

BEWARE OF GEEKS BEARING GIFTS

Why the Silicon Valley does not understand Hollywood.

Ever since the cyber-utopian '90s, the 'Net has been so often looked to as the cure for whatever ails us. The fantasy, for example, was that if politicians had e-mail, we would no longer have politics as usual; that things like spam and identity-theft and Nigerian scams wouldn't come to matter—because human nature would be redeemed by this new technology! Just like cable TV and electricity did before it! And now, in the wake of the WGA strike, all kinds of people, from *Los Angeles Times* writer Patrick Goldstein to Marc Andreessen, cofounder of Netscape and other tech startups, are once again turning to the meme that “the 'Net will save you/throw out your old bad tired media/the new Jerusalem is upon us!”

That ain't necessarily so. The Internet is just infrastructure/plumbing; in fact, the culture of high-tech, and the culture of the 'Net, present peculiar—and different (though perhaps way new cool)—ways for the Writer to Get

Screwed.

Guild members made fine fun use of YouTube to promote their POV in the strike: all power to the Interwebs! But YouTube, Flickr, Facebook, Dogster, Wikipedia, friendshipbracelets-and-newspapers.com, and all the rest of what's called Web 2.0, are about what's considered “user-generated content.” Rockstar venture capitalist Roger McNamee is famously on the record for thinking user-generated content (i.e., provided free by the lumpenproletariat) is the future; not only does Silicon Valley *luv luv luv* social-shopping blogs (that's right, blogs creating community around shopping!) and advertising-supported communities around gaming and Second Life and its brethren, it suffers madly from ailments author Andrew Keen describes in his book *The Cult of the Amateur*. That is, Silicon Valley's peculiar prejudice, taking either the form that we should all be 19th-century Brit aristos and creative enterprise belongs to talented amateurs so no one

need be paid, or, to put it into terms of California's Company Town to the South, it's the “Get Shorty” complex: *Anyone can be a writer, right? After all, I blog! Anyone can be a graphic artist: I have the tools at my desktop! Who needs investigative journalists? And art directors? I do digital scrapbooking! And we are all endowed with equal talent, as long as we have the latest technical tools!*

And then there's the information-wants-to-be-free culture that all and anything can and should be transmitted and downloaded; speculative fiction writer Harlan Ellison has infamously combated Internet piracy of his works (loss of income/loss of integrity of the work of art/loss of the notion of authorship), but my own small tale of woe might be illustrative.

Hollywood Doesn't Get Internet

Back in 1993, *Wired* magazine published my novella, *Love Over the Wires*, at the time the first literary treatment of e-mail adultery and how the pseudo-intimacy of the online world so magnifies the unhappy truth that you seldom know the one you think you love. Because *Wired* was totally avant-garde in all things, the magazine immediately put the piece into its online archive. Within a year, it became apparent that *LOTW* had been transmitted all over the Internet and was being taught in college courses. By 2002, one of the nurses I ran into while dealing with my evil demented mother's care did a doubletake at hearing my name. Evidently, I had acquired a new kind of net.fame, for someone at some point had excerpted a small portion of the text, removed it entirely from context, and put it into something called



The Internet Anthology of Love Poetry. (This was particularly galling because the passage in question in the original was venomous; out of my novella's neighboring framing words, it now read as passionate). And by 2007, an ex-boyfriend alerted me that *LOTW* was now so canonical that it was appearing as a topic on one of those gray-market sites where college kids trade term papers.

Of course, I will never know what the lost royalties were from this piece of fiction—maybe nothing more than might have paid my PG&E bill annually, or provided a nice vacation or two.

But the Bad and Revealing Part occurs when I tell this story to my geek friends—they look at me blankly: *Your problem is? But you are a success in the reputation economy!* (People in the entertainment industry know how fungible that is.) And when I ask the question, “Do you think my work has any value? Do you think I should get paid for what I do?” I get no answers, just uncomfortable squirms or brush-offs. It's not malice; it's tone-deafness/color-blindness, with the Good Guys in most high-tech situations being on the side of Open Source, and the Bad Guys being on the side of the Vexatious Litigant/Intellectual Property Nazis. The IP Nazis (think Disney) are truly bad, no doubt about it, and free speech and fair use should prevail: but my problem, to most folks in high-tech, is what economists call an externality, or what war fighters call collateral damage. Who cares? Howzabout that Bittorrent? But have you talked to a musician lately?

The mindset of download culture manifested itself beautifully in the squabbles “do no evil” Google had with libraries and the Authors Guild (my professional organization—for writers in print and playwrights). Let's just say Google's ideas about fair use and the concept of copyright and author's rights are at wild variance with some of the rest of us. But the sad part is, the fight between Google and the old-school print folks was a clash between religions—I truly believe that the Google folks could not see what the problem was. They are

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children of download culture. When the Internet got created decades ago, it was an explicitly noncommercial means for academics to share information. The 'Net is now explicitly commercial. (EBay? Google AdSense? iTunes?) But the mindset remains.

Why Venture Capitalists Are Not Your Friends

Finally, there is a reason venture capitalists (VCs) are called vulture capitalists. Yes, they support the lively U.S. culture of entrepreneurship and innovation, and many college endowments and pension funds park some of their money with them for good reasons. As with most things, the devil is in the details/term sheets. VCs have the right to kick out the founders (i.e., you and your writing partners) and replace them with “more seasoned management” (i.e. their golfing buddies). They put the money in; they can determine the direction of the company—a euphemism for who it is staffed by and what it is supposed to be doing.

And VCs, naturally enough, do not invest in startups for the greater social good. Their mission is the liquidity event/exit strategy (i.e., they want their money back out, in multiples). And if they can't, know that Silicon Valley (in the figurative sense; high-tech can be so virtual, you know) is littered with folks who have wallpapered their bathrooms with founders' stock certificates.

So how do VCs get their money out? The easiest thing to do these days is to

sell the startup to an existing company. Most likely, this would be to: a) an existing media giant, just like those in the AMPTP; or, b) a new media information-wants-to-be-free entity like Google. Other options would be to sell to a private-equity firm—which justifies its fees and the interest it pays on the capital it uses to make its acquisitions by cutting fat, removing “inefficiencies,” and exerting market disciplines. For an example, consider the fate of Chrysler since it was taken private.

The company can also be taken public. And before the vision of being a Microsoft millionaire for the new millenium overwhelms you, know that the VCs and the investment banks get their money out first; many of the other startup employees may have to wait months and years before they can cash their options in (and who knows what the stock might be worth then). Complications with the Alternative Minimum Tax when stock options are exercised have created true financial FU for many quite-middle-class-but-at-one-point-millionaires-on-paper denizens of high-tech.

Even so, once the company goes public, it is responsible to shareholders, which means Wall Street. And we know what that means: CEOs driven by the need for short-term gains for the company, and perhaps even more so by the desire for extravagant personal gains for his or her own sweet self.

So when members of the Guild assume that the 'Net might provide their salvation, think again. It might very well turn out that some enlightened artist-centric, VC-funded entity will provide a genuine new revenue stream for writers in the Internet Age and a model for a future of advertising-funded downloadable entertainment. But be cautious before you drink that Kool-aid. **WB**

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