

## Scarcity Status versus Abundance Status (Gift Culture Part 3)

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9-12 minutes

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Welcome back to this multi-part newsletter series on **Gift Culture on the online frontier**. If you missed them, check out [Part One](#) (defining gift culture, and the “homesteading” behaviour exhibited by both open source software programmers and Twitter armchair analysts) and [Part Two](#) (an interview with Julie Young, one of my favourite “homesteaders” and gift culture practitioners on Twitter).

This week, we have another solo issue, setting up our fourth and final instalment in our series, a dual interview between two of my favourite internet people. One of them is Julie, back for another round. You’ll have to wait and see who’s joining her.

[David Graeber](#) passed away on Wednesday this past week. He’ll be remembered for many things: his recent books *The Utopia of Rules* and *Bullshit Jobs: A Theory*; his socialist activism and protests (including Occupy Wall Street), and his professorship at the London School of Economics. But for me, and for many, I’ll remember him most for his book [Debt: the first 5000 years](#).

*Debt: the first 5000 years* (which [I wrote about in this newsletter](#) several months ago) is an enormous, sweeping look at the human history and anthology of Money, Debt, and their two-sided relationship. (The best books about money theory are written by the communists.) If you never read my original post from a few months back, please do that.

*Debt* starts out by comparing two competing theories on the origins of money, and on what were early, fundamental building blocks of commerce. One view, the “Adam Smith View”, tells a story about how commerce is fundamentally about the bartering of scarce resources, and metal currency evolved in order to facilitate that bartering by making it easier to solve the coincidence of wants problem. In this view, money exists absolutely in a context of scarcity. Coins are a representation of hard scarcity. That’s why they’re made of gold and silver.

In Graeber’s view, all of that is wrong. He’d argue that if you went back in time 5000 years ago and asked an early villager, “how do you solve the coincidence of wants problem?” they’d look at you strangely: “We don’t have that problem. If my neighbour has grain and I need it, I take some and then I owe him one.” That concept, “I owe him one”, is really powerful. In this paradigm, money is fundamentally an IOU. It is not a representation of hard scarcity; it is a representation of trust between two people. Money, just like trust, can be originated or destroyed. It is local, and contextual. It’s made of reputation.

Money is both of these things. It is both a unit of scarcity, *and* a unit of trust. But it’s not always both equally. In some environments, like in prosperous early civilizations or the Asian Middle Ages, the trust side dominated. In other contexts, like the ancient Roman or Chinese empires, or the North Atlantic slave trade, the scarcity side dominated. But it always has both sides.

You may be wondering where is all leading up to, and it’s to make this point: *status is like money*.

Like money, status is about scarcity. It is an abstract but absolute representation of what you *have*. It is zero-sum, and backed by something tangible. Status is a flex.

Also like money, status is about *reputation*. It’s about trust, generosity, and about what you’ve given away, not what you have. It can be originated into existence, or destroyed. It isn’t like a gold coin here; it’s more like an IOU. It’s an adaptation to abundance, not to scarcity.

**Status is both of those things. It’s a unit of what you *have*, and it’s also a unit of what you’re *owed*.**

In the [first two issues](#) in this series, we've talked about Gift Culture as an adaptation to environments of abundance. Pursuit of status - or something like it - can create some pretty incredible things, like the open source software community or the fountain of free knowledge and curiosity you can find on Twitter. In my interview with Julie, we had a great discussion about what an incredible advantage in life you can obtain, for free, by earnestly and generously participating in tech and finance Twitter.

As Julie put it succinctly: *I think your point about Twitter really being a culture of EXCHANGE is key. I used to just follow people on Twitter without tweeting much myself. But to get the most out of Twitter, you have to say things and make your thoughts known. You have to put a little work into it. When you start doing that, the effects compound really quickly. And then all of sudden you're addicted to the Twitterverse, wow what a life!!!!*

Status on Twitter, or at least on the parts of Twitter where I hang out, is not about what you have. It's about what you're owed. Same goes for Reddit, forum culture, or Snap Streaks. It's an adaptation to abundance, like we've talked about for the past two issues. Gift culture is rewarding and creates genuine community, but it can also feel incomprehensible, hostile, or passive aggressive for anyone not clued in, or unable to participate.

That's not true for status everywhere, or even everywhere on the internet. Instagram certainly isn't like that. Instagram is *very much* about what you have. There are no IOUs on Instagram; just I have, I am, I get.

The hard-status and scarcity-mindset of these social networks make them compelling, but vulnerable on the basis of pure engagement: Flex Status is just something most people don't have a lot of, whereas Gift Status can be originated and nurtured by anyone. [This past January](#), Evan Spiegel of Snap illustrated this point well in his "Triangle metaphor":

*You can imagine a pyramid of internet technology, or communication technology, and at the base of that pyramid - the very broad base - is self-expression and communication. And that's really what Snapchat is all about. It's talking to your friends, and that's something that anyone feels comfortable doing. They just express how they feel.*

*And then as the pyramid gets narrower, you get to that next layer, which would be like status. And so social media in its original construct is about status. Representing who you are, showing people that you're cool, getting likes and comments, those sorts of things. And that's less accessible to the broad base of humanity, and has a narrower base of appeal, and a more limited frequency of engagement, because only do things that are cool maybe once a week, or once a month, and not necessarily every day.*

*And then at the top of the pyramid, which I think is represented by TikTok, is talent. So people who have spent a couple hours learning a new dance, or think about a funny new creative way to tell a story. They're really making media to entertain other people. And I think that's even narrower.*

[Illustration by Jacob Catalano](#)

TikTok is a fascinating mix of both gift culture and flex culture. There's certainly an element of gift culture to TikTok: people dedicate so much of their time to making content for others' pleasure, and your fame increases by how much of that entertainment you've successfully 'given away'. But at the end of the day, it's also about being beautiful, rich, and having great skin and fancy friends. It's about scarcity too, and you know it.

TikTok feels like such a hit to me because it's nailed the dynamic between online scarcity and online abundance really well. It is a gift culture hybrid model: the status economy of TikTok runs on what you're owed, and what you've given away. But your ability to give something valuable away *in the first place* often falls back on scarcity and flex culture: you need time, you need good looks, you need friends. That's why viral TikToks go *so viral*. More Spiegel:

*Talent-based content is often more interesting than status-based content. One of the things that we find very interesting is that, everyone is interested in what their friends are doing. But as you start looking at a broader audience, maybe someone you don't know very well, or an influencer or something like that; that status-based content - relative to talent-based, more interesting content from that same person - I think can draw people away from more influencer-based, status-based services to content that is simply more entertaining and more fun.*

I can't tell you how many takes I've read about how the most important part of TikTok is this mysterious algorithm that creates engagement; and yeah it's definitely an important part of TikTok's success. But you know what's just as important? The really simple, easy-to-use video editing tools. By getting rid of

the last little bits of effort and frustration around creating great video content, TikTok removed the friction between those with talent and everybody else.

From a status standpoint, TikTok's social status currency is outcompeting everyone else right now. On the surface, it's because TikTok's users are engaging in a lot of high-status, high-engagement behaviour that's entertaining and valuable. But deep down, none of that behaviour is new. It's TikTok's *technology*, completely below the waterline, that's new. No one sees the technology, but by removing a certain kind of friction, it's introduced a new variant (or really, hybrid?) of gift culture at the online frontier.

Next week, with my two special guests, we're going to talk more on this topic: how software and the internet's technology have changed over decades, and in doing so changed gift culture, and changed the way that status works online.

*Permalink to this post is here: [Scarcity Status versus Abundance Status \(Gift Culture Part 3\) / alexdanco.com](#)*

To be concluded next week; stay tuned.

Have a great Labour Day weekend everyone,

Alex