

## The coming tech-lash

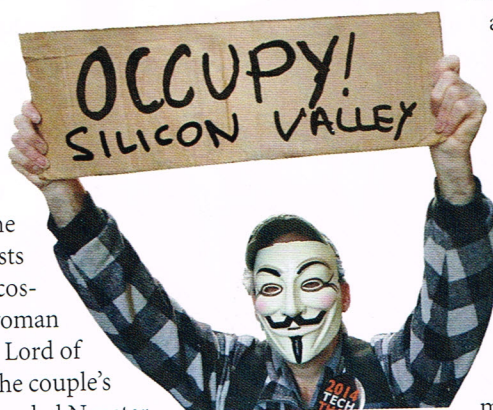
The tech elite will join bankers and oilmen in public demonology, predicts **Adrian Wooldridge**

Everyone should be forgiven a certain amount of self-indulgence on their wedding day. But Sean Parker's multi-million-dollar wedding last June in a forest in California's Big Sur stretched the bounds of forgiveness. The 364 guests were dressed in Tolkein-inspired costumes (designed and fitted by the woman who created the costumes for "The Lord of the Rings"). Sting sang one of the couple's favourite songs. Mr Parker, who founded Napster and was Facebook's first president, gave every guest a leather-bound volume relating the "fairy tale" of the couple's romance.

The *Hello* meets "The Hobbit" extravaganza may well mark a turning point in the history of the tech revolution. Hitherto the tech elite have been exempted from the backlash against the plutocracy. Occupy Wall Street's protesters made an exception when it came to the people who provided them with their iPhones and iPads. But one of the big developments of 2014 will be the growing peasants' revolt against the sovereigns of cyberspace. The Silicon elite will cease to be regarded as geeks who happen to be filthy rich and become filthy rich people who happen to be geeks.

So far they have succeeded in protecting themselves from the tax authorities and shareholders alike. Mark Zuckerberg owns 29.3% of Facebook. Larry Ellison owns 24% of Oracle. By contrast the largest single investor in Exxon Mobil controls only 0.04% of the stock.

Geeks have turned out to be some of the most ruthless capitalists around. A few years ago the new economy was a wide-open frontier. Today it is dominated by a handful of tightly held oligopolies. Google and Apple provide over 90% of the operating systems for smartphones. Facebook counts more than half of North Americans and Europeans as its customers. The lords of cyberspace have done everything possible to reduce their earthly costs. They employ remarkably few people: with a market cap of \$290 billion Google is about six times big-



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ger than GM but employs only around a fifth as many workers. At the same time the tech tycoons have displayed a banker-like enthusiasm for hoovering up public subsidies and then avoiding taxes. The American government laid the foundations of the tech revolution by investing heavily in the creation of everything from the internet to digital personal assistants. But tech giants have structured their businesses so that they give as little back as possible.

They are increasingly renouncing their Spartan past and instead making a splash with their money. Extravagant parties are multiplying: one tech-bash featured a 600lb tiger in a cage and a monkey that posed for Instagram photographs. Google maintains a small fleet of private planes and helicopters at a local airport. The oligarchs sit on top of a huge money culture: Silicon Valley is not only minting billionaires and millionaires but also thousands of young people who pull in more than \$100,000 a year. The oligarchs are also spending money on sci-fi flavoured projects, including private rockets to send billionaires into orbit and medical ventures to delay or even reverse ageing.

Top techies are upping their profile in politics. This is partly by design: they are employing an army of Washington lobbyists to advance their interests. Tech figures have even started to buy media outlets such as the *Washington Post* (Jeff Bezos) and the *New Republic* (Chris Hughes). Notoriety has also come by accident: America's giants, including Google, Microsoft, Yahoo and Facebook, have happily handed over data to the National Security Agency and are now reaping what they have sown.

### Another tech bubble goes pop

Growing political involvement will inevitably make these plutocrats powerful enemies. Right-wingers are furious with their stand on immigration. Others are furious with them for getting into bed with the national-security state. Everyone with any nous is beginning to finger them as hypocrites: happy to endorse "progressive politics" such as tighter labour and environmental regulations (and to impose the consequences of that acceptance on small business) just so long as they can export the few manufacturing jobs that they create to China.

"We live in a bubble," says Eric Schmidt, the chairman of Google, "and I don't mean a tech bubble or a valuation bubble. I mean a bubble as in our own little world." This little world has been protected from popular anger about inequality. The popping of the bubble will be one of the biggest changes in the political economy of capitalism in the coming year. ■