The Cyber-maxims of Esther Dyson

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July 7, 1996

ONE MORNING RECENTLY AT A POSH DESERT RESORT IN TUCSON, ARIZ., HUNDREDS OF THE computer industry's elite huddled in small groups, swapping shop talk, making deals. In one corner, Michael Kinsley, editor of Microsoft's new on-line magazine, Slate, chatted with Bernard Vergnes, head of Microsoft's European operations. In another, Jim Barksdale, president of Netscape, talked sotto voce with Steve Case, chairman of America Online.

What brought together the 500 cybernauts was the annual PC Forum, spearheaded by Esther Dyson, a 44-year-old writer, futurist, philanthropist and venture capitalist who has become one of the most influential figures and certainly the most influential woman in all the computer world.

How Dyson makes her living is hard to classify. She is the editor and publisher of the widely respected newsletter Release 1.0 (and of its Eastern European cousin, named with the double pun Rel-East). She is chairwoman of the Electronic Frontier Foundation, an industry-financed civilliberties watchdog group. She runs EDventure Ventures, an investment fund that plugs Western dollars into Eastern European technology startups. And she manages this conference, which is to the computer world something like what the Cannes Festival is to film.

Dyson comes from a famously brilliant clan. Her father is the physicist and author Freeman Dyson. Her mother, Verena Huber-Dyson, is a mathematician who graduated from the Swiss institute where Albert Einstein studied. Her brother, George, is the world's leading expert on the kayak. At 14, Esther began studying Russian; at 16, she was at Harvard; at 25, she was reporting for Forbes, and by 30, she was analyzing technology stocks for Wall Street. In 1982, Ben Rosen, now chairman of the Compaq Computer Corporation, asked her to help him put out his Rosen Electronics Letter, a pioneering publication about new technology, which the following year he sold to Dyson, along with PC Forum. Now, 13 years later, Release 1.0 circulates to 1,600 computer industry leaders attracted by its thoughtful inquiries into thorny issues like intellectual property. "What I try to do," Dyson says, "is find worthy ideas and people and get attention for them. I meet a lot of people, read a lot of stuff and try to promote new ideas."

Q: Microsoft's chairman, Bill Gates, is rumored to have once denounced you as a "socialist." Why? DYSON: There was some misunderstanding. He thought I was going around saying that intellectual property should be free. Actually, as the Web expands, the big effect will be that intellectual property is likely to lose a lot of its market value.

Let me explain. In the past, there was a relative shortage of creative work. There was a limited amount of content and people had a limited amount of time, and both were pretty much matched at current price levels. Now [since the Net became popular], there's much less cost associated with the distribution of content. If you put a book or a magazine up, all the costs attributable to paper, printing, inventory, holding publications in stores go away. The other thing that is happening is that everybody can get up on the Net, sing their own songs, write their own poetry. You no longer need a publishing house to get a book published. So economics would say that since the

supply of content is increasing, the costs of duplication and distribution are diminishing and people have the same amount of time or less, we are all going to pay less.

The idea of copyright will still be important because it is the law and it is moral. Second, a content producer will still want to control the integrity of a work. Even if I get no royalties, I want to make sure that my work isn't dumbed down and sold under someone else's name.

Whenever I talk about this, content producers go nuts. All I'm saying is that you need to figure out how to be paid for producing content because the business models are going to change.

Q: If intellectual property is to have little monetary value, how will writers, artists, composers make a living? A: They'll get money for performances, readings, for going on line and interacting with their audiences. The free copies of content are going to be what you use to establish your fame. Then you go out and milk it. Also, a lot of creators will get paid by audience gatherers rather than the public. Content will be sponsored somewhat in the way network television programming is today.

In this new situation, I see content as having to stand on its own merits because it is advertising for something else rather than something that is advertised for. The good writers will get sponsored. The bad ones, maybe they'll be more useful in some other line of work. I see this trend manifesting itself in my own life. Like everyone else, I get lots of free information on the Net. I also get offers to subscribe to stuff and my attitude often is, "Why should I pay to get more when I have too much already?" Now, I do pay for really special stuff. I also pay when I want to support work of a particular creator. Future scenarios on this are obvious. A consultant will write a book, hand it out for free and then charge higher fees for his services.

Q: But a consultant isn't an artist. What will happen to the producers of literature? A: Some of them will write highly successful works and then go out and make speeches.

Q: What if they are shy? A: Then they won't make any money.

Q: You are currently working on a book tentatively titled "Release 2.0: Second Thoughts on the Digital Revolution." Will you be getting an advance from a publisher or will you just post the whole thing up on the Net where anyone can take it for free? A: I certainly want the book to make money. Content may have declining value, but it hasn't hit zero yet. It may be free on the Net, but people will still pay for it in a convenient form, which is a book with a cover and photographs. On the other hand, I do intend to post chunks of it on the Net. Whoever my publisher is, they'll have to feel comfortable with that, because my purpose is to get ideas out.

In many ways, I see the example of how I work as representative of the way things are going for creators. The newsletter I publish, Release 1.0 — which costs $595 times 1,600 subscribers — breaks even. But the PC Forum, which is a kind of one-time performance each year, generates about $1.5 million in revenue, and participation is open only to newsletter subscribers. So the money-making part of my business is really an offshoot of the content production. Also, I do other things: consulting, speeches,

which come to me because of my writing. In other words, I get paid for my activity rather than my products.

Q: Why is your conference, the PC Forum, such a motive power in the computer world? A: Why do we have sexual reproduction? Because you get better offspring when you mix genes. And this conference is the greatest gene-pool mixer. The critical mass of the industry comes together and looks at the future. I try to take the core of the industry and put new viruses into it. I try to provoke people to think, to meet new ideas and new people. The result is that parts of deals often start there, trends are previewed. At the 1989 PC Forum, I got Lotus to announce Notes nine months before it was actually released. That really helped launch the product and the idea of groupware. Three years ago, we held a conference called "Content Is Key," with the idea that content and not just tools moves the world. It didn't single-handedly create the situation where people are now paying billions for content companies, but it helped the truth become recognized. I'm always considered a crackpot because I'm early with ideas. But that's O.K.

Q: Do you use Windows 95? A: No, I use Xywrite for a word processor, Eudora for E-mail and Netscape as my Internet browser. As for Windows 95, I gave my review copy to my stepmother and father. There's no compelling reason for me to make the switch over. My old stuff works. If I were starting over with a new computer, I'd get it loaded with Windows 95, and I do suppose in the long run, I'll move over to it. Right now, a switch would be complicated. Besides, it's not that easy to install, which reminds me of a joke: Why did God need six days to create the world? Because he had no installed base.

Q: Give me your prophesies on what the newspaper of the future will look like. A: If you're looking 20 to 30 years from now, they will probably be printed out on local printers by whomever wants one. People will still want their news, but a lot of the traditional newspaper will disappear. With electronic distribution, there's no real reason for recipes and foreign coverage to be stuck together in one big wad of paper. Instead, the newspaper of the future will be customized to a consumer's needs. Stock prices and classifieds will probably drop off first — and this should happen in a very few years. After that, data-intensive items will go — like local movie listings. These are sections that are so much more valuable when they can be electronically searched, filtered and graphed.

It's really stupid to print out thousands of apartment listings for thousands of people. Just put them on line and let people select what they want by neighborhood and price range. As for investments, I want all the stock prices covered and filtered. I want to be able to call up all the securities that went up 10 percent in the last two months.

Q: Tell me about growing up in 1950's Princeton. A: Two of our neighbors were Nobel Prize winners. A third developed color television. As children, my brother, George, and I played on the derelict remains of one of the first computers, which was on the grounds of the Institute for Advanced Studies, where my father worked. Mrs. Hans Bethe [wife of a key architect of the A-bomb] was my godmother. Edward Teller [fa-

ther of the H-bomb] came to the house often. I have these memories of him pouring excessive amounts of chocolate sauce over his ice cream while declaring, "My doctor says I shouldn't do this, but I never pretended to be an honorable man."

Q: Were there any traumas in this idyll? A: When I was 5, my mother ran off with a mathematician, though my father says I was quite philosophic about it. He claims I said, "Oh, who needs a mother once the milk is gone."

I had a huge amount of diverse experiences because my parents were divorced. Two years after my mother left, my father remarried and we settled into a traditional two-parent-family situation. My mother moved to Berkeley, where she had bohemian friends. She had a lover named Goodwin, who was a computer programmer, and he was our favorite. The second computer I played on was his. He'd let my brother and me play with his punch cards. We'd tried to read them based on the codes, which you could figure out.

Incidentally, my mother taught mathematics at the University of California in Berkeley at the same time as Ted Kaczynski [under Federal indictment as the Unabomber]. For all I know, my brother and I ran into him when we played tag in the math department elevators. I'm fascinated by the Unabomber, whoever it was. No. 1, he's a maniac. No. 2, he's asking valid questions: is technology bad? On the other hand, his manifesto is an example of a freelance writer who wasn't very good, but then, his writings are what got him caught. Interestingly, he could have put his manifesto on the Internet without going to The New York Times or The Washington Post. It was broadly distributed on the Internet anyway. I keep thinking that if he were even remotely plugged in, he could have been spouting all his stuff on the Net and that might have kept him from getting all bottled up inside.

Q: Various legislators have proposed a number of new laws aimed at keeping criminals and terrorists from using the Net. Will these help? A: They didn't catch the suspected Unabomber by tapping any lines. As head of the Electronic Frontier Foundation, I am troubled by most of these new laws, ostensibly aimed at criminals and pornographers but restrictive of everyone's freedom.

There are two specific items here — encryption and freedom of speech. Last year, Congress passed the Communications Decency Act, after very little debate. It was censorship, pure and simple. Fortunately, last month a Federal appeals court ruled the law unconstitutional. God bless those judges. They came in knowing little about the Net, but they opened their minds and said that the Internet was more like a soapbox than television and much more democratic.

As for encryption, the Government keeps trying to do what governments naturally do: control people. They would like to ban encryption [which scrambles and unscrambles information on computers] to make it easier for law enforcement to listen in on people. In principle, all they want to do is stop crime. But the fact is encryption is defensive technology against big government, big business, big crime. I'd rather have defensive technology than leave the power to snoop in the hands of people I might not trust. Basically, the intelligence community wants this.

Q: A couple of years ago, you visited the C.I.A. headquarters in McLean, Va., and found people there to be quite uninformed about the new technologies. Were you surprised? A: Mitch Kapor [founder of Lotus] and John Barlow [a co-founder of the Electronic Frontier Foundation] and I went down there. Barlow said they wanted to re-engineer and change their act. It was like talking to a bunch of middle-level managers who knew what the Net was but had no concept of how decentralizing it was. They said, "Do you think if we put our C.I.A. information on the Net, people will appreciate us?" We said: "Your content isn't good enough to survive on the Web. You're the people who didn't understand what was happening in the Soviet Union."

Q: What did they want to do — have a C.I.A. home page? A: Sort of. They were well meaning. But they had no sense of what they were trying to do. They wanted to be part of the Internet community and be on line, without having a sense of what that is.

Q: It's no secret that you're high tech's most obsessive Slavophile. How did Russia and Eastern Europe become your personal passion? A: I studied Russian at high school and at home. My father had always taught us Soviets were bad but Russians were good. So I didn't grow up with the typical American thing of "those Red commies." Twenty-five years later, I visited Russia for the first time during perestroika. The minute I landed, I felt this "separated at birth" thing for the place. It was chaotic. Nothing worked. I wanted to help.

And I think I've been able to. I get to Russia nearly every month and I do a lot of free consulting, teaching Russians in high tech how business in the West works. I give talks on business strategy, try to help people connect with their counterparts in the West. It's exhilarating work. The companies are not privatized state industries but start-ups. The people who staff them are not Soviet apparatchiks but programmers and physicists.

I also have a small venture capital fund that invests in Eastern European high tech. For years, I was urging my Silicon Valley friends to invest in Russia and Eastern Europe. Eventually, several friends raised a million and a half dollars for me to invest for them. This is a for-profit fund. Its goal is to make a profit by doing good things.

Q: Has it been an advantage for you to be female in the mostly male world of high tech? A: I'd say so. From the beginning, I was noticeable. I also had a psychological advantage because the thing that happens to most men in this business is that they start to compare themselves with Bill Gates and they feel inadequate. Obviously, I never had that problem. Also, in the computer world, I find, being a woman, you are not so pressed to conform. There's a broader range of character traits that are acceptable.

Q: Are you sure? People in the computer business are always buzzing about your private life — or the fact that you don't seem to have one. Do you think they'd bother if you were male? A: No. They'd say, "He's a bachelor," and move on. Or if he were gay, they'd move on even faster. But I feel this comes with the territory. When I was having this relationship with [the publishing magnate] Bill Ziff, it was a relief to me

when a magazine printed news of it — once something is in Business Week, it loses its magic.

Q: What's your advice for the millions out there who are Internet-phobic? A: If you're over 40, unless you're looking for a job, you are not going to die as a failure if you haven't used the Internet. People should not be made to feel socially inadequate if they are not wired. The important thing to remember is that this is not a new form of life. It is just a new activity.

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The New York Times, July 7, 1996, Section 6, Page 16.
<www.nytimes.com/1996/07/07/magazine/the-cyber-maxims-of-esther-dyson.html>