



# The Prophet of Profits

George Gilder extends his seamless web.

What's George Gilder up to these days? He used to write about feminism, marriage, and tax cuts. He's still interested in those things but now he is studying the new economy of what he calls the Telecosm, and putting out the *Gilder Technology Report*. He keeps an eye on Silicon Valley, and then, by a process that no one quite understands, figures out which companies are making the new products that the new technology needs. He keeps his subscribers informed of these developments. The first issue of his newsletter came out three years ago, and investors who followed his advice would have done very well financially. So he is practicing the great capitalist art that he has all along preached. The good capitalist learns how to serve others effectively, he has said, and does so by creating something that is worth more than it cost. Which is not an easy task by any means. His monthly newsletter costs subscribers \$300 a year, but that would have been a bargain for those who followed the investment advice it contained.

One of the impressive things about George Gilder is the way one interest has led to another in seamless fashion. In 25 years, he has gone from writing about feminism to Wavelength Division Multiplexing, or whatever the latest digital or fiber-optic technology may be, without seeming to have changed the subject in his own mind. Feminism (*Sexual Suicide*) led to family, and to the travails of growing up

without a father (*Naked Nomads*), which led to the ill effects of welfare (*Visible Man*), thence to an interest in economics and supply-side theory (*Wealth and Poverty*). This led to a study of entrepreneurship (*Spirit of Enterprise*) and so to the new technology of semiconductors and the digital world (*Microcosm*), and its likely effects on society (*The End of Television*) which has turned into an ongoing examination of which high-tech companies are doing what (*Gilder Technology Report*).

Physics itself has been his latest venture, because in order to know which companies are doing things that will prove successful in the long run (a few years, in the fast-moving world of high-tech), he has to know which ones are employing technology that is going with the flow of the underlying physics, and which ones are fighting that flow. So the omnibus volume of Gilderian wisdom goes from Betty Friedan to Richard Feynman without logical leaps, and classifying it would puzzle the conscientious librarian. He told me the other day that debating misguided European advocates of something called Time Division Multiple Access technology (bad), not to be confused with Code Division Multiple Access (good), both having to do with cellular telephony, "was as emotional as debating Ti-Grace Atkinson and Germaine Greer in the feminist wars." I can believe it. Gilder's next book, summarizing his latest findings, will be called *Telecosm*. He also has a book on religion in his future.

Gilder lives and works in the Berkshires, in Western Massachusetts, far from Silicon Valley. But in the telecosm, what does distance matter? Gilder Technology

Group occupies a rambling suite of office in a huge old textile mill in a small town called Housatonic. The mill is about the size of a World War II troop ship, with dusty floorboards and echoing corridors and great bare wooden rooms, seemingly empty for decades. They provide space that Andy Grove could hardly afford in Santa Clara. Gilder himself was squeezed into a rather small office, with physics books shelved on the wall behind him. He was tapping at a laptop, replying to some bulletin-board comments on his website ([www.gildertech.com](http://www.gildertech.com)). Gilder is close to his sixtieth birthday. His hair is thinning but he is still as alert-looking as ever, and if anything leaner. He runs five miles a day, preferably uphill. That puts less strain on the knees.

When Gilder was working on *Wealth and Poverty* twenty years ago, Peter Sprague told him about the semiconductor industry and the coming microcosm. Soon, scores of transistors would be placed not on the head of a pin but on the point of a pin! Framed above his bed George had a quotation from William Blake: "To See a World in a Grain of Sand." It turned out that microchips were made of silicon, or sand, and a world of information could be inscribed within them. That technological echo of the poetic image captivated him. Small was indeed beautiful, and good, too. Pinned to his wall today is another saying, which captures Gilder's most essential quality: "Nothing in the world can take the place of persistence. Talent will not, genius will not, education will not. Persistence and determination alone are omnipotent."

"It just seemed to me to be the most important thing that was going on," he said of the new technology. "I didn't think our literature was especially impressive, or our poetry, art, or films. They were not as representative of what this era was accom-

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lishing as the microchip. The microchip is the Gothic cathedral of our time. It's made of sand and glass and air. And sand, aluminum, and oxygen are the three chief components of the microchip and they are also the most common substances on the earth's crust. Gordon Moore, the author of Moore's Law [which states that computing power doubles every 18 months] and an inventor of this technology, believed that this was providential, and if he thought so, who was I to gainsay him?"

Gothic cathedrals were designed, of course, to enhance our sense of the presence of God. Can the microchip possibly have the same effect?

"It did achieve that effect for me," Gilder said. "When you look at it through the microscope, it's incredibly beautiful and amazing. It's regular and poly-colored and has the aspect of a stained-glass window. But of course it was not designed to have that effect." Which prompts the thought that "a culture that is not devoted to showing the glory of God cannot really triumph." And that is America's problem today. He said he didn't believe in any literature or any art "that doesn't ultimately show the glory of God." The idea that the role of the artist is "merely to depict reality is barren and ultimately Satanic," he thought, "because the person who plunges into reality soon enough finds Satan there and he's likely to prove very seductive."

What about Tom Wolfe's idea that detailed reporting is the *sine qua non* of novel writing?

"Tom Wolfe is as good a writer as we have got," Gilder allowed, and in *A Man in Full* "he is struggling to find God, and that is edifying, and worthy of our attention. But I think the weakness of that novel is that it doesn't finally bespeak a very powerful faith. It's a secular book. He struggles with the moral codes that are implicit in worship, but he doesn't have the worship or the faith, so you're left with moral codes themselves as the objects of worship—stoic affirmations of principle. But they are not climactically powerful. It has been said that he can't finish his books. Compare *A Man in Full* with Victor Hugo's *Les Misérables*, which is perhaps a similar story. There the ending is the most powerful part. You are completely swept along with this Christian allegory that climaxes at the end."

The phone rang and after a few words Gilder went out into the hall. There I met Richard Vigilante, his publisher, recently hired from Regnery Publishing. The business had been very successful, Gilder had told me, and several new people had been hired. He wasn't sure how many. "I am just the intellectual slave," Gilder said. "I just have to figure out which companies are going to work." This was quite a frightening task, he admitted. He had been on a winning streak for three years, and he didn't know how long it would last. All would depend on his continuing study of the emerging companies and the underlying physics. That is where the mystery comes in, for physics wasn't exactly Gilder's strong suit at Harvard. "Even if you can't understand the darned book, you understand the parts that you can," Gilder said. "You figure out what the equations in general are doing and then you proceed to the next step." It's "partly intuitive," he allowed. "It's figuring out what the technology wants to do."

**W**e went to another office, empty, and Gilder talked about "the materialist superstition," the great stumbling block of our age. It is the belief that the spiritual can be reduced to the material; that nothing whatever exists except for molecules in motion—that mind is matter. The belief "that matter itself can reveal meaning," or that "material sensory measurements suffice to capture God, and kill him," is the great modern heresy. It shows up in a hundred ways: in the disordered obsession with population control, in the belief that complex machines possess intelligence; and in that most fanatical faith of modern materialists, the belief that with enough time, randomly colliding molecules give rise, step by step, to conscious beings.

At the Discovery Institute in Seattle, founded by Gilder's old college roommate Bruce Chapman, they are trying to combat the latter superstition, with a program that takes a critical look at Darwinism—the ideology of materialism masquerading as biological science. On close inspection, the facts that support it turn out to be few and pitiful. Discovery has also published a book called *Speaking of George Gilder*, which collects excerpts from his recent speeches, interviews, and

writings on economics, morals, microcosm, and telecosm.

Gilder sometimes seems to verge on a materialist heresy (and naturalistic fallacy) of his own. He has found in his latest work that "the best technologies really do win." Best here means most efficient, time-saving, broadest bandwidth. Then, eliding smoothly from the good of efficiency to the good of morality, he foresees technologically-driven triumph in the culture wars. Good effects multiply, bad effects nullify themselves. "Because if you're depraving your customers they are not going to be able to buy your goods for very long. So good products tend to prevail over bad," he said. One bad product that is already losing is television. It has to appeal "to masses of people at once," and such conglomerations are "depraved." For what do we have in common? "Our prurient interests and our morbid fears and anxieties." Television appeals to tyrants, planners, and politicians who want to reach the passive masses. But broad bandwidth means lots more channels, interactive, with smaller (and therefore more moral?) participants. Gilder is no doubt right that porn's role on the Internet has been exaggerated, and certainly television's mass audience is melting away.

The materialist superstition will collapse because "it's both false and suicidal," Gilder believes. Here we encounter his shining optimism, one of his most infectious qualities. Belief in God, he says, "is a belief in powerful good. It's a belief that goodness does prevail." Materialism "ends up in the belief that evil prevails," because all it yields are "arrangements of atoms" which will forever be meaningless. "If nothing has meaning, then the most ruthless and predatory forces will win." Liberals, he says, may almost be defined as believing that evil is more powerful than good. Therefore it must be appeased and blandished, they think.

But what about the possibility that faith wanes in a prosperous society, that people are more inclined to forget about God in a condition of material abundance? So that goodness becomes, somehow, less powerful? Here, I fear, we will have to await Gilder's book on religion, parts of which he has already begun to write. That would extend the canon, let's see, from Ti-Grace to...Amazing Grace? ❀

# Al Gore's Hit Man

The veep's campaign chairman is a fierce partisan and masterful (if shifty) fundraiser. Can he do for Gore what he did for S&Ls and the Democratic House majority?

■ JOHN H. FUND ■



**W**hat a difference a decade makes. In May 1989 Tony Coelho, the third-ranking Democrat in the House leadership, announced he was resigning from Congress after his chronic violations of the Ethics in Government Act made the front page of the *Washington Post*. Later Coelho was found to be one of the worst abusers of the House Bank. Now, after a sojourn

as a high flier on Wall Street, his rehabilitation is almost complete.

This May, Vice President Al Gore made him general chairman of his presidential campaign. Eyebrows would certainly go up if Coelho brought his fundraising skills to the Gore campaign. In his book *Honest Graft*, Brooks Jackson, now of CNN, told how Coelho perfected the modern political-donor shakedown. In 1985, he told a lobbying group, "Special interest is not a nasty word." Coelho fundraising alumni, such as Clinton White House coffee organizer Terry McAuliffe, have become legendary—and infamous—in the business. Former top Coelho aide Bill Cable told the *New Republic*, "We basically gave [business] the come-to-Jesus message. We know who you are. You've been cavorting with the devil. But understand something here. We're in power. And I suggest you deal with us. Or at least...cover your tail."

As columnist Paul Gigot has written, Gore's move was the symbolic equivalent of George W. Bush naming Al D'Amato as his top advisor. The media would have had a field day devouring Bush for ethical insensitivity. But Coelho's appointment was largely greeted with yawns and comments that he would improve the chaotic management structure of the Gore campaign. Coelho will do far more than rearrange managerial boxes, however, which is why he bears watching. After all, this is the man who when he became de facto head of the Democratic National Committee in 1994 in a fruitless attempt to save the party's House majority, said, "My job is to be the hit man." No one doubts he will eventually fill the same role for Al Gore.

Some critics dismiss Coelho's competence. "Gore has selected the former skipper of the *Titanic*," sniffs former Clinton pollster Dick Morris. It's true that Coelho is a blind partisan: "I bet you that if President Clinton were on the ballot in the year 2000, he'd get re-elected again," he told Fox News last year, only two weeks before Clinton confessed to the nation his "inappropriate" relationship with Monica Lewinsky. Nonetheless, Coelho is an agile street fighter and Republicans underestimate him at their peril.

Coelho has admirers as well as detractors on both sides of the aisle. Will Marshall, head of the Progressive Policy Institute, a think tank allied with "New Democrats," says that "it's hard to see how adding a legislative tactician" and down-the-line liberal like Coelho will help Gore capture the political center. Improbably, some Republicans also admire his style. GOP pollster Frank Luntz acknowledges calling Coelho a close friend and his "spiritual adviser." In 1997, Luntz even hired Democrat David Gerken, a former Coelho aide, as his chief of operations. (Gerken left voluntarily after a brief stint.)

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