

From Capitalism to Commons

BY BRIAN MARTIN

Is capitalism being sidelined by a mostly quiet process, and gradually replaced by collaborative alternatives? This is the stimulating and provocative thesis of Jeremy Rifkin in his new book *The Zero Marginal Cost Society*.¹ Rifkin's analysis is largely compatible with anarchist visions and methods.

Will capitalism be superseded and, if so, how? Socialist strategies usually involve using the power of the state—obtained via election or revolution—to control and abolish capitalist social relations. However, this traditional socialist strategy has largely failed. Systems of state socialism became oppressive regimes. Meanwhile, although social democratic governments have moderated the harmful impacts of capitalism, they have not thwarted its underlying dynamic.

Anarchists, while agreeing with the Marxist critique of capitalism, have long seen the shortcomings of the socialist road, pointing to the dangers of state power. Furthermore, as anarchism has broadened its critique to incorporate all forms of domination, including patriarchy, racism, and domination of nature, capitalism becomes only one of many systems needing to be challenged—but one of continuing importance.

Jeremy Rifkin, a prominent writer and campaigner for decades, offers a bold, optimistic and unorthodox picture of the future of capitalism. *The Zero Marginal Cost Society* portrays capitalism as part of an evolution of human organization and consciousness towards ever greater empathy, a process that will gradually see capitalist relations become more marginal. It is an attractive vision, and one contrary to the doom-and-gloom thinking of many anti-capitalists.

Rifkin does not explicitly refer to anarchist thought or action, yet his picture has many affinities with the anarchist project. Here, I outline Rifkin's ideas, point to their strengths and weaknesses, and suggest how they connect with anarchist concerns.

Zero marginal cost

Marginal cost is basically the running cost of something. Let's say you pay \$30,000 for a new car and drive 30,000 miles in a year. The cost of each mile driven—due to gas, oil, and repairs—\$150,000. Its marginal cost may be no greater, and might be even lower, because it is energy efficient and less likely to break down.

Another example is the telephone system. Most of the cost involved comes from installing wires, switching systems, and the like. After the system is set up, the additional cost of each call is virtually zero. This, plus technological advance, helps explain why the cost of phone calls has fallen dramatically and why Skype-to-Skype calls can be offered free.

When marginal costs decline, possibilities for profit also decline. Think of the music industry. When recording an album required a studio and selling it required pressing vinyl disks and distributing them to music stores, there was a significant role for recording companies, and big profits for them, while most artists received relatively little. Now the technology is available for individuals and groups to record their own tracks and upload them on the Internet, completely bypassing the recording industry. The industry responded by aggressively

asserting its intellectual property rights, but to little avail. Instead, competitors such as Apple stepped into the breach by offering cheap downloads. The profits per song are much less, because the marginal cost of producing and distributing a song has dramatically fallen.

This process of declining marginal cost, Rifkin says, actually involves market dynamics undermining capitalism. The reason is that when marginal costs approach zero, an alternative set of social relations comes to the fore: the collaborative commons.

Reviving the Commons

A commons is a shared resource. Examples are public parks and public libraries. There's a certain cost in setting up and maintaining a park or a library, but when it's there, everyone can use it without preventing anyone else from using it. Some commons are administered by governments; others are managed by the people who use them.

Rifkin writes:

The contemporary Commons is where billions of people engage in the deeply social aspects of life. It is made up of literally millions of self-managed, mostly democratically run organizations, including charities, religious bodies, arts and cultural groups, educational foundations, amateur sports clubs, producer and consumer cooperatives, credit unions, health-care organizations, advocacy groups, condominium associations, and a near endless list of other formal and informal institutions that generate the social capital of society. (16)

Capitalists don't like commons because there's little or no profit potential, so it's not surprising that commons have been criticized as impractical or even unstable. Garrett Hardin's classic article "The tragedy of the commons" is often treated as the definitive case that commons would fail due to individual greed.² However, in practice, commons actually work, as shown by the pioneering research of Elinor Ostrom and others. Ostrom investigated commons land use in communities around the world and found that groups had independently developed ways to manage them effectively and deal with the problem of free riders.³

Rifkin sees the rise of commons as the wave of the future. But not just traditional commons of land or libraries—he is interested in a particular type of commons, called a collaborative commons, in which members contribute their ideas and labor in collective endeavors. The most obvious collaborative commons is the Internet. Anyone can post material and anyone can read it, download it, and use it. Of course not everything on the Internet is zero cost, but much of it is, and there are movements to increase the free content. Furthermore, the Internet is not just a supermarket with free goods: it is also a place for displaying and fostering creativity.

The prototype for collaborative production is free software, in which programmers volunteer their time and skills to develop and improve software that is then available to anyone at no cost. In the guise of open source software, this approach to production has made major inroads against the proprietary model, with open source options being more stable and error-free.

The Internet allows teams of workers to collaborate on

documents, for artists to share their efforts, and for people with particular diseases to share their experiences and insights. The Internet thus facilitates the rise of the “prosumer,” the person who both produces and consumes. Rifkin looks optimistically at the collaborative commons as an alternative economic model, in which productive work and consumption are joined much more closely than in the capitalist economy.

3D printing is a technology for creating objects using a computer program and a machine that, following the program, constructs objects layer by layer using various ingredients. 3D printers can be used to produce cups, heart valves and even cars, and the prices are rapidly dropping as the technology becomes more versatile. Combined with sharing of code over the Internet, 3D printers enable anyone to become a producer and, by developing and adapting code, a designer.

Another emerging network is what Rifkin calls the energy Internet. Renewable energy sources, provided by sun, wind, and water, are high in capital cost but very low in running cost: after production and installation, the marginal cost of each unit of energy produced is close to zero. Throughout the world, renewable sources of electricity are being connected to grids and combined with monitoring devices that enable households to automatically choose to supply electricity when demand is high and use it on their own appliances at other times. The upshot is a highly efficient system.

Rifkin sees enormous potential in the emerging systems based on networks with low marginal costs. He takes note of changing attitudes and behaviors too, with many more young people seeking access rather than ownership.⁴ Rather than buy a car, more people are now joining sharing cooperatives in which they have access to a cars from a communal pool. Some local governments are providing bicycles that can be used on a share basis. If people are increasingly willing to share rather than own, this facilitates the expansion of commons in a range of domains.

As sharing, commons and low marginal cost facilities expand, the potential for profit declines. A few companies still cash in on demand, but only by providing even lower marginal cost options. For example, the demand for 3D printers will grow dramatically, but the printers themselves will unleash capacities for sharing of designs and low-cost local production that will undercut many other industries.

Rifkin predicts that within a few decades the collaborative commons will increasingly dominate economic production, while the capitalist economy will shrink as a proportion of overall production. Basically, efficiency will become so great that fewer workers will be required in traditional workplaces based on wage labor. Just as the agricultural workforce has declined as a proportion of the overall workforce, entire other sectors of the economy will go into decline, replaced by collaborative enterprises providing outputs at close to zero marginal cost.

According to Rifkin (p. 173):

‘Today, the new Third Industrial Revolution communication/energy matrix is enabling consumers to become their own producers. The new prosumers, in turn, are increasingly collaborating and sharing goods and services in globally distributed networked Commons at near zero marginal costs, disrupting the workings of capitalist markets. The unfolding economic clash between the collaboratists and capitalists is a manifestation of a cultural conflict that will likely redefine the nature of the human journey in the years ahead. If there is an underlying theme

to the emerging cultural narrative, it is the “democratization of everything.”

Obstacles

Rifkin is quite aware of the opposition to these developments. For decades he has been involved in campaigns to oppose corporate control over genetic information, such as via patenting of gene sequences. He argues that genetic information should be freely available as part of a commons that would enable tremendous benefits for health, food production, and the like. However, corporations, backed by governments, are continuing their attempts to control information, part of a contemporary enclosure movement. The same sorts of struggles are occurring over the Internet, renewable energy, transport, health, education, and commerce.

Rifkin’s hope for the future derives from the emergence of a combination of trends. First is the technology that enables low-cost collaboration, epitomized by the Internet. Second is the associated empowerment of individuals and groups who, rather than depending on experts and professional services, are sharing knowledge and becoming producers in their own right.

Rifkin sees this transformation as the latest in a series of historical shifts. The rise of capitalism, as he describes in a series of chapters under the title “The untold history of capitalism,” involved enclosures of commons. Areas of land that had been cooperatively managed for centuries were taken over. Peasants were pushed by economic necessity to move to towns and become wage laborers. Market capitalism developed and, through its inherent dynamics, companies integrated vertically as a means of controlling their inputs, giving rise to the current system of regulated oligopolies.

The rise of capitalism was fiercely resisted by those with a stake in the old system. Thus it is to be expected that the rise of the collaborative commons will be resisted too. Nevertheless, Rifkin sees the current transformation as having tremendous momentum due to the deep-seated processes involved, with the capitalist search for profits driving down marginal costs and thereby enabling new commons and undermining capitalism itself.

Rifkin identifies two major threats to this process. One is climate change, which could put enormous stresses on the capacity of societies to survive. The other is cyberterrorism, which might exploit the vulnerabilities of a vastly expanded Internet of Things, in which nearly every object is electronically connected to networks. To these threats I would add nuclear war, which remains a possibility. As well as causing massive death and devastation, a nuclear war would likely usher in a repressive state response that would make post-9/11 security measures seem trivial by comparison.

Anarchist connections

Rifkin does not mention the word anarchism nor make any reference to anarchist literature. Nevertheless, his vision of social transformation has many affinities with the anarchist project.

The rise of the collaborative commons is, in essence, the rise of a new system of self-management. Free software, for example, is produced without any bosses – there are leaders in software projects, based on their skills – and the products are available to others at no cost: there is no profit involved, nor does a project leader have any formal power over contributors. This model of cooperative production looks quite different from workers’ councils, to be sure, but has some of the same

key aspects. There is little opportunity for domination based on either wage labor or bureaucratic imposition.

Other features of the collaborative commons similarly share anarchist characteristics. When individuals develop and share designs for 3D printing, this becomes a collaborative process of sharing knowledge and local self-management in production.

Rifkin anticipates a gradual sidelining of market capitalism: as the collaborative commons expands, the role of competitive markets shrinks. Rifkin does not try to offer a detailed account of this process. A critic might argue that corporate domination will continue in many sectors of the economy, and that questions concerning the control of infrastructure – the Internet, energy networks, transport systems – remain unanswered. Rifkin is not suggesting a sudden revolution in which workers take over the means of production, but rather a slow process by which capitalism, through its quest for profits, creates the basis for its own demise. Of course, Marx famously predicted the collapse of capitalism through the declining rate of profit, and debates continue today about his arguments. Rifkin seems on stronger ground because he can point to several areas where marginal costs are dropping precipitously – using the Internet is essentially free for many people – and, just as importantly, where collaborative alternatives are growing rapidly.

A learning commons?

Rifkin sees marginal costs declining in all sorts of areas, but not all of them are equally convincing. In education, he points to the emergence of MOOCs (Massive Open Online Courses), which provide a close-to-zero cost alternative to conventional university courses. However, MOOCs do not address the central strangle point controlled by universities: credentials. Already, without MOOCs, much learning can be done for zero marginal cost. Textbooks have been around for decades and can be obtained free from libraries. Interactive learning materials are available online. There is nothing to stop students from banding together to help each other learn, nor to prevent individuals from soliciting feedback on their work from people around the world. Indeed, these things occur regularly in free schools and all sorts of online forums. Furthermore, individual learners can approach universities and ask to audit courses, something that is truly marginal cost – but very few do this. The reason is that autonomous learning does not provide a formal credential. If universities abolished degrees and said, “We welcome anyone, at no cost, who wants to learn,” very few students would complete a course of study. Learning is almost free, but degrees are not.

There is an obvious alternative to university courses as presently constructed: remove degree-granting rights from universities and instead set up a set of examinations or apprentice schemes to certify knowledge and skills. This is the way some forms of learning are treated. To obtain a driver’s license, it’s necessary to pass a test, not to obtain a certificate of driving knowledge and skills through taking a prescribed set of courses.

To be fair to Rifkin, education is not one of his central case studies. As well, he is quite aware of barriers. In the realm of innovation, intellectual property is the equivalent of degrees – namely a means of protecting owners from competitors – and Rifkin has a long track record opposing this sort of restraint on commons production. The example of university degrees suggests the difficulty of overcoming enclosures when they are highly protected through state guarantees and long-standing expectations. The credential system has been analyzed as means

of reproducing class structures, and it is not likely to be easily dislodged by technological innovation.⁵

Another key aspect of the class structure is inequality, which has been escalating within countries since the rise of neoliberalism in the 1980s, especially in English-speaking countries. If market capitalism is gradually supplanted by the collaborative commons, as Rifkin foresees, then how in the new system are the outputs of economic activity distributed? The commons side of the economy is simple enough, in principle: nearly everyone has access, just as today nearly everyone in affluent countries who wants it has access to the Internet. But what about income?

Markets serve several functions that are hard to disentangle. They drive processes of providing goods and services, with competitors improving their performance to provide lower cost or higher quality outputs to customers. At the same time, the labor market does two things: it allocates jobs to workers (some of them, anyway) and allocates income to them.

In an ideal society, everyone would have the opportunity for satisfying work – work would be both a privilege and a right, not a burden – and everyone would receive a fair portion of the economic product, enough for their needs but not their greed, as Gandhi famously said. There is no intrinsic reason why these two functions of the labor market should be tied together, and indeed the collaborative commons makes this clear. In a commons, everyone shares in the outputs of the economic systems: everyone can benefit from the Internet. But in a commons, how is work allocated, and how is it made satisfying? People volunteer their labor, as in the production of free software. How are they paid, and what is the rationale for their level of payment?

We can imagine a solution in a self-managing work group: the allocation of wages is decided cooperatively. The wider issues of distribution would be negotiated in a federation of self-managed enterprises, taking into account collective needs, for example for those unable to work.

Rifkin recognizes that there are challenges in moving from an economic system based on scarcity to one based on abundance. He says, “The challenge is finding a governance model that can take society into the new paradigm” (150). Rifkin notes the affinities between the democratization of manufacturing and Gandhi’s philosophy of local production in self-reliant, self-governing communities. This can be seen as reflecting connections between Rifkin’s analysis and the anarchist project, especially given that Gandhian politics can be broadly interpreted as anarchist.⁶

Implications for action

Although it is possible to challenge Rifkin’s picture from a variety of angles, it is more productive to learn from his insights about the transformation of the economy and work. Classical anarchist theory was developed during what Rifkin called the first industrial revolution, dominated by the rise of vertically integrated enterprises. Organizing could take place at workplaces where significant numbers of workers interacted and whose collective action had the potential to create a different mode of governance – namely, doing the work without bosses.

The emergence of the collaborative commons provides a new arena in which anarchist organizing principles are even more relevant, but need to be tweaked for altered circumstances. For example, if individuals and small groups have the capacity, via zero-marginal-cost Internet and low-cost 3D printing, to design

and produce goods themselves, this is in itself a new form of self-management. The key struggle then is not to organize workers in the face of bosses but rather to support and promote the infrastructure – the modes of interaction – that enable localized production. In other words, collaborative commons provide an environment that encourages cooperative interactions and mutual aid, so the key thing is to support the commons and oppose enclosure movements.

People with anarchist sympathies have been in the forefront of many of these struggles, for example in helping design and promote free software, opposing patenting of life forms, and promoting renewable energy. Platforms enabling cooperative production do not defend themselves. Although some cyber-utopians anticipated that the Internet would usher in a world of unfettered information, participation and freedom, in practice the online world is bedeviled by commercialism, surveillance and abusive comment. The message should not be that the Internet is to be embraced or rejected, but rather that ongoing struggles over its governance and uses are vitally important.

This message applies to all the developments addressed by Rifkin. Whether the area is communication, production,

education, energy, or transport, there are important struggles taking place. Rifkin has pointed to some emerging trends – an apparent transition to zero marginal cost in several areas – that hold the potential for enhancing opportunities for material abundance, creativity, and sharing. These are cause for optimism, but a transition in this direction is neither guaranteed nor easy. Struggles will be involved. The positive aspect of these struggles is that they can be guided by a vision of a collaborative future.

NOTES: 1. Jeremy Rifkin, *The Zero Marginal Cost Society: The Internet of Things, the Collaborative Commons, and the Eclipse of Capitalism* (Palgrave Macmillan, 2014). 2. Garrett Hardin, “The tragedy of the commons,” *Science* 162, Dec. 13, 1968, 1243–48. 3. Elinor Ostrom, *Governing the Commons: The Evolution of Institutions for Collective Action* (Cambridge University Press, 1990). 4. Rifkin wrote about this earlier in *The Age of Access* (Tartcher/Putnam, 2000). 5. Samuel Bowles and Herbert Gintis, *Schooling in Capitalist America: Educational Reform and the Contradictions of Economic Life* (Basic Books, 1976). 6. Geoffrey Ostergaard and Melville Currell, *The Gentle Anarchists: A Study of the Leaders of the Sarvodaya Movement for Non-violent Revolution in India* (Clarendon Press, 1971).

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