Commentary

PERSPECTIVE ON CULTURE

Now That You Own It, Dump It

Outdated plants and antiquated business systems are a prescription for failure.

By JEREMY RIFKIN

While there has been much discussion in recent weeks over the many changes taking place in our way of life as a result of the high-tech economy, the single biggest change is occurring relatively unnoticed: The near-warp speed of the new hypercapitalism is beginning to make ownership itself an outmoded concept. The implications of this are enormous and far-reaching.

So much of the world we know has been bound up in the process of selling, buying and owning things that we can't imagine any other way of structuring human affairs. Yet the concept of "property," which once drove men to ideological battles, revolutions and wars, slowly is dying out in the wake of a new constellation of economic realities. Society is rethinking the kinds of bonds and boundaries that will define human relations in the coming century.

In the new era, markets are making way for "networks," and ownership is steadily being replaced by "access." This doesn't mean the concept of property will disappear in what is becoming known as the Age of Access. Yet property is far less likely to be exchanged in markets.

Instead, those who do own property increasingly will hold on to it and lease, rent or charge an admission fee, subscription or membership dues for its short-term use. Markets will remain but play an increasingly diminished role in human affairs.

Some businesses already are well along the way toward the transition from ownership to access. They are selling off real estate, shrinking inventories, leasing equipment and outsourcing activities in a life-or-death race to rid themselves of every conceivable kind of physical property. Many companies, for example, no longer think of purchasing capital equipment but rather borrow what they need in the form of a lease. Today, nearly one-third of all the business machines, equipment and transportation fleets in the U.S. are leased, allowing companies to be flexible in fast-changing markets and when faced with technological obsolescence.

Being stuck with outdated plants, obsolete equipment and antiquated business systems and processes is a prescription for failure. The new thinking in the business community is, when in doubt, farm it out. "Outsourcing" has quickly become the new mantra of the access economy.

Intellectual capital, on the other hand, is the driving force of the new era. What is really being bought and sold today are ideas and images. The physical embodiment of these ideas and images becomes increasingly secondary to the economic process. If the industrial marketplace was characterized by the exchange of things, the network economy is characterized by access to concepts, carried inside physical forms.

'To have, to hold and to accumulate in an economy in which change itself is the only constant makes less and less sense.'

Nike is perhaps the best example of the new commercial forces at work. Nike is, for all intents and purposes, a virtual company. While the public is likely to think of the company as a manufacturer of athletic footwear, the company is really a research and design studio with a sophisticated marketing formula and distribution mechanism. Although it is the world's leading manufacturer of athletic shoes, Nike owns no factories, machines, equipment or real estate to speak of.

Instead, Nike has established an extensive network of suppliers—called "production partners"—in Southeast Asia that produce its hundreds of designer shoes and other gear. Nike's real business is selling concepts. The shoes are merely containers for those concepts.

In the future, the race is likely to go to the new weightless companies like Nike that are unencumbered by ownership of large amounts of property.

Consumers are also following suit. Today, one out of every three automobiles and trucks on the U.S. roads is leased—still another sign of the shift from ownership to access. Ford Motor Co., for its part, would be just as happy turning customers into clients and shifting from selling vehicles to providing access to a driving experience.

As for homeownership, while it remains strong, Americans are increasingly opting for time-shares rather than purchasing a vacation or retirement home, preferring to pay for the time they spend in the house rather than paying for the house itself. Temporal estates are replacing real estate.

This change in the basic way we think about our relationship to the things we use, from products we buy to services we access, is part of the vast restructuring going on in the capitalist system as it makes the transformation from a goods-producing to a service-performing and experience-generating economy. Our long attachment to ownership is beginning to weaken. It is likely that for a growing number of enterprises and consumers, the very idea of ownership will seem limited, even old-fashioned, 25 years from now.

Ownership is based on the idea that possessing a physical asset or piece of property over an extended period of time is valuable. Now, however, the speed of technological innovation and the dizzying pace of economic activity make everything almost immediately outdated. To have, to hold and to accumulate in an economy in which change itself is the only constant makes less and less sense.

The very thought of leaving markets and the exchange of property behind is as inconceivable to many people today as the enclosure and privatization of land and labor into property relations must have been more than half a millennium ago.

Still, a growing number of businesses and consumers already have embarked on this new journey. In the 21st century, having access will be as important as being propertied was in the 20th century.

Jeremy Rifkin is the author of "The Age of Access: The New Culture of Hypercapitalism Where All of Life is a Paid-For Experience" (Tarcher/ Putnam, April 2000).

This is one in an occasional series.