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The rise of America's high-tech industry is not just a windfall for presidential hopefuls. It could also be a godsend for the liberal political tradition

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UNTIL recently, computer geeks hardly noticed politics. Washington was “the ultimate big company”. Policy wonks and political theorists—let alone the poor saps sitting in Congress—“just didn’t get it”. And the policy establishment, doers and thinkers alike, was only too happy to return the compliment. In the last presidential election campaign, references to a high-tech future were vague and perfunctory, and Silicon Valley or Seattle were not particular ports of call. Washington, DC and the geeks existed in different worlds.

How things have changed. According to the Centre for Responsive Politics, a Washington watchdog group, by the end of June this year contributions from the computer industry were already three times those given to Bill Clinton and Bob Dole combined during the 1996 campaign. Of the \$843,000 in direct industry contributions, over one-third went to George W. Bush, the Republican front-runner, with the two Democrats—Vice-President Al Gore and Bill Bradley—both netting about half of the Texas governor’s total. These figures tell only part of the story, however. They do not include contributions from telecommunications and biotech companies, nor the millions of dollars the candidates have received in fund-raisers organised by computer executives and venture capitalists: entrepreneurs who helped fuel the high-tech boom, and are now helping pave the way to the White House.

Mr Bush has courted the computer chiefs of Texas since before he became governor, in 1995. Heading the committee of computer luminaries advising him is Michael Dell, the godfather of Austin’s high-tech revolution, who is actively recruiting other computer executives into the Bush camp. Among the other members of the committee are James Barksdale, founder of Netscape, and John Chambers, president and CEO of Cisco Systems. But if Mr Bush has Texas sewn up, other candidates have been prospecting elsewhere. In Colorado, which now has the second-highest concentration of high-tech jobs in the country, the state’s prosperous telecom industry has been donating generously to both Senator John McCain and Mr Gore. Trips to the Pacific north-west have been especially lucrative for Mr Bradley and Mr McCain, with Microsoft giving both candidates their largest computer industry donations to date. Nor are the contributions only

Campaigns in 1998, more than twice what it gave in 1994.

This money is all the sweeter for coming with few strings attached. The computer industry has yet to develop a coherent lobbying strategy, in which campaign donations are implicitly exchanged for influence over the political process. This is partly because the “computer industry” is really just a collection of assorted (and often competing) interests. As one industry analyst puts it, “Just as there is no ‘Asia’ to Asians, there is no ‘technology community’ to technology companies.” The interests of hardware companies are not necessarily those of software or e-commerce companies, and therefore a focused, industry-wide lobbying effort has been difficult to co-ordinate.

Slowly, this is changing, as high-tech executives finally learn the rules of political gamesmanship. Eric Benhamou, boss of 3Com, dates the politicisation of Silicon Valley to 1996, when California’s trial lawyers sponsored a ballot measure that would have exposed high-tech companies to a barrage of litigation. Since then the Valley has woken up to the fact that it helps to have friends in Washington. The government has the power to turn off one of the Valley’s most important resources: the supply of foreign brains. The Microsoft antitrust case may even prove that it has the power to restructure the entire computer industry. In short, the two sides simply have to talk to each other.

The Technology Network (TechNet), a political action group founded two years ago in Silicon Valley, has just set up a second office in Austin, and plans to open more chapters in the future—an attempt to influence policy at both state and local level. Companies in Washington, DC—home of America Online, America’s biggest Internet service provider, and a city where the computer industry has just taken over from government as the biggest local employer—have also started their own lobbying group, CapNet.

According to Steve Papermaster, an Austin entrepreneur who heads TechNet Texas, there is a greater sense of urgency within the technology industry to have more of a say in politics. Like it or not, high-tech businesses have to work in a world of taxes, regulation, lawsuits and legislation; they need politicians just as much as politicians need them. If not more: for political contributions from the

The geeks and the parties

The Republican and Democratic candidates who are now trawling the high-tech industry, hands out, hope that this new political awareness has a partisan tinge. Republicans seem to have more grounds for optimism. After years when it looked as if computers favoured big organisations over small ones, and companies such as IBM appeared to be breeding grounds for conformism, the high-tech industry is arguably putting technology back on the side of individual liberty.

The average computer geek is convinced that the rise of clever machines and interlinked networks is inexorably shifting power from organisations to individuals, decentralising authority and accelerating innovation. Not only big companies and big unions, but also big government, seem to be on the point of disappearing. The sort of world the geeks are now conjuring up is a throwback to that of the Founding Fathers, so admired by Republican revolutionaries of the Gingrich mould, where (morally upright) yeomen farmers pursued happiness quite undisturbed by government.

Yet Democrats, too, think they have natural friends in the high-tech industry. There is a growing feeling in some quarters that—as in the case against Microsoft—government is not always a force for evil. Indeed, the public sector may hold the key to solving the social problems that now plague the high-tech industry: the shortage of educated labour, the over-strained transport system and the rapidly growing gap between rich and poor.

Some computer bosses are already appealing to politicians to get their act together. Andy Grove, the head of Intel, has told congressmen that the Internet is about to wipe out entire sections of the economy—and has warned them that, unless politicians start moving at “Internet rather than Washington speed”, America may see a repeat of the social disaster that followed the mechanisation of agriculture. The high-tech industry is beginning to realise that it is doing nothing less than “defining the economic structure of the world,” says Eric Schmidt, the boss of Novell. And with that realisation comes, for some at least, a heavy sense of responsibility.

disillusioned with the established parties: with the Democrats because they are too soft on vested interests, with the Republicans because of their “Neanderthal” social views. They think politics is not about ideology, but about fixing things, a tidy-minded approach that comes easily to scientists and engineers—and which carries echoes of the earlier, not-so-crazy Ross Perot.

It is often claimed that “libertarian” and “progressive” groupings are emerging in the computer industry. Yet these sound not dissimilar from the sort of shifts that are occurring anyway inside the Republican and Democratic Parties. Libertarians are represented by men like T.J. Rodgers, the boss of Cypress Semiconductor, and Scott McNealy, the head of Sun Microsystems, who argue that government is being rendered largely irrelevant by the power and speed of computers, and that the best way to deal with problems such as the “digital divide” may well be to extend the market, not invent new government programmes. This is “compassionate conservatism”—perhaps operating even through beneficent computer companies themselves, offering training and education—of the sort that George W. Bush might recognise.

The progressives, who originally appeared under Bill Packard at Hewlett-Packard in the 1990s, have now fanned out to a growing number of institutions, from Joint Venture-Silicon Valley, a think-tank dedicated to tackling local problems, to TechNet, which now consists of no fewer than 140 high-tech bosses. They argue that there is still an important place for the government in a computer-driven economy—albeit a much smaller and more intelligent government than the one that currently resides in Washington. They love to point out that government funded the research that gave birth to the Internet, and one of their key complaints is that the federal government’s R&D spending over the past 30 years has declined dramatically. Doesn’t that sound just a bit like Al Gore?

Brave new politics

It is tempting to conclude that the high-tech industry, flush with its new success, is claiming an impact on politics that goes far beyond the facts. Yet politics is a theoretical discipline, as well as a practical one; and here the collusion with high-tech is leading in fascinating directions. Computer-folk are beginning to look

increasingly looking to the Valley, and other high-tech corners, for clues as to the shape of things to come.

The latest think-tank in Washington, DC, the New America Foundation, is largely funded by Silicon Valley money and is devoted to exploring the sort of political topics that will be at the heart of the digital age: digital democracy, the future of privacy and the digital divide. New America is in one of the few funky bits of Washington, Dupont Circle. It has scooped up a good proportion of the brightest American thinkers under 40 in its fellowship programme, including Michael Lind, Jonathan Chait and Gregory Rodriguez, and it is making sure that these bright young things interact with the cyber-elite at regular retreats and discussions.

So far, the person who has straddled the worlds of social theory and Silicon Valley most successfully is Manuel Castells, a sociologist at the University of California. Mr Castells enjoys a growing reputation as the first significant philosopher of cyberspace—a big thinker in the European tradition who nevertheless knows the difference between a gigabit and a gigabyte. His immense three-volume study, “The Information Age” (Blackwell), echoes Max Weber in its ambition and less happily in its style (the “spirit of informationalism”, for example). He writes about the way in which global networks of computers and people are reducing the power of nation states, destabilising elites, transforming work and leisure and changing how people identify themselves.

Mr Castells ruminates obscurely about “the culture of real virtuality”, “the space of flows” and “timeless time”. He also castigates the cyber-elite for sealing themselves off in information cocoons and leaving the poor behind. But this former Marxist and student activist cannot restrain his enthusiasm for the way that IT is diffusing 1960s libertarianism “through the material culture of our societies”. The result is that his sprawling book is now an important fashion accessory in Palo Alto cafés.

Will the views it enshrines be more than a passing trend? Very probably. The last time America underwent a fundamental economic change, a fundamental political realignment rapidly followed: the transition from an agrarian to an industrial society in the mid-19th century soon gave rise to mass political parties

able to help shape the new politics.

Today's sharpest intellectuals are fascinated by Silicon Valley for the same reason that thinkers early in this century were intrigued by Henry Ford: the smell of huge amounts of money made in new ways. But the Valley has more interest for them than Motown ever had, because it deals in the very stuff of intellectual life, information: and because this, more than any other place, is a laboratory of the future.

Individualism has been losing out as a practical doctrine for the past century because the invention of mass production encouraged the creation of big business, big labour and, triangulated between the two, big government. This has been the age not of Jefferson's yeoman farmer, but of William Whyte's Organisation Man. Now, however, computers are shifting the balance of power from collective entities such as "society" or "the general good" and handing it back to those whom governments once condescendingly referred to as their "subjects".

This cult of individual effort, completely detached from the old hierarchical or social structures, can be found everywhere in Silicon Valley. The place is full of bright immigrants willing to sacrifice their ancestral ties for a seat at the table; almost 30% of the 4,000 companies started between 1900-96, for example, were founded by Chinese or Indians. The Valley takes the idea of individual merit extremely seriously. People are judged on their brainpower, rather than their sex or seniority; many of the new Internet firms are headed by people in their mid-20s.

The Valley's 6,000 firms exist in a ruthlessly entrepreneurial environment. It is the world's best example of what Joseph Schumpeter called "creative destruction": old companies die and new ones emerge, allowing capital, ideas and people to be reallocated. The companies are mostly small and nimble, and the workers are as different as you can get from old-fashioned company men. As the saying goes in the Valley, when you want to change your job, you simply point your car into a different driveway.

of doing business—is beginning to challenge the rules of political life in several fundamental ways. And it is doing so, of course, not merely in America but the world over—though America is both farther ahead, and represents more fertile ground.

First, the cyber-revolution is challenging the expansionary tendencies of the state. Over the past century the state has grown relentlessly, often with the enthusiastic support of big business. But corporatism has no future in the new world of creative destruction. (It is a safe bet that imitation Silicon Valleys that have been planned by politicians are going to hit the buffers.)

The spread of computer networks is also moving commerce from the physical world to an ethereal plane that is hard for the state to tax and regulate. The United States Treasury, for example, is currently agonising over the fact that e-commerce doesn't seem to occur in any physical location, but instead takes place in the nebulous world of "cyberspace". The Internet also makes it easier to move businesses out of high-taxation zones and into low ones.

One of the state's main claims to power is that it "knows better what is good for people than the people know themselves". But the Siliconisation of the world has up-ended this, putting both information and power into the hands of individuals. Innovation is now so fast and furious that big organisations increasingly look like dinosaurs, while wired individuals race past them. And decision-making is dispersed around global networks that fall beyond the control of particular national governments.

The web is also challenging traditional ideas about communities. Americans are accustomed to thinking that there is an uncomfortable trade-off between individual freedom and community ties: in the same breath that he praises America's faith in individualism, Tocqueville warns that there is a danger each man may be "shut up in the solitude of his own heart". Yet the Internet is arguably helping millions of spontaneous communities to bloom: communities defined by common interests rather than the accident of physical proximity.

Information technology may be giving birth, too, to an economy that is close to the theoretical models of capitalism imagined by Adam Smith and his admirers.

and relatively free from government and geographical obstacles. Geography is becoming less of a constraint; governments are becoming less interventionist; and information is more easily and rapidly available.

So far—Mr Castells apart— Silicon Valley has not produced a social thinker of any real stature. Technologists tend not to be philosophers. But at the very least, computerisation is helping to push political debate in the right direction: linking market freedoms with wider personal freedoms and suggesting that the only way that government can continue to be useful is by radically streamlining itself for a more decentralised age.

It is a little early to expect that this sort of thinking will colour next year's campaigns; the new alliances between politicians and the cyber-elite have mostly sprung up for the most ancient and pragmatic of reasons. But it may only be a matter of time before America sees, on the back of the computer age, a great new flowering of liberal politics.

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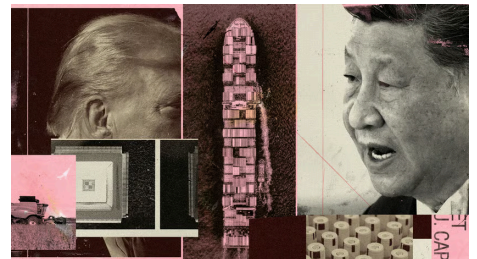


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