that's not all either: we're still grossly undervaluing the contribution being made.

For the true addition to the wealth of nations is in fact the use value that we get out of whatever it is: as with Smith's definition of the labour theory of value of course. And I think that's where our economic statistics are misleading us: I think there's far more wealth being enjoyed these days than is actually being counted in the cash transactions that flow around the economy. Apache, MySQL, Google's search engine, these are part of it yes. But think of the fall in telecoms prices in recent decades: the effect of these is that

the economy is shrinking but does anyone really think that we are poorer as a result of being able to make a transatlantic phone call without requiring a second mortgage?

As so often occurs to me I think at least part of what we're observing is a function of our not measuring what's happening very well.

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