

Silicon Valley, the New Lobbying Monster

Charles Duhigg : 50-64 minutes : 10/7/2024

One morning in February, Katie Porter was sitting in bed, futzing around on her computer, when she learned that she was the target of a vast techno-political conspiracy. For the past five years, Porter had served in the House of Representatives on behalf of Orange County, California. She'd become famous—at least, *C-span* and MSNBC famous—for her eviscerations of business tycoons, often aided by a whiteboard that she used to make camera-friendly presentations about corporate greed. Now she was in a highly competitive race to replace the California senator Dianne Feinstein, who had died a few months earlier. The primary was in three weeks.

A text from a campaign staffer popped up on Porter's screen. The staffer had just learned that a group named Fairshake was buying airtime in order to mount a last-minute blitz to oppose her candidacy. Indeed, the group was planning to spend roughly ten million dollars.

Porter was bewildered. She had raised thirty million dollars to bankroll her entire campaign, and that had taken years. The idea that some unknown group would swoop in and spend a fortune attacking her, she told me, seemed ludicrous: "I was, like, 'What the heck is *Fairshake*?' "

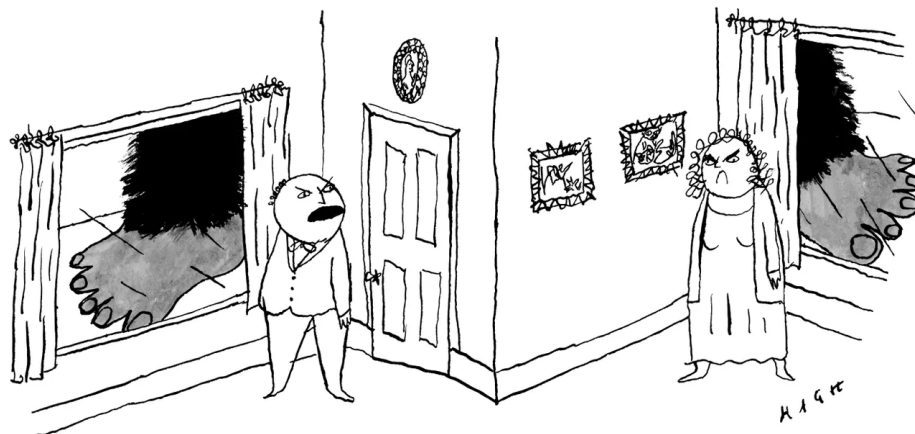
Porter did some frantic Googling and discovered that Fairshake was a super *PAC* funded primarily by three tech firms involved in the cryptocurrency industry. In the House, Porter had been loosely affiliated with [Senator Elizabeth Warren](#), an outspoken advocate of financial regulation, and with the progressive wing of the Democratic Party. But Porter hadn't been particularly vocal about cryptocurrency; she hadn't taken much of a position on the industry one way or the other. As she continued investigating Fairshake, she found that her neutrality didn't matter. A Web site politically aligned with Fairshake had deemed her "very anti-crypto"—though the evidence offered for this verdict was factually incorrect. The site claimed that she had opposed a pro-crypto bill in a House committee vote: in fact, she wasn't on the committee and hadn't voted at all.

Soon afterward, Fairshake began airing attack ads on television. They didn't mention cryptocurrencies or anything tech-related. Rather, they called Porter a "bully" and a "liar," and falsely implied that she'd recently accepted campaign contributions from major pharmaceutical and oil companies. Nothing in the ads disclosed Fairshake's affiliation with Silicon Valley, its support of cryptocurrency, or its larger political aims. The negative campaign had a palpable effect: Porter, who had initially polled well, lost decisively in the primary, coming in third, with just fifteen per cent of the vote. But, according to a person familiar with Fairshake, the super *PAC*'s intent wasn't simply to damage her. The group's backers didn't care all that much about Porter. Rather, the person familiar with Fairshake said, the goal of the attack campaign was to terrify other politicians—"to warn anyone running for office that, if you are anti-crypto, the industry will come after you."

The super *PAC* and two affiliates soon revealed in federal filings that they had collected more than a hundred and seventy million dollars, which they could spend on political races

across the nation in 2024, with more donations likely to come. That was more than nearly any other super *PAC*, including Preserve America, which supports Donald Trump, and WinSenate, which aims to help Democrats reclaim that chamber. Pro-crypto donors are responsible for almost half of all corporate donations to *PACs* in the 2024 election cycle, and the tech industry has become one of the largest corporate donors in the nation. The point of all that money, like of the attack on Porter, has been to draw attention to Silicon Valley's financial might—and to prove that its leaders are capable of political savagery in order to protect their interests. "It's a simple message," the person familiar with Fairshake said. "If you are pro-crypto, we will help you, and if you are anti we will tear you apart."

After Porter's defeat, it became obvious that the super *PAC's* message had been received by politicians elsewhere. Candidates in New York, Arizona, Maryland, and Michigan began releasing crypto-friendly public statements and voting for pro-crypto bills. When Porter tried to explain to her three children why she had lost, part of the lesson focussed on the Realpolitik of wealth and elections. "When you have members who are afraid of ten million dollars being spent overnight against them, the will in Washington to do what's right disappears pretty quickly," she recalls saying. "This was naked political power designed to influence votes in Washington. And it worked."



"And I'm saying *you* need to come look at *this*."

Cartoon by Roland High

Porter's defeat, in fact, was the culmination of a strategy that had begun more than a decade earlier to turn Silicon Valley into the most powerful political operation in the nation. As the tech industry has become the planet's dominant economic force, a coterie of specialists—led, in part, by the political operative who introduced the idea of "a vast right-wing conspiracy" decades ago—have taught Silicon Valley how to play the game of politics. Their aim is to help tech leaders become as powerful in Washington, D.C., and in state legislatures as they are on Wall Street. It is likely that in the coming decades these efforts will affect everything from Presidential races to which party controls Congress and how antitrust and artificial intelligence are regulated. Now that the tech industry has quietly become one of the most powerful lobbying forces in American politics, it is wielding that power as previous corporate special interests have: to bully, cajole, and remake the nation as it sees fit.

Chris Lehane was just shy of thirty years old when he came up with the notion of "a vast right-wing conspiracy," to explain Republican efforts to undermine Bill and Hillary Clinton. It was such an inspired bit of showmanship that Hillary Clinton adopted it as one of her signature lines. At the time, Lehane was a lawyer in the Clinton White House tasked with

defending the Administration from charges of scandal, but he specialized in seizing control of the political conversation, finding colorful ways to put Republicans on defense. Tactics such as declaring that the President of the United States was the victim of a shadowy conservative cabal were so effective that the *Times* later declared Lehane to be the modern-day “master of the political dark arts.”

After serving in the White House, Lehane joined Al Gore’s Presidential campaign, as press secretary, and after Gore’s defeat he set up shop in San Francisco. Despite the size and the electoral significance of California, many campaign operatives viewed the state as a political backwater, because it was so far away from Washington. But Lehane, who had worked on the Telecommunications Act of 1996, was convinced that Silicon Valley was the future, and he quickly built a business providing his dark arts to wealthy Californians. When trial lawyers wanted to increase the state’s caps on medical-malpractice jury awards, they brought in Lehane, who helped send voters flyers that looked like cadaver toe tags, and produced ads implying that doctors might be performing surgery while drunk. A few years later, when a prominent environmentalist hired Lehane to campaign against the Keystone XL Pipeline, he sent activists into press conferences carrying vials of sludge from an oil spill; the sludge was so noxious that reporters fled the room. Then he hired one of the Navy *SEALs* who had helped kill Osama bin Laden to talk to journalists and explain that if the pipeline were approved a terrorist attack could flood Nebraska with one of the largest oil spills in American history. Lehane explained to a reporter his theory of civil discourse: “Everyone has a game plan until you punch them in the mouth. So let’s punch them in the mouth.”

But Lehane’s efforts generally failed to impress the tech industry. For decades, Silicon Valley firms had considered themselves mostly detached from electoral politics. As one senior tech executive explained to me, until about the mid-twenty-tens, “if you were a V.C. or C.E.O. you might hire lobbyists to talk to politicians, or gossip with you, but, beyond that, most of the Valley thought politics was stupid.” Within a decade of Lehane’s move West, however, a new kind of tech company was emerging: so-called [sharing-economy](#) firms such as Uber, Airbnb, and [TaskRabbit](#). These companies were “disrupting” long-established sectors, including transportation, hospitality, and contract labor. Politicians had long considered it their prerogative to regulate these sectors, and, as some of the startups’ valuations grew into the billions, politicians began making demands on them as well. They felt affronted by companies like Uber that were refusing to abide by even modest regulations. Other companies tried a more conciliatory approach, but quickly found themselves mired in local political infighting and municipal bureaucracies. In any case, “not understanding politics became an existential risk,” another senior tech executive said. “There was a general realization that we *had* to get involved in politics, whether we wanted to or not.”

In 2015, San Francisco itself became the site of a major regulation battle, in the form of Proposition F, a ballot initiative to limit short-term housing rentals, which both sides acknowledged was an attack on Airbnb. The proposal had emerged from built-up frustrations: some San Franciscans complained that many buildings had essentially become unlicensed hotels, hosting hard-partying tourists who never turned off the music, didn’t clean up their trash, and—most worrying for city leaders—hadn’t paid the taxes that the city would have collected had they stayed at a Marriott. Other residents argued that Airbnb’s presence was making it harder to find affordable housing, because it was more profitable to rent to short-term visitors than to long-term tenants. Proposition F would essentially make it impossible for Airbnb to work with many homeowners for more than a few weeks a year. Early polling indicated that the initiative was popular. Numerous other cities had been

considering similar legislation, and were eagerly watching to see if lawmakers in San Francisco—where Airbnb was headquartered—could teach them how to rein in the Internet giant, then worth some twenty-five billion dollars.

Airbnb's executives, panicked, called Lehane and asked him to come to their headquarters; he showed up within minutes of their call, in the sweatpants and baseball jersey that he'd been wearing at his son's Little League game. Lehane has the lean build of someone accustomed to athletic self-torture—he runs daily, often fifteen miles at a stretch, typically while sending oddly punctuated e-mails and leaving stream-of-consciousness voice mails—and he has a boyish crooked front tooth that offsets the effect of his receding hairline. To Airbnb's leaders, he didn't look like much of a political guru. But, once Lehane caught his breath, he launched into a commanding speech. You're looking at this situation all wrong, he said. Proposition F wasn't a crisis—it was an opportunity to change San Francisco's political landscape, to upend a narrative. The key, he told executives, was to build a campaign against Proposition F as sophisticated as Barack Obama's recent Presidential run, and to deploy insane amounts of money as a warning to politicians that an "Airbnb voter" existed—and ought not be crossed. He proposed a three-pronged strategy, and explained to executives that what politicians care about most is reelection. If the company could show that being anti-Airbnb would make it harder for them to stay in office, they would fall in line. Lehane was soon named Airbnb's head of global policy and public affairs.

His first step in this role was to mobilize Airbnb's natural advocates: the homeowners who were profiting by renting out their properties, and the visitors who had avoided pricey hotel rooms by using the service. By the end of 2015, more than a hundred and thirty thousand people had rented or hosted rooms in San Francisco. Lehane recruited several former Obama-campaign staffers to lead teams who made tens of thousands of phone calls to Airbnb hosts and renters, warning them about Proposition F. The team members also urged hosts to attend town-hall meetings, talk to neighbors, and call local officials. During this period, the company—accidentally, it says—sent an e-mail to everyone who had ever stayed in a California Airbnb, urging them to contact the California legislature. The legislature was inundated with messages from around the world. The Senate president pro tem called Lehane to let him know that the message had been received, and to beg him to stop the onslaught. "I kind of wish we *had* done it on purpose," someone close to that campaign told me.

The second part of Lehane's strategy was to use large amounts of money to pressure San Francisco politicians. The company brought on hundreds of canvassers to knock on the doors of two hundred and eighty-five thousand people—roughly a third of the city's population—and urge them to contact their local elected officials and say that opposing Airbnb was the equivalent of attacking innovation, economic independence, and America's ideals. The relentless campaign posed a clear threat to the city's Board of Supervisors: if an official supported Proposition F, Airbnb might encourage someone to run against him or her. "We said the quiet part out loud," a campaign staffer said. "The goal was intimidation, to let everyone know that if they fuck with us they'll regret it." In all, Airbnb spent eight million dollars on the campaign, roughly ten times as much as all of Proposition F's supporters combined. "It was the most ridiculous campaign I've ever worked on," the staffer told me. "It was so over the top, so extreme. You shouldn't be able to spend that much on a municipal election." That said, the staffer loved her time at Airbnb: "It was the most money I'd ever earned working in politics."

The third aspect of Lehané's strategy was upending the debate over Proposition F by proposing alternative solutions. Otherwise, Lehané and Airbnb's chief executive, Brian Chesky, believed, the company would face similar proposals in other cities. "You can't just be against everything," Lehané told the Airbnb board. "You have to be *for* something." As a compromise gesture, Airbnb had voluntarily begun paying taxes on short-term stays within the city. It also offered to share some internal company data—such as the number of guests visiting the city each month—that would help local officials monitor the service's impact on the community. What's more, Airbnb eventually offered to build a Web interface that San Francisco officials could use to register hosts and track rental patterns. The solution was self-serving, in that it made the city dependent on Airbnb for monitoring Airbnb's activities. But the proposals addressed many of the complaints that had prompted Proposition F. More important, they guaranteed San Francisco tens of millions of tax dollars annually. When Proposition F finally came to a vote, it was resoundingly defeated.

Airbnb's approach to political conflict was in stark contrast with that of [Uber](#), which had just become the most valuable startup in the world—and which, owing to its resistance to various taxi regulations, was soon under fire from multiple cities and nations. Airbnb's tactics were designed to appeal to politicians' higher ideals. After the Proposition F campaign, Lehané began working on a partnership with the S.E.I.U., one of the nation's largest labor unions, to unionize the workers who cleaned Airbnb rentals. The plan never came together, but labor-friendly politicians in San Francisco and New York began viewing Airbnb as a potential ally.

To other political operatives, Lehané's tactics hardly seemed groundbreaking. But within Silicon Valley his approach was a revelation. "It was a huge bang for a relatively small outlay," a tech executive told me. "It turns out the R.O.I."—return on investment—"on politics is way better than anyone suspected."

After the defeat of Proposition F, San Francisco's Board of Supervisors eventually agreed to many of Airbnb's suggestions. By then, Lehané had moved on to other locations. He began similar Airbnb campaigns in dozens of other cities, including Barcelona, Berlin, New York, and Mexico City. When the U.S. Conference of Mayors convened in Washington, D.C., in 2016, Lehané was invited to speak after Michelle Obama. "Read my lips," he told the gathering. "We *want* to pay taxes." Airbnb soon had agreements with more than a hundred cities, and when local politicians proved intransigent—leaders in Austin, for instance, seemed immune to Airbnb's overtures—the company simply went over their heads. In Texas, it persuaded the state legislature to make it hard for any municipality to ban short-term rentals. Today, Airbnb has agreements with thousands of cities.

A few years after Lehané joined Airbnb, a venture capitalist pulled him aside at a party and said, "It used to be, hiring the right C.F.O. was the most important thing to make sure a company goes public. But you've proved a political person is just as important." Lehané, however, had had an even bigger insight. These campaigns had revealed that tech companies—particularly firms, like Airbnb, with platforms that connect people who might otherwise have trouble finding one another—were now potentially the most powerful cohort in politics. "At one point, organizations like labor or political parties had the ability to organize and really turn out large numbers of voters," Lehané told me. Today, Internet platforms have the bigger reach; a tech company can communicate with hundreds of millions of people by pushing a button. "If Airbnb can engage fifteen thousand hosts in a city, that can have an impact on who wins a city-council race or the mayoralty," Lehané told me. "In a congressional or Senate race, fifty thousand votes can make all the difference." Of course,

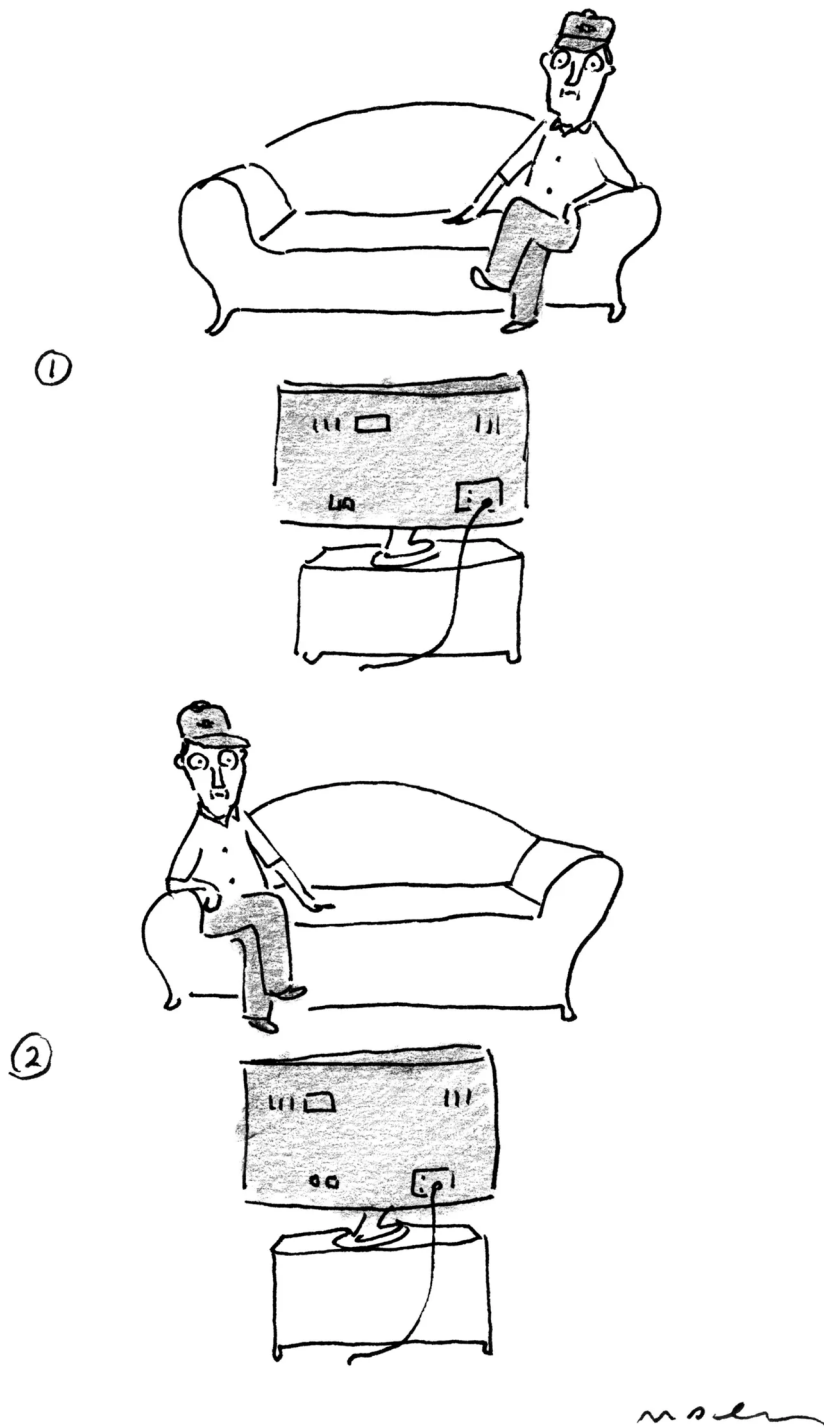
simply having a huge user base doesn't guarantee that Airbnb can get everything it wants. Voters respond only to enticements that they find persuasive. But companies like Airbnb, Lehane understood, could make arguments faster, and more efficiently, than nearly any political party or other special-interest group, and this was a source of considerable power. "The platforms are really the only ones who can speak to everyone now," Lehane said.

For the tech industry, the Trump years were a bewildering mess. The President attacked tech platforms for being biased against conservatives, and liberals railed against Silicon Valley's social-media companies for propelling Trump into the White House. Tech executives declared their support for the industry's many immigrants in the face of Trump's Muslim ban and border separations; they also contended with walkouts and protests from employees over racial injustice, sexual harassment, and all-gender bathrooms—subjects that neither an engineering degree nor business school had prepared them for. When Joe Biden won the Presidency, in 2020, the Valley's leaders were relieved. The Biden Administration seemed like a return to the Pax Obama, an era when tech was considered cool and politicians boasted of knowing Mark Zuckerberg. Biden's victory also meant that Lehane, with his deep roots in the Democratic Party, was unquestionably Silicon Valley's top political guru. Companies sought him out; employees loved that he was generous with credit and made politics fun. (Many former colleagues talk proudly about the nicknames that he bestowed upon them.) Most of all, he made the people he worked with feel like they were on a righteous quest. Peter Ragone, a prominent adviser to numerous Democratic politicians, told me that, among the handful of political consultants transforming Silicon Valley, "Chris is the tip of the spear. His capacity for processing information at speed is breathtaking."

The Valley's enthusiasm for Biden, however, was short-lived. The President quickly appointed three prominent tech skeptics—Gary Gensler, [Lina Khan](#), and Jonathan Kanter—to oversee the Securities and Exchange Commission, the Federal Trade Commission, and the antitrust division of the Department of Justice, respectively. Soon the government was suing or investigating Google, Apple, Amazon, Meta, Tesla, and dozens of other companies. Some of those suits and inquiries had been initiated under Trump, but Biden's S.E.C. found a particular target in the cryptocurrency industry. Gensler, an ally of Elizabeth Warren, filed more than eighty legal actions arguing that crypto firms or promoters had violated the law, most often by selling unregistered securities. Some of the executives being sued by the S.E.C. had contributed lavishly to the Democrats. Brad Garlinghouse, the C.E.O. of the crypto firm Ripple, who had been a fund-raising bundler for Obama, was among those under legal fire, and he clearly felt victimized. He told Bloomberg that the federal government was acting like "a bully," and tweeted, "Dems continue to enable Gensler's unlawful war on crypto—sabotaging the ability for American innovation to thrive. It's no wonder the GOP has announced a pro-crypto stance Voters are paying attention." (Last year, a federal judge upheld some portions of the S.E.C.'s case against Ripple and dismissed others.)

To certain people, the government's approach felt oddly aggressive. One crypto executive told me she discovered that her bank accounts had been frozen—with no explanation—only when she tried to make a withdrawal to repair a catastrophic home-septic-system failure. Around this time, various regulatory agencies were warning banks about the risks posed by the crypto industry. When the executive's accounts were later unfrozen—again, without a clear explanation—she was left wondering if the government's goal was to intimidate the industry. (The Office of the Comptroller of the Currency, which regulates national banks, said that it does not direct banks to freeze individual accounts.)

NED TWEBBLE, SWITCH SITTER



Cartoon by Michael Maslin

The Biden Administration's oppositional stance, however, seemed warranted when, in 2022, FTX—the enormous crypto exchange and hedge fund led by [Sam Bankman-Fried](#)—imploded amid revelations that more than eight billion dollars had been misallocated or lost. Bankman-Fried had been a prolific political donor, and violating campaign-finance law was among the crimes for which he was arrested. Another crypto executive told me that, after the FTX scandal, many figures in the industry “just wanted to put our heads down and

disappear,” adding, “The less people noticed us, the better.”

But among Silicon Valley’s most moneyed class retreat wasn’t an option. The powerful venture-capital firm Andreessen Horowitz had already raised more than seven billion dollars for crypto and blockchain investments. The “super angel” investor Ron Conway had poured millions of dollars into crypto firms through his venture fund. Lehane urged some of the largest crypto investors and companies, many of whom were bickering on Twitter, to instead form a coalition devoted to changing the public narrative. He began hosting private biweekly gatherings, known as the Ad-Hoc Group, where various collaborations were discussed. Eventually, a former partner at Andreessen Horowitz, Katie Haun, recommended that the large crypto firm Coinbase, where she was a board member, bring on Lehane as an adviser.

Lehane met with Coinbase’s co-founder Brian Armstrong and told him that, just as with Airbnb, what seemed like a crisis was actually an opportunity. “This is not the time to go quiet,” Lehane told him. “This is your chance to define your company and the industry, and prove you’re different from FTX.” In 2023, Lehane joined Coinbase’s Global Advisory Council. Twenty-five days later, the S.E.C. sued the firm.

Lehane established a war room with the primary goal of convincing politicians that the political consequences of being anti-crypto would be intensely painful. The person familiar with Fairshake, who was then an employee at Coinbase, told me, “It wasn’t really about explaining how crypto works, or anything like that. It’s about hitting politicians where they are most sensitive—reelection.” Armstrong clarified this aim at a crypto conference in 2023. The goal, he said, was to ask candidates, “Are you with us? Are you against us? Are we going to be running ads for you or against you?”

Although Lehane’s basic strategy resembled the one he’d used at Airbnb, that campaign had been focussed on municipal issues and local political races. The crypto effort was national in scale, targeting Senate and House races—and potentially even the Presidential contest—and would require significantly more money. Lehane suggested to Armstrong that crypto firms set aside fifty million dollars for outreach. Let’s earmark a hundred million, Armstrong replied. Coinbase, Ripple, and Andreessen Horowitz donated more than a hundred and forty million dollars to Fairshake, the crypto super *pac*. Executives at other firms contributed millions more.

Lehane, collaborating closely with Fairshake, began crafting a pro-crypto message and helping to build a “grassroots” army. “We need to demonstrate there’s a crypto voter,” he told the Coinbase team. “There’s millions and millions of Americans who own this stuff. We need to prove they’ll vote to protect it.”

The Federal Reserve has said that in 2023 fewer than twenty million Americans owned cryptocurrencies. Polling indicates that the issue is not an electoral priority for many voters. One Coinbase staff member pointed out this discrepancy to Lehane, saying, “I don’t know if there *is* a crypto voter.”

“Then we’re going to make one,” Lehane replied.

Coinbase began loudly promoting the results of surveys reporting to show that fifty-two million Americans owned cryptocurrencies, and that many of them intended to vote to protect their digital pocketbooks. Those polls indicated that sixty per cent of crypto owners were millennials or Gen Z-ers, and forty-one per cent were people of color—demographics that

each party was trying to woo. Lehane also quietly helped launch an advocacy organization, Stand with Crypto, which is advertised to Coinbase's millions of U.S. customers every time they log in, and which urges cryptocurrency owners to contact their lawmakers and sign petitions. The group says that it currently has more than a million members. The Coinbase employee told me that Stand with Crypto would identify a city with a significant population of crypto enthusiasts, like Columbus, Ohio, and then inundate them with push notifications aimed at organizing town halls and rallies. The employee explained, "If you can get fifty or sixty people to show up, with good photo angles you can make it look like hundreds. In small states or close elections, that's enough to convince a candidate they should be paranoid."

This supposed army of [crypto voters](#) fed directly into the next stage of the assault: scaring politicians. Stand with Crypto built an online dashboard that assigned grades to U.S. senators and representatives—and to many of their challengers—which reflected their support for crypto. The scores seemed to inevitably be either "A (Strongly supports crypto)" or "F (Strongly against crypto)," though the data undergirding the grades were sometimes specious. "Most of them hadn't really taken a side," another Coinbase staffer told me. "So we'd, you know, look at speeches they'd given, or who they were friends with, and kind of make a guess. If you were friends with Elizabeth Warren, you were more likely to get an F."

Nevertheless, Lehane insisted that Fairshake maintain a nonpartisan tone. The super PAC was careful to support an equal number of Democratic and Republican candidates, and, following Lehane's advice, it planned to stay out of the 2024 Presidential race altogether. A venture capitalist who has advised the crypto industry told me that the group's nonpartisan stance was essential, because, "if we want to get the right regulations in place, we have to get a bill through Congress, which means we need votes from both parties." Moreover, Fairshake's goal was to "create a nonpartisan cost for being negative on crypto and tech," the venture capitalist added. "People need to know there are consequences."

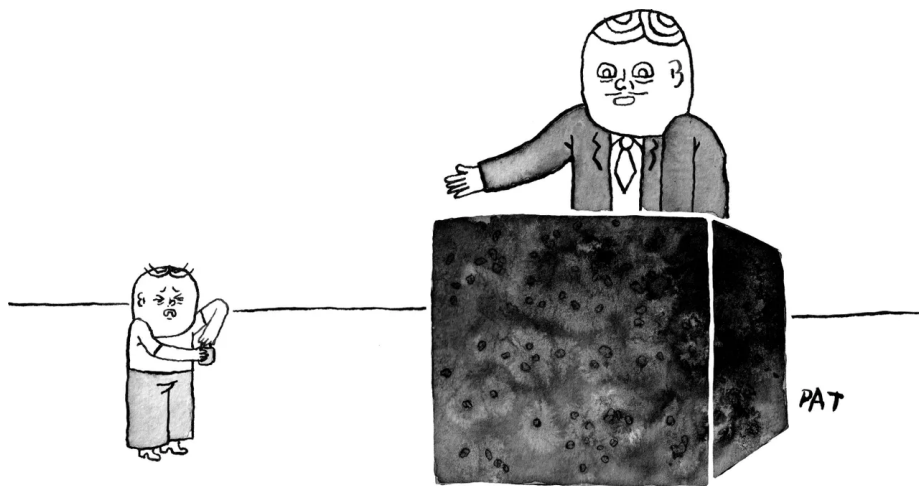
To make this point, Lehane and Fairshake wanted to find a contest in which the group's spending was certain to attract national attention. Fairshake compiled a list of high-profile races, and near the top was the fight to replace Dianne Feinstein in California. The obvious target was Porter, whose strongest opponent in the Democratic primary was [Representative Adam Schiff](#). California was reliably blue, and so, if Fairshake helped defeat Porter, the group wouldn't get blamed for handing a seat to the Republicans. What's more, California's primary occurred on March 5th—early in the campaign season—which meant that Porter's race would get lots of attention and Fairshake would have time to broadcast its involvement and petrify candidates in other states. Because Porter was friendly with Elizabeth Warren, she could be painted—fairly or not—as anti-crypto. Best of all, many polls indicated that Porter was unlikely to win the primary anyway, so if the super PAC "went in with a big spend, and made a big splash and she lost, Fairshake could take the victory lap regardless of whether it tipped the scales," the Coinbase employee said. The calculation was prescient: Fairshake's spending helped doom Porter in the primary, and the general election appears to be a lock for Schiff (who got an A from Stand with Crypto). As another political operative put it, "Porter was a perfect choice because she let crypto declare, 'If you are even *slightly* critical of us, we won't just kill you—we'll kill your fucking family, we'll end your career.' From a political perspective, it was a masterpiece." Porter will be out of government at the end of this year.

After Porter's defeat, many politicians who had once treated crypto with disdain or hostility suddenly became fans. In May, two months after Porter's defenestration, a pro-crypto bill

came up for a vote in the House. In previous years, similar bills had languished amid tepid Republican support and strong Democratic opposition. The new bill—known as the Financial Innovation and Technology for the 21st Century Act—was openly opposed by President Biden. But it sailed through the House, with nearly unanimous Republican backing and seventy-one votes from Democrats. The Senate Majority Leader, Chuck Schumer, recently joined a Crypto4Harris virtual town hall and promised that passing the legislation this year is “absolutely possible,” adding, “Crypto is here to stay.” The Democratic senator Sherrod Brown—a longtime crypto critic—is running for reelection in Ohio, where Fairshake has directed forty million dollars to ads in support of his opponent; Brown has lately been tempering his public criticisms of the industry. Earlier this year, crypto donors indicated that they might get involved in Montana’s Senate race, where the incumbent Democrat, Jon Tester, once a crypto skeptic, is facing a difficult fight. Soon afterward, Tester voted to weaken S.E.C. oversight of cryptocurrencies, earning him the unusual grade of “C (Neutral on crypto).” It looks like Fairshake will stay out of Montana as long as Tester keeps voting the right way. A similar dynamic occurred in Maryland: after the super *PAC* threatened to take sides in the Democratic Senate primary there, both major candidates proclaimed their pro-crypto bona fides.

In total, Fairshake and affiliated super *PACs* have already spent more than a hundred million dollars on political races in 2024, including forty-three million on Senate races in Ohio and West Virginia, and seven million on four congressional races, in North Carolina, Colorado, Alaska, and Iowa. Three and half million dollars was used to help vanquish two left-wing representatives who were members of the so-called Squad: Jamaal Bowman, of New York, and Cori Bush, of Missouri. Of the forty-two primaries that Fairshake has been involved in this year, its preferred candidate has won eighty-five per cent of the time. The super *PAC*’s latest filings indicated that it had more than seventy million dollars to spend in the remainder of the election cycle. Its donations to political candidates are on par with those of the oil-and-gas industry, the pharmaceutical industry, and labor unions.

Just as Airbnb sought to change the conversation around Proposition F by proposing various concessions—paying taxes and sharing data—the crypto industry has become a vocal proponent of a seemingly solutions-oriented fix: new regulations for cryptocurrencies and the blockchain. Critics, however, say that these proposals are self-serving. A central dispute between the crypto industry and regulators concerns whether cryptocurrencies are securities—akin to, say, a share of Apple, the sale of which is governed by strict investor-protection laws—or commodities, like a bushel of corn, which can be sold with very little government involvement. Most fiat currencies—that is, those issued by governments—are used primarily to buy such things as food and clothing, rather than to gamble on the rise and fall of exchange rates. Cryptocurrencies, in contrast, are often difficult—or, in some cases, impossible—to use for purchasing physical goods, and they are frequently held by speculators solely as a wager that their value will rise. There are several thousand cryptocurrencies in existence. A few—most notably, Bitcoin and Ether—are considered commodities. The statuses of most of the rest are up for debate.



“Now, to demonstrate that he has come of age, Jeffrey will open a childproof bottle of acetaminophen in front of all his friends and family.”

Cartoon by Patrick McKelvie

Many within the industry want Congress to pass regulations that would treat mainstream cryptocurrencies as commodities, which are overseen by the Commodity Futures Trading Commission, a relatively sleepy agency that most people have never heard of—and that tends to be less belligerent than the S.E.C. If the C.F.T.C. becomes the primary regulatory body for crypto, it's likely that the stream of lawsuits and fines against large crypto companies will slow or cease. More important, selling Dogecoin (the cryptocurrency associated with a Shiba Inu dog), Dentacoin (“the only cryptocurrency by dentists, for dentists”), or CumRocket (cryptocurrency for the pornography aficionado) would become significantly less risky, and more profitable.

People in the government think that this would be disastrous. “A lot of these tokens, frankly, have no real utility, no actual use, and they're just for gambling or scamming people,” an official familiar with the S.E.C.'s thinking told me. “We already have regulations in place that have protected investors in these kinds of situations for decades. Crypto just doesn't want to abide by them. If your entire business plan is asking ‘Can we get Kim Kardashian to tweet about us?’ and then taking people's money, the government needs to be involved.”

In fact, convincing average Americans that the crypto industry is a wholesome, customer-friendly place has been a tough sell: polls indicate that most people do not consider the crypto sector to be safe. Lehane's colleagues within the industry have therefore shifted their tactics slightly. Getting Congress to pass friendly legislation is still a priority, but this push is now being presented as being in service of much loftier aims: protecting innovation, entrepreneurialism, and America's future.

In July, Marc Andreessen and Ben Horowitz, of the [Andreessen Horowitz venture fund](#), made a ninety-one-minute video accusing President Biden of weakening America. Andreessen said to Horowitz, “There's been a brutal assault on a nascent industry that I've just—I've never experienced before. I'm in total shock that it has happened.” Horowitz replied, “They've basically subverted the rule of law to attack the crypto industry.” These and other government actions, they said, threatened to doom America's economy, technological superiority, and military might. And Biden, by refusing to embrace various tech-industry proposals, was allowing China to leap ahead. “The future of technology, and the future of America, is at stake,” Horowitz declared. The two men were so concerned, they said, that

they had no choice but to endorse Donald Trump in 2024. (They also noted that, under Biden, billionaires like themselves might have to pay more in taxes. But that issue received less airtime.)

To people inside the crypto industry, the video—which received a huge amount of attention, prompting online co-signs from Elon Musk and various other titans—was a masterstroke. As the Coinbase employee put it, “Now you’ve got Andreessen and Musk and all these other rich, powerful guys saying that crypto is part of a bigger debate. It’s about an attack on American innovation and progress and the future of the country! It changed the conversation from ‘Is cryptocurrency a scam?’ to ‘Does Biden even care about middle-class entrepreneurs?’ ”

Even though Lehane opposes Trump’s candidacy, and had nothing to do with the video, Andreessen and Horowitz’s move was right out of the Lehane playbook. Lehane had done such a good job teaching the Valley how to play politics that others could now mimic his gambits. In July, Lehane joined Coinbase’s board of directors. “Chris is a genius,” the Coinbase employee said. “I don’t know how he comes up with this stuff, but he can change reality. He makes magic happen.”

The annual conference for Bitcoin enthusiasts isn’t an event at which politicians usually appear. The affair often draws more than twenty-five thousand people, many of them distrustful of government. Wandering around the sea of booths, you can get a free vodka shot at 10 *a.m.* or discuss “tax-avoidance strategies” that fall somewhere between fraud and fantasy. People sell Edward Snowden T-shirts and crypto-themed board games. It’s a safe haven for enthusiasts of Panties for Bitcoin. But when the event took place in Nashville, in July—at a venue just a few blocks from the Redneck Riviera bar, where women were offering to lift their shirts in exchange for some of “that bit stuff”—it was teeming with political luminaries. There were eight senators, nearly a dozen representatives, and countless candidates for national and state office, some of whom launched into impromptu speeches whenever the techno music paused. The star attraction, however, was Donald Trump.

The event’s appearance on the Presidential campaign circuit—and Trump’s willingness to spend one of his campaign days in a state he’s guaranteed to win—confirmed that the crypto campaign initiated by Lehane was having an effect. When Trump gave a speech before a standing-room-only crowd in orange wigs and “Make Bitcoin Great Again” hats, he pledged, “On Day One, I will fire Gary Gensler”—the S.E.C. head. This prompted a standing ovation and choruses of pro-Trump chants. A man standing near me FaceTimed his wife and insisted that she watch the speech, even though she was in the delivery room where their grandchild was being born.

[Trump’s embrace of crypto](#) was a hundred-and-eighty-degree turn. As President, he had tweeted that he was “not a fan” of cryptocurrencies, which “are not money” and “can facilitate unlawful behavior, including drug trade and other illegal activity.” He continued, “We have only one real currency in the USA. It is called the United States Dollar!” Later, he said that Bitcoin “just seems like a scam.” But after leaving office Trump began seeking out new revenue sources, such as selling non-fungible tokens—a type of digital content hosted on the blockchain. This earned him a reported \$7.2 million in 2023. Trump was convinced. His current Presidential campaign was among the first to accept cryptocurrency donations. He recently announced that—presumably in exchange for compensation—he’d become the “chief crypto advocate” for World Liberty Financial, a company led, in part, by an entrepreneur who’d reportedly sold marijuana and weight-loss products. Before Trump took

the stage in Nashville, he hosted a “roundtable” fund-raiser with crypto investors, many of whom paid more than eight hundred thousand dollars to attend. Conference organizers have said that Trump raised twenty-five million dollars there.

When Trump spoke at the conference, it was clear that he had been, in the parlance of Bitcoin fans, “orange-pilled.” He promised that, if elected, he would direct the federal government to hold billions of dollars’ worth of cryptocurrency reserves. The U.S., he proclaimed, would become the “crypto capital of the planet and the Bitcoin superpower of the world!” Trump began echoing the crypto campaign’s talking points. “If we don’t do it, China is going to be doing it!” he said.

You might think Trump’s newfound veneration of Bitcoin would have delighted Lehane. It didn’t. Rather, it suggested that his campaign might be working a bit *too* well. As with Airbnb, Lehane doesn’t want the crypto industry to become firmly associated with either Democrats or Republicans, because then it will be impossible to pass legislation around it. And virtually any policy championed by Trump becomes a partisan matter by default.

President Biden’s announcement, in July, that he was dropping out of the race seemed to offer the crypto industry an opportunity for a reset with the Democrats. The ascension of Vice-President Kamala Harris, a Californian with a tech-friendly record, raised the possibility of balancing the partisan scales. In a September speech about her economic plans as President, Harris pledged that the U.S. would “remain dominant in A.I. and quantum computing, blockchain, and other emerging technologies.” The détente seems to be working: on October 4th, Ben Horowitz, the venture capitalist who had appeared in the video attacking Biden, [told his employees](#) that he and his wife would be making a personal donation to “entities who support the Harris Walz campaign”—in no small part because some private conversations he’d had with Harris and her team made him “very hopeful” that, as President, she’d abandon Biden’s “exceptionally destructive” crypto policies. Lehane, for his part, has donated thirty-five thousand dollars to Harris’s campaign (and nothing to Trump’s).

In the meantime, however, the crypto coalition that Lehane helped to build has begun fraying—a victim of the same partisan divides that plague the rest of the nation. In August, Ron Conway, the California power broker who had given half a million dollars to Fairshake, e-mailed the super PAC’s other funders, including Andreessen and Armstrong, to complain that the campaign was alienating Democratic lawmakers. “How short sighted and stupid can you possibly be,” he wrote. Fairshake’s donations to unseat Senator Brown in Ohio were, Conway said, a “slap in the face” to Schumer. “NOT ONE PERSON BOTHERED TO GIVE ME A HEADS UP THAT YOU WERE DOINIG THIS,” he continued, proving that billionaires also ignore spell-check. “We have two factions: a moderate faction and a Donald Trump faction (Brian and Marc). . . . I have been working too long with people who [do] not share common values and that is unacceptable.” He went on, “Because of your selfish hidden agendas it is time for us to separate. . . . I will no longer compromise myself by associating or helping.”

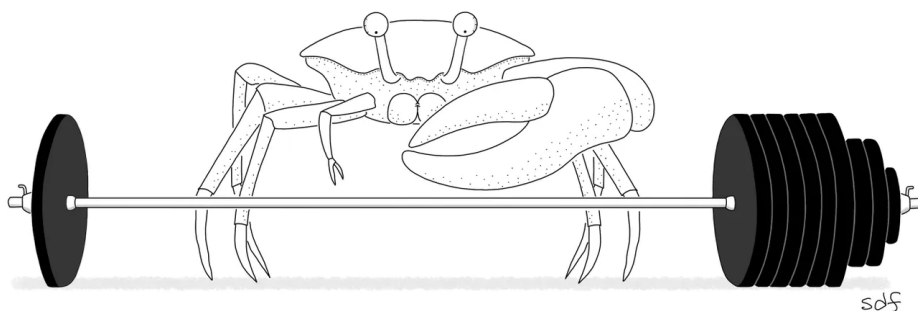
Republican leaders began making parallel complaints. When Andreessen and crypto executives joined a Republican congressional retreat in Jackson Hole this past summer, attendees expressed fury over the fact that Fairshake had spent money on ads supporting the Democratic candidates in the Arizona and Michigan Senate races—contests that might well decide which party takes control of the chamber.

Whether or not Lehane’s coalition holds together, one thing is clear: Silicon Valley has

become part of a tradition that stretches back to Boss Tweed. Tech has learned how to politick. To paraphrase Ronald Reagan, the industry is mastering the world's second-oldest profession by studying the techniques of the first. Tech's money and emerging political savvy mean that its interests—crypto, the sharing economy, ungoverned social media—are here to stay. For the S.E.C., Silicon Valley's turn has sparked something close to terror. "If crypto wins, you're going to see financial firms suddenly saying their products are on the blockchain, and they'll drive billions through that loophole," the official familiar with the S.E.C.'s thinking told me. "We saw this happen with savings and loans, and with mortgage derivatives, and with regional banks, and it always ends badly. Something's going to blow up, and a lot of people are going to get hurt." Even the people who have worked on Lehane's campaign aren't certain that they're doing the right thing. "Yeah, the Valley is more sophisticated now, but that doesn't mean it's good for the public," the Coinbase staffer told me. "The public gives zero shits if crypto is a security or a commodity. What's really important to them—How do I protect myself? How do I know which coin is safe?—that's not part of the conversation. This isn't enlightened debate and discussion. This is about using money to be a bully, so everyone knows you're the scariest ones on the playground."

There are two ways of looking at Silicon Valley's new political sophistication. The first is that it is a manifestation of how a modern democracy is supposed to work. As Peter Ragone, the prominent Democrat consultant, put it, "I'd rather have people getting involved and getting their hands dirty—being willing to talk about regulation and saying their opinions in public—than a situation like the past, where all the rich guys cut deals in back rooms." Many of America's proudest political battles—the fights for marriage equality, universal suffrage, environmental protections—succeeded only because they were backed by supporters with deep pockets and fierce tenacity, advantages that the tech industry also has. And no amount of money can decide an election unless the voters agree with the agenda. "You don't get to take office unless you have a majority, or close to a majority, of people agreeing with you, no matter how rich you are," Ragone said. In this view, tech-industry proponents, like many Americans, have simply learned to advocate for a cause, build a coalition, and make sure that their voices are heard.

The other way of viewing the Valley's political exertions is as a symptom of systemic rot—as proof that American governance and legislation have become so perverted by money that it is nearly impossible for people other than billionaires to further their agendas. This dynamic can be seen as particularly dangerous given that the U.S. economy has dumped lavish riches on a tiny group of disaffected, defiantly unaccountable technologists. As many critics of Silicon Valley see it, today's startup founders and venture capitalists are, like the nouveaux riches of previous eras, using their wealth for selfish aims. In doing so, they have revealed themselves to be as ruthless as the robber barons and industrial tyrants of a century ago—not coincidentally, the last time that income inequality was as extreme as it is today.



Lehane, for his part, acknowledges that our political system is flawed, but he believes he's making it better. He's been successful, he told me, only because he's worked with so many talented colleagues devoted to building a better, fairer world. "For me, it's always been about 'Can you give the little guy a much bigger knife to cut a much bigger piece of the economic pie?' " he said. As he sees it, Airbnb fought large hotel chains so that teachers and nurses could earn extra money by renting out their empty bedrooms. Coinbase has given people a way to sidestep the big banks and their onerous fees. Many entrenched industries have used politics to benefit themselves at the public's cost. It's only fair, Lehane argues, to let Internet upstarts fight for their agenda; he says his advocacy is rooted in a passionate belief that tech, if regulated wisely, can help the powerless get their share.

Of course, this mission has also made Lehane very wealthy. (He declined to disclose precisely *how* wealthy.) "But, at the risk of being incredibly hubristic, there's a lot of places I could have gone to make money," he said. What motivates him, he added, is a righteous battle. His X profile features a photograph of him in boxing gloves, grimacing mid-punch.

In August, OpenAI, the artificial-intelligence giant, announced that it had hired Lehane as its vice-president of global affairs. Unlike the battles that he's fought at Airbnb and Coinbase, where the ideological lines of combat have been easy to define, the political fights over artificial intelligence are murkier and more nascent. There are numerous stakeholders with competing interests within the tech industry itself. Marc Andreessen, for one, has called for little to no additional regulation of underlying A.I. technologies, because, he wrote in a jeremiad last year, hampering the development of technology that might benefit humanity "is a form of murder." In other words, "any deceleration of AI will cost lives." He left it unsaid that creating regulations would also likely make it more difficult for him and other venture capitalists to find fast-growing companies to invest in, thereby denying them profits.

On the opposing side is a contingent of A.I. engineers who believe that their creations may soon become powerful enough to exterminate most of humanity. Regulation, therefore, is urgently needed to insure that only the most enlightened technologists can practice this mysterious alchemy. The technologists pushing these arguments, inevitably, place themselves among those enlightened few, and their "more responsible" visions of A.I. development often align with the business plans of their own startups.

Somewhere in the middle is Lehane and [OpenAI](#). The company made an opening salvo in July, when its chief executive, Sam Altman, published, with Lehane's support, an op-ed in the *Washington Post* which portrayed the fight around A.I. regulations as one pitting democracies against authoritarian regimes. "The bottom line is that democratic AI has a lead over authoritarian AI because our political system has empowered U.S. companies, entrepreneurs, and academics," Altman wrote. But that lead is not guaranteed, he continued, and it can be protected only if Congress passes regulations that encourage important software advances—like OpenAI's ChatGPT chatbot—and also prioritize "rules of the road" and "norms in developing and deploying AI." OpenAI, Altman indicated, is prepared to accept substantial constraints on data security and transparency, and it supports the creation of a government agency to regulate A.I. development and use.

This rhetoric may sound high-minded, but—not surprisingly—Altman's position is also somewhat self-interested. The company's smaller rivals would probably find such rules and norms expensive and cumbersome, and therefore have a harder time complying with them

than OpenAI would. The op-ed was also an example of Lehanian reframing: instead of talking about big A.I. companies competing with small startups, or about the inevitable tensions between rapid technological leaps and slower but safer progress, Altman recast the A.I. battle as one between good and evil. And Silicon Valley, in this story line, is the home of virtuous superheroes.

Some observers of the A.I. industry find this perspective cynical. Suresh Venkatasubramanian, a professor of computer science at Brown, is a co-author of the White House's "Blueprint for an AI Bill of Rights," which urges regulations on data privacy and transparency, and protections against algorithmic discrimination. He told me, "You notice OpenAI doesn't want to talk about its alleged theft of copyrighted materials, which is definitely anti-democratic and, if true, definitely anti-American." (ChatGPT was developed by inhaling texts from the Internet without paying—or, for the most part, crediting—their authors; OpenAI claims that this is fair use.) What's more, Altman's reframing elides important issues that democratic nations might disagree on, such as what kinds of privacy regulations ought to govern A.I., and who should pay for the environmental costs of A.I. data centers.

But Lehane's strategy of putting Altman forward as a strong political voice guarantees that OpenAI, and the A.I. industry as a whole, will continue to influence the American political conversation for years to come. Venkatasubramanian told me, "The goal is to get a seat at the table, because then you have influence over how things turn out." The A.I. industry's influence is already being felt in state capitals. Workday, a giant human-resources software company, has been lobbying in several states to add what could be a subtle loophole to legislation about "automated decision tools" in the workplace. Companies that, like Workday, sell A.I.-enhanced software for hiring employees would essentially be immune from lawsuits over racial discrimination, or other biases, unless a litigant could prove that A.I. was the "controlling" factor behind the rejection of a candidate. "It all comes down to just one word in the legislation," Venkatasubramanian said. "One word makes all the difference, and if you are at the table, and involved in the conversation, you can nudge that word into the legislation, or out of it."

Even Lehane admits that the A.I. campaign is in its early stages. The exact pressure points aren't quite clear yet. Alliances and enmities are constantly shifting. What is certain, though, is that Silicon Valley will continue to bully and woo politicians by deploying money—and its giant user base—as a lure and a weapon.

Things could change: the robber barons of the Gilded Age were eventually brought down; twentieth-century industrial tyrants were, over time, shamed into retreat. The most well-known tech companies—Google, Apple, Meta, and Amazon—have become *bêtes noires* to people on both the right and the left. (So far, though, this seemingly hasn't done much to harm profits, or to cow executives.) Democracy, in all its mess and glory, may prevail. The only fixed truth about technology is that change is inevitable. Most of the tech industry "has run independent of politics for our entire careers," Andreessen wrote when he announced that his political neutrality was over. Going forward, he would be working against candidates who defied tech. As Andreessen saw it, he didn't have a choice: "As the old Soviet joke goes, 'You may not be interested in politics, but politics is interested in you.' " ♦