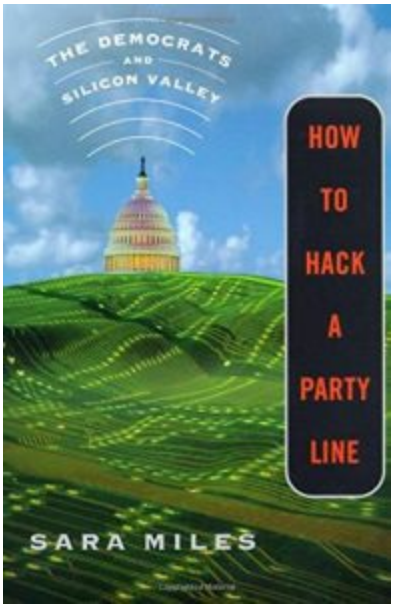

Book How to Hack a Party Line

The Democrats and Silicon Valley

Sara Miles
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Recommendation

Sara Miles unfolds a political saga as if it were a gripping novel. The story begins with political activist Wade Randlett, who forged a coalition of Silicon Valley's leading tech CEOs and venture capitalists to support the New Democrats. Miles starts with Randlett's arrival in the Valley. She shows how, in 1996, Randlett lined up Bill Clinton's opposition to Proposition 211 (allowing uncapped suits against high-tech companies), helping to swing many apolitical or Republican tech leaders to the New Democrats. Miles traces the Valley's growing relationship with Clinton, Gore and other New Dems, which held up until the rise of George W. Bush. Miles' fascinating story may seem like ancient history (though it's only 1996 to 2000) now that the dot-com storms have diluted the New Economy's power. Otherwise, *BooksInShort* strongly recommends this intriguing look at a particular patch of political history, when the New Economy was strong, and everybody wanted to be a friend of the Valley.

Take-Aways

- In 1996, political consultant and fundraiser Ward Randlett started building a Silicon Valley political machine for the Democrats.
- Randlett succeeded because he got venture capitalist John Doerr involved.
- The fight against California's Proposition 211, allowing shareholders to file uncapped suits against tech companies, mobilized Silicon Valley.
- The libertarian, capitalist ideals of the digital revolution's leadership were aligned with the business-oriented New Democrats.
- The Democratic Leadership Coalition led the New Democrats movement.
- Democrats benefited from creation of the Technology Network, a bipartisan group of Valley CEOs.
- Doerr, Randlett and other Silicon Valley executives went to Clinton's second inauguration, hoping to become a link between the Valley and the administration.
- Randlett and Doerr nurtured a relationship with the tech-inclined Al Gore.
- Gore's relationship with Silicon Valley flagged when he allied himself with the Democratic Party's liberal wing.
- George W. Bush's centrist position undermined Democrat influence in the Valley.

Summary

The Silicon Valley Political Machine

In 1996, the Silicon Valley phenomena was just emerging into national awareness and the high-tech community did not have a political presence, much less a political machine. Ward Randlett, a 20-something, independent fund-raiser and political consultant, had been working out of San Jose, hustling funds for major Democratic Party figures, such as Dianne Feinstein, John Garamendi and Art Torres. Randlett had gained a great skill in campaign fund-raising, getting even strangers to write large checks. Now he thought he had a good chance to build Silicon Valley's first political machine.

> "When the Silicon Valley phenomena first burst upon the national consciousness, it was packaged not as a business but as a 'digital revolution' - thanks largely to the efforts of Wired magazine, which contributed heavily to the hype."

Upon analysis, Randlett also believed that the Democrats would be more successful in California if they moved toward the center, since voters had become more centrist in the mid-1990s, rather than liberal or very right wing. He thought he saw a good fit between the Valley's ethos and the ideals of the New Democrats, who were drawn more to business than the traditional labor and minority supporters of liberalism.

> "The New Democrats who triumphed with Clinton in 1992 were a perfect match for entrepreneurs whose bedrock conviction was that the rules of the market guided all human endeavor."

Randlett began campaigning to link Washington and Silicon Valley at the time when breakthroughs in microprocessors and personal computers had spread wealth around the Valley. This established a culture that valued technical innovation and big business. In 1995, at the beginning of the Internet era, Wired magazine touted a new "digital revolution." That revolution's politics were "defiantly libertarian and proudly capitalist," much like those of the magazine's publisher, Louis Rossetto. The Valley's leaders strongly believed that business was the major force behind innovation and social progress, not government or civic institutions, and that their high-tech community represented the cutting edge of a new culture. Randlett felt this reflected his centrist Democratic principles, and, as a result, further believed that he could create a Silicon Valley political machine. Yet, few in the Valley were interested in politics, being entirely focused on making money and thinking about the digital future. Many older local businesspeople were Republicans, but Randlett was convinced he could energize the uncommitted and convert the unconvinced.

> "In Silicon Valley itself in 1996, what was clear was the amazing mix of ideas, products, technologies and companies - many of which would eventually crash and disappear - that made up the landscape."

Meanwhile, the new centrist Democratic group was still small and not very powerful. Though Bill Clinton's 1992 election helped Democratic Leadership Coalition (DLC) members believe that their New Democratic politics were gaining support - including growing business support - the DLC was just a small organization most skilled at polling and writing policy papers. Though it espoused pro-business rhetoric, most of the New Democrats were based in Washington and didn't really know how to reach out to supporters; Randlett was their bridge.

Organizing Silicon Valley

In the summer of 1996, as the presidential campaign came down it its last few months, Randlett began actively courting Silicon Valley insiders to build a Democratic machine after the campaign. Then Randlett met venture capitalist John Doerr of Kleiner Perkins Caufield & Byers, which was at the forefront of providing venture capital to the high-tech companies. Many considered Doerr, age 45, to be the most powerful, best connected man in Silicon Valley. He became a billionaire by backing successful Silicon Valley companies like Sun Microsystems, Compaq and Intuit. He not only backed them and held equity in them, he sat on their Board and advised them, creating a network of companies with interlocking directorships and central financing.

> "Wade Randlett and John Doerr kept talking over their vision for helping Silicon Valley to become as powerful politically as it was economically. At the core of their plan was the concept that they referred to as 'New Economy.'"

Doerr was already poised to fight the Proposition 211 ballot initiative and Randlett joined him. Bill Lerach, head of the American Trial Lawyers Association, backed Prop 211, which permitted shareholder lawsuits against executives in California. It prevented companies from indemnifying officers or directors who were found personally liable in investor fraud suits. Silicon Valley executives thought Prop 211 promoted litigation, made them personally liable in investor fraud suits and made executive recruiting difficult for high-tech start-ups.

> "Wade Randlett, in his early twenties, had hurled himself into politics. Now he was playing in the big leagues, building Silicon Valley's first political machine."

Randlett, aware that beating 211 could be the single most important thing he could do to establish his credibility with Silicon Valley's elite, helped raise funds for the Valley's first political action committee - the California Technology Alliance (CTA). The fledgling group that mobilized for the "NO ON 211" campaign helped create a new energized political awareness in Silicon Valley. Randlett thought that once he showed he was effective and could be trusted, he could lead previously apolitical executives into the Democratic Party and turn nominally Republican executives into Democrats. He deferred to Doerr on any decisions and he shared his political contacts in Washington with Doerr to make himself an indispensable go-between. Randlett played a number of roles, including working for the DLC to organize Silicon Valley around its New Democrat principles, getting high-tech executives to provide funds for local Democrats and acting as director of the CTA.

> "The Democrats had become a minority party, he felt, because they had failed to recognize that the overall sentiment of voters in the mid-1990s was centrist, not liberal or extreme right-wing."

This organizational work had an important result: Bill Clinton, who initially supported Proposition 211, changed his position. Randlett actively lobbied the White House for this result. He set up meetings with DLC member Simon Rosenberg and Celia Fischer, head of the California's Clinton-Gore Campaign. Once lobbied, Clinton realized that the wrong position on Prop. 211 would undermine his Silicon Valley support and finally changed his position. A major press event was set up that included a White House conference call with 75 of the Valley's leading executives. They formally endorsed Clinton and Gore. For Clinton, this was a major turning point in identifying himself and his party with a pro-business, New Democratic position. Silicon Valley had used its growing political clout for the first time.

Washington Clout and Connections

After Clinton won re-election, Randlett, Doerr and other top Silicon Valley executives headed to his inauguration. They used the trip to put a human face on the Valley's support of Clinton and Gore, and to promote their role as a link with Silicon Valley.

> "Wired attempted to brand the politics of the digital revolution as being defiantly libertarian and proudly capitalist."

Thereafter, Randlett and other Silicon Valley leaders continued to lobby in Washington to promote Silicon Valley's agenda. For example, after the election, Randlett brought Tim Newell, senior adviser to the White House chief of staff, to California and introduced him through a series of meetings at Kleiner Perkins. Newell was later transferred from the Office of Science and Technology Policy, apparently because his superiors felt threatened by his politicking, Doerr called the Vice President and got Newell rehired and reassigned to Gore's office. where he became an advocate for the interests of the Silicon Valley.

> "In the Valley, almost everyone shared the magazine's absolute faith in technology. They believed, without question, its basic assumption that business, rather than government or civic institutions, was the driving force behind all innovation, progress and social well-being."

Randlett and Doerr nurtured their close relationship with Gore, who was especially responsive to the high-tech agenda. For instance, they set up a series of monthly get-togethers called the "Gore-Tech" sessions, in which top executives from the biggest new companies met with Gore to discuss policy and the New Economy. A growing number of New Democrat congressmen also began attending meet-and-greet get-togethers.

> "Randlett understood quite well that Silicon Valley's sense of itself as representing the cutting edge of a new culture had potential."

The birth of the Technology Network or TechNet, a bipartisan membership organization of the CEO's of the Valley's leading companies, was another key development. The group, created by John Doerr, and Jim Barksdale, the CEO of Netscape, set up its own political-action committee, the first industry-wide PAC in Silicon Valley. It planned to distribute at least $2 million to both Democratic and Republican candidates in its first year. To obtain funds, Doerr required companies who wanted to join to contribute a minimum of $10,000. TechNet hired Randlett as the Democratic political director and Dan Schnur as the Republican political director. Both raised money and lobbied for TechNet in Sacramento and Washington and both worked closely with Doerr to promote the group as a channel for political giving. They emphasized that contributions from TechNet helped Silicon Valley get attention in Washington, especially because it donated directly to candidates. The group focused on two key issues, federal securities litigation reform and education, where TechNet supported national standards, stricter testing, accountability and charter schools.

> "Clinton's election in 1992 confirmed the DLC's (Democratic Leadership Council) belief that its New Democrat politics were gaining ground - and that it was attracting a 'core' of business support."

Randlett used these issues and his position with TechNet to gain support for the Democrats, and soon surpassed Schnur in his outreach. Within a few months, Washington insiders saw Randlett as the man really in charge of TechNet.

A Fractured Friendship

Though hopes were high, some bugs developed in the relationship between Silicon Valley and Washington in 1997 and 1998. Style was a problem, since high-tech business is anchored in speed, efficiency, rationality and return on investment, while Washington and politics work slowly, illogically and chaotically. The government and Silicon Valley disagreed about encryption. The administration supported export controls on encryption software, fearing terrorists and enemy states could use it, but Silicon Valley supported free trade and privacy.

Then, the Department of Justice began its antitrust case against Microsoft in 1998, and filed another case against Intel. While many in Silicon Valley resented Microsoft's growing clout, they also feared increasing government oversight and regulation. The administration and Silicon Valley also differed over the H1-B visa program, which allowed qualified technical workers to enter the U.S. on temporary visas to work at particular companies. The Valley, which faced a tight labor market and an insufficient number of U.S. engineering graduates, wanted more H1-B visa slots, but the labor unions resisted and the White House waffled on supporting the Valley's position.

Meanwhile, the Monica Lewinsky scandal erupted, apparently distracting Clinton from Silicon Valley's issues, though Valley executives cared little about what he had done. The scandal was irrelevant to their main interest: making money in the rapidly expanding economy. However, the rapid right wing response against Clinton and the GOP's immigrant bashing strengthened the New Democrats' position. Randlett used this to gain local support for gubernatorial candidate Gray Davis against the hard-right conservative Dan Lundgren.

The New Republican Alliance

Other difficulties helped undermine Silicon Valley's power. Clinton's problems led him to reach out to the more traditional labor and liberal wings of the party for support. As Randlett sought to help Gore - who began running for President soon after the 1996 election - Gore's supporters were more interested in Randlett's fundraising than in his political advice or the policy guidance of the high-tech CEOs he approached for contributions. Conflicts between Silicon Valley leaders and Microsoft led to the gradual decline of Silicon Valley's influence. At the same time, expansion of high-tech businesses, especially in the Seattle area, meant that other high-tech power centers were emerging.

The Democrat's influence in the Valley was also harmed in the spring of 2000 as the Republicans moved away from their party's right-wing extremism and began to pursue a more moderate, big-tent, centrist agenda that appealed to business. As a result, George W. Bush began actively courting Silicon Valley and effectively raising local funds. Meanwhile, Gore's relationship with John Doerr deteriorated in the face of candidate Gore's lackluster campaign and Gore began increasingly pitching himself to working families instead of promoting the New Economy. Then the high-tech bubble burst, which undermined the influence of Silicon Valley network, and Al Gore lost the U.S. presidential election.

About the Author

Sara Miles has covered the politics of Silicon Valley for *The New York Times Magazine, Wired* and *Wired News.* Her work has appeared in numerous publications including *The New Yorker, The New York Times, Mother Jones* and *Out Magazine*.