

PETER DRUCKER AND THE PASSION ECONOMY: PROMISES, PAYMENTS, AND PERIL

“Thanks for watching and be sure to like and subscribe!” Peter Drucker exhorts, his smile all teeth and his facial expression exaggerated. The smile falls from his face as he turns off his camera and ring light. He compiles the best takes into a final edit and uploads his latest vlog to his YouTube channel. The year is 2022, and 22-year-old Peter Drucker, or PeteyD as he is known to his followers, considers his good fortune. His followers engage with his content, his ad revenue has almost paid for his setup, and he gets to live in America where he can practice English and upload his videos at peak viewing hours with ease. Sure, he may not be able to pay rent this month, but this is his passion! He admonishes himself for not being grateful enough as he checks his viewership and monetization figures.

No, this isn't a Peter Drucker fan fiction. But had Drucker been born just a few decades later, one can easily see how he might have been another YouTube personality with the requisite Instagram and TikTok pages where he would share heavily edited clips of his videos, complete with jump cuts and sensational titles. The creator economy's emphasis on self-determinism is likely the very aspect that would appeal most to Peter Drucker and his entrepreneurial convictions. After all, choosing to become a creator is akin to starting your own business.

In that regard, America is uniquely suited to encourage creators. Credit is cheap and easy to obtain and typical creator startup expenses like iPhones and camera equipment are more affordable compared to their relative prices outside the United States. Most importantly, the American market provides extremely high internet penetration. Whether ranked by views (916 billion) or channel subscriptions (2.1 billion), the United States' Youtube platform engagement is roughly double that of India's, the country with the next highest views (503 billion) and subscribers (1 billion).¹ Growing up speaking the world's most common language also helps. These tailwinds go a long way towards explaining why one third of Americans started a 'side hustle' during the pandemic² and why more businesses were started in 2021 than ever before.³ With the creator economy playing such an outsized role in America, it is essential that we begin to think critically about its effects on our society and take a closer look at who it purports to empower.

Creator platforms can be categorized by the medium of the content created and consumed there. Video has TikTok and Youtube, audio has Podcasts, photos have Instagram, and the written word has Substack. What do all these platforms have in common? They are all selling. First, they are selling you, the consumer. They are selling your eyes and ears to advertisers who are looking to employ the most precise customer segmentation data in history to market their products via targeted advertisements. Second, they are selling themselves to

¹Temple, Murphy. “YouTube’s Top 25 Countries Ranked by Total Viewership & Subscribers.” ChannelMeter, March 5, 2019. <https://channelmeter.wordpress.com/2019/03/01/youtubes-top-countries/>.

²Meiggs, Brian. “2021 Side Hustle Statistics: Trends and Data.” Smarts, March 18, 2022. <https://smarts.co/side-hustle-statistics/>.

³Newman, Daniel, and Kenan Fikri. “New Startups Break Record in 2021: Unpacking the Numbers.” Economic Innovation Group, May 3, 2022. <https://eig.org/new-start-ups-break-record-in-2021-unpacking-the-numbers/#:~:text=Total%20business%20applications%20were%20the,on%20the%20latest%20Census%20data.>

existing creators. Platforms sell their communities, their tools, and their creator compensation strategies in the hopes of convincing current creators to join. Lastly, platforms are selling a dream to you, the consumer. They are selling a promise that you too can be famous. These companies thrive on the naive yet widespread notion that you are unique and that your opinions have value to other people. The prototypical child used to dream of becoming an astronaut, but toy company Lego found in 2019 that American children are now three times more likely to want to become a vlogger than an astronaut.⁴ Whether PewDiePie or Sally Ride, the underlying conviction of intrinsic potential, that hallmark of American individualism, remains characteristically detached from reality.

The irony of writing of this very essay is that it stands as proof that some of us just can't let go of the delusional notion that we have something worth saying. Make no mistake, however: the consumers, investors, and executives of creator platforms are eternally grateful for those of us who dare to create, because our creations are their content. The distributed creation model allows these tech companies to enjoy historic profit margins untouched by pesky expenses like capital equipment and production costs. All the costs traditionally incurred in-house are now farmed out to the creator, leaving the platform only responsible for distribution and algorithmically automated content moderation. Ingeniously, even the money paid out to top creators is a reinvestment because it encourages other users to try their hand at content creation. Content begets content; thus spins the flywheel.

Unsurprisingly, creator hopefuls often fail to see the kinds of returns that inspire them to start creating in the first place. 97% of YouTube creators make less than \$12,140 annually, the federal poverty line. On average, the top 3% of YouTube channels attract 1.4 million views every month which translates to just \$16,800 per year in ad income.⁵ Furthermore, this income is anything but passive: 48% of creators spend more than 40 hours per week making content, effectively making it their fulltime job.⁶ Finally, with ad revenue for creators down 33% since 2020 due to the prevalence of ad-blocking technology, the future has never looked dimmer for creators struggling to make ends meet.⁷

With all these creators creating and none of them making any money, one begins to wonder: who *is* making money here? Another adage tells us that it's not the miners who make money in a gold rush, it's the companies selling the picks and shovels. In today's parlance, these pick-and-shovel companies are known as "tech" companies. Call them whatever you want; these roses smell just as sweet: In terms of hardware, Apple was the world's first company to

⁴ Chloe Taylor, "Kids Now Dream of Being Professional Youtubers Rather than Astronauts, Study Finds," CNBC (CNBC, July 19, 2019), <https://www.cnbc.com/2019/07/19/more-children-dream-of-being-youtubers-than-astronauts-lego-says.html>.

⁵ Meiggs, Brian. "2021 Side Hustle Statistics: Trends and Data." Smarts, March 18, 2022. <https://smarts.co/side-hustle-statistics/>.

⁶ "The 2018 State of the Creator Economy Study." IZEA, August 25, 2021. <https://izea.com/collabs/2018-state-creator-economy-study/>.

⁷ Intelligence, Insider. "Ad Blocking in 2022: Usage Trends & Industry Impacts." Insider Intelligence, April 5, 2022. <https://www.insiderintelligence.com/insights/ad-blocking/#:~:text=On%20average%2C%20about%2040%25%20of,to%20Blockthrough's%20March%202021%20survey.>

reach a \$2 trillion valuation. In terms of software, TikTok's parent company ByteDance is the world's most valuable private company at \$140 billion. There is plenty of money to be made – just not by the creators themselves.

Despite all this, more than 50 million people worldwide consider themselves creators.⁸ Clearly, these people aren't in it for the money. Instead of fortune, creators earn fame, or, just as often, notoriety. Using the same tools that power the creator economy, bad actors can amplify their message of hate, gain a following, and radicalize individuals. In a 2018 study, the National Consortium for the Study of Terrorism and Responses to Terrorism found that in 2016 alone, social media played a role in the radicalization of nearly 90% of US extremists. Worse, social media may be making the radicalization process faster: in the same study, researchers found that the average radicalization duration has decreased from 18 months in 2005 to only 13 months in 2016.⁹ Herein lies the creator economy's monkey's paw: when everyone gets to have a voice, anyone can find their echo chamber.

Creator platforms' algorithmic ability to allow anyone to find like-minded people and content is simply too dangerous, and yet we entrust these platforms to moderate themselves. The reality is that creator platforms are either unable or unwilling to moderate their communities effectively. Why would they? Moderation costs money, and Section 230 of the 1996 Communications Decency Act grants these companies legal immunity from any actions taken by individuals radicalized on their platforms. Until that changes, dangerous ideas will continue to find their way to impressionable individuals and take root, all the while driving ad revenue for the company. Inevitably, when these domestic terrorists decide to act, innocent bystanders are the ones left to pay the price. A grandmother to eight in Buffalo, a child of three in Christchurch, a summer camp of seventy-seven on a small island in Norway. All these attacks, and many more, were perpetrated by radicalized individuals who contributed their own manifestos to their online communities. The manifesto radicalizes the individual, and the individual creates the manifesto anew.

To a less deadly but more consequential degree, creator platforms and the communities they harbor are complicit in the destruction of democracy our nation faces today. One need only look as far as the prevalence of Q Anon supporters present during the January 6th insurrection of the US capitol to see the real-world effects of creators and their communities. The de facto Q Anon creator Ronald Watkins accused Vice President Mike Pence of staging a coup in a tweet that was shared eleven thousand times in the hours before the insurrection. Our last President was a wildly successful creator, creating and sharing election fraud content with his 80 million Twitter followers before finally being kicked off the platform.

I know I'm hardly the first to point the finger at social media for its role in our rapidly destabilizing world. Even Hollywood is getting its licks in: the latest Batman movie depicted an eerily accurate scene where the antagonist thanks his followers for liking and subscribing to his content during a livestream where he plans a terrorist attack. To this criticism, PR departments across Silicon Valley have well-written and thoughtful responses on file, defending themselves

⁸ Yuan, Yuanling, and Josh Constone. "What Is the Creator Economy? Influencer Tools and Trends." SignalFire, November 9, 2021. <https://signalfire.com/blog/creator-economy/>.

⁹ Jensen, Michael, and Patrick James, Gary LaFree, Aaron Safer-Lichtenstein, Elizabeth Yates. 2018. "The Use of Social Media by United States Extremists." START, College Park, Maryland. www.start.umd.edu/pubs/START_PIRUS_UseOfSocialMediaByUSExtremists_ResearchBrief_July2018.pdf

as merely tools for the creators' use. But the grim reality is that these tools are no less effective when used for malicious purposes, and the toolmaker gets paid all the same.

By examining the effects of the creator economy upon our society and taking a closer look at its winners and losers, we begin to see that the creator economy may not be all that it's cracked up to be. But what can we do? What is to be done about the existential threat that the creator economy poses to our lives and to our democracy? First, we must hold creator platforms to account. We demand greater scrutiny, greater moderation, and greater transparency in the fight to keep our online communities safe from insidious ideas and rampant radicalization. Second, we demand from our politicians a rethinking of Section 230 that mandates a greater burden of responsibility on the platforms to enforce content moderation and impose consequences for failing to do so. Lastly, it is imperative that we educate our youth on the realities of the creator economy and the fallacy of freedom it purports to provide. We can teach them to think critically about the pitfalls of a life lived online and limit their exposure to dangerous online communities during their formative years. By doing these three things, we can convince the Peter Druckers of today to recognize the peril behind the promise of the passion economy and reconsider.