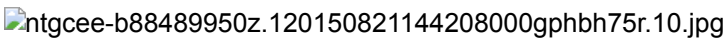
Tech oligarchs tightening their payola grip on Democrats with epic bribes



Tech oligarchs tightening their grip on Democrats

By **JOEL KOTKIN** | Orange County Register

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The current state of the Republican Party may seem like a demolition derby, but there's an equally f
less well-understood, conflict within the Democratic Party. In this case, the disruptive force is largely
a natural oligarchy that now funds a party teetering toward populism and even socialism.

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The fundamental contradictions, as Karl Marx would have noted, lie in the collision of interests between a group that has come to epitomize self-consciously progressive megawealth and a mass base which is increasingly concerned about downward mobility. For all his occasional populist lapses, President Obama generally has embraced Silicon Valley as an intrinsic part of his political coalition. He has even enlisted several tech giants – including venture capitalist John Doerr, LinkedIn billionaire Reid Hoffman and Sun Microsystems co-founder Vinod Khosla – in helping plan out Obama's no-doubt lavish and highly political retirement.

In contrast, Hillary Clinton is hardly the icon in the Valley and its San Francisco annex as are both her husband and President Obama. But her "technocratic liberalism," albeit hard to pin down, and close ties to the financial oligarchs seems more congenial than the grass-roots populism identified with Bernie Sanders, her chief rival for the Democratic presidential nomination.

"They don't like Sanders at all," notes researcher Greg Ferenstein, who has been polling Internet company founders

for an upcoming book. Sanders' emphasis on income redistribution and protecting union privileges and pensions is hardly popular among the tech elite. "He's an egalitarian liberal," Ferenstein explains, "These people are tech liberals. Equality is a nonissue in Silicon Valley."

This conflict is most obvious in the assault on ride-booking firms, like Uber, by progressives like Sanders, as well as New York City Mayor Bill de Blasio. This battle reveals a deepening split between the party's mass base, including conventional taxi companies and operators, and its increasingly influential tech business allies.

Some conservatives, such as pollster Scott Rasmussen, see Republican backing for Uber as an opening for the GOP. Yet Ferenstein's poll of Internet founders reveals that barely 3 percent say they are Republicans; 18 percent are libertarian, while nearly half are Democrats. Republican operatives peg the tech donors to be 9-1 in favor of Democrats. Talk about unrequited love!

Overall, the hotbeds of the tech and information economies, including media, have become the financial bedrock of the Democratic Party. The 10 leading counties for Democratic fundraising in 2012 included, for the first time, Santa Clara, as well as San Francisco, Los Angeles and New York. Given their domination of the ranks of wealthy people under age 40, one can expect that this power will only increase in the years ahead.

This suggests that the tech elite, far from deserting the Democratic Party, more likely will aim take to it over. They are doing this, as other industries have, by absorbing key party operatives. Uber, for example, uses Obama campaign manager David Ploufee to lead its public relations, while other former officials have joined other tech firms such as Airbnb, Google, Twitter and Amazon.

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This conflict between populists and tech oligarchs has been muted in the past, in large part due to common views on social issues like gay marriage and, to some extent, environmental protection. But as the social issues fade, having been "won" by progressives, the focus necessarily moves to economics, where the gap between these two factions is greatest.

Fundamentally, Silicon Valley worships at the altar of "disruption," seeking ways to create at least the prospect of megaprofits by doing things differently. Change is celebrated by those who benefit the most from it. But groups – from cab drivers to Hollywood tradespeople, even hotel workers – whose livelihoods are threatened by the disruptions of the "share" economy, may not be so sanguine.

Other aspects of the Silicon Valley mentality – what Ferenstein calls "the politics of the creative class" – reveal the unconscious elitism of its worldview. Although their industry is overwhelming based amid the Bay Area's suburban sprawl, the Internet oligarchs, he claims, want "everyone" to move in to the urban center, something not remotely practical for most middle- and working-class families. Other policies advocated by the oligarchs, such as pushing for ever-higher energy prices, don't threaten their lifestyles but are devastating to the classes below them.

Perhaps the biggest area of disagreement between the oligarchy and the populists is the role of labor unions. Simply put, the oligarchs are, at best, indifferent, if not hostile, to union influence. After all, tech has blossomed virtually without organized labor, which remains a bulwark of Democratic operations. Silicon Valley-backed attempts to reform schools, or weaken pensions for government workers, can expect ferocious opposition from the unions.

Another potential dividing line can be seen on immigration, where left-leaning groups like the Economic Policy Institute have campaigned against attempts by establishment Democrats and Republicans alike to expand the H1B and other "guest worker" visa programs. In a moment of

politically incorrect candor, Sen. Sanders suggested that the kind of "open borders" policy advocated by Silicon Valley, libertarians and immigration activists would result in "substantially lower wages" for working-class Americans.

Progressivism's future?

Right now, the populists have numbers on their side, as well as much of the media. The recent New York Times expose on Amazon's brutal management practices reveals a deep discord between the media mouthpieces of the political Left and their usual capitalist heroes from the information economy.

The biggest challenge for the tech oligarchs is that their rise has come as class divisions have widened, and inequality has grown. The benefits to society of the current technology wave – outside of being able to more conveniently waste time on your phone – whether in terms of creating jobs (outside of the Bay Area) or boosting productivity, appear largely limited.

Yet given what many find the unattractive nature of the Republican alternative, one can expect the oligarchs to seek out a *modus vivendi* with the populists. They could exchange a regime of higher taxes and regulation for ever-expanding crony capitalist opportunities and political protection. As the hegemons of today, Facebook and Google, not to mention Apple and Amazon, have an intense interest in protecting themselves, for example, from antitrust legislation. History is pretty clear: Heroic entrepreneurs of one decade often turn into the insider capitalists of the next.

Tech people certainly have no objection to joining the ranks of crony capitalists, notably when cloaked in environmentally green garb. The solar energy and electric car empire of Elon Musk has been made possible by subsidies; unlike most manufacturing industries, he has a well-developed interest in the most Draconian energy legislation. Other tech figures, including Doerr, Khosla and top executives at Google, have

benefited from government-subsidized renewable-energy schemes.

These ventures produce very expensive energy – an economic disaster for most Californians – but have been bolstered by alliances with unions, which seek to monopolize construction within green industries. Rather than seek at least some alliance with the Right, it seems more likely that the oligarchs will be forced to make some concessions to the populist Left, including to women and minorities, groups unrepresented in the tech industry.

A possible model for such an alliance can be seen in the coupling of San Francisco hedge-fund billionaire environmentalist Tom Steyer and his Latino sidekick, the now-well-funded climate-change acolyte state Senate President pro Tem Kevin de León of Los Angeles, by such things as using cap-and-trade funds to fund a relatively small number of affordable houses. With the industrial economy hampered by regulation, the old blue-collar economy is dying off. This means the oligarchs may need only to support a few symbolic measures to benefit those who no longer have a productive place in the economy.

Steyer even has plans in 2018 to succeed Gov. Jerry Brown, who he thinks may not have been sufficiently Draconian in his campaign against climate change. Steyer will probably be able to count on the support of de León and other Latino politicians whom Steyer finances.

The new platform would be a combination of climate change militancy and redistribution of wealth to the poor who, due in large part to the policies advocated by Silicon Valley, have little hope of moving up economically, much less buying a home in our state. This “upstairs downstairs” coalition – largely indifferent to the interests of the traditional middle class or working class – may well represent the future of the Democratic Party, initially in the Golden State and, increasingly, nationally.

Of course, Bernie Sanders may yet have his moment, but the America he represents, that of sure things and widespread equality, will fade with him. The economic future likely belongs not to the populists but to the oligarchs and those in politics who choose to tap their money and influence to gain power. Welcome to the 21st century.

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