

Does It Really Make Sense For Silicon Valley Companies To Make Friends In DC?

from the *politics-is-a-dangerous-game* dept

The common wisdom around Silicon Valley for the last twenty years or so, has been that companies here need to be much more active in Washington DC, and really should be more active on the lobbying front. The classic example of a tech company that didn't pay much attention to lobbying was Microsoft. And, more recently, it was joked about how Google was late to the game, and not very good at it when it started (I remember the stories of Sergey Brin showing up in DC in [silver mesh sneakers and a t-shirt](#) and finding it hard to get meetings with Congressional reps). Yet, with reports that Facebook is trying to [buck this trend](#) with a strong DC presence (including possibly hiring former Obama press secretary [Robert Gibbs](#)), DCer Adam Thierer makes the case that [tech companies "normalizing relations" with DC is a bad, bad idea](#), because when you get into the lobbying game, inevitably, you become focused on using politics to limit others, rather than on your own ability to innovate.

It's the same basic argument that [Andy Kessler discussed](#) in his recent guest post (and in his new book, [Eat People](#)) concerning the difference between entrepreneurs who create value... and those who use politics to lock up value.

In an essay I penned for the Cato Institute last November entitled "[The Sad State of Cyber-Politics](#)," I reiterated arguments made a decade earlier by two brilliant men: Cypress Semiconductor CEO T. J. Rodgers and the late great Milton Friedman. Rodgers penned a prescient manifesto for Cato in 2000 with the provocative title: "[Why Silicon Valley Should Not Normalize Relations with Washington, D.C.](#)" in which he argued that, "The political scene in Washington is antithetical to the core values that drive our success in the international marketplace and risks converting entrepreneurs into statist businessmen." A year earlier, Friedman penned another Cato essay called "[The Business Community's Suicidal Impulse](#)" in which he lamented the persistent propensity of companies to persecute one's competitors using regulation or the threat thereof. What both men stressed was that coming to Washington has a tendency to change a company's focus and disposition, and not for the better – if you believe in real capitalism, that is, and not the abominable crony capitalism fostered by Washington.

As Adam notes, the companies like Facebook seeking greater attention in DC certainly aren't doing so with the explicit purpose of trying to limit others and seeking regulatory capture of some sort. For the most part, as he says, they're in "cover your butt" mode. But, once you get established, there certainly is a temptation to make use of that situation to limit innovation, limit competition, and push for policies that simply benefit a single company.

To be honest, I'd always gone with the conventional wisdom, that building up better relationships with folks in DC was a *good* idea. But Adam (and the others he links to) make a good point that's worth considering as well. Perhaps I'm too idealistic in that I believed that perhaps more people explaining and demonstrating how innovation really works, would get the message through to politicians. Instead, it seems there may really be a risk that the opposite happens: and how *DC politics* works is the message that gets through to tech companies. And that may not be a good thing.