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The Cutting Edge: Focus on Technology

DIGITAL: Rifkin Describes 'Hypercapitalist' Future Where Cultural Production Leads

He May Be Prophet or Pessimist, but Should Be Heard

■ Jeremy Rifkin's new book describes a world shifting to 'hypercapitalism,' where cultural experiences are chief commodity.

Jeremy Rifkin has another "big idea," which he describes in great detail in his new book "The Age of Access: The New Culture of Hypercapitalism Where All of Life is a Paid-For Experience" (Tarcher/Putnam, 2000).

Rifkin, the author of other big-idea books such as "The End of Work" and "The Biotech Century," is the preeminent master of overstatement. His books, nevertheless, are fascinating insights into long-term economic and cultural trends that he covers in encyclopedic detail. "The Age of Access" roams from Disney's planned Celebration community in Florida to the origins of Algerian "rai" music; from John Locke to George Gilder; from the ancient Greeks to modern Hollywood.

Never one to shy away from grand pronouncements, Rifkin's first sentence is: "The role of property is changing radically." His basic argument is that a new age of "hypercapitalism" is replacing the age of industrial production and that increasingly people's chief economic activity will be selling or buying access to cultural experiences.

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"We are making a long-term shift from industrial production to cultural production," he writes. "More and more cutting-edge commerce in the future will involve the marketing of a vast array of cultural experiences rather than of just traditional industrial-based goods and services."

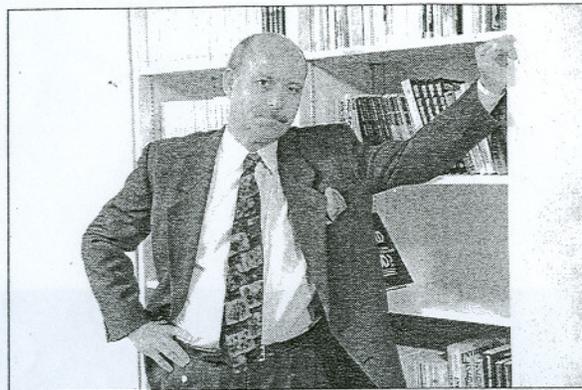
In his 1995 book "The End of Work," Rifkin predicted the radical automation of nearly all industrial production and traditional services, leading to a permanent decline in the availability of traditional jobs.

With the explosion of the World Wide Web, then in its earliest stages, Rifkin suggested that e-commerce would lead to a thorough elimination of "middle men," with companies newly able to sell directly to consumers and tailor their production to individual consumer preferences.

This was a notably early prediction of what has come to be known as "disintermediation." The idea quickly became one of the gospels of e-commerce, showing up in Bill Gates' book "The Road Ahead" as the phrase "friction-free economy."

In 1998, Paul Saffo, a widely quoted researcher at the Institute for the Future in Menlo Park, countered that view, saying that disintermediation is "directly at odds with what is actually happening."

"Rather than eliminate intermediaries," Saffo said, "information systems do quite the opposite. Information systems are powerful commercial tools because they re-



JUDY ROLFE / For The Times

Jeremy Rifkin predicts a shift from industrial to cultural production.

duce transaction costs. Lower transaction costs enable new kinds of transactions, which lead to new market niches and, overall, make the market environment more complex. In short, information systems create openings for new intermediaries to discover and occupy."

Saffo called this a process by which traditional "middle men" of transactions are eliminated and replaced by even more numerous interactions between customers and sellers. These hyper-segmented market niches are made possible by cheap information technologies, which creates "relationships" between consumers and sellers through a variety of new service vendors.

Saffo said that this "value chain" between customers and companies, which everyone expected to get

shorter because of e-commerce, is getting longer and increasingly complex. There are more intermediaries, becoming not a chain but a web of relationships.

Even though this phenomenon seems to contradict what Rifkin said in "The End of Work," he has picked up on this idea as well.

"Perhaps as little as 5% of the adult population will be needed to manage and operate the traditional industrial sphere by the year 2050," Rifkin said. "As more and more of people's lives become paid-for experiences, millions of other people will become employed in the commercial sphere to service cultural needs and desires."

Rifkin said that the age-old and familiar model of buying and owning goods and services is turning into a new form of commerce, one in which

consumers buy "access to experiences," an ephemeral and endless process of cultural participation that is becoming commercialized. Thus the old industrial power structure built around companies such as the Big Three auto makers, **General Electric**, oil firms, **Boeing** and others is giving way to a new generation of companies selling less tangible products, such as **Disney**, **Viacom**, **Microsoft**, **AOL**, **Time Warner** and **DreamWorks SKG**.

Moreover, in the "new economy," commodity prices are falling fast, profit margins for real goods are razor-thin, and a lot of essential software is free. Companies such as **Dell**, **Compaq** and **IBM** are moving toward services and permanent customer relationships. The market for renting instead of buying software, from companies called "application service providers," was recently endorsed and joined by **Microsoft**.

Rifkin noted that car leasing is growing, access to the Internet and to entertainment sources is more important than ever, life spans of jobs and careers are shortening, and the longevity of companies seems to be falling. Life is becoming postmodern, fractured, temporary and "sold

back" to us—the portion of family budgets dedicated to "monthly access fees" is growing.

Rifkin said that these effects are having a profound impact on individual consciousness and on society as a whole. Once again, in his typical sweeping style, he said, "The shifts from geography to cyberspace, industrial to cultural capitalism and ownership to access are going to force a wholesale rethinking of the social contract." . . . Access is becoming a potent conceptual tool for rethinking our world view as well as our economic view, making it the single most powerful metaphor of the coming age."

One can be skeptical of Rifkin's metaphor—ownership, after all, is still for most people the dominant form of personal security, not to mention status—and still be intrigued by his assertion. Sure, Rif-

kin overstates his case, leaves out contrary evidence and doesn't know how to qualify or soften his arguments.

Ironically for one of the country's most caustic and tireless critics of capitalism, Rifkin is popular with business readers because he "discovers" ideas that new-economy pundits are already talking about, but he blows them up to the proportions of skyscrapers and then tells us we're all doomed if we don't change our ways.

Rifkin is our Jeremiah, possibly our Cassandra. He's unique, iconoclastic, insightful, angry, dogged and, in the end, hopeful and romantic. We'd be poorer without him.

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DIGITAL NATION
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