

Books

The Zero Marginal Cost Society

By Jeremy Rifkin

Review by Timothy Ogden

Stanford Social Innovation Review
Fall 2014

Copyright © 2014 by Leland Stanford Jr. University
All Rights Reserved

BOOKS

REVIEWS OF NEW AND NOTABLE TITLES

TIMOTHY OGDEN is managing director of the Financial Access Initiative at NYU and executive partner at Sona Partners, a thought leadership communications firm. He has edited numerous business books and is co-author of *Toyota Under Fire* (2011).

No Value

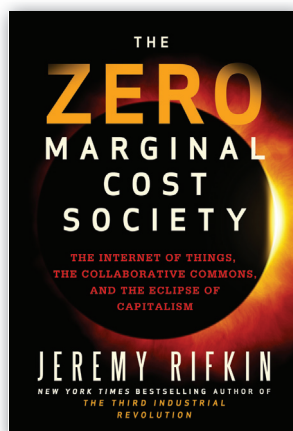
REVIEW BY TIMOTHY OGDEN

Worried that capital accumulation is driving ever-greater wealth inequality? Concerned that we have already lost the climate change battle? I have good news. According to Jeremy Rifkin, author of *The End of Work* and *The Third Industrial Revolution*, you can rest easy. In his new book, *The Zero Marginal Cost Society*, Rifkin argues that we are about to enter an era when the Internet of Things, “free” energy, and what he calls “the collaborative commons” will make anything and everything available for practically nothing. Together, he contends, those developments will overthrow capitalism as the world’s dominant economic model.

If you think that idea sounds silly, well, you’re right. And Rifkin expounding on it for 300-plus pages of 10-point text—all of it buttressed by 770 endnotes—doesn’t make it any less so. To be fair, those 770 source notes offer a comprehensive tour of trends that will definitely shape the near future. But Rifkin’s assembly of this information into a narrative hits all the low notes that are common to “big think” books:

- Attacking nebulous concepts that you don’t define? Check.
- Name-dropping your consulting company, which just happens to specialize in charging people to solve problems that you’ve invented? Check.
- Writing jargon-filled sentences that might mean anything (or nothing)? Check.
- Invoking historical inevitability to mask poorly supported premises? Check.
- Ignoring issues of political power and economic incentive that shape our daily lives and our future? Check.

I found *Zero Marginal Cost Society* to be so utterly unconvincing that I have to take seriously the possibility that I simply don’t get it. I kept going back to the book, looking for an insight that would make everything click. I never found it.



THE ZERO MARGINAL COST SOCIETY: The Internet of Things, the Collaborative Commons, and the Eclipse of Capitalism

Jeremy Rifkin

356 pages, Palgrave MacMillan

Central to the book is the idea that developments such as the emergent “sharing economy” will overthrow capitalism. “The Collaborative Commons is ascendant,” Rifkin writes, “and, by 2050, it will likely settle in as the primary arbiter of economic life in most of the world.” By his reckoning, we’re moving into a post-consumption society in which the ownership of stuff no longer matters. Who needs to own a chainsaw, or even a car, when you can share one? As Catherine Rampell pointed out recently in *The Washington Post*, even preschoolers recognize that companies like Uber and Airbnb have nothing to do with sharing as most of us understand it. Someone who owns capital charges others for temporary access to it. How others pay that charge—through barter, with currency, or by some other means—is not particularly relevant. The so-called sharing economy is still capitalism.

What is relevant is how people accumulate value that they can exchange for what they need and want. Rifkin believes that large, centralized organizations will crumble as customers and employees realize that those organizations no longer serve a purpose. “What if,” he asks, consumers “began to use the distributed, collaborative nature of the Internet to create lateral economies of scale”? What if they could “[skip] all the

middle men, markups, and margins on the traditional capitalist value chain”?

“What if,” indeed. A future in which most people are micro-entrepreneurs (to borrow a term from the international development sphere) is not likely to be a bright one. That, as Rifkin notes, is what the world looked like before the Industrial Revolution. There’s a reason that people desperately tried to escape that world—and that people in developing countries are still trying to escape it. In developing economies, micro-entrepreneurship (farming, petty trading, cottage manufacturing) accounts for a large part of many families’ income, and most people in that situation report that what they want is not to expand their microenterprise, but to land a secure, decent-paying job.

In developed countries, meanwhile, micro-entrepreneurship has returned in the form of uncertain jobs and lingering unemployment. Those who have been able to use Etsy, Uber, or TaskRabbit to find a happy replacement for a traditional job are few and far between. As other writers have noted, hustling to survive in the sharing economy that Rifkin lionizes is as likely to be soul-crushing as not.

Still, Rifkin argues, perhaps it won’t be so hard to scramble for what you need once everything has become practically free. He cites John Maynard Keynes’s vision of a future in which little labor will be required to meet everyone’s basic needs and people will spend much of their time in leisure—and he says that this vision will soon be realized. Yet the Keynesian utopia has failed to materialize for a very simple reason: There is always something more to desire.

Barter and sharing economies are tremendously inefficient; that’s why they have only a niche presence today. Technology reduces some of those inefficiencies, but not by any means all of them. Rifkin suggests that cooperative associations will soon overthrow corporations as the dominant way to organize activities that require large amounts of capital and coordination. The reason that corporations are so prevalent is that they provide the cheapest way to align the competing

BOOKS

interests of multiple stakeholders—from investors to managers to employees. Nothing about the Internet, solar power, or 3D printing will change the fact that individuals have conflicting needs and desires.

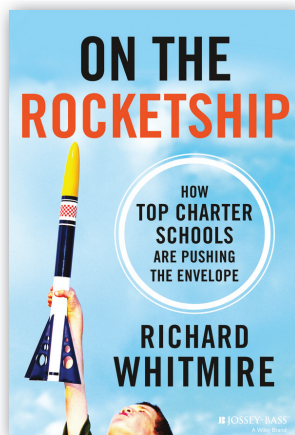
In fact, there is a remarkable technology for turning competing interests into the common good, but it isn't new: markets. Markets are imperfect, but they work better for this purpose than most alternatives in most situations. Even for Rifkin, the future consists of people trading in markets. After all, people still need a venue in which they can “share,” barter, and trade. In other words: Meet the new boss, same as the old boss. ■

Taking a Charter Flight

REVIEW BY CATHERINE DIMARTINO

The third paragraph of *On the Rocketship*, by Richard Whitmire, starts with a telling phrase: “Few startup guys (and I use ‘guy’ throughout the book as a mind-set, not a gender designation).” Indeed, this book is primarily about guys—most of them white, most of them wealthy, all of them entrepreneurs—who seek to improve public education for poor, minority students. Whitmire focuses in particular on John Danner, cofounder and CEO emeritus of Rocketship Education, a network of charter schools that aims to become the “disruptive innovation” that will “[topple] outdated school models.” Reed Hastings, founder of Netflix, and Don Shalvey, founder of Aspire Public Schools, also appear as important players in the story. If you are a Silicon Valley entrepreneur turned educator, this book will fascinate you. If you are a prospective charter school founder, the examples in the book will give you some guidance. If you are an experienced educator, the hubris of the book and of the people in it will frustrate you.

Whitmire begins by recounting Danner's evolution from being the CEO of an early



ON THE ROCKETSHIP: How Top Charter Schools Are Pushing the Envelope

Richard Whitmire
334 pages, Jossey-Bass

Internet company called NetGravity to serving as a Teach for America teacher to launching Rocketship in 2006. Danner, drawing on his experiences in Silicon Valley, arrived at a vision that embraces blended learning—a model that combines the use of personalized software with standard classroom instruction. At Rocketship Mosaic, an elementary school in San Jose, Calif., 16 teachers can accommodate 630 students; a traditional elementary school would require 21 teachers to serve that population. Finding the right technology to support Danner's vision was a challenge in the early days of Rocketship, but the company now works closely with DreamBox Learning, an online software vendor that focuses on math instruction. (Danner sits on the board of DreamBox.)

Ethnographic in nature, *On the Rocketship* features vivid accounts of the journey undertaken by Danner and other Rocketship stakeholders, and it offers memorable cautionary tales that show how and how not to build a charter school network. Whitmore describes in great detail Danner's efforts to secure funding and support from fellow Silicon Valley millionaires, his and his colleagues' fights with local school boards over the location of charter schools, and the community organizing necessary to recruit parents who will send their children to a Rocketship school. Other charter entrepreneurs will derive valuable lessons from the book.

At the level of style, though, the book will disorient readers. Whitmire interrupts his in-depth narrative chapters with italicized, half-page-long updates about the charter

CATHERINE DIMARTINO is an assistant professor of teaching, literacy, and leadership at Hofstra University. Previously, she worked at the Rand Corporation, held a fellowship at Educational Testing Service, and was a social studies teacher at the middle school and high school level.

school movement in general. He would do better to place these vignettes in a separate chapter or to display them visually as part of a timeline about the movement.

More important, Whitmire makes a bold, large-scale policy argument without offering the large-scale data to back it up. In the current political climate, the difference in achievement scores between charter schools and traditional public schools is hotly contested. Whitmire, however, bases his analysis on a narrow selection of achievement data—in effect, on a sample size of one. The subtitle of the book should be in the singular: “How One Charter School Organization Is Pushing the Envelope.”

Even within his narrow data set, moreover, Whitmire skews his presentation of achievement scores. Take his comparison of achievement levels of two elementary schools in San Jose. “At Rocketship Mateo Sheedy, 76 percent of students test at proficient in and above in reading, 93 percent in math,” he writes. “That compares to 54 percent of Washington [Elementary School] students scoring proficient in reading, 56 percent in math.” Those figures are from 2012, and Whitmire uses them to argue for opening additional Rocketship schools in the Washington Elementary catchment area. Yet he relegates the data for 2013 to an endnote. That year, as it turns out, scores at Mateo Sheedy dropped significantly (to 57 percent for reading and 82 percent for math). These results, to be sure, are still better than the scores of students at Washington (52 percent for reading and 60 percent for math), but they raise the question of whether Rocketship's early success is sustainable. (In fact, according to a recent Economic Policy Institute study, test scores at all Rocketship schools have fallen over the past four years.)

Whitmire's unlimited access to the principal figures in the charter school movement, coupled with his less than forthright use of endnotes, piqued my curiosity. I flipped to the acknowledgments section, where I learned that the Eli and Edythe Broad Foundation and the Doris & Donald Fisher Fund—two leading charter school champions—contributed