Here's a literary parable for the 21st century. Lisa Genova, 38, was a health-care-industry consultant in Belmont, Mass., who wanted to be a novelist, but she couldn't get her book published for love or money. She had a Ph.D. in neuroscience from Harvard, but she couldn't get an agent. "I did what you're supposed to do," she says. "I queried literary agents. I went to writers’ conferences and tried to network. I e-mailed editors. Nobody wanted it." So Genova paid $450 to a company called iUniverse and published her book, Still Alice, herself.

That was in 2007. By 2008 people were reading Still Alice. Not a lot of people, but a few, and those few were liking it. Genova wound up getting an agent after all--and an offer from Simon & Schuster of just over half a million dollars. Borders and Target chose it for their book clubs. Barnes & Noble made it a Discover pick. On Jan. 25, Still Alice will make its debut on the New York Times best-seller list at No. 5. "So this is extreme to extreme, right?" Genova says. "This time last year, I was selling the book out of the trunk of my car." (See the top 10 non-fiction books of 2008.)

Something has changed, and it's not just the contents of Lisa Genova's trunk. We think of the novel as a transcendent, timeless thing, but it was shaped by the forces of money and technology just as much as by creative genius. Passing over a few classical and Far Eastern entries, the novel in its modern form really got rolling only in the early 18th century. This wasn’t an accident, and it didn't happen because a bunch of writers like Defoe and Richardson and Fielding suddenly decided we should be reading long books about imaginary people. It happened as a result of an unprecedented configuration of financial and technological circumstances. New industrial printing techniques meant you could print lots of books cheaply; a modern capitalist marketplace had evolved in which you could sell them; and for the first time there was a large, increasingly literate, relatively well-off urban middle class to buy and read them. Once those conditions were in place, writers like Defoe and Richardson showed up to take advantage of them.

Fast-forward to the early 21st century: the publishing industry is in distress. Publishing houses--among them Simon & Schuster, Macmillan, HarperCollins, Doubleday and Houghton Mifflin Harcourt--are laying off staff left and right. Random House is in the midst of a drastic reorganization. Salaries are frozen across the industry. Whispers of bankruptcy are fluttering around Borders; Barnes & Noble just cut 100 jobs at its headquarters, a measure unprecedented in the company's history. Publishers Weekly (PW) predicts that 2009 will be "the worst year for publishing in decades."

A lot of headlines and blogs to the contrary, publishing isn't dying. But it is evolving, and so radically that we may hardly recognize it when it's done. Literature interprets the world, but it's also shaped by that
world, and we're living through one of the greatest economic and technological transformations since--well, since the early 18th century. The novel won't stay the same: it has always been exquisitely sensitive to newness, hence the name. It's about to renew itself again, into something cheaper, wilder, trashier, more democratic and more deliriously fertile than ever.

**What's the Matter with Publishing?**

It isn't the audience. People are still reading. According to a National Endowment for the Arts study released on Jan. 12, literary reading by adults has actually increased 3.5% since 2002, the first such increase in 26 years. So that's not the problem. What is?

The economy, obviously. Plenty of businesses are hurting. And it doesn't help that new media like video games (sales up 19% in 2008!) are now competing with books for our entertainment hours and dollars. But publishing has deeper, more systemic problems, like the fact that its business model evolved during an earlier fiscal era. It's an antique, a financial coelacanth that dates back to the Depression. (*See the top 10 video games of 2008.*)

Consider the advance system, whereby a publisher pays an author a nonreturnable up-front fee for a book. If the book doesn't "earn out," in the industry parlance, the publisher simply eats the cost. Another example: publishers sell books to bookstores on a consignment system, which means the stores can return unsold books to publishers for a full refund. Publishers suck up the shipping costs both ways, plus the expense of printing and then pulping the merchandise. "They print way more than they know they can sell, to kind of create a buzz, and then they end up taking half those books back," says Sara Nelson, editor in chief of PW. These systems were created to shift risk away from authors and bookstores and onto publishers. But risk is something the publishing industry is less and less able to bear.

*See the 100 best novels of all time.*

*See LIFE Magazine's classic pictures.*

If you think about it, shipping physical books back and forth across the country is starting to seem pretty 20th century. Novels are getting restless, shrugging off their expensive papery husks and transmigrating digitally into other forms. Devices like the Sony Reader and Amazon's Kindle have gained devoted followings. Google has scanned more than 7 million books into its online database; the plan is to scan them all, every single one, within 10 years. Writers podcast their books and post them, chapter by chapter, on blogs. Four of the five best-selling novels in Japan in 2007 belonged to an entirely new literary form called keitai shosetsu: novels written, and read, on cell phones. Compared with the time and cost of replicating a digital file and shipping it around the world--i.e., zero and nothing--printing books on paper feels a little Paleolithic. (*See 25 must-have travel gadgets.*)

And speaking of advances, books are also leaving behind another kind of paper: money. Those cell-phone
novels are generally written by amateurs and posted on free community websites, by the hundreds of thousands, with no expectation of payment. For the first time in modern history, novels are becoming detached from dollars. They're circulating outside the economy that spawned them.

Cell-phone novels haven't caught on in the U.S.--yet--but we have something analogous: fan fiction, fan-written stories based on fictional worlds and characters borrowed from popular culture--Star Trek, Jane Austen, Twilight, you name it. There's a staggering amount of it online, enough to qualify it as a literary form in its own right. Fanfiction.net hosts 386,490 short stories, novels and novellas in its Harry Potter section alone.

No printing and shipping. No advances. Maybe publishing will survive after all! Then again, if you can have publishing without paper and without money, why not publishing without publishers?

Vanity of Vanities, All Is Vanity

When Genova had reached the end of her unsuccessful search, she told the last literary agent who rejected her, "I've had enough of this. I'm going to go self-publish it." "That was by e-mail," she says. "He picked up the phone and called me within five minutes and said, 'Don't do that. You will kill your writing career before it starts.'"

It's true: saying you were a self-published author used to be like saying you were a self-taught brain surgeon. But over the past couple of years, vanity publishing has become practically respectable. As the technical challenges have decreased--you can turn a Word document on your hard drive into a self-published novel on Amazon's Kindle store in about five minutes--so has the stigma. Giga-selling fantasist Christopher Paolini started as a self-published author. After Brunonia Barry self-published her novel The Lace Reader in 2007, William Morrow picked it up and gave her a two-book deal worth $2 million. The fact that William P. Young's The Shack was initially self-published hasn't stopped it from spending 34 weeks on the New York Times best-seller list. (See the top 10 fiction books of 2008.)

Daniel Suarez, a software consultant in Los Angeles, sent his techno-thriller Daemon to 48 literary agents. No go. So he self-published instead. Bit by bit, bloggers got behind Daemon. Eventually Penguin noticed and bought it and a sequel for a sum in the high six figures. "I really see a future in doing that," Suarez says, "where agencies would monitor the performance of self-published books, in a sort of Darwinian selection process, and see what bubbles to the surface. I think of it as crowd-sourcing the manuscript-submission process."

Self-publishing has gone from being the last resort of the desperate and talentless to something more like out-of-town tryouts for theater or the farm system in baseball. It’s the last ripple of the Web 2.0 vibe finally washing up on publishing's remote shores. After YouTube and Wikipedia, the idea of user-generated content just isn't that freaky anymore.
See the top 10 fiction books of 2008.

See the 100 best TV shows of all time.

And there’s actual demand for this stuff. In theory, publishers are gatekeepers: they filter literature so that only the best writing gets into print. But Genova and Barry and Suarez got filtered out, initially, which suggests that there are cultural sectors that conventional publishing isn’t serving. We can read in the rise of self-publishing not only a technological revolution but also a quiet cultural one--an audience rising up to claim its right to act as a tastemaker too.

The Orchard and the Jungle

So if the economic and technological changes of the 18th century gave rise to the modern novel, what’s the 21st century giving us? Well, we’ve gone from industrialized printing to electronic replication so cheap, fast and easy, it greases the skids of literary production to the point of frictionlessness. From a modern capitalist marketplace, we’ve moved to a postmodern, postcapitalist bazaar where money is increasingly optional. And in place of a newly minted literate middle class, we now have a global audience of billions, with a literacy rate of 82% and rising.

Put these pieces together, and the picture begins to resolve itself: more books, written and read by more people, often for little or no money, circulating in a wild diversity of forms, both physical and electronic, far outside the charmed circle of New York City's entrenched publishing culture. Old Publishing is stately, quality-controlled and relatively expensive. New Publishing is cheap, promiscuous and unconstrained by paper, money or institutional taste. If Old Publishing is, say, a tidy, well-maintained orchard, New Publishing is a riotous jungle: vast and trackless and chaotic, full of exquisite orchids and undiscovered treasures and a hell of a lot of noxious weeds. (See the top 10 non-fiction books of 2008.)

Not that Old Publishing will disappear--for now, at least, it's certainly the best way for authors to get the money and status they need to survive--but it will live on in a radically altered, symbiotic form as the small, pointy peak of a mighty pyramid. If readers want to pay for the old-school premium package, they can get their literature the old-fashioned way: carefully selected and edited, and presented in a bespoke, art-directed paper package. But below that there will be a vast continuum of other options: quickie print-on-demand editions and electronic editions for digital devices, with a corresponding hierarchy of professional and amateur editorial selectiveness. (Unpaid amateur editors have already hit the world of fan fiction, where they’re called beta readers.) The wide bottom of the pyramid will consist of a vast loamy layer of free, unedited, Web-only fiction, rated and ranked YouTube-style by the anonymous reading masses.

And what will that fiction look like? Like fan fiction, it will be ravenously referential and intertextual in ways that will strain copyright law to the breaking point. Novels will get longer--electronic books aren't bound by physical constraints--and they'll be patchable and updatable, like software. We’ll see more novels doled out episodically, on the model of TV series or, for that matter, the serial novels of the 19th century. We can
expect a literary culture of pleasure and immediate gratification. Reading on a screen speeds you up: you
don't linger on the language; you just click through. We'll see less modernist-style difficulty and more
romance-novel-style sentiment and high-speed-narrative throughput. Novels will compete to hook you in
the first paragraph and then hang on for dear life.

None of this is good or bad; it just is. The books of the future may not meet all the conventional criteria for
literary value that we have today, or any of them. But if that sounds alarming or tragic, go back and sample
the righteous zeal with which people despised novels when they first arose. They thought novels were vulgar
and immoral. And in a way they were, and that was what was great about them: they shocked and seduced
people into new ways of thinking. These books will too. Somewhere out there is the self-publishing world's
answer to Defoe, and he's probably selling books out of his trunk. But he won't be for long.

See the top 10 children's books of 2008.

See the top 10 everything of 2008.

With reporting by Reported by Andrea Sachs

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The New Digital Age book. Read 243 reviews from the world's largest community for readers. The New Digital Age is the product of an unparalleled collaboration... It’s the online journalism equivalent of a palm reading; print enough mild flattery and genteel pleasantries and some portion of your target audience is going to jump on it. “Why yes, I do tend to notice more than others! What a great article, this is so me.”

The New Digital Age is the product of an unparalleled collaboration: full of the brilliant insights of one of Silicon Valley’s great innovators - what Bill Gates was to Microsoft and Steve Jobs was to Apple, Schmidt (along with Larry Page and Sergey Brin) was to Google - and the Director of Google Ideas, Jared Cohen, formerly an advisor to both Secretaries of State Condoleezza Rice and Hillary Clinton. Never before has the future been so vividly and transparently imagined. “This is the most important - and fascinating - book yet written about how the digital age will affect our world' Walter Isaacson, author of Steve Jobs.