To know whether we face a new dot com bubble, look at how we work and consume

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The ongoing weakness in tech stocks brings with it the inevitable portent that we are witnessing the bursting of a new dot com bubble akin to that of the late nineties and early noughties.

Shortly before the latest instability peaked, commentators sensed something in the offing. As early as 2011, signals sounded that a bubble might inflate due to the market's thirst for fertile pastures after the collapse of the housing boom.

The figures lend support to this outlook. The Nasdaq index, on which many US tech companies trade, reached a 14-year high at the beginning of March, but has suffered reversals since then.

On 10 April, the index dropped 3.1%, a one-day fall unmatched since 2011. Facebook lost 17% on its April high. Twitter's value fell a quarter. UK internet companies Just Eat and Boohoo plunged to recent flotation prices. Others dipped below their initial valuations. Overall, the Nasdaq has lost 5.4% of its value since those highs of a month or so ago.

And hints of future turmoil abound. Google and IBM have both reported falls in revenue, compounding bleak expectations for tech stocks. Chinese web firm Weibo's IPO raised far less than anticipated.

Things may or may not be as bad as Marc Faber, the editor and publisher of the Gloom, Boom & Doom Report, suggests. But the so-called "tech wreck" offers an opportune moment to revisit the period, roughly stretching from 1995 until 2003, when we last saw a crash based on the falling fortunes of fledgling US tech and new media start-ups.

Working and consuming

Looking at the everyday sociological factors that underpin the movements of high finance, my research on the first dot com boom and bust suggests two things about today's potential tech bubble. On one hand, we should consider the work that people do in the businesses subject to these feverish valuations. On the other, we should understand the way people use and consume what these businesses produce.

Flexible working hours are common in tech and social media. And most importantly, the work performed has an immaterial and intangible quality. These factors provide an uneasy basis for the measurement and projection of output, productivity and value.

If it is hard to track the productivity of the flexible-working producers, then it is nigh on impossible to measure the contribution of the consumers. As Tiziana Terranova suggests, the wealth creation of firms such as Google and Facebook takes place largely outside the workplace. Instead of relying solely upon the exploitation of the time of employees, the time of web users is monetised too. Clicks, comments and views on social media sites transcend the capacity of the companies and their investors to keep tabs on what precisely is being generated.

Hence, the value of what is produced seems expansive, and, perhaps, beyond measure.
The work of Christian Marazzi responds radically to this condundrum. In immeasurability, he says, lies the origin of present-day stock market exuberance and uncertainty.

Some accounts suggest that exuberant, uncertain valuations represent misapprehensions of the nitty-gritty of production. Marazzi, however, reckons that these valuations show the difficulty of establishing a clear picture of what is produced and consumed where immaterial commodities are created and used. Nowhere is this more profound than in the tech sectors seeing their stock prices head skywards.

Despite this difficulty, Marazzi claims, the financial markets do still constitute a flexible enough framework for repeated attempts at establishing the worth of this immeasurable expanse of time and effort. The first dot com boom and bust seems to have been one such attempt. Recent movements suggest that we may be living through the unravelling of a second attempt, bearing potentially similar consequences to the first.

Work and non-work

The early dot com enterprises displayed features which exemplify radical changes in how, when and where production takes place in contemporary capitalism.

Andrew Ross's ethnography of the typical dot com firm of the nineties and noughties reported several key trends. Fun, flexible working practices promised greater freedom to workers whilst inducing greater commitment. Jobs revolving around the creation and manipulation of symbols and emotions blurred the boundaries between work, leisure and life itself. Mobiles and laptops encouraged constant connection to networks and the extension of work outside the workplace and into the home.

The everyday conditions in work and consumption from which the first boom and bust arose have been progressively augmented. In recent years, the conditions that made the dot com firms so hard to quantify and value have only become more insistent. New ways of working incubated in Silicon Valley have attained a far broader status in many other industries and professions. And that has helped to make all of us potential producers, at all times, as the lines blur between work and non-work.

In the UK, for example, we can see the spread of zero-hours contracts and an increase in part-time and freelanceworking practices. My own research has suggested lip-service, at the very most, is paid to the fun, flexible work regimes of Silicon Valley which sparked the change. And the development of online social networks and handheld digital technology continues apace, enabling endless virtual access to the production and consumption of whatever the tech firms are creating for us.

All this only shows the proliferation of the raw material with which investors and markets operate when they make enthusiastic and sometimes ill-fated attempts to measure what is happening. The objective conditions for a bubble are still there in the stuff of everyday life, perhaps even more so than before.

Valuations of tech and dot com stocks are not inflated distortions of the underlying reality of the "real economy", but rather are imperfect reflections of actually-existing trends in the way that goods and services are produced.

One response to the 2008 financial crisis has been to hanker for a return to the safe haven of "making things", unsullied by the supposed corruption of the financial system and the intangibility of tech. This is a myth. The production and consumption of commodities are part and parcel of the exuberant valuations of tech stocks, and cannot be sequestered away.

If there is to be a crisis on the back of the bursting of this new bubble, we should steel ourselves in advance to acknowledge that we cannot escape this supposedly "false" economy through the resurrection of a non-existent "real" one. They are now one and the same.