

The Zero Marginal Cost Society, by Jeremy Rifkin

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In *The Zero Marginal Cost Society*, bestselling author Jeremy Rifkin, describes how the emerging Internet of Things is speeding us to an era of nearly free goods and services, precipitating the meteoric rise of a global Collaborative Commons and the eclipse of capitalism.

Rifkin uncovers a paradox at the heart of capitalism that has propelled it to greatness but is now taking it to its death - the inherent entrepreneurial dynamism of competitive markets that drives productivity up and marginal costs down, enabling businesses to reduce the price of their goods and services in order to win over consumers and market share. (Marginal cost is the cost of producing additional units of a good or service, if fixed costs are not counted.) While economists have always welcomed a reduction in marginal cost, they never anticipated the possibility of a technological revolution that might bring marginal costs to near zero, making goods and services priceless, nearly free, and abundant, and no longer subject to market forces.

Now, a formidable new technology infrastructure - the Internet of things (IoT) - is emerging with the potential of pushing large segments of economic life to near zero marginal cost in the years ahead. Rifkin describes how the Communication Internet is converging with a nascent Energy Internet and Logistics Internet to create a new technology platform that connects everything and everyone. Billions of sensors are being attached to natural resources, production lines, the electricity grid, logistics networks, recycling flows, and implanted in homes, offices, stores, vehicles, and even human beings, feeding Big Data into an IoT global neural network. *Prosumers* can connect to the network and use Big Data, analytics, and algorithms to accelerate efficiency, dramatically increase productivity, and lower the marginal cost of producing and sharing a wide range of products and services to near zero, just like they now do with information goods.

The plummeting of marginal costs is spawning a hybrid economy - part capitalist market and part Collaborative Commons - with far reaching implications for society, according to Rifkin. Hundreds of millions of people are already transferring parts of their economic lives to the global Collaborative Commons. Prosumers are plugging into the fledgling IoT and making and sharing their own information, entertainment, green energy, and 3D-printed products at near zero marginal cost. They are also sharing cars, homes, clothes and other items via social media sites, rentals, redistribution clubs, and cooperatives at low or near zero marginal cost. Meanwhile, students are enrolling in free massive open online courses (MOOCs) that operate at near zero marginal cost. Social entrepreneurs are even bypassing the banking establishment and using crowdfunding to finance startup businesses as well as creating alternative currencies in the fledgling sharing economy. In this new world, social capital is as important as financial capital, access trumps ownership, sustainability supersedes consumerism, cooperation ousts competition, and “exchange value” in the capitalist marketplace is increasingly replaced by “sharable value” on the Collaborative Commons.

Rifkin concludes that capitalism will remain with us, albeit in an increasingly streamlined role, primarily as an aggregator of network services and solutions, allowing it to flourish as a powerful niche player in the coming era. We are, however, says Rifkin, entering a world beyond markets where we are learning how to live together in an increasingly interdependent global Collaborative Commons.

In 2011, Jeremy Rifkin published the *New York Times* bestseller, *The Third Industrial Revolution*, which captured the attention of the world. His vision of a sustainable, post carbon economic era has been endorsed by the European Union and the United Nations and embraced by world leaders including Chancellor Angela Merkel of Germany, President François Hollande of France, and Premier Li Keqiang of China.

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<http://www.thezeromarginalcostsociety.com/>

<http://www.thethirdindustrialrevolution.com/>

Jeremy Rifkin has been an advisor to the European Union for the past decade. Mr. Rifkin also served as an adviser to President Nicolas Sarkozy of France, Chancellor Angela Merkel of Germany, Prime Minister Jose Socrates of Portugal, Prime Minister Jose Luis Rodriguez Zapatero of Spain, and Prime Minister Janez Janša of Slovenia, during their respective European Council Presidencies, on issues related to the economy, climate change, and energy security. He currently advises the European Commission, the European Parliament, and several EU and Asian heads of state.

Mr. Rifkin is the principle architect of the European Union's Third Industrial Revolution long-term economic sustainability plan to address the triple challenge of the global economic crisis, energy security, and climate change. The Third Industrial Revolution was formally endorsed by the European Parliament in 2007 and is now being implemented by various agencies within the European Commission as well as in the 27 member-states.

Jeremy Rifkin is the President of the [TIR Consulting Group LLC](#), comprised of many of the leading renewable energy companies, electricity transmission companies, construction companies, architectural firms, IT and electronics companies, and transport and logistics companies. His global economic development team is working with cities, regions, and national governments to develop the Internet of Things (IoT) infrastructure for a Collaborative Commons and a Third Industrial Revolution.

Mr. Rifkin is a senior lecturer at the Wharton School's Executive Education Program at the University of Pennsylvania where he instructs CEOs and senior management on transitioning their business operations into sustainable Third Industrial Revolution economies. From 1995-2010, Mr. Rifkin taught in the Advanced Management Program at Wharton.

Mr. Rifkin's monthly column on global issues has appeared over the years in many of the world's leading newspapers and magazines, including *The Los Angeles Times* in the United States, *The Guardian* in the U.K., *Die Süddeutsche Zeitung and Handelsblatt* in Germany, *Le Soir* and *Knack* in Belgium, *L'Espresso* in Italy, *El Mundo* and *El País* in Spain, *Kathimerini* in Greece, *Information* in Denmark, *De Volkskrant* in the Netherlands, *Hospodárské Noviny* in the Czech Republic, *Wort* in Luxembourg, *Clarín* in Argentina, and *Al-Ittihad* in the U.A.E.

Mr. Rifkin holds a degree in economics from the Wharton School of the University of Pennsylvania, and a degree in international affairs from the Fletcher School of Law and Diplomacy at Tufts University. Rifkin speaks frequently before government, business, labor and civic forums. He has lectured at hundreds of the world's leading corporations as well as more than 300 universities in some thirty countries in the past four decades.

Mr. Rifkin is the founder and president of The Foundation on Economic Trends (www.foet.org) in Bethesda, MD. The Foundation examines the economic, environmental, social and cultural impacts of new technologies introduced into the global economy.