Chapter 15

Separating the Wheat from the Chaff: Sharing vs. Self-Interest in Crowdfunding

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ABSTRACT

This chapter assesses crowdfunding as part of a growing interest in the sharing economy. Conceptual handles are proposed for apprehending what is meant by 'sharing' and how this relates to crowdfunding. The notion of 'the common' is revived, which involves placing societal interests ahead of personal gain. We distinguish self-interest sharing from what we term 'communal sharing', which involves making financial services accessible and usable based on an identification of people’s or societal needs. Drawing from crowdfunding examples mostly in the United States and France, with some reflections on crowdfunding in developing countries, we assess the nature and purpose of such activities, and distinguish between different levels of analysis, including the ‘platform and motivation for the platform’, the ‘mechanism and donors’ and the ‘project’. We conclude with a discussion around the implications of our findings towards the long-term viability of crowdfunding platforms.

How could I subdue money by fighting against it? How could I free myself from its influence and its tyranny without running away from it? The only possible method was to acquire it, acquire enough of it so as not to feel its influence; and the more I acquired, the freer from its influence I would be. - Fernando Pessao (1922) O Banqueiro Anarquista

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INTRODUCTION

Starting in the 1980s, neoliberalism ideals such as individualism, free market competition, the supremacy of private property, and the drive for financial accumulation pushed notions of ‘community’ and ‘sharing’ into a distant background. Since the financial crises of 2008, however, new terms have emerged, including the ‘collaborative economy’ or ‘sharing economy’, based on the sharing of resources, usually among peers, and associated with notions of increased ‘solidarity’ and ‘sense of community’. ‘Sharing’, once again in fashion, is a term that is currently mobilized to describe a great variety of practices: some tend towards solidarity, in that they include a form of gift-giving or at least some form of social support, while others are motivated exclusively by pecuniary gain. In the latter case, sharing is more about the use of information technologies than an engagement towards mutual assistance or community ideals. These diverse sharing practices are situated in a wide variety of sectors, from housing and transport, to consumable goods and services. Due to the central position of finance in the present economies, the financial sector is no exception to this trend and even plays a key role, with financial service models that include microcredit, social enterprises and crowdfunding – in the form credit, debt, equity and donations – to name but a few.

While there is much enthusiasm around the potential of the sharing economy, we argue that closer attention could be paid to the conceptual underpinnings of such efforts, as well as how they are playing out in practice. This chapter proposes to assess the current trend towards crowdfunding as part of sharing practices. The notion of funding a project or venture by raising monetary contributions from groups of people – for profit or without – is not new; the innovation can be found in the technological means that allow for such efforts to be promoted over the internet and through mobile payment services, creating a groundswell in popularity for such efforts (Rifkin, 2014). Coupled with this is a credit crunch in certain contexts, due to economic crises, which has created an impetus for lending mechanisms that offer more favourable interest rates through new platforms that cut out intermediaries between lenders and borrowers. Crowdfunding, therefore, makes possible both the development of new, lucrative credit markets, based on competition, along with new solidarity practices between people or groups that may be physically distanced from each other. This mobilization of financial resources through the internet, for companies and other types of organizations, is no doubt contributing to an increase in the volume of finances available along with the crowding-out of more traditional forms of financing, although the extent to which this is happening remains to be assessed.

We consider crowdfunding in relation to the sharing economy by proposing conceptual handles for apprehending what is meant by ‘sharing’ in this context. Towards this goal, we revive the concept of the ‘common’, which involves placing the interests of the group or community ahead of personal interests, supported by modes of governance that promote democratic processes and transparency. In relation to this, we discuss the notion of ‘sharing’, not as in a dividing up of the proverbial pie, but as making goods and services accessible and usable based on an identification of people’s or societal needs. We distinguish conceptually forms of ‘communal sharing’ from sharing based on self-interest. Crowdfunding is an interesting case in point, as it often involves the sharing of resources towards a common goal, which in some cases solely involves catering to the interests of two parties, but passes nonetheless through a necessary stage of collaboration¹. Communal sharing of financial resources can be manifest at different levels: solidarity between those who initiate the drive for finance, between a small network of friends and family who support such efforts, or, increasingly, between strangers or a larger public towards a project or platform. In some cases, the projects proposed aim towards social and environmental goals;