



"Kevin Kelly's Latest Brew"

Review of Kevin Kelly's Book

"New Rules for the New Economy: 10 Radical Strategies for a Connected World" (Viking Penguin 1998; 172 pages; \$20).

Reviewed by Walter A. Effross

Associate Professor, Washington College of Law, American University, and Chair, Subcommittee on Electronic Commerce, American Bar Association

(This review represents the author's personal opinion only, and not the official opinion of the American Bar Association or any of its Sections, Committees, or Subcommittees.)

E-mail: effross@wcl.american.edu

URL: <http://www.wcl.american.edu/pub/faculty/effross/bio.html>

Booksellers might not have a name for it yet, but there's definitely a new nonfiction category emerging on their shelves. Next to the newbie "how to shop on the Internet" guides and in between the nitty-gritty manuals on "how to set up your own commercial Web site," more and more authors are offering general advice to managers and entrepreneurs in the larger context of analyzing the Internet's capacity to transform traditional businesses and economies.

Some of these books read as though they were inspired by a Starbucks recipe. The author mixes one new concept with hypercaffeinated descriptions of the "new Internet economy," "flux," "Moore's Law," and "disintermediation," pours in a few economics diagrams for texture, fills the rest of the space with the white foam of wide margins, and slaps on a fancy title.

Personally, I'm happy with some basic coffee with a little whole milk. Maybe that's why I enjoyed so much Kevin Kelly's *New Rules for the New Economy: 10 Radical Strategies for a Connected World* (Viking Penguin 1998; 172 pages; \$20). This book, it must be said, is a little less than fresh-ground: a portion of it appeared two Septembers ago in *Wired* magazine, of which Kelly is the executive editor, and his repeated comparisons of networked systems to living organisms and ecologies will be familiar to those who read his 1994 book, *Out of Control*.

Nonetheless, Kelly does a great job of identifying basic principles and practical implications of Internet commerce. Each of his ten chapters explores one idea in depth and concludes with a set of "Strategies" for its implementation. Even readers familiar with the key concepts of decentralization and increasing returns may be surprised by Kelly's examples and recommendations. For instance, to illustrate his advice, "[m]ove technology to invisibility," Kelly discusses the Home Motor featured in the 1918 edition of the Sears, Roebuck catalog. Eighty years later, this "five-pound electrical beast that would 'lighten the burden of the home'" through a variety of attachments has been replaced by the "dozens of micro-motors" collectively contained in our household appliances: "[t]hey are so small, so embedded, and so common that we are unconscious of their presence." Thus, he concludes that "[s]ince the measure of a technology's success is how invisible it becomes, the best long-term strategy is to develop products and services that can be ignored."

The principles extend beyond selling particular products or services to ensuring the survival of the readers' company, career, and even personal relationships. In some respects, in fact, one could see *New Rules for the New Economy* as a

cyber-version of Dale Carnegie's classic *How to Win Friends and Influence People*.

Central to Kelly's vision of the "network economy" is the virtue of mutually productive relationships, which can often be fostered by what might be called enlightened generosity. Thus, citing the way the programmers of the computer game *Doom* reaped rich rewards by deliberately making the code easy to modify, he recommends that "[i]n every aspect of your business (and personal life) try to allow others to build their success around your own success. . . . This is a counterintuitive stance at first, but it plays right into the logic of the net." (However, the author doesn't mention here that it might be a good idea to have lawyers handy, at least in your business life, to monitor the success-sharing and protect your rights.)

Conversely, Kelly warns his readers to avoid proprietary systems as well as the standard logic of exploiting scarcity: "There will certainly be scarcities in the network economy. But far greater wealth will be made by exploiting the plenitude" by, for instance, allowing others to add to or enhance your product. Another chapter explores the commercial success to be gained from distributing one's basic products free, or nearly free, as "loss leaders," and suggests benefits to be gained from even the exercise of considering this zero-pricing scheme.

Farther on, explaining his recommendation to "Feed the Web First" by embracing and contributing to open systems, Kelly echoes Thoreau's famous reluctance to engage in any enterprise that required a new suit: "Avoid any scheme that requires the purchase of brand new protocols when usable ones are widely adopted." (Doing his own part to feed the Web, Kelly has put the text of *Out of Control* onto his homepage, <http://www.well.com/user/kk>, which notes, "Because reading online is tiring, you have my permission to print it out for your personal use. But I can save your printer some trouble. I will print and bind all 230,000 words, and mail them to you for a small fee.")

Although some might question Kelly's initial assertion that his principles "apply to all businesses and industries, not just high-tech ones," it's certainly true of the two chapters that most directly address the businessperson's optimal response to change. Espousing "creative destruction" of, and "sustainable disequilibrium" within, the firm, Kelly recommends that companies ride the edge of change by establishing isolated "skunk works" projects to pioneer new products, methods, and approaches, that companies establish their own networks of relationships to disperse risks, and that they remain ready to change almost everything about themselves. Towards this end, Kelly advises that in general "your fiercest competitor will not come from your own field," and recommends that to search for innovations one should "scan the magazines of other trades."

New Rules for the New Economy can be finished in one evening but its strategies, suggestions, stories, and similes will undoubtedly linger with the reader. One doesn't have to agree with all of Kelly's predictions (for instance, that "[e]ventually, every can of soup will have a chip on its lid. Every light switch will contain a chip," and that "[a]ll-you-can-use plain old telephone service with no frills will soon be essentially free") to savor his bracing, straightforward guide to survival and prosperity in "a connected world." On an number of grounds, it makes quite a satisfying cup.