Flanagan speaks of ‘the cultivation of a gimlet eye, one fit for the making of fine distinctions, such as between the virtual and the real and between the allures of temptation and the stability a life of virtue generates’ (p. 129). This is, by any standards, fine, yea virtuous, sociological craik of the most illuminating, penetrating sort that should grace library and study shelves, even the odd prie-dieu, wherever serious intellectual effort, seen and unseen, ‘might help this culture look better’ (p. 193).

Will Keenan is Senior Lecturer in Sociology, Division of Politics and Sociology, Nottingham Trent University. He has published extensively on symbolic culture in, among others, Theory, Culture & Society, Body & Society, British Journal of Sociology, Fashion Theory, Mortality, Religion and European Journal of Social Theory. He edited Dressed to Impress: Looking the Part (Berg, 2001) and is co-editor of Materialising Religion: Expression, Performance and Ritual (Ashgate, 2006). He is a founder member of the BSA Visual Sociology Study Group.

Silicon Alley: The Rise and Fall of a New Media District
by Michael Indergaard
Reviewed by Andreas Wittel

Time flies with spectacular speed. Only a decade ago, an email account was a privilege to have. Since then we have witnessed the emergence of a new industrial sector, the new media industry, its rise and economic boom, its rapid decline after the crash of the stock market in March 2000, and finally its growing-up in a slow but steady recovery. Michael Indergaard studies this intense, dynamic and sometimes mad decade. This is not a book about the history of the Internet or ICTs in general, it is about a place and its people. The place is Silicon Alley, New York’s new media district.

The term ‘Silicon Alley’ was coined in 1993 by Mark Stahlman, an investment banker who early envisioned the possibilities of digital technology for the creation of alternative media. Silicon Alley is both a place and a concept. It is situated in Lower Manhattan (Soho and Greenwich Village) and stretches corridor-like along Broadway from the financial district in Wall Street up to the garment district and the Flatiron district. But it is also a concept of a specific path for Internet business development. As such it stands opposed to Silicon Valley in the West Coast. It stands for content, design and creativity, for hip and trendy techno-art or techno-bohemia rather than boring techno-science. Silicon Alley became the latest attempt in a long struggle to reinvent New York as a post-industrial city.

Indergaard tells the story of the formation of a new industrial sector, its rise and subsequent fall. This is a book about the melding of technological production and cultural production and their impact on the ‘new economy’. He describes how the Internet and the ‘new economy’ were joined and how they relied on each other. It is an analysis of the spectacular show that new economy change agents managed
to put on for a brief moment in time. The book is an inspection of this triangle: the
realm of new media technology, the realm of cultural production and the realm of
the ‘new economy’. Indergaard addresses the question how ‘the land of Internet true
believers’ became a ‘kingdom of false profits’ (p. 26).

One of the core issues and most informative chapters is an analysis of the
institutional forms involved in the set-up of this new industrial sector. Indergaard
rejects the notion of irrational exuberance as a sufficient explanation for the success
of the new media industry in the middle and late 1990s. He is as sceptical about
rational choice explanations. For him, people make (economic) decisions often not
knowing whether these decisions turn out to be right or wrong. His point: of course
there was exuberance, but that didn’t just happen out of the blue. Exuberance had
to be organized. He undertakes an analysis of the social and cultural factors that
generated the rise of Silicon Alley. In particular he studies the building of social
ties, the networking necessary to build an industry and convince others of its
relevance. Indergaard calls this the ‘new boys network’.

The result strikingly corresponds with Howard Becker’s (1982) analysis of art
worlds. According to Becker, the success of new art forms does not so much depend
on the intrinsic value of the art produced but rather on the artist’s ability to create
networks and to convince gallery owners, dealers, collectors, art critics and other
distributors to accept and to engage with this new form. Similarly, Indergaard
inspects the network-building processes in Silicon Alley. ‘The success of new media
entrepreneurs depended on being able to assail a diverse network of supporters’
(p. 71). This involves parties. For example, the parties hosted by companies like
Pseudo and Razorfish were notorious for their coolness and debauchery. They were
a ‘must go’ for everybody who wanted to be seen as part of the scene. They combined
business deals with the pleasures of sex and drugs and rock ’n’ roll (perhaps not
so much rock ’n’ roll but rather more contemporary expressions of trendy music).
Networking also involves more formal approaches, like the setting up of an associ-
ation. New York New Media Association (NYNMA) became the prime institutional
actor for Silicon Alley. It provided a platform for connectivity. It organized and spon-
sored meetings, topical panels, conferences and yearly forums. It also played a
critical role in bringing the new media industry into public view. This brings us to
the decisive role of media as hubs in the network. The early new media scene was
more alternative than business oriented. Edgy webzines were created, such as Echo,
The Thing, Rhizome, Ada Web, The Blue Dot, Feed and Urban Desires. These
webzines formed an independent sector of content publishing and aimed to create
a more democratic form of media. In the mid 1990s three Silicon Alley trade publi-
cations (Silicon Alley Reporter, Alley Cat News and @NY) mirrored the enclave’s
commercial turn. These magazines played a crucial role in getting traditional media
organizations like newspapers and broadcasters interested in the topic. New
economy magazines such as The Industry Standard or Business 2.0 provided
additional coverage.

Perhaps the most important ties new media entrepreneurs had to create were
those with the world of finance and its institutional gatekeepers. However, this was
a two-way street. One side had ideas, the other the money; they both needed each
other. Initially the links with venture capitalists like Flatiron Partners were the most
common route to gain money for investment. Venture capitalists, in turn, had to
build relationships with the banks on Wall Street. With the start of the dot.com
stock frenzy, a second strategy became more and more popular. New media firms
went on the stock market and listed initial public offerings (IPOs). This involved
Wall Street’s investment banks which had to act as underwriters. Links with big investment banks increased the chances for stocks to rise far beyond the level of the shares’ opening price. In order to partner up with big investment banks firms had to get credibility, which was provided by accountants in consulting companies like Arthur Andersen and by other business services, which became increasingly involved in the network. Credibility also came from bank analysts. Often the firms’ profits and revenues were weak. What counted was the story. ‘It’s the romance not the finance’, as Nigel Thrift (2001) observes. Entrepreneurs, accountants, venture capitalists and bank analysts promoted the potential of mere ideas rather than solid business plans.

Dozens of leading firms began to shift their priorities from getting involved in some Internet market to position themselves vis-à-vis the financial market. As the cultural and financial industries have become interwoven in a ‘symbolic’ economy, the content of cultural industries increasingly concerns financial news and commentary while the financial sector has taken on the structure of certain cultural industries. I argue that the production of dot.com IPOs proceeded in a manner that was similar to that used to produce ‘hits’ in cultural industries. (pp. 65–6)

It was very much the new economy’s cultural mobilization that contributed to the rise of new media. Successful social capital requires a specific form of cultural capital. Much of this cultural capital is based on performance and performing, on theatrics. New media entrepreneurs had to come up with a good story. They had to come across as true believers, as cutting-edge visionaries, as an avant-garde, as being driven and enthusiastic. They had to infuse their enthusiasm into the network. One of the venture capitalists quoted by Indergaard offers a portrait of the ideal entrepreneur:

Much of it is about passion and making people feel that you know more than they do. . . . As a good entrepreneur, you’re playing a role in a script that is bigger than you. You’re part of a greater story, and you need to know what the story is. And then you need to cast people in it. . . . It’s about having a story and convincing others of the value of your vision. . . . You want an entrepreneur with a messianic vision – a script written in their mind that is waiting to be given legs. I look for passion. (pp. 66–7)

There are a number of strategies employed to convince others of the quality of the story being told. One of them is sheer arrogance. Indergaard presents several cases, when a slightly sceptical position towards the ‘new rules of the new economy’ (Kelly, 1998) or towards the values of certain business ideas was met with nothing but an attitude of superiority. Old media just don’t get it. Accountants just don’t get it. Investment bankers just don’t get it. Silicon Valley doesn’t get it. Jack Hidary for example, the founder of Earth Web, warned executives in the financial and media sectors that they better embrace the Internet more aggressively or ‘risk becoming take-over candidates’ (quoted on p. 64). Indergaard also recalls how Jason McCabe Calacanis, the founder and editor of the Silicon Alley Reporter (SAR), had let him sit and watch how he ‘worked’ a New York Times reporter.

Another strategy to promote the rise of the new media industry was to turn its entrepreneurs into celebrities. McCabe Calacanis, the district’s head cheerleader and one of the core hubs in the network, played a crucial role in this process. The SAR became famous for its coverage of new media parties, gossip and
personalities. Once a year the SAR produced a special issue called ‘Silicon Alley 100’ – ranking the most important new media entrepreneurs. The translation of economic issues into pop culture language is particularly visible in the special issue of January 2000. The magazine cover shows a photo of all 100 executives. The top four executives are placed in the middle of the front row and presented as the Beatles of the new economy; they are portrayed in the iconic costumes of the album Sgt. Pepper’s Lonely Hearts Club Band.

The story Indergaard tells is truly fascinating. The book provides empirical evidence for and in-depth analysis of the complex intermingling of culture, technology and economy. Furthermore it gives a rich and detailed descriptive account of a place and its historical transformations within the span of only one decade. The book contextualizes the rise and fall of this industry within the framework of neo-liberal politics and its free market ideology. It concludes with an alternative suggestion of how to foster creativity and innovation. This alternative framework is one in which government policy matters.

References

Andreas Wittel teaches social theory, cultural studies and media studies at the School of Arts, Communication and Culture, Nottingham Trent University. His research interests focus on work, new media, social relationships, ethnography, and on the relationship between culture and economy.