

Hacking Politics

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By Michael Scherer

The mid-May gathering at a restaurant in San Francisco's North Beach neighborhood was billed as a congressional fundraiser, but with rapper MC Hammer and a Grateful Dead lyricist mingling in the crowd, the room buzzed more like it was a product launch. Except this product wasn't designed for consumers, at least not directly. It was meant to disrupt American politics.

Sean Parker, the 33-year-old former Facebook president who is worth about \$2 billion, stood before dozens of donors to lay out the idea. "We feel for a long time Silicon Valley hasn't been properly represented at a federal level," he explained in comments that were promptly posted on YouTube. "To a certain extent, we are starting to come into a realization of our own power and our own capability, not just as innovators and technology pioneers but also in a political sense."

And with that he introduced a Silicon Valley lawyer, Ro Khanna, a dashing 36-year-old upstart who is trying to unseat Representative Mike Honda, a fellow Democrat in good standing who has represented the South Bay for 12 years without ever facing a serious challenge. "The premise of this campaign is quite simple," Khanna said, according to the San Francisco Chronicle. "It's time that we actually change politics, [and] Silicon Valley has the potential to do this."

Just what kind of change the wealthy mavericks in the U.S.'s fastest-growing industry have planned for American democracy is subject to much debate. Ask Khanna and his backers, and they will talk about their idealism, their can-do spirit and the do-or-die meritocracy of their industry--attributes that are undeniably in short supply at the U.S. Capitol. Why not put college courses online? they ask. Reform the tax code to spark a wave of innovation? Use smartphones

to end human-rights abuses? "What has been missing has been Silicon Valley being a thought leader," Khanna tells TIME. But there is another side to the push as well, one less cutting-edge and more selfish. For decades, Silicon Valley got along just fine by mostly ignoring government. The chips and computers it made didn't need federal favors and rarely ran up against regulatory hurdles. But as tech companies have expanded into all corners of the economy, they have found themselves beset by barriers. Uber, for example, an app for ordering cars and taxis, has been going to war over taxi regulations in cities around the country. Airbnb, a start-up that allows people to rent out their rooms to travelers, has been embroiled in fights over hotel taxes.

And those are the small stakes: in Washington, many of the biggest fights are now centered on technology. The industry is battling antitrust investigators, Hollywood studios that want new piracy-fighting tools and labor unions that want to restrict visas for foreign-born workers. A Senate report found that many of the biggest names in tech, from Apple and Oracle to Cisco and eBay, hold a majority of their cash in overseas tax shelters, making them clear targets in the coming debate over tax reform. And then there are the future products--driverless cars, video-recording eyeglasses and the ubiquitous tools for tracking Americans' behavior online--that raise entirely new sets of concerns.

In short, Silicon Valley needs to broaden its influence in Washington to get its way. And it needs to do so fast. At a recent developers' conference in San Francisco, Google founder Larry Page, 40, net worth \$23 billion, spoke for the industry when he described government as a major obstacle to the future. "There's many, many exciting and important things you could do that you just can't do because they're illegal or they're not allowed by regulation," he told the crowd. "Maybe some of our old institutions, like the law and so on, aren't keeping up with the rate of change," he also said. "Law can't be right if it's 50 years old."

Hacking the Capitol

To update the law and the culture of government, tech leaders are laying siege to federal, state and local offices, opening their sizable corporate and personal bank accounts to fund ads, candidates and whole armies of lobbyists, consultants and advocates. Facebook's Mark Zuckerberg, 29, net worth \$13 billion, and some friends founded a dark-money advocacy group this year called Fwd.us with the goal of spending millions, largely on television ads in support of immigration reform, which would allow more foreign engineering talent to work in the U.S. Another group, Engine Advocacy, has been organizing online campaigns around immigration and lawmaker-lobbying sessions for about 500 small tech start-ups. Meanwhile, established tech companies have been buying up platoons of Washington's influence peddlers.

Over the past month, Apple hired former Environmental Protection Agency head Lisa Jackson, and the mobile-payment start-up Square hired the former acting U.S. Trade Representative Demitrios Marantis. Onetime Clinton White House chief of staff Erskine Bowles is a director of Facebook, where public policy is run by Joel Kaplan, who was deputy chief of staff to George W. Bush. Former Vice President Al Gore sits on the board of Apple and is a senior adviser to Google, where the Washington operation is run by a former Republican Congresswoman, Susan Molinari.

In 2012, Google alone spent \$23 million on direct corporate lobbying in D.C., more than defense contractors like Boeing, drug firms like Pfizer and oil companies like ExxonMobil. (Only General Electric spent more as an individual company.) In the coming months, the digital-search firm, which employed 122 registered lobbyists last year, plans to relocate to bigger offices on Capitol Hill with a larger event space, where lawmakers and staff can come to policy briefings and shoot off the occasional Nerf gun.

All of this has been welcomed by elected leaders. At a recent Republican caucus meeting in the Capitol, Google representatives were invited to show off the new Google Glass eyewear, which has yet to be released to the public. (Several members, of course, used the devices to Google themselves.) Trips west to tour

the Facebook campus or meet with Google employees have become rites of passage for members of Congress. "We get lawmakers calling us," says Engine co-founder Mike McGeary, who is organizing lobbying for start-ups. "Who can I meet with? What kind of perspective can I get?" Recent visitors to the group's San Francisco office include Mark Pryor of Arkansas and Mike Begich of Alaska, both Democrats raising money for tough re-election races in 2014.

But Silicon Valley is no longer a one-party industry. Republican fundraisers now venture to the valley in search of campaign donations. Senator Orrin Hatch, the Utah Republican who was responsible for getting tech-friendly amendments into the immigration bill, boasts of being personal friends with many of the tech community's leaders. "They are terrific human beings, but a lot of them, because their wives are pro-abortion, think they have to be Democrats," he says. "I just point out how stupid they are to support one party."

Of course, no one has ridden the tech wave with more success than President Barack Obama, who did the valley another favor recently when he announced new executive action to discourage the kind of abusive patent-infringement lawsuits that plague Silicon Valley. The announcement came just days before he traveled to California for a fundraiser in San Jose. (In 2012, for the first time in Democratic Party history, Obama raised more money from the Bay Area than from Hollywood.) White House spokesman Jay Carney said the timing was coincidental. "Innovation in the field of technology in particular is vital to future economic growth," he said.

The Young Guns

But the real exciting political action these days has nothing to do with big corporations or their cash-rich bank accounts. Rather, tech investors and executives are striking out on their own to flex their political muscle.

"We have individuals with a lot of money. If deployed properly this can have huge influence in the current campaign finance environment," reads a memo written by Joe Green, Zuckerberg's college roommate. "Our voice carries a lot

of weight because we are broadly popular with Americans." The memo, which was leaked earlier this year to Politico, was meant to drum up donations for the group that would become Fwd.us, and it went even further, describing "control" over massive distribution channels online that the tech community could use to control the political debate.

As soon as the document leaked, Green apologized. But the spirit of large-scale political disruption is not hard to find among technology leaders, since it worked once before. Back in January 2012, a host of Internet companies, including Google, took to their home pages to protest antipiracy legislation being pushed by Hollywood movie and television producers (including Time Warner, which owns TIME) that wanted better tools to limit the theft of their intellectual property online. The resulting public outcry, including millions of e-mails to members of Congress, effectively killed the bill. "It was transformational," said Chris Dodd, a former Democratic Senator who runs the Motion Picture Association of America.

It also terrified Washington's established lobby shops, which had never lost control of a political debate so quickly. Meanwhile, the thrill of winning--fast, under the radar, before the old-line lobbyists knew what hit them--empowered the new political activists in Silicon Valley. "You can't really go to sleep after you have been awakened like that," said Ron Conway, another wealthy tech-company investor, who is a donor to Fwd.us and the Khanna campaign. In his hometown of San Francisco, Conway helped fund an independent expenditure campaign to help elect Mayor Ed Lee after Lee supported a set of tax breaks for Twitter and other start-ups in the city. Conway has also been working on gun control in recent months, helping stage a December takeover of major websites' home pages, including those of Adobe, Foursquare and Funny or Die, to push for gun control in the wake of the Sandy Hook shooting.

Big and bold, however, does not always work in politics. At the heart of the young Silicon Valley ethos are two sometimes contradictory ideas. "Don't be evil," runs a founding slogan at Google. "Move fast and break things," goes the

Zuckerberg motto. In the case of Fwd.us, the two impulses collided. The group's first ads, designed to back Senators who support immigration reform, backfired within the tech community when they praised South Carolina's Lindsey Graham for supporting the Keystone XL pipeline and Alaska's Begich for supporting Arctic drilling, two issues that have nothing to do with immigration reform.

Two donors to Fwd.us, Tesla's Elon Musk and Yammer's David Sacks, both quit the group as a result. Liberal activists then started Facebook campaigns attacking Zuckerberg on his own site and demanding that Marissa Mayer, the CEO of Yahoo, denounce the effort as well. "Will Fwd.us prostitute climate destruction & other values to get a few engineers hired & get immigration reform?" asked Vinod Khosla, another prominent venture capitalist, on Twitter. Since then, Fwd.us has attracted new donors, including the online media mogul Barry Diller, and has vowed to continue a strategy of television ads to back lawmakers who support immigration reform.

A Primary Challenge

The setback won't end the Valley's push for more influence. Honda, the 12-year Congressman targeted by Khanna, has spent the past several months preparing for what will no doubt be a difficult election campaign next year. "The crisis is I have to rebuild my campaign coffers," he said. "I just had to gear up very quickly."


A former school principal, now 71, Honda has held some sort of elected office in the South Bay since 1981, always approaching his job in a rather traditional way. "When I ran in 2000 and asked how I can help high tech, they said stay out of the way," he said of his first congressional race. Now he is working to do all he can to burnish his digital bona fides. He recently secured federal funding to expand rail service to his district and has been working with the semiconductor industry on new federal funding for the next generation of chips. As for Khanna's big-name supporters, Honda is dismissive. "I guess there is a fellow

by the name of Sean Parker," he said before noting a recent poll that showed him with a 52-point lead over Khanna, largely due to the fact that his opponent is, at least so far, not well known.

But Khanna intends to change that before the June 2014 primary. He enters the race with an all-star group of Obama advisers, \$1 million in the bank and the determination to transform the way House races are run. His campaign is chaired by Steve Spinner, a top bundler for the Obama campaign in Silicon Valley, and he has hired Obama's grassroots director, Jeremy Bird, and television-ad man, Larry Grisolano.

In the end, that money and talent may matter less than the sheen of success and innovation that Khanna hopes to associate himself with. He was one of just a few hundred invited to Parker's June wedding in Big Sur, an event reported to cost \$10 million, in part because of the unpermitted construction of castle ruins near rare redwoods.

"The people who are supporting me are really supporting me because of their idealism," Khanna said, just hours before heading out to mix again with some of the nation's wealthiest businessmen.

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