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SILICON VALLEY'S INFLUENCE ON  
THE DEMOCRATIC PARTY

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Political Power and Everyday Life"

## P R O C E E D I N G S

MR. WEST: Good morning, I'm Darrell West, Vice President of Governance Studies and Director of the Center for Technology Innovation at the Brookings Institution. I'd like to welcome you to our discussion about Silicon Valley, a very hot topic these days. We all know that Silicon Valley has had a huge impact on our economy and the way that we conduct our lives. Many different industries have been disrupted, and we've seen the emergence of new business models and industry practices. But yet there's been little attention to the political impact of Silicon Valley. There's a common view that Silicon Valley is liberal and democratic, but there's very little data that's been put on the table to support that interpretation.

To help us understand this subject we have a writer who brings a unique vantage point to this topic. Greg Ferenstein is a journalist and author of a new e-book entitled, "The Age of Optimists: A Quantitative Glimpse of How Silicon Valley Will Transform Political Power and Everyday Life." And he brings unusual expertise to this topic because he covers the Silicon Valley and therefore knows all of the major players.

So, in this book I know that you undertook a survey of 129 startup founders and also a survey of 595 Americans, but tell us about this book and why did you write this book?

MR. FERENSTEIN: Well, so I didn't think -- I never planned on it. I got a job in San Francisco working for one of the major tech blogs and they had asked me to cover government. And what I realized when I was covering these tech CEOs was that their real interests were political, it wasn't making a bunch of money -- which many of them had incidentally. They really had a very big vision for the world and that's where it started. So I started asking them, so what exactly are your politics and how do you want to shape the world? That's where it began.

And in the process I learned that they are arguably the most powerful group in the country. I mean just a few stats; in 2012 Silicon Valley gave more money than either Hollywood or Wall Street. By zip code, they gave a little over 14 million dollars. On any given quarter Google is one of the largest, maybe if not the largest, lobbyist in the country. If you oppose Silicon Valley on something that they care about it can be political suicide. This happened to Lamar Smith. If you remember the Stop Online Piracy Act, when a whole bunch of websites went black. So what happened, there was a piracy

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bill that the tech industry generally opposed. They blacked out all of their websites for a day: Wikipedia, Google. The bill was crushed and the person who sponsored it basically lost his chairmanship. So not only in money, but also technological power to gain media attention, they are an overwhelming force.

MR. WEST: So it's interesting, you've talked a little bit about the new political activism of people in Silicon Valley. Let's kind of push that a little bit. In the book you make a very interesting point that you think people in Silicon Valley view the government as needing to invest in citizens as opposed to protecting them from capitalism. So they're not liberal in a traditional sense. Could you elaborate a little bit on what you mean by that?

MR. FERENSTEIN: Yes. So the really exciting about the Valley is I think they represent an entirely new political category. It looks like libertarianism, and they often get stereotyped that way because they're so pro-market. But on the other hand, they are overwhelmingly democrat. In fact among all industries they are probably the most Democratic. In my poll only three percent of startup founders identify as Republican. Since 2008, if you look at all tech CEOs and investors, 65 percent of all money has gone to liberal causes, and employees from the top tech companies gave to Obama versus Romney at 83 percent. So they are overwhelmingly liberal. But they fight tooth and nail with labor unions on most fronts, including charter schools, and free trade, and the environment. So they look like libertarians, but they are in fact taking over the Democratic Party because they're a huge fan of government. They think government has a critical role, but not as a regulator, as an investor in citizens. Scientific research, education, free trade, immigration. If you look at the sharing economy, using citizens in their own cars to substitute for public transportation or affordable housing, if you look at Airbnb, they really see the entire nation as the target and the solution for solving problems rather than a government agency. So that fits within the Democratic Party more than the Republican party, but they're not friends with traditional liberals.

MR. WEST: And you suggest in the book that there actually are some challenges for democrats as well as for liberals because their views do not match up neatly with that. And you point out there have been fights with unions, among other people. So how do you see that schism working out from the standpoint of democrats?

MR. FERENSTEIN: So for traditional Democrats it's really bad news. For these new

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types of democrats, which probably have a really, really high percentage of supporters anywhere you see urbanized liberals with a college education, they're more along the new democrat spectrum than the old labor union type. If you look at the battles of the last two or three years, almost every time new democrats, these new liberal tech Democrats, have competed with labor unions the new Democrats have won. They won on free trade, they won on charter schools versus teacher unions, they won on high skilled immigration where the labor unions were fighting to keep protections for American jobs, and in dozens of cities around the world Uber has won against mayors and other local councils that have wanted to protect taxi union interests. So on almost every single front these new tech democrats -- and they are overwhelmingly democrat -- are winning.

MR. WEST: There also are implications in terms of foreign policy and international relations because you note that many of these individuals prefer what you call international alliances over sovereignty. So what does that mean?

MR. FERENSTEIN: They don't like the concept of sovereignty. And that may seem like a radical idea, but for instance the founder of Wikipedia flat out said that sovereignty implies violence. They are for the closest thing to a one world government that you can imagine. And so what I did is I polled them. I said on a spectrum of complete sovereignty to mandatory agreements with a broad coalition of nations, where everyone has to agree on something, they were as extreme as possible on that spectrum. I think something close to like 20-30 percent of founders said that they wanted something closer to a world government than actual sovereignty. There aren't a lot of options right now being developed, like actual policies that they would support, which is right now why Silicon Valley isn't very strong in the foreign policy realm. But if you were to see something that required binding international agreements, the value would probably support it.

MR. WEST: And you also note that -- you have this line in the book about how a lot of these individuals want life to become as close to the college experience as possible. We all remember our college lives where it's libertarian in terms of lifestyle issues. Students are thinking about research, exploration, creativity, they have lots of leisure time. And these individuals are seeing this as a model for adulthood as well.

MR. FERENSTEIN: Oh yeah! So say Silicon Valley gets its way, and it may very well be

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that, I was often asked, okay, so what does life look like. At the government level it looks like the Star Trek universe, which is a one world government based in San Francisco where the point of citizenship is to explore the universe and science. On the lifestyle front what most of the billionaires think is that automation is going to basically erase most jobs. You're going to have what you call automated luxury communism where robots do most everything for people. And through some sort of basic minimum income, or very cheap goods, people will just have time to play, explore what they want. And the closest thing that I could think of to that ideal was college, when you kind of went to classes when you wanted, you partied, you explored different things, whether philosophy, kite boarding, or whatever. And so government becomes Star Trek, life becomes college.

MR. WEST: And the title of your book is "The Age of Optimists", and so there's a question, what makes these techno entrepreneurs such optimists, especially when you look around the world and it seems like there's a lot of basis for pessimism, not optimism.

MR. FERENSTEIN: So the quickest way to get a re-tweet from a tech billionaire is to write news about how the world is getting better. They are obsessed with the idea that the future inevitably gets better. And what I discovered when I started -- first and foremost they describe themselves as optimists. You say what are you -- they're like, I'm optimistic. And when you start asking questions about what that is, it's actually a political ideology. One of the tenants of optimism is to believe that change inevitably makes things better. That is, if you change at all, over the long run things get better. So they often oppose things like labor unions, which try to slow down technological change, and they want to promote things like scientific innovation, free trade, or anything that causes economic disruption. So if you're optimistic you don't want anything that slows down the mechanism of capitalism.

MR. WEST: So in this current presidential campaign we see a lot of pessimism. There is a view, especially on the republican side that America has lost its way, we're being pushed around. Donald Trump has this slogan, let's make American great again, meaning we're not great right now. How are the tech entrepreneurs viewing that kind of campaign narrative?

MR. FERENSTEIN: I think like everyone else they view Donald Trump as a sort of mix between like just awe and disgust. I did a poll of tech CEOs on who they wanted for president and in the first round zero percent wanted Trump, like no one. Then I did a second one and only two percent. So

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as far as Cruz and Trump go, Silicon Valley is not fans of this at all. If they had to choose a president, and I think this may be what you're asking, they would overwhelmingly support Bloomberg. If Bloomberg doesn't run, they would overwhelmingly support Hillary, but they only reluctantly support her. Was that your question?

MR. WEST: Yes. (Laughter) And so basically on the Republican side they're not real enamored with any of the leading people? So we have Trump, Cruz, and Rubio, who seem to be emerging. They're not enthusiastic about any of these?

MR. FERENSTEIN: Oh, none of them. So in the tech CEO poll I did (inaudible) the entire republican field. And what's fascinating is that Rand Paul used to think that the Valley was this oasis of libertarianism. And my favorite clip of him, which I like to show over and over and over again as a GIF, is him getting up on stage in San Francisco and saying, "Who is a part of the leave me alone coalition?" And everywhere in Red Counties he does this, he gets a huge applause, "Leave me alone, get the government out of our lives!" And when he did this in San Francisco, no one clapped. There were like three people clapping like mildly in the audience. And he was so taken aback by this that he had to say, oh, not that many of you. And that was the clearest example that I could show of how Republicans have misjudged what the Valley ideology is. While they are pro-market, avidly pro-market, they are not individualists, they are extreme collectivists.

MR. WEST: So that's going to pose major challenges. And we know that -- we were talking about this before the event started -- that they don't see a lot of action taking place at the national level just because of the Congressional gridlock and the political polarization, but you noted that there's a lot of activism now taking place at the state and local level, there are issue-advocacy campaigns on a range of different issues. So do you see them kind of focusing more on those types of venues as opposed to national government?

MR. FERENSTEIN: Yes. I mean it's kind of funny. I've been in D.C. now a couple of days and there's kind of this milieu here; everyone is a little depressed because Congress isn't going to do anything, definitely this year, maybe next year. And if a Democrat gets it Congress and the presidency are still going to be in gridlock. So the federal government isn't doing a whole lot outside of the executive branch. And because Silicon Valley still has a desire to change the world, I think they're going to focus on

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the cities and the states. You're seeing that definitely with the sharing economy. So independent of any policy action, the sharing economy is overhauling the labor force. More and more people are becoming self-employed. Not only are they disrupting existing industries, travel, and taxi, but they're changing the way people work and get a wage. And so a lot of the work is going to be done at the local level on how you support yourself as a permanent 1099 worker. And more than anything else we think about, that may impact people's lives because it's how they make their money, it's how they find a job, it's how they feed their families. And how people do that while still having health insurance, financial security of any type, we don't know how it's going to happen. But they want it to happen with as little regulation as possible.

MR. WEST: So how do you see their agenda at the state and local level? What are the kinds of issues that they're pushing and what's their general stance?

MR. FERENSTEIN: On the sharing economy front it's basically two. First of all, opposing any type of regulation, opposing people like Bill DeBlasio who tried to put a cap on the number of drivers than can be around. So any type of regulation on the sharing economy. In San Francisco Airbnb alone spent \$8 million on a municipal proposition to stop a law that would have limited the number of days that someone can rent out their home. So the first order of business is just to stop the regulation.

The next order of business which people are exploring is the safety net. So potentially a consumption tax that would allow the city to give some sort of like portable benefits to people who are 1099 workers.

The next thing that I predict will happen in a huge way is housing. In San Francisco especially, and in New York and in the major cities, one economist analyzed that the entirety of income inequality, the entirety of income inequality over the last 30 years that we've seen rising is only due to rents, just the percentage of people's income that are spent on living. And that is almost entirely due to regulations against housing height and density. This is costing the tech companies millions and millions of dollars because they have to increase the salaries. So I suspect that they are going to get very active in breaking down regulations related to housing and affordable housing.

MR. WEST: So let me ask you one more question about inequality and then I'll open the floor to questions from the audience. So we have seen a lot of attention in this presidential campaign to inequality, and I'm just curious how the tech entrepreneurs --

MR. FERENSTEIN: Oh, I'm sorry, I forgot one more -- education. So the number one thing that the philanthropies of Zuckerberg and Bill Gates are probably going to do are related to education. They've already spent well over \$100 million on the charter school movement. It is their number one issue, education generally, and they've spent millions and millions of dollars fighting the teacher unions and promoting and funding both nonprofit and for-profit ventures in the local charter schools.

MR. WEST: And so on the inequality issue what is their general perspective on inequality? Like others view them as being one of the prime contributors to inequality, how do they view it and what do they think we should do about it?

MR. FERENSTEIN: So this is a very timely question. So a very respected but kind of nationally under the radar investor named Paul Graham wrote an essay on his blog basically saying that technology is inherently the cause of major inequality. And that to be against inequality is to be anti-tech startup. He said he was a professional at creating inequality. This caused a little bit of a stir. And the backlash wasn't so much that they disagreed with Graham, but they tried to moderate what he said. And I had asked some questions related to this. And so the short answer is that in the Valley inequality is not bad, it's also not good. It's not a thing. Inequality to the tech industry just means different. And so one of the questions I asked tech CEOs and some billionaires, I said if you get this meritocratic economy that you want where everyone's income is directly determined by your contribution to society. Is that an equal economy or a very unequal economy? And 100 percent of people in the small sample that I did said that meritocracy leads to extreme inequality. So as far as they see it they're creating a more extreme version of inequality that we're seeing today.

Now, they have some solutions, but to them inequality isn't bad inherently.

MR. WEST: And so what are their solutions? What do they think we should do about that?

MR. FERENSTEIN: The leading solution right now is to give everyone cash, what's called a basic minimum income. Originally a libertarian idea because basically what you do is you get rid of all the government services that promote health and food stamps and whatever and you just give people a check. And that's their way of ensuring that the things they're causing to society actually can



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make life a little bit better because then you get back to the college situation where no one needs to work.

MR. WEST: Okay. On that provocative note let's open the floor to questions. There's a gentleman right here. There's someone with a microphone coming up. If you can give us your name and your organization please.

MR. WU: I'm David Wu, a former member of congress, member of the New Democratic Coalition at that time. Very grateful to the tech community because I'm a Democrat. And before that I was a tech lawyer in Portland, Oregon for a dozen years and I'm grateful to the tech community there also.

I have a question which is not quite theoretical, but a little bit different from politics per se. If you look at donations to charitable organizations, the tech folks see it that they have a different and better way to approach that. Maybe ownership of sports teams. They're better than -- well, maybe smarter than the coach, I don't know. And in politics they have a strong vision of where they want to go and you said not the traditional vision. And they're bringing their psyche to these fields. Do ever get the sense that what applies in startups, what applies in a very competitive quick environment, may not be quite applicable to these other fields? There are different settings and uses for different things.

MR. FERENSTEIN: Well, thank you for coming, Congressman. That's great. And actually it's entirely ironic that someone from the New Democratic Caucus would ask such a question. And I'll tell you why and I'll answer both questions. So I hand coded almost every single law developed out of a major committee in Congress. And what I found was that members of the New Democratic Caucus, and especially people who have a high percentage of highly skilled professions in their constituency, author laws that are fundamentally different than other types of democrats. They're more likely to author laws that are performance based funding and mandatory transparency, and try to make citizens as healthy or civic as possible. So actually the new democratic caucus, one of them most influential caucuses in Congress, has been instrumental in taking the values of Silicon Valley and applying it to legislation in broad strokes.

That said, do I think that there are problems applying this to other areas? Absolutely. And the optimism that the Valley has has sometimes bitten it. Among the most notorious are microloans to entrepreneurs in developing nations. This was developed, this was an idea that the best way to help

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people was to make them entrepreneurs, was to help them run their own business. The problem was, if you don't do it correctly, a lot of them end up in deeper debt than they would have been otherwise. And so part of the problem with bringing the mechanism of capitalism everywhere is it brings the mechanisms of capitalism everywhere.

MR. WEST: Okay, right here.

MR. FERENSTEIN: I don't know if that answers your question.

MS. O'CONNELL: Yes, good morning. Thank you very much. I'm June O'Connell, unaffiliated. I guess this question is, partially tell me that I'm wrong. My sense is that Silicon Valley looks very much overseas to raise certain causes in developing countries, like Bill Gates fights malaria. And the charter schools tend to be a movement that's urban based. So the tell me that I'm wrong is tell me that they do care about rural Louisiana or rural West Virginia, and that they're interested in raising the bar in sort of rural areas of the United States that suffer from illiteracy, poor health, et cetera.

MR. FERENSTEIN: I don't think I can tell you that you're wrong. I don't think that that -- you have to think that a lot of these billionaires, a lot of them didn't come from a lot of money. The tech industry among all other industries has the highest portion of self-made billionaires, at least for the last 40 years. And most of them grew up in cities, most of them are U.S. based, and so they have all this money and they just try to fix the problems that they know about. So most of them don't come from rural environments. That's mainly going to be through the government that, you know, trying to get broadband and other things to different parts of the country because the tech folks give money to where they see problems.

MR. WEST: Okay, there's a gentleman right here next to the wall.

MR. CHANDLER: Thank you. Very interesting so far. Gerald Chandler of iTec Consultants. I missed something somewhere along the line. Can you please tell me again why these entrepreneurs vote and support Obama and the Democratic Party? Everything that you listed seemed to be a Republican program. So what is it actively that Obama has done?

And the second question, if I may, is are the owners -- have the same policies as the great mass of people in Silicon Valley who are the programmers and so on?

MR. FERENSTEIN: Both very good questions. Did everyone hear that? So to reiterate,

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I think that Silicon Valley represents an entirely new political category. It looks like libertarianism and it's pro-market, but it is fiercely pro-government as well.

And what has Obama done? I mean he's done a ton of things. I mean one of his first acts as the Chief Executive was to create the office of the CTO, the Chief Technology Officer, which was a new position designed to apply technology and innovation to every part of government. I mean just this week he asked for \$4 billion so that every single child in America could learn to code. In addition to funding that he's been a proponent of charters, high skilled immigration, free trade, the environment. He is lock, stock, and barrel aligned with tech on almost every single issue outside of national security agency spying.

MR. WEST: But then you've also said they don't like Hillary Clinton. So what's the difference?

MR. FERENSTEIN: They don't not, not like Hillary Clinton, but I think like a lot of the country they're disappointed. They reluctantly support her because she shifted towards a more regulatory equality hawkish framework over the course of the primary. She came out against free trade and against charters. And so they distrust her. In private meetings I've spoken to a few billionaires and major supporters who speak very, very ill of her. And they gave a lot of money to Obama. Because they just don't know what she's going to do when she's in office.

MR. WEST: And then the second part of his question was the views of owners versus kind of the rank and file in Silicon Valley, the programmers and the coders. Is there a disparity in their views?

MR. FERENSTEIN: So I wasn't able to officially poll this, so I can't give you the exacting data driven answer. I can tell you what Peter Thiel told me, who is the founder of PayPal. He believed that the owners were Democrats, but the engineers were Libertarians, actual Libertarians more on the Republican side. I don't know why that is, but that does seem to be kind of true. But the people with the money are overwhelmingly democratic.

MR. WEST: On the aisle here.

MR. CISLO: Connor Cislo with the Asahi Shimbun. I have two quick questions I guess. First off, it seems to me like this narrative has been told before with Bill Clinton, and he was issuing the

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support of labor unions and he was pro free trade and everything, so how is this a different political category as you are describing it?

And, second, on the foreign policy part you mentioned you said they don't have strong priorities in foreign policy, but they're very much inclined toward cooperation and international agreements. And it seems to me there are some areas that could be ripe for that, like environmental agreements and so on, but we don't see a lot of -- they may be supported I guess, but you don't see big money going there or anything. So is there a reason for that I guess?

Thank you.

MR. FERENSTEIN: The second I can conjecture on. The first I can tell you a definite answer. So the argument I make in the book is that it's no different than the new Democratic movement that Bill Clinton championed in the '90s. What I argue is that Bill Clinton was wrong to call it a moderate faction of the Democratic Party, but was in fact a separate political ideology. The difference is that Silicon Valley represents a much, much more extreme version of what that represented. So if you take the idea that government should be run like a business and should have performance and transparency and management and local offices, what you get is something that wants to turn to the entire public education system into the charter school movement, wants to have almost unlimited visas, especially for high skilled, if not complete open borders on immigration. And so Bill Clinton started that and it was mainly started because that switch happened when college-educated Democrats became the majority of democrats voting in presidential elections. And they helped make that switch. And to the extent that college educated Democrats have become a bigger part of the party you will see more and more extreme versions of that ideology down the line.

And the second one related to foreign policy. The Valley tends to go where there is exciting laws happening. I haven't seen any laws at the international level that are really bold enough to peak their interest.

MR. WEST: Okay. There's another question on the aisle, right there.

MR. STACKHOUSE: Good morning. My name is Colin Stackhouse, originally from Palo Alto, currently an entrepreneur in D.C. I always like to say I was sort of priced out of Palo Alto. But that aside what I'm really interested in is following up on this idea of the shift toward a 1099 economy and to

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ultimately this leisure economy, which seems to have a lot of appeal to some people. I guess a couple of questions there. Is it really a pervasive view that that's an appealing society to live in where people just receive some money from the government to sort of do whatever they feel like doing at sort of a low level? I mean I'm thinking of states, you know where, for example, Petrodollars are paying people to do things and it seems sort of dystopian rather than utopian to me. I'm just curious if others share that view.

And then who pays for it ultimately? Are they open to the idea of a wealth tax or something along those lines to actually get the dollars to distribute this money out as we move toward an automated and AI sort of driven future?

MR. FERENSTEIN: On the second one I can tell you that, at least via Twitter, one Facebook billionaire told me that he would open to paying for a basic minimum income through what's called a progressive consumption tax. The more money you spend in San Francisco, the more money you get charged. And more and more money would go towards giving people -- everyone a check for \$10,000-20,000 a year.

On your other question, which is whether it's dystopian or utopian, I think it entirely depends on your personality. I think for people who like new things, who like to live in cities, who like to explore and be different and have a new job, the world will be wonderful. You will thrive. And it will be exciting. For people who don't like change and like stability, the world is not going to be as fun. And that's a preference thing. Me, I moved to a city. I grew up in Omaha, Nebraska and I couldn't wait to leave. So I like change all the time. I can't stand eating at the same restaurant more than once a year. And for me the world is great, that's why I live in San Francisco. For my friends back in the Midwest, may not be as happy.

MR. WEST: But it seems like when you look both in the United States as well as around the world there are a lot of people now who don't like change. Change defined as secularization, modernity, lack of religious values, et cetera.

MR. FERENSTEIN: Yes. And what's funny about that is that a company like Facebook generally considers themselves apolitical, and they are so far removed from cultural conservatism that as a company they will officially sponsor products that allow people to be pro-gay pride. Facebook allowed everyone to easily change their profile to be rainbow colored when the Supreme Court decision

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happened. So it's fascinating to see it. They see being anti-religious conservative as nonpartisan because they see it as such an anathema to the way they view the world and the way they are actively trying to change the world.

So for folks who like that sort of thing they have a powerful ally. And I'm one of them, and so I am a fan.

MR. WEST: Right back there.

MS. DO: Hi, I'm Annie Do and I'm actually from the Silicon Valley, specifically Cupertino. And growing up in my experience -- I moved a lot so I saw that there was a lot of income and race segregation. And you said that most of these tech people are very collectivist. So how much do you think that race and segregation and income play into that?

MR. FERENSTEIN: Let's see if I can interpret your question correctly. So the Valley is very embarrassed about its diversity problem. Any given major tech company is 83 percent white males. And they are trying very hard to try to change that equation, both at the pipeline level, by funding things like Girls Who Code, they try to get minorities and people of color into the tech pipeline, to the workforce pipeline. And in the hiring process they're all hiring diversity people. But they view diversity differently. They explicitly will never hire someone just to boost the representation. They believe that greater diversity is better because it's more productive. That is, more diversity brings in more perspectives and better ideas. And so they're pro-diversity, but not for the case of equality in representation, but for more innovation.

MR. WEST: Right over here, there are two questions. We'll take both of those.

MR. FARMER: Thank you. Nick Farmer. Can you speak a bit more about immigration? I understand their view on H1B, high tech visas, but I'm a little confused on open borders when they believe that automation is going to replace most of the jobs. If you bring in more people from outside the rest of the world how are they going to support them?

MR. FERENSTEIN: Steve Jobs was a Syrian immigrant, or the son of a Syrian immigrant. They just want -- they view most things they do as what one MIT economist, Andrew McAfee, called diamond catchers. They want programs that have a high probability of bringing in geniuses. And this is what one founder told me. Immigration: the more people that come to this country, the more likely

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you are to be able to support someone who can give their maximum contribution to the world. So they'll take them all.

MR. WEST: And, in fact, if you look at Silicon Valley half of the Silicon Valley firms had an immigrant founder or co-founder. So it kind of supports that perspective.

MR. FERENSTEIN: Thank you.

MS. IN: Hi. My name is Jin and I'm the founder of 4Girls GLocal Leadership. We focus on the next generation of women leaders and civic leaders around the world. My question is one of the topics that's very highly paid attention to in this debate or the political, is the terrorism. And especially in countries where there is no governance. What do they think about that and what's their solution to that?

MR. FERENSTEIN: They probably don't think about it very much. And I don't know, but I mean I talked to a lot of founders for this book in addition to the major sample and almost no one brought up terrorism. I thought that they don't care about it. I feel very comfortable saying that they are anti-terrorist. (Laughter) But militarism and forceful solutions are just such an anathema to how they view the world that they just don't put much mind share into thinking about anything that has to do with force.

MR. WEST: But is this an area where their optimism blinds them to realities around the world? I mean when you look around the world there is terrorism; there is foreign government invasions of other countries. There's a lot of disruption of the sort that they seem to be ignoring.

MR. FERENSTEIN: I'm trying to think if they've done anything in this area that I could say could speak to what their solution would be. I think one of their favorites in the Middle East is to fund companies in Israel that hire Palestinians. The very core of their philosophy is what I call info-utopianism, it's not tech-utopianism. It's just the belief that information and conversation are the solution to literally all problems. And so for them if they want to solve a problem in the Middle East, they just get people talking to each other. And the way they do that is they fund companies where people have to work together, are forced to work together. And that again is an optimistic stance. It may be naive, but to the limited extent that they deal with it, that's how they do. At least what I can think about.

MR. WEST: I don't know. When I look around the world there's a lot of evidence that tolerance and multiculturalism do not seem to be the forward way that we're seeing in a lot of places.

Other questions? Right here.

MS. XIAO: Hi, my name is Jessica Xiao. I work for the American Humanist Association. So you did briefly touch on some of the things that the tech companies have done related to social justice movements and how it's sort of still considered nonpartisan, their viewpoints, and also a little bit about segregation and diversity. Maybe tell me a little bit more about what they can do related to social justice movements, whether they care a lot about them when they're thinking about influencing politics, and what are their views on privilege when it seems like there's this kind of idea of meritocracy, or there's a system of meritocracy in tech.

MR. FERENSTEIN: Sure. So I can answer both of that. They definitely care about social justice issue. But again, if you go back to this like info-utopian philosophy, their answer to the police riots and Ferguson were police body cameras. If you make everything a police officer does completely transparent that will be the major solution, something that President Obama instituted almost immediately. So they think it can be solved, but they think it can be solved through more information and better technology.

As to -- what was the second part of your question? Oh, privilege. Yes, they are embarrassed about privilege. They do not like the idea that someone is successful because of how they were born, mainly because that is inefficient. That someone should be successful because they're smartest. And so they are very, very much supporters of equal opportunity, which is why they spend a ton of money on education, but they do not believe that that creates an equal world. Again, what I was saying before, they think that's going to create a more unequal world as far as income goes. So perfect income opportunity leads to massive income inequality.

MR. WEST: Right here is a question up front.

MS. BATES: Hi, my name is Jen Bates; I'm from iTec Consultants. I have a question about housing, you touched on the problems of housing in San Francisco. Do your tech founders prefer sort of the Bernie Sanders' solution, which is just impose rent control on everything, or do they go more for get rid of all zoning ordinances, which is far more libertarian and much more a republican type policy?

MR. FERENSTEIN: It's a hybrid, like everything they believe. And speaking as someone who is in rent control right now, because almost all housing in San Francisco is rent controlled, it's a



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terrible, terrible solution. The landlords never fix anything, it breaks up communities. So I'm not a fan of rent control and neither are most folks in the Valley. Even Paul Krugman is against rent control.

Half of their solution is to completely regulate because one of their signature things that's unique about their value system is that urbanization and density is a moral good. One tech billionaire, Tony Hsieh has spent \$300 million of his own money creating a model of extremely dense urban environments in downtown Las Vegas. He has paid people an enormous amount of money to live in very close quarters, so much so that a core group of his friends are living in a trailer park so that everyone can see each other at almost all points in the day. That said, it's not just anti-regulation, it's also high affordability. So I think -- and I don't know -- but I think they're generally fans of any taxes that allow everyone to stay in those very dense environments. And if you're interested I'm actually going to get directly involved in this. I am writing law right now to turn San Francisco into Manhattan. And so if this is something that interests you, see me afterwards.

But, yes, urbanization is a moral good.

MR. SHARMA: Hi, I'm Bill Sharma. I'm kind of in a technology company. You talked about collectivism of the entrepreneur. What is their attitude towards the government, cyber warfare, the government collecting data? Are they for it, are they against it? Because that's going to be a very major problem in the very, very near future.

MR. FERENSTEIN: On the record they are adamantly opposed to it. They do not think the government should be collecting records of any sort. Off the record, they just don't care. They just don't care because it has to do with privacy and privacy is not a concern. Privacy is an individualist concept. To them privacy is antisocial. About 15 -- so I asked one question, I was like would it be better if we lived in a world where everyone knew everything about everyone. And I think -- what was it -- 11 percent of founders said yes, which was much, much higher than the public. In general anything which coerces or incentivizes people to give away more information they are for because they don't fear the problems of surveillance. So it's just not something they think about.

MR. WEST: Right here in the aisle.

MS. HOLT: Hi, my name is Lauren Holt. I'm a former Foreign Service Officer and a diplomat with State Department, and now I do international trade consulting. So I have a few questions

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because some of my clients are from manufacturing and tech, biotech, and they're trying to get into emerging markets. One of the major issues with the smaller firms is intellectual property, IPR, and so one question is about high tech and IPR, how they see that.

The second one is with the Trans Pacific Partnership, TPP. How much money are they putting behind it to get this passed being that it's an election year?

Thanks.

MR. FERENSTEIN: Intellectual property is one of those things that the tech industry is kind of split on. Some people are really for intellectual property, like Apple, others are generally anti intellectual property, like Google, although they all have large patent portfolios. They are more for what's called the open source movement where you give as much information away as possible and allow people to invent on that.

As far as where you'd get support, the billionaires themselves, the elites, they don't care very much about it because that's a traditional tech policy issue, it doesn't really go a long way to realizing their vision for the world. You will mostly get traction dealing with the lobby shops, the vice presidents, and the people in D.C. That's who are mainly dealing with intellectual property. The leaders themselves and where they're donating political dollars personally has little to do with intellectual property. And in no way could you get them excited about thinking about it. It all has to do with the (inaudible- case rate?) shops they're hiring.

Oh, TPP. They support it because they're generally free trade. Do they know much about it? I doubt it. They're just generally fans of free trade of all variety.

MR. WEST: This gentleman here.

SPEAKER: To what you said about they don't care about privacy and surveillance makes me wonder if you know there is a law right now being introduced and discussed in California by which companies would be -- and stores -- will not be allowed to sell smart phones and such devices in California unless the government can break in. So now I wonder maybe it's partly because of Silicon Valley. And if California does something like that today, you can expect something like this all over the country.

MR. FERENSTEIN: I think it is highly, highly unlikely that in the headquarters of Apple, California, you will see that law passed. So while they are generally not fans of privacy, that is the ability to get information, they are extremely worried about hacking and security. That is people using your information for nefarious means. And they don't believe, generally speaking, they don't believe that you can allow the government a back door into technology and also keep out other nefarious hackers and people who would want to steal trade secrets, like China. So if you want to Google it yourself, the idea is called end to end encryption, which is a style of encryption that is so strong that not even the companies themselves can look into it. Right now your iPhone on some of the messages and some of the information it sends is on end to end encryption. And they have vigorously fought any bans on end to end encryption because they don't think you can keep it safe from hackers.

MR. WEST: Okay, in the very back there is a woman next to the wall.

SPEAKER: Hi, I'm just wondering is there any sense of humility among these folks? I mean it seems like they fail miserably (laughter) like in places like Newark where they thought they knew so much about education and didn't manage to improve anything. And do they see a need for anything other than a technocratic solution?

MR. FERENSTEIN: I mean I don't think humility is how you become a billionaire, generally speaking. I don't know, I'm not one. But there is a lot of bravado in the Valley and there is a sense that, you know, they can use their wits to solve major social problems. To the extent that some are humble than others, probably varies on the personality, but not in the solutions that they fund.

In regards to Newark, I think you were saying, so what happened in Newark is Mark Zuckerberg gave \$100 million basically to Cory Booker to spend how he wanted to, and it was an absolute failure. Zuckerberg has spoken about this publicly. He said it was a failure. In the Valley they embrace failure, so they saw it as -- they don't see it as a problem. They think that you fail a number of times before something works. And so they're going to keep trying again and again and again.

MR. WEST: Okay, we have time for one last question. This gentleman on the aisle.

SPEAKER: So you talk about how the tech community kind of influences financial and their contributions to political parties. And I'm curious if you've heard any talk about how their like coding skills and some of their technical knowhow has contributed to like innovating the political process itself.

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You have organizations like Brigade, kind of actually putting engineers to fixing feedback loops and how our representatives are hearing from their constituents, how we're communicating in the political process, how we're advocating. I'm curious to hear kind of how that played out in your conversations.

MR. FERENSTEIN: There is a smaller slice of the Valley that is very interested in process reform. One billionaire wanted to start an entire political party based off of the idea that the democratic process should be different; it should be more open, more like Kickstarter, and Crowdfunded and Crowdsourced where people can contribute ideas. It hasn't been a major push and I actually tried to some of that when I was at TechCrunch. So there's a Congressman named Darrell Issa who comes from San Diego, he actually helped code a platform whereby bills could be Crowdsources publicly. He's also an engineer himself. It was not very popular in Congress. They didn't take to it. And so it could be a chicken and the egg problem. Maybe the Valley doesn't care about process reform because Congress doesn't care. Or maybe Congress doesn't care because a lot of solutions haven't been given. But either way a lot of innovation in the way the democratic process happens, just hasn't been around.

MR. WEST: Okay. Greg, thank you very much. So again the name of his ebook is "The Age of Optimists". So thank you very much for sharing your thoughts. Great job.

MR. FERENSTEIN: Thanks for coming.

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