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Digitization, the Internet, and the Arts: eBay, Napster, SAG, and e-Books

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Via four case studies we explore the extent to which digitization is transforming how people access and engage with the arts. The first case study is the online auction house eBay. We focus on a unique system whereby millions of users rate each other's integrity and reputations in a digital venue via a transparent system open to all users and visitors alike. The second case study examines the Screen Actors Guild strike against the advertising industry, which drew attention to the potential for and limitation of the replacement of human actors by digitized replicas. Third, we focus on e-books in the context of the prediction that most books, music and film entertainment will eventually be distributed electronically to the average household. The fourth case study analyzes the Napster debate over file sharing and duplication of online music. We focus on the ability of Napster to create a huge community of users sharing their "own" copies of digital music. From this point of view Napster represented a uniquely efficient and large-scale dream, a modern form of the cooperation and sharing of property envisaged by classical anarchist philosophers of the nineteenth century. On the other hand, and as always in anarchistic uprisings, another class claimed proprietary ownership in the material being shared and saw in Napster mostly collective theft on the part of ordinary citizens. Three of these four case studies centrally involve ordinary people using the digital media in creative and innovative ways. We conclude by arguing, against those who are skeptical about the transforming power of digitization, that even in the short time that it has been widely available digitization has so increased people's ability to interact creatively with products that this amounts to a qualitative change which, over the next few decades, is likely to develop so far as to justify the label "revolution."

KEY WORDS: arts; technology; eBay; Napster; digital books.

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INTRODUCTION

In 1999, the Social Science Research Council's Program on the Arts created a working group to

> . . . explore the ways in which digitization is transforming how people access and engage with the arts as well as the extent and nature of the changes these advances are having in the way we experience such arts as music, film and painting.[2]

We designed our research to meet the spirit of this charge in the face of two obstacles that we recognized from the start. First, we believe that whatever transforming impact digital technology will have on the arts in people's lives is a continual process that will take many years to become apparent since the technology is in its early stages of development. Second, we do not believe that the conventional methods used by social scientists to measure the impact of the arts on people's lives, methods which we describe in the following section, usually convey the type of data that would allow us to successfully respond to the charge. We are also aware that such methods can take a fascinating general topic, in this case digital technology and the arts, and return it to the printed page somehow with much of the interest absent. Ergo, we decided that the best research strategy would be to monitor, as case studies, four of the most interesting uses of digital technology in the domain of the arts. We therefore analyze the implications of unique developments such as eBay's reputational system for allowing millions of users to rate each other, the use of virtual actors by advertisers and movie makers, the growth of e-books, and Napster's system for file sharing. The case study method allows us to capture these nascent forms of the arts and digitization as they evolve.

The Time Span for Research

In the first half of the 1990s much of the literature on the Internet and new digital media was markedly utopian, hailing sweeping changes to come. The media popularized terms like "digital revolution" and "information age." But by the latter half of the decade, these earlier views were challenged by arguments claiming that the Internet and digital media were just another wave in a continuing flow of modern technologies, from the telegraph to the telephone, all of which have improved communication (Calhoun 1998; Hakken 1999). The collapse of the dotcom industries seemed to confirm the levelheadedness of this assessment.

However, there is arguably a compromise; a third view suggests that the profound impact of the information age has yet to be realized, along with the revolution that it presages (Drucker 1999). This perspective points, for justification, to the changes brought by the Industrial Revolution and the Guttenberg press. Both

[2]We wish to thank the SSRC, and especially Ellen Perecman, for financial and intellectual support. Other members of the working group included Howard Becker, Stephan Martinieri and Bennie Terry. Howard Becker's contribution appears in a separate article in this volume.

of these, Drucker argues, radically altered society but only after the first fifty years of their existence, not immediately after their invention. In his own words, ". . . the assumption is that the Information Revolution will be like the Industrial Revolution of the late eighteenth and early nineteenth centuries. And that is indeed exactly how the Information Revolution has been during its first years" (p. 47). This perspective reflects our view that a revolution has begun, while acknowledging that so far much of what seems radically new can be seen as simply quantitative, not qualitative, change. Of course, by definition it will be many years before we can judge if this view is correct.

Measuring the Impact of Technology

Beyond the question of an appropriate time span for research, a second issue concerns the best measurement of the impact of technology on the arts. As Howard Becker argues in his article in this volume ("Studying the New Media"), there are two main approaches by which social scientists have analyzed how ordinary people—nonprofessionals, the "public"—are involved with the arts. The most common approach simply counts the number of people who visit a museum or attend the opera or ballet and so on. It is never quite clear how to assess the results obtained in this way, because while they generally show that only a minority of people attend "high" art events, it is not clear whether the numbers presented should be considered a "lot" or a "little," whether we should hope for "improvement" or be glad that as many as that are involved at all. We can monitor trends from year to year, but absolute numbers of participants do not have any obvious meaning in and of themselves. Moreover, such studies risk overlooking some of the most interesting developments in the online arena because online technologies are so new.

A second approach to measuring the effect of the arts, which Becker calls "impact" studies, seeks more detailed information to get at the meaning of the artistic experience for participants. For example, are people who attend these events receiving a distinct experience, is their capacity to enjoy artistic works increased, has their cultural capital increased? But the "impact" paradigm has rarely produced any solid findings about the effects (good or bad) of arts experiences. Further, it often implies that the public is an inert mass who just reacts to what is presented to it by powerful, usually commercial, organizations and the representatives of dominant social strata. This image is highly misleading. Ordinary folks do not simply receive messages from art professionals. Moreover, many often use the same technical means as professionals to make their own "art" materials, as some of the case studies we present here show.

THE CASE STUDIES

To avoid these theoretical and empirical problems, this article reports research from four ongoing case studies of the digital ventures that are the most

innovative and widely used. Suspecting, with Drucker, that we are seeing only the beginning of major transformations, we believe that the most fruitful way to discuss the myriad issues and to make tentative assessments about what is occurring is to track evolving phenomena via these case studies. We also believe that the case study approach, in which we monitor developments, offers a solution to the problem associated with conventional sociological attempts to measure the experiential effect of a particular phenomenon. In effect, we sidestep this question and instead assess the more visible and salient developments without trying to prove their experiential effect, a task which arguably is both hard and unlikely to be fruitful.

The first case study is the online auction house eBay. We focus on a unique system whereby millions of users rate each other's trading integrity and reputations in a digital venue via a transparent system open to all users and visitors alike. We also analyze how traditional issues of fraud in the art marketplace offline are transposed online, as in the case of the fake Diebenkorn painting. The second case study examines the Screen Actors Guild strike against the advertising industry, which drew attention to the potential for and limitation of the replacement of human actors by digitized replicas. Third, we investigate e-books in the context of the prediction that most books, music and film entertainment will eventually be distributed electronically to the average household. We discuss Stephen King's e-book ventures with his novels *Riding the Future* and *The Plant*, which raise central issues such as providing a suitable physical medium for reading the electronic material and protecting the author against theft. Finally, via the fourth case study, we analyze the Napster debate over file sharing and duplication of online music. We focus on the ability of Napster to create a huge community of users sharing their "own" copies of digital music. From this point of view Napster represented a uniquely efficient and large-scale dream, a modern form of the cooperation and sharing of property envisaged by classical anarchist philosophers of the nineteenth century. As in many anarchistic uprisings, another class claimed proprietary ownership of the shared material and interpreted file sharing as collective theft. Three of these four case studies centrally involve ordinary people using the digital media in creative and innovative ways. We conclude by arguing that digitization has, even in the short time that it has been widely available, so increased people's ability to interact creatively with products that this amounts to a qualitative change which, over the next few decades, is likely to develop so far as to justify the label "revolution."

Buying Art Online: eBay and the Feedback Forum

eBay was not the first online auction site, but is one of the oldest and, certainly, the most successful. Launched on Labor Day in 1995 with a single trading category,

Pez dispensers, by November 2001 eBay had 37.6 million registered users and approximately 400,000 new item listings per day in more than 2,900 categories. It was named the most popular site on the Internet (ebay.com) in terms of user minutes spent. This was an enormous increase from 7.7 million registered users in January 1999 (Price 1999). eBay is, at this time, one of the few dotcoms that continues to flourish economically. In this discussion we focus on two aspects of eBay: the unique user-to-user rating system, and the case of the scandal over the bogus Diebenkorn painting, which more closely resembles traditional issues of fraud in the art world, albeit transposed to a new setting.[3]

Users Rating Users Online

One of the most innovative aspects of eBay is the user-to-user system whereby each user obtains a publicly viewable reputational rating conferred by the comments of those who have traded with the user. In this way millions of people who have never met each other acquire a pedigree not from some official institution, but from individual comments of ordinary users rating their satisfaction with an economic transaction that depends critically on trust. eBay does provide other, more conventional, safeguards for traders to use, which we will describe. However, these may be optional and carry an added monetary cost. By contrast, the individual, user-to-user rating system is free. Relying on this system, total strangers trade with each other by mail, often with no other assurance that they will ever see the goods they pay for or the money for the goods they send.

The *Official eBay Guide*, published by eBay in late 1999, claims that the number of complaints is very low, only two hundred per one million transactions (Kaiser and Kaiser 1999). The Community Values Page of the *Official eBay Guide* describes eBay's founding principles:

> We believe people are basically good.
>
> We believe that everyone has something to contribute.
>
> We believe that an honest, open environment can bring out the best in people.
>
> We recognize and respect everyone as a unique individual.
>
> We encourage you to treat others the way that you want to be treated.

Pierre and Meg,[4] eBay's founder and CEO respectively, present this ethos in their communications on the site and eBay introduces these community values as the

[3]Until recently, the study of trust had achieved only a minor presence in traditional sociological writing (Misztal 1999; Luhman 1979); however, the last two decades have witnessed an awakening interest in this topic. Peter Kollock (1999) is one of the pioneers of academic studies of online reputational systems.

[4]eBay users refer to the founder Pierre Omidyar as "Pierre" and to the CEO Meg Whitman as "Meg." This informal behavior is indicative of the site's atmosphere. eBay markets itself as a gathering place that combines the social and business worlds.

institutionalized norm in their online web pages, press releases, and *Official Guide* (Kaiser and Kaiser 1999).

In addition to institutionalizing these cultural beliefs through its rhetoric, eBay assures users that four controls make trading safe on the site. First, eBay offers free fraud insurance for up to $200 worth of goods per transaction with a $25 deductible. Second, eBay has a team of staff members in its Safe Harbor unit who "protect" the eBay site from abuse. Third, users may choose to use the escrow service, i-Escrow, for especially valuable items. i-Escrow receives both the payment and the goods for a fee of five percent of the item's price. The seller does not receive payment until the buyer inspects the item and deems it acceptable; the seller has the same opportunity to inspect and approve returned items before the buyer is refunded.

The fourth control, the user-to-user rating system, is by far the most interesting and innovative. This feedback system allows users to "instantly check the 'reputation' or business practices of anyone at eBay" by studying a user's profile. These profiles are created using the Feedback Forum in which users rate each other after each transaction. The vast majority of feedback is positive, although scores of 1/positive, 0/neutral, and −1/negative may be given. While no item number is required for either positive or neutral items, it is necessary to have a transaction number to leave negative feedback or "negs." The total of all feedback ratings creates a composite score, which is found next to the seller's name. For example, in an auction, the seller's information would list as follows:

Seller [S] turkeyfeathers@zero.net (36)∗ (Rating)

In this example, the username is also the individual's e-mail address; "(36)" indicates the composite score. A star next to the composite score signals that a certain number of positive transactions has taken place, with the star's color indicating how many.[5] As the numeric values indicate, positive and negative comments raise or lower the user's score by +1 or −1, while neutral comments of 0 do no affect the score. Although users may conduct multiple transactions with one specific user, each user may rate the other only once. While this restriction does prevent attempts to either undermine another user's reputation or to build one's own by having friends leave multiple positives when there has been no transaction, it also distorts the scores. In certain categories, such as beads, it is not uncommon for buyers to go to the same seller on multiple occasions. This means that a user with thousands of successful transactions could theoretically have a feedback of only several hundred. Moreover, the composite score does not itemize the number of positive, neutral, or negative comments. To access this information, users must go to the "Overall Profile Makeup."

[5]Ten to 99 transactions merit a yellow star, 100–499 a turquoise, 500–999 a purple, 1,000–9,000 a red, and 10,000 or more merit a shooting star.

Users may click on the number following the user name to access the Overall Profile Makeup. Here, the number of positives, neutrals, and negatives is given in absolute terms, as well as in a time span of one week, a month, or six months past. However, once users are no longer registered, all of the scores they have given during their time at eBay are converted to neutral scores whether they are positive, neutral, or negative. Officially, users who accumulate a net negative score of -4 are prohibited from further use of the site. A user may in theory trade provided there are enough positives to outweigh the negatives. But in fact people are unlikely to trade with someone who has many negatives. While sellers must accept the highest bid on their items, they may also use feedback to gauge the other party. By looking at a buyer's profile, they may be able to forestall possible problems by securing full payment in advance if they see that a buyer has negative feedback. In the same manner, users may access a seller's feedback to make an informed choice to bid on that seller's items.

A user who would like additional information can review the written comments that users may leave in addition to the numeric rating. This information is found below the Overall Profile Makeup. In this way, the details of each transaction can be listed. In the case of positive ratings, often a brief message is left, such as "A++++++++++++++highly recommend," or "Excellent transaction. Would do business again." Often, positive comments affirm the user's contribution to the ethos of the community, such as "Great asset to the community" or "Outstanding eBay user."

> User: chezpatsy@earthlink.net (30) Date: Feb-18-00 11:10:43 PST
> Item: 251080697
> Praise: Overall good trans. Would deal with again. Thanks

Technically, neutral comments allow users to state a problem or concern without casting aspersions on the other user. These tend to be "Item not as expected" or "Slow shipping." Negative comments describe unethical behavior such as "Never shipped items despite five emails" or "Deadbeat bidder."[6] Significantly, eBay will not remove negative comments from the system and, until fall of 1999, did not allow users a chance to respond to "negs." Now, a space is given for response to negative comments. A user name must accompany all comments and it is not uncommon

[6]Deadbeat bidders, bidders who win auctions and never pay, were the greatest reason for negative comments according to respondents. This is a serious problem for sellers who must pay the eBay listing and closing fees regardless of the buyer's performance. Technically, sellers may request that closing fees be refunded if the buyer is a deadbeat; however, this does not guarantee that other bidders who lost the auction will still want to buy the item even if the seller contacts them. While officially the buyer and seller must contact each other within three days of the auction's end, usually several weeks must elapse, during which multiple attempts must be made to contact the other party, before a negative comment is considered truly warranted.

for users to e-mail others to ask additional details about negative transactions; e-mails are sent via the eBay site by submitting one's own user name as proof of membership in the eBay community.

The feedback system affects sellers and users differently in both economic and social terms. Sellers guard their reputations jealously. Not only do negative comments seriously damage reputations in absolute terms for their composite feedback ratings, but often just a few comments are enough to cast suspicion on their entire eBay careers in the eyes of both potential buyers and peers. It is not unusual for serious buyers to search multiple pages of feedback to find negative comments and, as previously mentioned, even e-mail both parties to ask for details. In addition, users can access all profiles to form an opinion of both the user who has received the negative and the user who has left it. In contrast, buyers with negatives may still bid on any item, even if they have proven to be deadbeat bidders in the past. While sellers may e-mail former deadbeat bidders to inform them that they will not do business with them, there is no eBay policy mandating that sellers have the right to refuse deadbeat bids; in this way deadbeat bidders can further damage sellers' interests by outbidding real bidders who may then forgo the auction to bid on another auction. Thus, the only price that buyers with negative feedback may be forced to pay is that the seller will probably demand full payment before he ships the item.[7]

Finally, in addition to economic considerations, negative feedback also has serious social implications for those buyers and sellers who are heavily invested in the system. This is especially critical for sellers, because neither eBay nor the users concerned can remove the negative even if these users come to agreement at a later date. eBay's public forum where these grievances are aired is a combination discussion board/chat room. Called "boards," these venues allow users to post messages, but not in real time; the entire board must be constantly reloaded or refreshed to receive new messages. The first board was established in 1996 in response to the community's request for a public forum. There are over twenty category-specific boards such as Beanie Babies or Antiques, the eBay Café, AOL Café, Q & A, Discuss New Features, and the Emergency Contact, and boards are busy around the clock. When visiting the boards it is not uncommon to see a desperate plea for advice from a user who has just received a first negative. Almost without exception, the user feels ill-used and eager to share his side of the story in a public forum. Commiseration and advice are the norm. Some users even offer their own "horror" stories. The impact of one negative may not make a large difference in a user's cumulative feedback; however it will remain a permanent and public blemish on his reputation as long as he is active in the eBay community. The only method one can employ to hide negative comments is to make one's entire profile private; however, this may lead to even greater suspicion on the part of other users.

[7]While some sellers will ship immediately to buyers with high feedback, this is not generally the case. In addition, buyers usually must pay the shipping and handling along with the winning bid. While credit cards are increasingly accepted, they are not widely used, as eBay remains largely noncorporate. Rather, money orders or personal checks, held until they clear, are standard.

The Case of the Diebenkorn: Old Fraud With New Technology

The user-to-user system operates within a larger system whereby fraudulent-like activity of a quite traditional kind can occur, albeit in a new technological context. The famous case of the Diebenkorn incident is illustrative.

On April 28, 2000, an eBay member who goes by the name of "Golfpoorly" put up a number of items to be auctioned online. These ranged from a Mexican voodoo mask to unopened twine, and Golfpoorly opened each auction with a $.25 minimum bid. While the other auctions received little attention, they were accompanied by the now infamous auction of what Golfpoorly described as "a great big wild abstract painting." Golfpoorly claimed to have picked up the painting at a garage sale in Berkeley. He further substantiated his implicit claim to honesty, as well as a naivety in dealing with art, by announcing that the painting had been damaged by his son's plastic tricycle, which had made a small hole of approximately 1.25 inches in the canvas; he suggested that the tear "would be easy to fix with duct tape" (Dobrzynski 2000a). Golfpoorly further embellished his tale by stating that he had a deep liking for the painting—although his wife never allowed him to keep the canvas in the house.

Normally, such an auction would not attract much attention, let alone garner close to one hundred bids. However, the old urban myth of finding treasure at a garage sale was ignited when many bidders speculated that the painting was really by Richard Diebenkorn, the famous California artist. Presumably several also thought that Golfpoorly did not realize the market value of his painting, and that they had a chance to capitalize on his lack of sophistication. Shown online, the digital image of the painting was reported to have rich red, orange, and pink tones in what appeared to be a landscape. These features, along with its signature "R.D. '52," gave the canvas its claim to be by the late painter. Even Will Ameringer, a dealer in New York who has sold other Diebenkorns, stated, "The palette is right, and the signature is right on" (Dobrzynski 2000a). Diebenkorn died in 1993, leaving behind works worth millions. During the early 1950s, the California artist painted a number of abstract paintings that he named after their locations, for example Berkeley, Urbana, and Albuquerque. The first of the series was begun circa 1953; in 1998, Sotheby's sold a 1955 Berkeley painting for $1.8 million. Diebenkorn's 1959 *Horizon: Ocean Park* set a record price at a real-world auction at Sotheby's when it sold for $3.9 million.

While several experts concurred that the painting for sale by Golfpoorly seemed like a Diebenkorn, none was willing to conclusively state that the eBay offering was genuine without seeing the painting. It thus seemed natural that Golfpoorly would allow experts to examine the canvas. His refusal to do so made the auction turn sour. Golfpoorly's thirteen positive scores described him as "a really nice guy" who "charged me less for shipping than he quoted." The espresso machine Golfpoorly sold for $280 was judged "very good and honestly described." When Michael Kaiser, a private art dealer in Medford, Oregon,

offered to drive to Sacramento to see the painting, Golfpoorly denied the request. Kaiser, who regularly purchases art online, immediately withdrew his bid of $128,600 stating, "It made me suspicious when he would not let me see it when I'm making the effort to drive five hours down there" (Dobrzynski 2000a).

Instead of allowing the bidder to see the painting, Golfpoorly instead posted a message stating, "We're freaked out by all of this, and because of the high price this painting is going for (WOW!!!!) I contacted an attorney" (Dobrzynski 2000a). Under advice of legal counsel, according to Golfpoorly, he added the following caveat to his auction:

> This painting is sold in the same manner as the other items I am selling on eBay, and requires full payment within 7 days of the auction, in advance of the delivery to the buyer, and is sold as described in the auction description, without representation as the authorship or authenticity.

The eventual top bid was for $135,805 from a buyer in the Netherlands. This price may seem low given that a Diebenkorn had sold for over $3 million in regular auction. However, had the auction gone through, the six-figure bid would have been one of the highest prices ever paid online for art. Dobrzynski alludes to what she terms the online sales frenzy ignited by the Internet. John Elderfield, chief curator at the Museum of Modern Art, stated, "I'm still astonished that anyone would pay that much for something they hadn't seen" (Dobrzynski 2000a). While many of us might agree, "netizens" increasingly purchase art at online auction houses such as artnet.com or Sotheby's. *Art and Auction* magazine reports that $168,000 was paid for a Lucio Fontana watercolor on artnet.com in 1999. However, unlike eBay, Sotheby's guarantees the authenticity of all works that it sells online and artnet.com has reputable dealers vet all of its lots.

Once the auction ended, Golfpoorly offered to cancel the sale to the Dutch Rob Keereweer should the canvas prove to be a fake. With the media coverage of the auction, Golfpoorly's story began to unravel. Not only was he unmarried, thus negating his allusions to his wife in his auction description, but he also had two eBay IDs. The 32-year-old graduate of the University of California Hastings School of Law in San Francisco had repeatedly used the second ID, "advice," to sell a number of paintings on eBay. Golfpoorly's real name is Kenneth A. Walton, and, rather than needing to consult a lawyer as he claimed, Walton is one. Furthermore, it was discovered that Walton repeatedly bought works cheaply at estate sales and used eBay auctions to raise money for his law practice. Under his ID "advice," he had made $5,766.62 from thirty-three paintings he auctioned on eBay. His highest winning bid before the Diebenkorn was only $697 for what Walton described as "FINE Impressionist OIL-Nude Bathing Woman." On the eve of the scandal, he had received a bid of $1,100 for an "OUTSTANDING ESTATE OIL-ARABS ON HORSEBACK." However, this activity was soon to cease. *New York Times* correspondent Judith Dobrzynski reported that "the man who put a painting

up for auction on the Internet . . . acknowledged . . . that he concocted part of the story he used to describe the work . . ." (2000b). Walton admitted his dishonesty during a phone call to Keereweer during which the two decided to call off the transaction.

Despite Walton's cancellation of the sale, eBay ended the auction officially. Although eBay refuses to guarantee the authenticity of any items, it may choose on occasion to enforce the site's rules. eBay chose to do so not only for the Diebenkorn auction, but for all auctions under Walton's other IDs. eBay justified its action by claiming that Walton bid on his own auctions using other user names to drive up the bids; more specifically, he entered a bid of $4,500 as a "shill bidder." Once eBay became aware of Walton's activities, his entire operation was unmasked, bringing to light the fact that the previously mentioned satisfied buyer who complimented him on charging less for shipping than anticipated was, in fact, Walton himself. The FBI was brought into the case, and in May 2001 Walton pleaded guilty to fraud charges and agreed to surrender his lawyer's license.

Discussion

eBay's user-by-user reputational system is a unique development in the online world. Offline there is nothing like it on a small scale, let alone the huge scale on which it currently operates. Zagat's restaurant guide, which took the revolutionary step of publishing customers' own assessments of restaurants rather than those of a select "critic," is perhaps closest. Unlike Zagat, eBay users rate each other, they do so in massive numbers, and the ratings are instantly available to all users.

However, the general system of trading art online has more traditional roots in the offline world. Just as many private investors increasingly became online day traders, there is a growing group of art collectors who use the Internet to build their private collections. The eBay Diebenkorn scandal illuminates the potential for art world fraud that may be magnified by online interaction; it also provokes questions about how people will experience art once it has been digitized. At first glance the eBay case study may simply appear to be a reworking of offline institutions in a new format, confirming theories that there is no real Information Revolution. The fact that the fraud was discovered when potential buyers attempted to actually see the painting gives further credence to this view. However, the point of entry to the auction is radically different from parallel institutions in the offline world. The ability of buyers to see the painting online, gather reputational data, bid in a virtual setting, and conduct transactions without any physical materials other than the painting itself is a departure from art auctions as we know them. While not unique, like the online bidder-to-bidder ratings system, the overall online auction process here seems to substantiate Drucker's assertions that the full, revolutionary experience of online art in a digitized world has not yet occurred.

SAG AND AFTRA VS. THE ADVERTISING INDUSTRY: NEW TECHNOLOGIES, NEW DELIVERY MEDIA, AND VIRTUAL ACTORS

During the Screen Actors Guild (SAG) strike against the advertising industry, which lasted from May to August 2000, both the union and the industry realized that cable television and the Internet potentially could eclipse network television as the primary delivery media for entertainment, and thus the primary platforms for promotional presentations. The strike ended in a stalemate, with the issues in question to be revisited in three years. Neither side was willing to concede control of cable television and the Internet to the other (Robb 2000b). During the strike, the industry considered extensive use of "virtual actors" to replace human actors. Although this appears to be just another example of the automation of human labor, it indicates a radical change in that some believe that these automated workers will some day be almost indistinguishable from the human workers. SAG contests this view. The following section amplifies these developments.

The Strike and the Issues

According to the payment scheme that had prevailed, and continues to prevail, for over forty years in the advertising industry, on-camera actors can secure residual payments on commercials, even after the advertiser has remunerated them for their participation in the making of the commercial (Kendt 2000). Under this "pay-for-play" scheme, whenever major television networks aired commercials featuring union actors, the actors were entitled to residual proceeds, which fluctuated according to the number of times a commercial was broadcast on a network, but not on cable (Bates 2000a). The more frequently the network aired a commercial, the higher the residual payment.

While tensions over residuals have persisted, they previously were limited to network television. The use of new media for the transmission of performance and accompanying advertisements, especially the Internet and cable television, brought this crisis to a head as the unions SAG and AFTRA (American Federation of Television and Radio Association) battled the advertising industry for jurisdiction over the Internet. The "Global Entertainment and Media Outlook 2000–2004" report estimated that 73 million households will be online by 2004 and Internet advertising will quadruple from 2001 to 2004, rising from $4.6 billion to $20.3 billion. These figures indicate why the advertising industry is so reluctant to grant SAG/AFTRA's demand for control over the Internet.

On the Internet at present, advertisers can rerun commercials indefinitely without making any residual payments to the actors because under the standard contract, marketing presentations delivered through Internet channels are not subject to SAG/AFTRA contracts. Significantly, this will be reviewed again during

the negotiations that take place in three years. Undoubtedly, the advertisers will fight hard to preserve this exemption while SAG/AFTRA will fight to mandate that any new contract incorporate provisions relating to Internet promotions (see www.sag.com). The unions want to "civilize" these new media, insuring that actors can secure adequate compensation when they participate in promotions delivered through these channels. The advertising industry, on the other hand, seeks to insulate the Internet from the contractual stipulations that govern payment relating to network commercials in order to prevent the union from having any say in developing payment schemes for these new delivery channels.

After their contract with the Screen Actors Guild lapsed in April of 2000, the American Association of Advertising Agencies refused to renew. The association, representing major advertisers and marketers, took an aggressive stance, contending that the "pay-for-play" payment scheme should no longer apply even to commercials shown by major television networks, let alone the Internet or cable television (Bulletin Board 2000). They insisted that actors featured in commercials should receive a flat payment rate whenever network television or cable channels broadcast the commercials, no matter how often a commercial is broadcast (Bates 2000b). Advertisers claimed that new economic realities have superseded the old payment scheme and made it "archaic" (Kendt 2000), arguing that they cannot afford to continue the pay-for-play scheme even on TV let alone cable (Robb 2000a).

SAG president William Daniels argued that when a writer publishes a book or a composer a song, these artists receive royalties that expand with the number of books or songs sold in a cycle; that is the proven method for determining the market value for what he terms "creative work." Since 1953, residuals have been the equivalent form of "royalties" for actors in TV commercials. Daniels argued:

> By abolishing the principle of paying residuals, advertisers want to strike at the very core of a performer's creative control—control of how your image is used. They want to pay a flat fee and say goodbye, free to use our images . . . (Armbrust 2000).

Thus, according to Daniels, it is not only a matter of fair compensation for actors' work, but also the control over their very "images." Using, and overexposing, actors' images would have serious consequences. It therefore comes as little surprise that as the strike continued, advertising agencies explored ways to create their own "images."

Fortified by new leadership and joined by AFTRA, SAG vowed to contest the advertising association's position. On May 1, 2000, as negotiations stagnated, SAG and AFTRA struck, picketing major advertising agencies and commercial producers (McCarthy 2000a). The union promised to disrupt all commercial shooting involving SAG/AFTRA members as long as the association refused to accept a twenty percent raise in network TV residuals and the extension of the residual scheme to commercials broadcast on cable TV. Union representatives contended that actors deserved to be paid for each airing of a commercial because, with

respect to their shooting fees, advertisers were already shortchanging actors. They also maintained that advertisers would underpay actors as long as a flat rate scheme governed compensation. The pay-for-play scheme, asserted union supporters, guarantees actors a fair share of the revenue generated by successful commercials and ensures that actors are protected from "overexposure," which may occur when a commercial is aired so frequently that an actor is closely associated with the product, thus making it difficult to find other work. In essence, when an actor represents household names such as Mr. Whipple, it is increasingly difficult for the actor playing Mr. Whipple to represent any other product: "The public knows him as kindly old Mr. Whipple, so other companies don't want to cast him in a different role" (Daniels 2000). Moreover, the union charged that since actors' salaries account for such a small share of advertising costs, the advertisers could easily accommodate the union's demands (Robb 2000a).

The striking unions quickly garnered the support of other unions, with groups like the AFL-CIO providing "strike survival kits" composed of dried food supplies. Moreover, gathering encouragement from seemingly disparate groups such as the United Steel Workers, who refused to cross picket lines, ensured that the strike was not just a Southern California affair: Demonstrations were held from New York to Chicago, as well as Los Angeles, by the 135,000 members of the unions and volunteers. In addition, the strike received publicity on talk shows such as Rosie O'Donnell's and Jay Leno's; it is reported that during a break on O'Donnell's show, she called ad agencies to put pressure on them in support of SAG and AFTRA. Stars such as Kevin Spacey, Harrison Ford, and Jay Leno donated sums from $10,000 to $100,000 toward strike relief because, as already indicated, the strike stretched beyond Hollywood. In September 2000, after shooting a nonunion commercial, the NAACP expressed solidarity for the strike by signing the interim agreement with the unions. The NAACP president, Kweisi Mfume, conveyed sympathy for the millions of American working families whose lives are affected each year by strikes such as this. This highlights a theme that SAG and AFTRA are quick to point out: While celebrity spots from actors such as Annette Bening gave credibility to the strike and boosted morale, the real victims in the situation were the working-class actors of whom only twenty percent earn more than $5,000 per year (Armbrust 2000).

Despite this support, on September 27, 2000, after five months of striking, negotiations collapsed, ending any expectation that the strike would be short-lived. After thirteen days of bargaining in New York, the Screen Actors Guild and the advertising industry could not come to an agreement. According to SAG President William Daniels each side refused the other's final proposal; he also pointed out that the advertising industry's final offer did not differ greatly from one made on April 14. The strike resulted in an increase in residual compensation, but also in an agreement to postpone a decision on the Internet issue until the next contract expires in three years.

The advertising industry's final offer would have conceded pay-per-play for network television, while maintaining cable as a separate entity free from pay-per-play. According to the advertising industry's representative, McGuinn, the talks failed for "two basic reasons": cable television and the Internet (Robb 2000b). Realizing the growth and virtually unlimited expansion of the Internet as a venue for advertising, the industry wanted to delay committing itself for three years. In contrast, the unions insisted that the advertising industry acknowledge the unions' jurisdiction over the Internet; in return, the unions are willing to wait to establish what they term "specific talent rates" for Internet commercials in order to allow Internet commerce and the market to determine salaries for online actors. According to Shelby Scott, AFTRA's president:

> The industry has refused to recognize the unions' jurisdiction over commercials for the Internet. This position is totally untenable. The performers are the same, the work is the same, the employees are the same. In fact, the only difference is that the industry seeks to deny these actors the benefits provided by their unions for all other commercial productions.

Virtual Actors

After SAG/AFTRA launched the strike on May 1, advertisers encountered difficulties in shooting commercials. Many advertisers continued producing commercials by enlisting nonunion actors, or recruiting "real-life consumers" rather than actors (McCarthy 2000a). Some advertisers and commercial casting directors asserted that the unavailability of professional actors would hasten the trend toward employing amateurs in commercials. SAG countered that amateurs would prove more expensive in the long run because the commercial directors would waste time and money trying to overcome the incompetence of nonprofessional actors (McCarthy 2000b). SAG/AFTRA spokesman Greg Krizman doubted the ability of nonprofessional actors to "do a spot convincingly in a short number of takes" (Bulletin Board 2000).

Because of the sudden unavailability of trained actors, along with the dearth of competent nonunion actors, some advertisers turned to technological innovations. Spurred by the prospect of increased residual obligations, advertisers experimented with "heretofore untried ways of communicating a client's vision" (Kendt 2000). Advertisers considered investing substantial resources in tapping the potential of virtual technologies such as using digital animation techniques to fashion "cyber-performers," which could replace flesh-and-blood humans in commercials (McCarthy 2000b). Mark DiMassimo, creative director for DiMassimo Brand Advertising in New York City, predicted, " . . . we are going to see a 100% virtual spokesperson in the next year" (ibid.). Internet companies in particular find the idea of a virtual pitchman appealing. Motorola, purveyor of wireless Internet services, sponsored an ad campaign built around a "cyber-assistant" named Mya,

who touted the virtues of the new Myosphere service. To conjure up Mya, the agency orchestrating the ad campaign turned to a special effects boutique, Digital Domain. However, Digital Domain could not craft Mya without enlisting the services of a human model to give Mya a virtual body and an actress to supply Mya with a voice (ibid.). Ironically, it required the services of several humans to create a virtual character.

This bolstered SAG/AFTRA's conviction that virtual actors cannot replace their flesh-and-blood counterparts. Indeed, the unions' view was confirmed by reactions to the first virtual actors, such as those in the film *Final Fantasy*. Dissatisfied viewers cited "lifeless skin and eyes," as well as the inability to convey emotion, suggesting that virtual actors are not yet perfect replicas for humans (Mathieson 2001). Moreover, virtual actors are not cost-effective; at present the cost of engineering a virtual character exceeds the fees paid to actors. Virtual actors are now commonly used in films such as *Titanic* only in what are called establishing shots, such as when the camera pans over the ship's decks, or in distant shots where they can replace thousands of extras as in the arena scenes in *Gladiator*. Finally, it is debatable whether or not virtual actors will ever replace actual flesh-and-blood actors—a virtual Meg Ryan or Harrison Ford.

Discussion

The unions' dispute with the advertising industry flared up at the very moment when new technologies threatened to remake the landscape of advertising. Actors and their unions staked their negotiating position on the premise that commercials could not succeed without trained actors. However, it is not clear how actors can sustain the viability of their trade when the new technologies reach maturity—it may become more economical to create virtual characters than to hire flesh-and-blood actors.

Their skirmish with the advertising industry may herald an era in which actors' leverage over the advertising industry is significnatly diminished, because while SAG/AFTRA comes to grips with the reality of digital animation, as well as the growing popularity of the Internet and cable TV, the advertising industry is forging ahead with technological innovations. Some members of the advertising industry, sensing the profitability and appeal of digital animation, are eager to reduce its dependence on human actors. Moreover, the advertising industry knows that it cannot flourish without entering into business with the high-technology sector. With the sudden explosion of the high-technology sector, an abundance of technologically advanced products are available for marketing. Commercials employing digital animation and virtual characters seem especially well-suited to these products, as they communicate the technological sophistication of the products in ways that few human actors can.

e-READERS: e-BOOKS

According to a study released in September of 2000 by Pricewaterhouse Coopers' Entertainment and New Media Division, most books, music and film entertainment will eventually be distributed electronically to the average household via on-demand distribution that follows the cable model of pricing (Donahue 2000). By December of 2000 almost every major publishing house had a website with online ordering features. Undaunted by the bankruptcy threatening Amazon.com in the last quarter of 2000, Microsoft's vice president of technology and development, Dick Brass, named this period the Model-T era of the e-book (Boynton 2000). Even more important, publishing houses were not only offering their "old time" printed wares via the Internet, but were now making available online digital versions of books that would not otherwise be published in conventional format. Random House and Barnes & Noble are both investors in vanity "cyber presses"; Time Warner created iPublish.com (ibid.). Howard Becker (see his article, this volume) recently received a direct mail piece from Xlibris, "a strategic partner of Random House," offering to publish his book, at no cost to him, by making it available for on-demand sale. They said (citing a commonly quoted estimate) that some 500,000 books are written every year with ninety percent never being published. Digital technology will surely see more of them published, just as Xerox technology and corner store binding raised the rate of publication in their day. Still, two problematic aspects of the e-book phenomenon stand out, one of them being the issue of suitable reading devices.

Reading Devices

If e-books grow as expected, analysts believe we will need new devices to read them unless we are content to sit in front of the computer to do our reading. But such devices have not yet been developed within a reasonable price range. In 2000, the lowest-priced model was the Franklin EBOOKMAN, which cost $179. Its dimensions were 5.2 inches by 3.4 inches, creating an unsatisfactory text quality which is "too small and close together" (Boynton 2000, p. 42). Like a Palm device, the EBOOKMAN is convenient and handy for entertainment during the commute or a wait at the doctor's office. However, it is not appropriate for hours of reading. Next on the price scale was the RCA REB 1100 at $299. It was larger than the EBOOKMAN, measuring 7 by 5 inches, and heavier, weighing 1.1 pounds. Perhaps its best feature was its extensive memory capable of holding over twenty books. At 4 pounds, the $400–$600 GOREADER made the REB 1100 seem lightweight. Measuring 12.6 by 9.5 inches, the GOREADER felt like a textbook. Although it offered attractive note-taking features, it was not easy to navigate and its weight made it more burdensome than many old-fashioned titles. Finally, RCA's REB 1200 at $699 put it beyond the reach of many consumers.

Measuring 9 by 7 inches, it weighed 2.1 pounds. However, although it made note-taking "effortless," the text was less than crystal clear. In sum, these electronic devices seem like excellent business or study tools, but are ill-suited for pleasure reading. While the laptop, pocket PC, or Palm devices are alternatives, each is limited by many of the same deficiencies enumerated above.

The e-Author: The Case of Stephen King

A second major difficulty facing the e-book world is the issue of theft or copyright violation. The case of Stephen King's foray into e-publishing is illustrative. Marking what the media had been calling the "e-book revolution," in March of 2000 Stephen King put his novel *Riding the Bullet* on the Web with the possibility of paying to download the entire novel, which 500,000 readers soon did. King's radical move to digitally publish his work was closely watched by the publishing industry, in many cases with fear.

King then offered $1.00 downloads of sections one through three and $2.00 downloads for sections four and five of his next novel *The Plant*, using Amazon.com and www.stephenking.com, a move which seemed likely to succeed. But since sections were priced so modestly, the cost of the apparatus to collect and monitor each payment would have exceeded the revenue; so the site worked on an honor system. Thus the first installment required a fee to download, but readers were trusted to pay for later installments. Although sections were so inexpensive, it appears that many users were paying for one section and taking succeeding sections for free. In November of 2000, King announced that he would discontinue installments of *The Plant*. The ultimate failure of the venture is best explained on King's website:

> As a way of thanking those readers (somewhere between 75 and 80 per cent) who came along for the ride and paid their dues for parts 1 through 3, Part 6 of The Plant will be available free of charge. Enjoy . . . but don't relax too much. When The Plant returns, it will once more be on a pay-as-you-go basis.

King's allusion to the faithful seventy-five to eighty percent who paid "their dues" signals his disappointment with the other twenty to twenty-five percent. Although King claimed that he ceased work on *The Plant* because he wished to continue his book *Black House* and complete two new novels, his critics claimed that there were mercenary reasons behind the cessation of *The Plant*. On his website King himself lamented:

> Readers of The Plant should be aware that although I am stopping at the end of Part 6 because of other commitments—most notably the job of finishing The Talisman sequel with Peter Straub—the pay-through rate has fallen off radically with Part 4. In fact, the numbers have dropped below 50%. Neither Marsha nor I can assign any particular reason for this precipitous drop off; it may be that people are stealing this particular installment simply because they know the story is going to stop anyway.

As we will see, just as fans arguably "stole" music using Napster, many e-book readers took advantage of easy replicability to illegally copy sections of *The Plant*, thus avoiding even a first payment. A significant portion of fans proved to be immune to honoring the payment plan. The *Washington Post* claimed that "deadbeats" accounted for fifty-four percent of readership for the fourth installment (Sayer 2000). King had announced that unless 75% paid, he would stop the series. King's assistant even claimed that, had King known of the low figures, he would not have continued through Section 6, the last part of the book. King's offer of the sixth section gratis was a parting gesture to the experiment.

Discussion

Although Andersen Consulting predicted that by 2005 the e-book industry would produce $2.3 billion in sales (Boynton 2000), it is unclear whether consumers will purchase e-books. In another study, only twelve percent of those surveyed in 2000 expressed a willingness to buy an e-book in the next twelve months (ibid.). Following the collapse of the dotcom bubble and the 2001–2002 economic recession, publishers have drastically cut back on e-book expenditures. Some industry officials believe that the recently hailed e-book revolution will actually take place several years from now. There are several reasons for this relatively slow growth. Stephen King's experience points to the problem of theft, which is magnified when books are consumed electronically. The publishing industry is wary of copyright infringement and is working to create encryption systems to protect writers. In July 2001, in a highly publicized event at a Las Vegas computer convention, the FBI arrested a Russian, Dmitry Sklyarov, whose program titled "Advanced eBook Processor" allows users to remove the copyright protections built into Adobe e-books. This indicates a further complication; copyright laws vary from nation to nation, and while Sklyarov's work was legal in Russia, it is illegal under American law. Finally, there are no uniform software standards at present; Adobe and Microsoft have not agreed on a uniform format.

PEER-TO-PEER TECHNOLOGY: ANARCHISM IN THE DISTRIBUTION OF MUSIC

Napster began in 1998, when ninteen-year-old college dropout Shawn Fanning used the UNIX code for a program that could locate and transfer files in "real time" using a "continuous feedback loop" that allowed users of the search engine to display and make accessible their own files on their own, local computers, rather than simply to access and view the files provided by the engine. In this case the files were music files in "MP3" code. *A Time* magazine interview

with Fanning describes how he wrote the source code for the music file-sharing program:

> He worked feverishly because he was sure someone else had the same idea, that any day now some software company or media conglomerate would be unveiling a version of the same application, and then Fanning's big idea wouldn't be his any more (Greenfield 2000, p. 62).

This "big idea" was a program that allows users to exchange music files with each other directly. Fanning also created complimentary software designed to link the Napster population on a more personal level, including chat rooms and hot lists, where individual interests could be discussed and viewed.

Napster's free software turned every user's machine into both a client and a server. The server side allowed a user to designate certain files on local hard discs as available for sharing. The client aspect allowed users to search through files on other users' computers. In many respects, Napster was a successor to the instant messaging program "ICQ," which is also free, and which, similarly, built up a huge user base by providing free software to its users. ICQ created a huge community of users sharing text; Napster did the same for digital music. Napster allowed millions of users to download free MP3s, most of which are illegal under copyright laws since Napster did not own, have, or even hold MP3 files. Its operation was thus dominated by "peer-to-peer" technology where users exchanged material without the use of a Napster central server.

As with many forms of art online, at its inception Napster encouraged a new horizontal playing field that, in theory, gave music to the online public. Napster claimed a completely new way of distributing music online, taking the hassle out of searching for MP3s and allowing users to chat, play MP3 files from within Napster, and use a hot list to keep track of favorites. This egalitarian concept was the heart of a huge controversy, largely centered on financial issues. Fanning said he wanted to unleash the potential of the Web to transform assumptions about culture; he needed to "bypass the rat's nest of legal and technical problems that kept great music from busting out all over the World Wide Web" (Greenfield 2000, p. 62).

Napster also allowed unknown artists to provide their music to this same audience. Napster's free download offered eight easy steps "to take advantage of the Napster software to get the word out on your band" (Napster Artists Resources 2000). The website offered advice to investigate Napster affiliates that promoted independent artists; in addition, it offered Napster's New Artist Program "where aspiring musicians and their fans can find and share new music with one another" (New Artists Program 2000).

In May 1999 Fanning's innovation was incorporated as Napster Inc. which relocated to California in September and was quickly featured on download.com's "Download Spotlight." Napster subsequently exploded. In 2001, more than 36 million people constituted the official Napster "community," with 640,000 people

using the system at any one time consistently, limited only by network resources. At the onset, the Napster community was dominated by college-aged users; the community then grew to include a significant "over-30" population of predominantly middle-class socioeconomic status.

Taking Napster to Court

In late 1999, *Newsweek* profiled three typical users: a New York City high school student, a Stanford College student, and a 50-something musician. The main characteristic that differentiated them was the degree of guilt which they experienced in acquiring this music for free. Only the mature user had any qualms, a fact that corresponded to Napster's youthful user population. "Pirating," the terminology used for these online files as well as their tangible counterparts, did not seem to bother users in the 25-and-under age range. Even the Napster-specific term "ripping," used to denote the process of copying music off a standard compact disc onto a computer hard drive, indicates the ethos of pre-corporate Napster activity.

Napster drew the ire of the powerful Recording Industry Association of America (RIAA), as well as of prominent recording artists such as Metallica and Dr. Dre. In December of 1999, the RIAA filed against Napster for copyright infringement. The heavy metal band Metallica filed another suit to recoup their financial losses; they collected the handles of 300,000 users and demanded that they be removed from the system. In response, many users simply created new user names and downloaded files much as before. However, not all were able to use Napster again. Universities who had been sued forced student users to desist in using campus terminals; it turned out that Napster had sometimes been taking over half of their computer resources.

Legal issues ultimately forced Napster to become that which Fanning had hoped to avoid, part of a corporate empire. In a long legal battle, which was to be decided by the Ninth Circuit Court of Appeals in San Francisco, Napster was repeatedly threatened with a shutdown of its service. In October of 2000 Napster announced a deal with the German media giant Bertelsmann. Bertelsmann's eCommerce Group would lend Napster cash in return for changing the fundamental principal of Napster. The files would no longer be free, but rather part of a membership based service. Bertelsmann's BMG entertainment dropped its copyright infringement lawsuit against Napster and the eCommerce group may convert the loan into an equity stake. One part of the service will remain free to serve as a promotional platform for new music, but the music file sharing system will charge members a fee of possibly $4.95 (Charney 2000). Part of the undisclosed amount of money provided by Bertelsmann will fund new technology that tracks downloads. Napster will be forced to track files that are downloaded, which is a change from its previous peer-to-peer file sharing system

that did not track exchanges (Morse 2000). Napster announced officially on December 14, 2001 that the old Napster was closed, and told users to await the new Napster.

Beyond Napster

Even as legal rulings were favoring the litigants against Napster, there were several indications that the Napster vision would become the dominant form of file sharing. First, even artists themselves do not share a common opinion regarding how much harm or good Napster activity has had on their own commercial success. Second, many recording companies are recognizing that employing the new technology philosophy might be an intelligent choice for them. According to a posting on slash.com's "News for Nerds: What Really Matters," "File-sharing could have enormous implications for the selling of content, culture, and information online." In his post, Jon Katz pointed out that this was not grasped by what he termed "dunder-headed corporations like the record labels." Katz used statistics from the January issue of *American Demographics* claiming that file-sharing services actually generate sales, to ultimately pay artists more. Obviously, if file sharing generates income, this negates many of the claims used to bolster the copyright infringement lawsuits. According to the post, findings attributed to *American Demographics* claimed:

> . . . the Net may work best as a three-step process: first connecting customers with culture, then generating interest in cultural and informational offerings, then keeping track of their tastes through sophisticated new digital marketing research. Theoretically, file-sharing approaches could go beyond shopping to stimulate interest in education, business, even politics, if the music experience is any indicator (2000).

According to Greenfield's online study, two-thirds of the 1,135 college students surveyed reported that rather than stealing, downloading music is a sampling procedure that allows them to make educated choices about what music to purchase (Katz 2000). These results are mirrored in the Yankelovich Partners' survey completed for the Digital Media Association. Their findings conclude that approximately fifty percent of those surveyed use online music to find music that is not played by radio stations or other traditional media. According to the study, of this fifty percent, two-thirds eventually purchased music. Instead of suing Napster, it might have been more profitable for music labels to support it (Katz 2000). Watching the changes that take place under the Bertelsmann-Napster venture will be important indicators of future change. Indeed, subscription-based music services such as AOL's MusicNet are growing. For $9.95, MusicNet allows AOL members to access one hundred music streams and one hundred downloads per month from a library of about 78,000 titles, though an encrypting device prevents users from burning the material on a CD, which might be a serious drawback (Mangis 2002). Finally, the idea of free samples generating

greater sales has already infiltrated the nascent e-book market. E-published writer Douglas Clegg believes that by giving away fiction on the Internet, writers can potentially interest enough people to buy print copies of their work (Boynton 2000).

If file sharing in the music industry proves successful, then it is probable that the same success could occur with online books, movies, and other art forms if they are properly presented. Of course, the Stephen King e-book fiasco gives one pause. Finally, even if Napster's activity is stymied, other companies using streaming media formats—not just MP3 but also AVI's, MOV's, and MPEG's technology—pose even newer challenges for traditional users and industries. While the new Napster uses a centralized database to keep a list of transfers and exercises some control over its users, other systems are designed so that searches cannot be shut down or modulated. One example is a system such as Gnutella, through which users will be able to exchange any files—music, movies, text, and photos. The system is in circulation and in use by a select group of users online. As of January 2002 two similar but more widely used systems are Morpheus, part of MusicCity.com, and Limewire. Depending on connection speeds, the former allows users to download an entire movie in about forty-five minutes; the latter allows users to stream in video and music files in real time. The Free Net Project is an even more radical form of file sharing. While this system employs safeguards to protect the privacy and identity of users, these selfsame users do not know what information is stored on their disks or taken from their files. Thus, once users activate Freenet, they lose control of their own files. Freenet creator Ian Clarke's motives in creating this system were political, and his dream was to liberate intellectual property. However, like Napster, Freenet opens the door to partnerships with those who see the commercial possibilities for industry. The recent development of a program called Wrapster allows files other than MP3s to be swapped by wrapping them in an MP3-like format. Clearly, this makes the Napster phenomenon into something much more interesting—a huge file-sharing system that potentially allows users to circumvent copyright laws and distribute art products online. The technology behind the MP3-sharing site Napster blurs the line between public and private property.

CONCLUSION

Napster and the SAG/AFTRA strike underline one motif, the way monetary concerns from the offline world quickly moved to colonize space online. Members of the music industry felt that both their financial grip and copyrights were being threatened by a new form of online technology that allowed Internet users to download music free using a variety of new technologies including the MP3 player. Throughout this century, the music industry has been threatened and redefined a number of times. For example, nationwide chains engendered the demise of small

business owners as the scale of production increased. Herbert Gans summarized this pattern and predicted:

> If future follows past, once new media attract a sizeable enough regular audience, well-financed firms, new and old, will dominate the use of the new media . . . As a result, the commercial sectors of the existing cultural hierarchy and stratification systems are essentially reproduced in new mediums . . . (1999, p. 23).

Moreover, many apparently new developments in the online world turned out to have earlier echoes and parallels from offline. eBay presented a new opportunity for traditional art fraud. Napster presented a new opportunity for traditional copyright infringement. Stephen King's unhappy experience with e-books showed how that medium offers new opportunities for traditional theft. Furthermore, the purchase of books or movies over the Internet provides much faster delivery than do traditional ways of delivering these media. The possibilities for virtual actors that appeared during the SAG/AFTRA strike could be seen as automated versions of traditional strike breakers who, if successful, could also be seen as a new instance of automation replacing human labor.

This being said, what we are seeing are not simply traditional phenomena in a new medium. eBay's online, user-by-user rating system is unique, in terms of the interactive nature of the reputational system, as well as the transparency of these ratings to all users. Napster's system for allowing users who have never met to share files virtually without cost to each other is also unique, as in fact is the creation of virtual actors who may someday replace their human counterparts. Above all, the interactive quality of digital formats has a unique characteristic that makes it different from other media advances. With digitization, not only are consumers able to access many genres of art easily and quickly through the medium of the Internet, they are also able to both produce their own works and take existing works and edit them using digital media tools. Moreover, these users are then able to put these goods back into the flow of consumption through a *cumulative feedback loop* that may both reflect and redefine the circuit (Castells 1996). Even case studies that at first appear to be only a reworking of traditional experiences or tensions, when coupled with online interactive possibilities, are a clear break from the past. In these instances, not only is art consumed and understood through a new medium, it is then translated back online by users, a process that essentially digitizes the experience from start to finish in a process that is much more accessible than anything in the offline world.

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