

# COMPUTERWORLD

## Silicon Valley stays quiet as Washington implodes

Tech lobbyists offer three post-crisis political outcomes for the tech industry

By Patrick Thibodeau October 14, 2013

In a better time, circa 1998, Cypress Semiconductor founder and CEO T.J. Rodgers gave a provocative speech, titled: "Why Silicon Valley Should Not Normalize Relations with Washington D.C."

This speech, at the Cato Institute Forbes Conference on Technology and Society, is important to the understanding of Silicon Valley.

The valley may vote overwhelmingly Democratic in elections, but it has a very strong libertarian streak -- it doesn't want Washington interfering with its business and start-up culture.

Rodgers argued that the politics of Washington are antithetical to Silicon Valley's core values. "The very way it works, Washington undermines the free minds and free markets that are the cornerstone of Silicon Valley's success," said Rodgers, in a speech that raised issues with both political parties.

"The metric that differentiates Silicon Valley from Washington does not fall along conventional political lines: Republican versus Democrat, conservative versus liberal, right versus left," Rogers said.

"It falls between freedom and control. It is a metric that separates individual freedom to speak from tap-ready telephones; local reinvestment of profit from taxes that go to Washington; encryption to protect privacy from government eavesdropping; success in the marketplace from government subsidies; and a free, untaxed Internet from a regulated, overtaxed Internet," he added.

The issues Rodgers worried about -- government surveillance and Internet taxation, among others -- have only grown as tech industry concerns today. Rodgers has been one of but a few Silicon Valley business leaders to speak critically about the country's broad political direction. Former Intel chairman and CEO Andy Grove has been another vocal leader.

For the most part, though, if Silicon Valley leaders go public at all about something political, it is about a narrow policy issue.

It's not surprising, then, that the biggest issue in the country today, the federal government shutdown and threat of a U.S. default on the national debt, has been met by mostly silence from tech industry leaders.

The benefit of speaking up is questionable. Said one tech lobbyist on background: "Is rational pressure and discussion going to make irrational people act rationally?"

Broad criticism about the direction of government could upset key lawmakers, and lead to problems on specific bills. The large tech companies are, instead, letting their views known about the shutdown and default risk known through cross-industry organizations, such as Business Roundtable.

The tech lobby has interest in a long list of issues, including patents, copyright, and Internet taxation, that are now on hold.

The leading issue for many in Silicon Valley, arguably, is immigration. All the tech industry groups have pushed for immigration reform. It also drew a new arrival, Facebook's Mark Zuckerberg, and his Fwd.us.

The current mess in Washington has tech lobbyists now trying to figure out what happens after the shutdown and default issues are resolved. The predictions of several lobbyists, all speaking on background, follow.

Republican moderates emerge stronger, and that helps tech

If U.S. House Republican moderates can prevail and overcome Tea Party wing's shutdown demands, they may feel ennobled. They could become willing to fend off Tea Party challenges on issues important to tech, mostly immigration reform.

The biggest risk for moderates are primary challenges from Tea Party-backed candidates.

A damaged Republican brand may benefit tech

If polls show Republicans as the clear losers in the crisis, GOP legislators may feel a need to rack up some positive wins. Giving tech some of things it wants on policy issues may be one way of doing it.

The acrimony persists and tech gets nothing

It remains possible that the fiscal crisis could end badly.

A default sets the stage for economic upheaval. Even if a default is averted, the outlook for fixing problems important to tech may be poor. Relations between members of the two parties may well deteriorate to such a point that little can be accomplished.

The 113th Congress is on path to be the least productive since 1999, when measured by the number of substantive, non-ceremonial bills approved, according to Pew Research. That lack of productivity could continue until the mid-term elections.

The tech industry doesn't like dealing with Washington, but spends mightily for the privilege. The industry's lobbying spending grew from \$40 million in 1998, when Rodgers gave his speech, to \$133 million last year, according the Center for Responsive Politics.