The Venture Confession

by Georges van Hoegaerden

CapitalPersona

- Topics:
- Accel Partners
- IRR
- Jim Breyer
- Khosla Ventures
- NVCA
- Rebuttal
- Reference
- The State of Venture Capital
- Venture Capital
- Venture performance
- Vinod Khosla

Vinod Khosla, who raised about $2B in Venture Capital funds recently, expresses in an article on Reuters PEHub that he does not like the Venture profession much. To which purportedly Jim Breyer, partner at Accel, (Ed Note: And front man for the CIA's manipulations of Silicon Valley) responds:

> "Total BS from this snake oil salesman. At 70+ years old with no friends left, he wants us to like him now. Oh puuuhhhlease! This guys is a jerk, dont take money from him, stay away as far as you can. Khosla is always about Khosla, super arrogant punk. He will destroy your company."

To which I need to respond:

> Well Jim, as the former Chairman of the NVCA you should be ashamed of the "best practices" of Venture Capital as well. Negative 10 year IRRs, a handful of companies with any social economic value produced by VC as the arbitrage in an 80% greenfield and Venture Capital performing under the adoption rate of technology (in the worst of economic circumstances), and a loss of trust by the public in that arbitrage is the despicable outcome of the mediocrity that holds our most precious asset (innovation) in a headlock.
>
> Perhaps what Vinod is eluding to is that Venture Capital is a mediocre asset class and arbitrage despite the enormous capacity and adoption greenfield to innovate. With less than 35 out of 790 (original) VCs making any(!) money and around ten doing so with Venture Capital as the monolithic thesis, Venture Capital has proven to be the improper economic construct to drive innovation.
>
> And I can fully understand why few smart people want to be associated with that performance or its "best practices".

Venture Capital is a dumb economic construct to capture and arbitrate our capacity to innovate. For reasons why, visit The State of Venture Capital.

Let's lead the world by example with new rigors of excellence we first and successfully apply to ourselves.

Georges van Hoegaerden exposes what a bunch of rat-bag, sex harem, pigs the venture capitalists on Sand Hill Road in Palo Alto are.

GOOGLE VENTURE CAPITALIST CHARGED WITH ANAL RAPE SEXTORTION BY VICTIM

[Inside the $40 Million Sexual-Assault Case Rocking Silicon ...](https://www.vanityfair.com/news/2016/03/michael-goguen-sequoia-sex-a...)

Inside the $40 Million **Sexual-Assault** Case Rocking ... **Michael Goguen**, a longtime partner ... in which wealthy people accused of assault—in the court ...

https://www.vanityfair.com/news/2016/03/michael-goguen-sequoia-sex-a...

Silicon Valley Titan Accused of Sex Assault Fires Back in ...

Venture capitalist **Michael Goguen** has been accused of spending time after-hours and away from the kids indulging some dark urges.
newsweek.com/michael-goguen-sex-assault-lawsuit-amber-...

Sequoia Capital's Michael Goguen Named in Sexual Abuse ...

TechCrunch reports that **Michael Goguen**, a now-former managing partner at Sequoia Capital, is the target of a breach of contract complaint that includes allegations of ...
fortune.com/2016/03/12/sequoia-capital-sexual-abuse/

More results

Ex-Sequoia partner Michael Goguen says $40M sexual-assault ...

The Silicon Valley venture capitalist countersues the **sexual** abuse allegations saying the relationship with exotic dancer, Amber Baptiste was consensual.
https://www.thestar.com/business/2016/03/16/ex-sequoia-partner-mi...

[Michael Goguen Fires Back at Sexual Abuse Lawsuit | PEOPLE.com]

Michael Goguen, a prominent Silicon Valley investor, is firing back after a breach of contract lawsuit accused him of **sexual**...
people.com/crime/michael-goguen-fires-back-at-sexual...

[Silicon Valley investor fires back at claims he kept 'sexual ...](https://www.theguardian.com/technology/2016/mar/14/michael-goguen-sex...)

Prominent Silicon Valley investor **Michael Goguen** fired back on Monday against allegations that he kept a "**sexual** slave" for 13 years, filing a cross-complaint ...

https://www.theguardian.com/technology/2016/mar/14/michael-goguen-sex...

[Ex-stripper describes 13-year nightmare as tech titan's sex ...]

Michael Goguen, who had ... **Goguen** says Amber Laurel Baptiste sent him this photo despite accusing him of **sexual** torture. **Michael Goguen**, ...

https://nypost.com/2016/03/14/ex-sequoia-capital-partner-cou...

[Goguen Sues Missouri Governor Candidate for Defamation ...]

Goguen Sues Missouri Governor Candidate ... particularly involving accusations of **sexual assault**and that **Goguen** spread ... "I do not know **Michael Goguen** and ...
flatheadbeacon.com/2016/07/27/goguen-sues-missouri-governor-...

Hanaway calls for Greitens to return money he received from ...

Hanaway calls for Greitens to return money he received from donor accused of **sexual assault** ... Campaign finance records show **Michael Goguen** has donated $1 million ...
stltoday.com/news/local/govt-and-politics/hanaway-call...

[Silicon Valley venture capitalist forced to quit after 'human ...]

Michael Goguen left Sequioa ... Harvey Weinstein had a secret hit list of almost 100 names for investigators to target of people who had knowledge of **sexual assault** ...

[dailymail.co.uk/news/article-3492120/Silicon-Valley-ventu...]

Shocking sex scandal rattles Kasich campaign - The Horn News

Shocking sex scandal rattles ... Venture capitalist **Michael Goguen** has been accused in a shocking **sexual assault** lawsuit that alleged he kept a woman as a sex ...
https://thehornnews.com/shocking-sex-scandal-threatens-kasich-cam...

[Former Sequoia partner Michael Goguen files counter suit ...]

Longtime Sequoia Capital venture capitalist **Michael Goguen** has filed a ... graphic **sexual** details, **Goguen** seeks to ... Business Insider reached ...

[businessinsider.com/former-sequoia-partner-michael-goguen-fil...]

Glaser Weil Asks To Drop Sex Assault Client Suing VC Titan

Attorneys from Glaser Weil Fink Howard Avchen & Shapiro LLP who represent a woman claiming a former Sequoia Capital partner forced her into abusive sex over the ...
https://www.law360.com/articles/814209/glaser-weil-asks-to-drop-...

[Sequoia's Michael Goguen Responds to Sexual Abuse ... - Fortune]

Former Sequoia Capital Managing Partner **Michael Goguen** has responded to a breach of contract complaint filed last week, which contained allegations of extensive ...

fortune.com/2016/03/13/sequoias-michael-goguen-response/

[Sequoia's Michael Goguen Responds to Sexual Abuse Complaint](https://finance.yahoo.com/news/sequoia-michael-goguen-responds-sexu...)

Sequoia's **Michael Goguen** Responds to **Sexual** Abuse ...
Managing Partner **Michael Goguen** has responded to a ...
Employees Targeted to Suppress Sex **Assault** ...
https://finance.yahoo.com/news/sequoia-michael-goguen-responds-sexu...

[Ex-Sequoia Capital Partner Blasts Sex Assault Allegations ...](https://www.law360.com/articles/771139/ex-sequoia-capital-partne...)

Ex-Sequoia Capital Partner Blasts Sex **Assault** Allegations. By Y. Peter ... **Michael Goguen** filed the countersuit in San Mateo Superior Court six days after former ...

https://www.law360.com/articles/771139/ex-sequoia-capital-partne...

[Michael Goguen leaves Sequoia Capital following explosive ...]

Longtime Sequoia Capital venture capitalist **Michael Goguen** is out of the firm following an explosive lawsuit that accuses him of "sexually, physically, and ...

businessinsider.com/michael-goguen-leaves-sequoia-capital-fol...

[Major Kasich backer embroiled in sex-slave suit - Yahoo](https://www.yahoo.com/news/major-kasich-backer-embroiled-in-sex...)

Michael Goguen (Photo: Lido ... he repeatedly subjected her to unwanted **sexual** acts and gave her a ... Trump's Tweet Condemning Al Franken **Assault** ...

https://www.yahoo.com/news/major-kasich-backer-embroiled-in-sex...

[Goguen Accused of Sexual Abuse in California Lawsuit ...]

Goguen Accused of **Sexual** Abuse in California Lawsuit ... **Michael Goguen**, ... nonconsensual sex and "demeaning **sexual** acts" from 2001 to 2013. At **Goguen's** ...

flatheadbeacon.com/2016/03/12/goguen-accused-of-sexual-abuse...

[Longtime Sequoia Capital VC Michael Goguen Is Out in ... - Recode](https://www.recode.net/2016/3/12/11586930/longtime-sequoia-capit...)

Longtime Sequoia Capital VC **Michael Goguen** Is Out in Wake of **Sexual** Abuse Lawsuit. ... **MichaelGoguen**, ... Hollywood's **sexual** harassment story is far from over, ...

https://www.recode.net/2016/3/12/11586930/longtime-sequoia-capit...

Michael Goguen | Biography and Filmography

Michael Goguen. CLOSE. Click here - to use the wp menu builder; Click here ... Jeremy Piven Takes Lie Detector Test Over **Sexual Assault** Allegations;
hollywood.com/celebrities/michael-goguen-57663706/

[Exotic Dancer Says She's Owed $30M From Silicon Valley Exec ...]

Michael Goguen, former executive for ... Exotic Dancer Says She's Owed $30M From Silicon Valley Exec
In **Sexual Assault** Settlement By Joseph Gibson on October 1, ...
https://www.celebritynetworth.com/articles/how-much-does/exotic-dancer-says...

[Michael Goguen accused of sexual, physical abuse - CNBC](https://www.cnbc.com/video/2016/03/14/michael-goguen-accused-o...)

Former Sequoia partner **Michael Goguen** has filed a complaint against his accuser, reports CNBC's Josh Lipton.
https://www.cnbc.com/video/2016/03/14/michael-goguen-accused-o...

[Sequoia Capital partner leaves amid sex abuse allegations ...](https://www.cbsnews.com/news/sequoia-capital-michael-goguen-ventu...)

Venture capitalist **Michael Goguen** says graphic lawsuit ... longtime partner at the venture capital firm of **sexual** abuse involving a woman who had ...
https://www.cbsnews.com/news/sequoia-capital-michael-goguen-ventu...

Koster, Greitens fight over who best respects, and defends ...

Koster, Greitens fight over who ... held a news conference Thursday with victims of **sexual assault**and ... notably California venture capitalist **Michael Goguen**, ...
news.stlpublicradio.org/post/koster-greitens-fight-over-who-best-...

Ex-Sequoia Capital partner alleges extortion in sex abuse ...

Michael Goguen, the Sequoia Capital partner, ... Ex-Sequoia Capital partner alleges extortion in sex abuse complaint: Reuters.
https://www.pehub.com/2016/03/ex-sequoia-capital-partner-allege...

[Silicon Valley VC at center of disturbing lawsuit - KPRC]

Michael Goguen, a now former ... Former deputy constable facing **sexual assault** charges; ... Silicon Valley VC at center of disturbing lawsuit **Michael Goguen** accused ...
click2houston.com/money/silicon-valley-vc-at-center-of-dist...

[Sexual Abuse Archives - Page 2 of 3 - Law Firm Monsees & Mayer](https://monseesmayer.com/tag/sexual-abuse/page/2/)

Medical provider payed $4.6 million in **sexual assault** lawsuits. Earlier this week, the Albuquerque Journal filed a request to see the settlements of inmate lawsuits ...

https://monseesmayer.com/tag/sexual-abuse/page/2/

John Brunner lawsuit — Michael Goguen

Plaintiff **Michael** Lewis **Goguen** is an investor ... the victim making a possible **sexual assault** ... taken from accused sex slave owner **Michael Goguen**. ...

goguentruth.com/eric-greitens/2016/9/1/john-brunner-lawsuit

"Hanaway Calls for Greitens to Return Money He Received from ...

Hanaway Calls for Greitens to Return Money He Received from Donor Accused of **Sexual Assault** . ... Campaign finance records show **Michael Goguen** has donated $1 million ...

https://www.questia.com/newspaper/1P2-39415195/hanaway-calls-for-...

Sequoia Capital partner Michael Goguen out after sex-abuse ...

VC **Michael Goguen** has denied the allegations and countersued for extortion.

https://www.bizjournals.com/sanjose/blog/techflash/2016/03/sequoia-vc...

[Sequoia Capital Partner Michael Goguen Resigns Amid ... - TOTPI]

A Silicon Valley venture capitalist has been sued for $40 million by a woman who claims he used her as a virtual sex slave for 13 years. **Michael Goguen**, who had ...
[totpi.com/sequoia-capital-partner-michael-goguen-re...]

The ex-Sequoia VC accused of sexual abuse ... - Yahoo Finance

Michael Goguen, who left Sequoia ... Yahoo Finance Video. Boeing beats Airbus, ... Uber Faces Class Action Over Alleged Widespread Driver **Sexual Assault**. ALM Media.

https://finance.yahoo.com/news/vc-just-left-sequoia-says-193812294....

Former Sequoia Capital Partner Accused Of Sexual Abuse « CBS ...

Michael Goguen, who until last week was a partner at the venture capital firm Sequoia Capital, is embroiled in **sexual** abuse allegations.

sanfrancisco.cbslocal.com/2016/03/14/former-sequoia-capital-partner...

Ousted Sequoia Partner Says He's Being Extorted In Sex Lawsuit

Michael Goguen, who was ousted from Sequoia las week, says accuser sought to extort him with accusations of **sexual** abuse after consensual relationship

⌐ https://www.forbes.com/sites/miguelhelft/2016/03/15/ousted-sequo...

[Sequoia Partner Goguen Leaves Firm After Sex Abuse Lawsuit](https://www.bloomberg.com/news/articles/2016-03-13/sequoia-partner-...)

Sequoia Capital partner **Michael Goguen** left the venture capital firm last week after a woman accused him in a lawsuit of more than a decade of **sexual** abuse.
https://www.bloomberg.com/news/articles/2016-03-13/sequoia-partner-...

Michael Goguen, Silicon Valley Exec, Accused Of Sexually ...

Warning: Graphic details A Silicon Valley investment exec is denying allegations that he sexually and physically abused a trafficked woman for 13 years, and then ...

huffingtonpost.ca/2016/03/15/michael-goguen-sex-abuse-lawsu...

[Longtime VC Michael Goguen was just hit with an explosive ...]

Michael Goguen, a longtime partner ... Some of the accusations against **Goguen** — with whom Baptiste had a **sexual** relationship for 12 years and across his ...
https://techcrunch.com/2016/03/11/longtime-vc-michael-goguen-was...

Koster, Greitens fight over who best respects, and defends ...

Koster, Greitens fight over who ... held a news conference Thursday with victims of **sexual assault**and ... notably California venture capitalist **Michael Goguen**, ...
kcur.org/post/koster-greitens-fight-over-who-best-...

TheChat: Eric Greitens is told to return campaign donation ...

"I call on Mr. Greitens to cut all ties to Mr. **Goguen** and to send back his campaign contributions, now." — Missouri Republican gubernatorial candidate Catherine ...

kansascity.com/news/politics-government/article66606212....

Longtime Sequoia Capital VC Michael Goguen Is Out in Wake of ...

Longtime Sequoia Capital VC **Michael Goguen** Is Out in Wake of **Sexual** Abuse Lawsuit. **MichaelGoguen**, a venture capitalist partner at Sequia Capital for almost 20 years, ...

https://lockerdome.com/6292306571575617/8553874080568084

[Aangirfan: TRUMP - GLOBAL CRIMINAL CONSPIRACY]

TRUMP - GLOBAL CRIMINAL CONSPIRACY ... **Michael Goguen**, ... year-old Czech contestant whom he described as a 'sex object'". **Sexual assault** allegations ...

aanirfan.blogspot.com/2016/11/trump-global-criminal-conspiracy....

[GOP candidates challenge Greitens on Goguen ties at debate](https://themissouritimes.com/27827/gop-candidates-challenge-greitens-g...)

GOP candidates challenge Greitens on **Goguen** ties ... and his ties to embattled billionaire **MichaelGoguen**. ... the circumstances of **sexual assault** and ...

https://themissouritimes.com/27827/gop-candidates-challenge-greitens-g...

Tech titanMichaelGoguenof Sequioa Capital 'kept Amber ...

THE SCUMBAG VENTURE CAPITALISTS OF SILICON VALLEY GET EXPOSED

Coinbase, was a financial exchange that had become the largest U.S. company in the cryptocurrency industry and was just months away from a sensationally lucrative IPO. Nathaniel Popper, a writer in the newspaper's San Francisco bureau, had spent months reporting a story about Coinbase's alleged inhospitability to Black employees. (One former worker told him, "Most people of color working in tech know that there's a diversity problem … But I've never experienced anything like Coinbase.") With Silicon Valley increasingly the dominant force in American life, and during a national reckoning over structural racism, an examination of HR practices at one of the tech industry's fastest-growing businesses — documented with firsthand accounts — was classic accountability journalism.

It was the kind of story to which Wall Street, Washington, and corporate America have long been grumblingly acquiescent. They might not like it, but they accept that such scrutiny inevitably shadows success; they take their dings and move on.

But Coinbase, led by CEO Brian Armstrong, who had recently instructed his employees not to bring concerns about racial justice into their work ("We don't engage here when issues are unrelated to our core mission," he wrote publicly), wanted to fight back. On November 25, with the *Times* story yet to drop, Coinbase moved to preempt the exposé, publishing an email the company had sent its employees designed to refute the expected allegations. It included the statement, "We don't care what the New York *Times* thinks."

Bravado from a company on the verge of an IPO? There was some of that. But looming over the Coinbase pique was its venture-capital backer, Andreessen Horowitz, which had lately become an epicenter of anti-media hostility in the Valley. A16Z, as it is known (for the 16 letters between the *A* in Andreessen and the *Z* in Horowitz), owned almost a quarter of Coinbase's class-A shares; co-founder Marc Andreessen sat on the cryptoexchange's board; and Coinbase's head of communications, Kim Milosevich, had recently moved over after seven years at the VC firm.

The worlds of crypto and A16Z shared a fervent disdain for incumbent authorities. As self-styled meritocrats in the business of creating the future, they had little patience for heckling by humanities majors who had never written an if-then statement or started a business. And something had shifted: More and more, in the places where tech talks to itself — Hacker News, Clubhouse, Substack — you'd hear complaints that the dead-tree elites cherry-picked facts congruent with prefigured story lines, were out to get tech for "clickbait," and were jealous that Silicon Valley was ascendant. And the *Times* was considered ground zero for this impertinent haterism.

Increasingly, Marc Andreessen felt there was a gap in tech coverage, and he decided that his own firm could create content that would be more future-positive and techno-optimistic — telling the tech story from the tech founder's vantage point. Inside A16Z, one of Milosevich's projects had been to build up an internal content operation to produce podcasts and blog posts, and the firm had invested in the fast-growing subscription-blog platform Substack. There was a feeling that the rules had changed: Why grovel to the hidebound gatekeepers when you could “go direct” and “own the narrative”?

After Coinbase’s first strike, there was some overheated media eye-rolling at the effectiveness of the strategy. “This attempt at a front-run is mind-blowing,” Popper’s *Times* colleague Mike Isaac tweeted in response to Coinbase’s defiant post. “They’ve guaranteed readership for the coming story AND torched any semblance of trust or relationship they had with the media.”

But the overlapping subset of tech-, VC-, and crypto-Twitter viewed Coinbase’s move as badass. The investor Michael Arrington weighed in with, “They will never stop attacking @coinbase.” When Popper published a follow-up article documenting salary disparities at Coinbase among women and Black employees, Naval Ravikant, a well-known investor and podcaster in the Valley, tweeted, “It’s only a matter of time until the narrative-industrial complex comes after crypto.” And Balaji Srinivasan, the 41-year-old ex-CTO of Coinbase, ex-partner at Andreessen, and current media troll on Twitter, tweeted at Popper, calling him a “woke white who can’t code.” The hostilities have only ramped up in 2021. The anti-media tech crew recently delighted in Elon Musk’s response to a Washington *Post* reporter seeking comment for an article — “Give my regards to your puppet master” — screenshotting it and gleefully disseminating it on social media. In February, a prominent VC named David Sacks drew attention to a new app called BlockNYT that allows *Times*-haters to silence the 800-plus accounts of reporters and editors who tweet. The rise of Substack, where writers are untethered from institutions, has prompted pearl-clutching among journalists fearful of a brain drain from traditional media. (Mike Solana, a marketing executive at Peter Thiel’s Founders

Fund, recently discerned in journalists' carping about Substack "the same energy as incels complaining about the Tinder algorithm.") The invite-only audio app Clubhouse has become a virtual salon of media-bashing, featuring rooms with names like "#BlockNYT or How to Destroy the Media," "NYT vs. Rational Discourse and Free Speech," and "Taylor L and Other U.S. Journalists That Should Be in Jail," referring to the *Times* internet-culture reporter Taylor Lorenz. A handful of journalists have tried to mount a countercampaign, starting rooms like "How Journalism Actually Works. Featuring Real Journalists" and "What Tech Doesn't Get About Media (+ Vice Versa)." When A16Z recently announced its plan to beef up its content operation, Jessica Lessin, founder of tech-news outlet the Information, declared the move "a call to arms."

And so a war is on between the tech titans and a relentless generation of largely digital-native reporters looking to speak truth to power while racking up Twitter followers in the process. Depending on whom you ask, the great Tech vs. Media Standoff of 2020–21 is either a "fake fight" between "20 people and 500 other people," all quick to take offense and thirsty for clout, or it's a cataclysmic rift that threatens democracy or, at least, the accurate portrayal of the most important industry in the world.

It wasn't always this way. "Back in the '80s," says Steven Levy, a veteran tech journalist and the author of *Facebook: The Inside Story,* for which he interviewed Mark Zuckerberg seven times, "there wasn't this giant distance between who you were and who they were. Even Bill Gates would show up at your office in a cab."

Tech was the sunny future. With the exception of Microsoft, which by the 1990s had been transformed into a monopolistic bogeyman, technology was covered by journalists who were animated largely by a spirit of wonderment: They came bearing tidings of a new world conjured into existence in the garages of Northern California. There was breathless gadget coverage. There were articles lionizing the microchip seers of San Jose. As the dot-com bubble inflated, the industry and its chroniclers were chummily adjacent and occasionally the same people. *Red Herring* was founded by Tony Perkins, a venture capitalist. *Wired* and *The Industry Standard* were the children of an entrepreneur named John Battelle, who hosted rooftop parties in San Francisco where media and tech folk happily commingled. “Everyone was part of one big stew,” recalls Sean Garrett, former head of communications at Twitter.

Even after the Web 1.0 bubble burst, leaving some journalists convinced they’d been too credulous, there endured a robust strain of sycophantic reporting on the Valley. No funding round, product launch, or logo redesign was too insignificant to merit coverage by TechCrunch, a fawning site co-founded by Arrington. Once a year, it hosted the Crunchies, where the likes of Zuckerberg were anointed with awards like Best Founder. “Obviously, this is a wonderful period of human history we are going through right now, and it is okay to celebrate that,” Arrington once said. In time, at least eight TechCrunch reporters would leave to try their hand at investing, a revolving door that became known as “the TC-to-VC pipeline.” At Google in 2005, recalls one employee, “there were just hallways and hallways of framed covers.”

At the time, the fleece-wearing moneymen of Sand Hill Road tended to lurk in the background, quietly minting fortunes while letting the brilliant programmers they backed enjoy the limelight. Andreessen Horowitz, founded in 2009, reinvented the game. Marc Andreessen had once appeared on the cover of *Time* — he was one of the inventors of the web browser — barefoot and on a throne, and at A16Z, in the lobby library, he displayed bound volumes of past issues of the newsmagazine. He loved Twitter — partly because it was a good way to get into the minds of reporters — and personally invested in a handful of media properties, including Talking Points Memo and PandoDaily (as did Thiel). And with the help of Margit Wennmachers, who had founded the tech PR agency Outcast and whom he had recruited to A16Z, his company built its reputation through the canny management of relationships with journalists.

"A16Z is a media company that monetizes through VC," one of its then-partners observed. Wennmachers would host what one reporter calls "salons" for journalists at her house, and Marc Andreessen was "dial-a-quote," says Lessin, who before founding the Information covered Silicon Valley for *The Wall Street Journal.* Eventually, other VC firms followed A16Z's lead. "There was a time, when I was at *Newsweek,*" Levy says, "I'd get these emails saying, 'Peter Thiel is available for comment' on issue *x* or issue *y.* Before he became who he is now, he was open for quotes." The interests of journalists and VCs were aligned. It was a time when a VC could get away with claiming a mattress company was a tech company.

Eventually those interests began to diverge. Consumers spent more of their time online, newspapers and magazines were starved of revenue and shed jobs, while tech considered the disruption part of the natural order of things. Swashbuckling new forms of digital journalism were invented, like Valleywag, the scurrilous tech-focused Gawker satellite. It lacked the caution of the Establishment media but made up for it in speed and daring. Suddenly, the geniuses of Silicon Valley were being treated without what they saw as their due deference. (Though Andreessen, a former reporter for Valleywag told me, was himself a source for the blog.)

In 2014, PandoDaily reporter Sarah Lacy's unrelenting scrutiny of Uber and its tech-bro culture prompted one of the company's senior executives to suggest that the firm might spend a million dollars to hire opposition researchers to dig up dirt on journalists, including Lacy. Valleywag published the headline "Peter Thiel Is Totally Gay, People." But no coverage was more devastating than *Journal* reporter John Carreyrou's investigation of Theranos, starting in late 2015, which revealed fraud at the heart of the company and eventually led to its demise.

The battle lines were drawn. Andreessen tweeted in defense of Theranos, Greylock VC Josh Elman called the reports "probably nonsense," and Y Combinator's Sam Altman wrote, "I don't know if the *WSJ* allegations about Theranos are true [but] new tech is hard. Slam pieces tell one side of a story." On Twitter, Andreessen started blocking journalists who happened to have challenged Theranos founder Elizabeth Holmes.

Among tech media, the Theranos story prompted a reckoning. It wasn't just that the Theranos revelations invited the question of what other frauds might lurk beneath the surface, merely awaiting spadework by an enterprising reporter. Journalists had in some sense created Theranos, splashing Holmes and her Jobsian black turtleneck on the covers of magazines like *Forbes, Fortune,* and the *Times' T,* which featured an accompanying story that lauded her as one of “Five Visionary Tech Entrepreneurs Who Are Changing the World.” It was written by Laura Arrillaga-Andreessen, wife of Marc.

At other publications after Theranos, a Valley PR executive maintains, “every editor was saying, ‘There are Theranoses among us. Bring me my Theranos.’ ” Juicero, a Kleiner Perkins–backed start-up selling machines — originally priced at $699 — to process fruit packets, was destroyed by a Bloomberg article noting that you could easily squeeze the packets by hand and became a parable of the age. Even *Fast Company,* hardly known for broadsiding entrepreneurs, went after Bodega, a start-up it had previously praised, with a piece titled “Vending Machine Startup Bodega Finally Kills Off Its Offensive Name.”

The election of Donald Trump, and the world’s awakening to the role of social media in amplifying misinformation to catastrophic ends, put another dent in tech’s veneer. When the *Times* was getting ready to report that Cambridge Analytica, the data outfit behind Trump’s campaign, had used 50 million Facebook users’ data without their permission, Facebook preempted the *Times* story by hastily issuing its own account of what had happened. “It was a series of emperor-has-no-clothes moments,” says Isaac, who covers Facebook for the *Times*. (Facebook later admitted the number was actually 87 million.)

Belatedly, as big media homed in on the Valley’s transformation from cute and quirky toy-maker to dystopian nightmare factory, outlets began to double down on their tech coverage. The *Times,* the Washington *Post, The Wall Street Journal,* Bloomberg, and CNN all went on hiring sprees to fortify their San Francisco bureaus.

Rah-rah coverage of start-ups now felt naïve. The achievement bar for meriting coverage rose. Even TechCrunch, bought by AOL, became more skeptical. The Crunchies stopped making sense — “Giving Uber Start-up of the Year,” says TechCrunch writer Alex Wilhelm, “what the fuck does that mean?” — and devolved into brutal roasts of honorees. In 2015, a soused T. J. Miller, the comedian emceeing the awards, had to be played off the stage after calling a woman a “bitch” and breaking a piñata over his own head. “I was apologizing for days,” Wilhelm says. In 2017, TechCrunch pulled the plug on the Crunchies for good. As the tone of coverage changed, reporters began to notice a chill in the air. The A16Z journalist dinners came to an end. After the Information reported on a Me Too scandal involving Google’s Andy Rubin, Lessin says, “that was one of those points where you just feel more of that resistance: ‘Why did you do that story? Was it really important?’ People say to us, ‘Oh, I hope you’re not going down the gossip route.’ ” A *Times* reporter adds, “Even in 2016, it really felt like people are open and they’ll talk to you, and that just changed in the course of two years. The coverage changed, and they became the new Wall Street.”

With the Valley shifting from Google’s “Don’t Be Evil” to Uber’s tracking a reporter’s movements using “God View” — as reporters began interacting less with founders and VCs and more with tech-company underlings, whom they’d see at the same bars and kids’ soccer matches — the leaks began. At Google, in the past, there had been meetings, attended by thousands of employees, where Larry Page and Sergey Brin would give updates on the forthcoming Chrome browser, confident that the conversation would stay in the room. “That’s unthinkable now,” Levy says. “There’s a lot of resentment that that can’t happen anymore. It was a big blow to the Google culture when they had to stop that practice, to let anyone ask anything of the leaders, because now they know that exchanges will be leaked.”

The shift in coverage didn’t go down smoothly among technologists and their backers. “This is an industry where founders expected a story every time they launched a new feature or new round of funding,” the communications executive Garrett says. “That’s not the reality now. That changed. So there’s a sense of *How come they’re not covering us anymore and all I’m seeing is more negative stories?* That created dissonance.”

“They’ve retained the sense of ‘us against the world’ but not noticed they’re the top four or five companies on the stock exchange and dominate nation-states,” says James Slezak, a Y Combinator–backed founder who previously led digital strategy for the *Times.* “Before, they were fighting for disruption; now, it’s for retaining monopoly. They’re no longer fighting power. They’re fighting a weakened check on the abuse of power.”

Things were also getting snipey. In mid-February of last year, after Andreessen Horowitz taped up a sign in its offices that read NO HANDSHAKES, PLEASE, Recode (which is owned by *New York* Magazine’s parent company, Vox Media) published a story with that headline, noting that “some in the tech industry fear the virus will spread out of control” and raising the question of whether Andreessen and “Silicon Valley elites” were being unduly paranoid. Although the article gave plenty of space to arguments in favor of the Valley’s concerns, Srinivasan, who had been presciently tweeting about the seriousness of the COVID threat, declined to be interviewed for the story and tweeted screenshots of the reporter’s innocuous DM to him (including her email address), before commenting, “Not covering: technologies the Chinese are using to fight the virus; hardware implications of supply chain disruption; what biotech is doing in terms of antivirals, vaccines. Is covering: your tweets.” Later, he published a lengthy, footnoted rebuttal on Medium titled “Citations for the Recode Handshake Debunking.”

On Twitter, Srinivasan, who has 367,000 followers, cultivates the aura of a fire-breathing prophet fed up with the dunces of meatspace (his Twitter bio: “Immutable money, infinite frontier, eternal life. #Bitcoin”). For someone with a quantitative background (he got his Ph.D. in electrical engineering at Stanford and later taught bioinformatics there), he is an unusually gifted communicator. His tweets are often aphoristic, toggling tonally between oracular and lacerating. He is fond of the overreaching prediction.

Srinivasan’s beef with the media seems to date to October 2013 with a speech he gave at a Y Combinator event in Cupertino. At the time, Srinivasan was the co-founder of a genomics start-up named Counsyl. In the talk, titled “Silicon Valley’s Ultimate Exit,” he wondered whether the USA was “the Microsoft of nations,” with a “230-year-old code base,” dragged down by the doddering institutions of “the Paper Belt.” He proposed that Silicon Valley should build an alternative, opt-in, geography-independent, technology-first society. It was a provocative, nuanced argument, more conceptual than actionable, but in the Paper Belt, it was mocked as ludicrous utopianism. “Silicon Valley has an arrogance problem,” declared the *Journal.*

Srinivasan, apparently feeling misunderstood, wrote an article for *Wired* advancing his thesis in more palatable terms: “Software

Is Reorganizing the World." But his fury with journalists had been seeded. As the *Times* recently disclosed, when TechCrunch was writing about the Valley's neoreactionaries that November, Srinivasan emailed the movement's Curtis Yarvin, known online as Mencius Moldbug, to say, "If things get hot, it may be interesting to sic the Dark Enlightenment audience on a single vulnerable hostile reporter to dox them and turn them inside out with hostile reporting sent to *their* advertisers/friends/contacts."

The son of Indian-immigrant physicians who grew up on Long Island, Srinivasan rarely reveals any personal details, though he recently said he "moved to Asia a while ago" and now divides his time between Singapore and India. He's rich, and he is obsessed with cryptocurrency. Curiously, despite his contempt for journalists, in 2015 Srinivasan married one, a former reporter for *Business Insider.* (He also, more than 20 years ago, dated Elizabeth Spiers, who would go on to be the founding editor of Gawker.)

Srinivasan didn't respond to my interview request, but four years ago, to the *Journal,* he described a lonely, embattled childhood. In school, he had been bullied for reading books at recess — beaten up by kids who called him "nerd" and "Gandhi": "I learned the first guy who comes at me, I need to hit him — bam! — with the book, and just act crazy so the other folks don't jump on you." In the principal's office, he said, his attackers would "have 'crocodile tears' " and "their parents knew the principal," who would take their side, "so, I learned early on that you've got to stand up for yourself, that the fix is in … The state is against you."

One of Srinivasan's reliable lines of attack, familiar to anyone who has spent time around tech bros, is to invoke the trope of Teddy Roosevelt's "man in the arena" as a being superior to the critic on the sidelines. After the *Times'* Kevin Roose tweeted something about Andreessen, Srinivasan responded, "Guy who has built nothing thinks he can critique guy who invented the web browser." To tech reporter Ryan Mac, Srinivasan tweeted, "I cofounded a clinical genomics company that sold for $375M You work at Buzzfeed."

This past July on Twitter, a group of VCs and founders led by Srinivasan began pushing the hashtag #ghostNYT, arguing that the *Times* was hostile and unnecessary to engage with and proposing that the tech community simply stop taking the newspaper's calls. The proximate cause of the campaign was an article the *Times* had in the works about Slate Star Codex, a science and futurism blog beloved in certain "rationalist" Silicon Valley circles, which was supposedly going to identify Scott Alexander, the blog's author, by his real name, Scott Siskind. Although Siskind was only notionally pseudonymous (he had previously published under his real name), more than 7,000 people, including luminaries such as Paul Graham, the founder of Y Combinator (which incubated such companies as Coinbase, Reddit, Airbnb, DoorDash, and Stripe), and Harvard professor Steven Pinker signed a petition titled "Don't De-Anonymize Scott Alexander."

Besides Srinivasan and A16Z, the anti-media posse includes Musk, employees of Thiel, and the circles around Y Combinator. Broadly, what they have in common is a libertarian reverence for technology, innovation, and first principles; contempt for traditional gatekeepers and anyone standing in the way of “founders”; and very thin skin. Many are involved in cryptocurrency. They scoff at credentials, although seemingly half of them went to Stanford, and abhor consensus opinion, except for the opinion that journalists are the absolute worst. A book much in vogue with this group — Srinivasan and Stripe co-founder Patrick Collison have both recommended it — is *The Journalist and the Murderer,* Janet Malcolm’s study of reportorial seduction and betrayal. (Never mind that the book is on the syllabus in journalism school, too.)

The Valley’s self-appointed media critics can by turns seem disingenuous and naïve. For people who literally think in binary, they’ll have conniptions over an article that elides some small nuance yet be blithely imprecise in ascribing fault to “the media” and “the New York *Times.*” They routinely fantasize journalistic motivations that are either outdated (“clickbait”) or unrecognizable to any working reporter (suggesting that journalists want to take down tech people because they’re business competitors). If journalists seem to come with agendas, it’s in part, suggests Paul Carr, co-founder of the news site Techworker, because these VCs don’t give much credence to values or perspectives that are not their own: “They do not like anybody telling them anything they’re doing is bad, because most of them have never invested on the basis of whether anything is good or bad. They’ve invested based on returns and growth. Morality is something new and faddish to them.” Srinivasan regularly talks about replacing “corporate journalists” with “citizen journalists,” by which he seems to mean bloggers, possibly crowdfunded with bitcoin and publishing to the blockchain, which sounds intriguing but falls apart if you think about it for more than one minute.

“Once you’ve made that money and had that prestige — I’ve noticed this is a trait of certain billionaire entrepreneurs — the only thing you have left to play for is what people say about you,” says one media-company CEO. “So that becomes the most important thing, and God forbid someone questions your legacy in all this.”

Let’s walk for a moment in another man’s Allbirds.

One senses, beneath the attacks from some of the tech big shots, the sting of personal grievance. Thiel may have been the one who put money on the line to avenge himself, bankrolling Hulk Hogan’s lawsuit against Gawker and putting it out of business, but many of the most prominent media haters were also targets of Valleywag, its tech-focused spinoff blog.

“The Silicon Valley Secessionist Clarifies His Batshit Insane Plan” (Srinivasan)
“Investor Says Marc Andreessen ‘Screwed More People Than Casanova’”
“Ben Horowitz Is Desperate for You to Think He’s Cool”
“Rampaging Tech Investor Begins Insulting Each Person in Silicon Valley Individually” (Keith Rabois)
“Racism Doesn’t Exist in Tech Because White Tech Blog Millionaire Jason Calacanis Has Never Seen It”
“Vinod Khosla Says It’s ‘Blackmail’ for Activists to Save Public Beach”
“Elon Musk Discovers Cause of Poverty”

Meanwhile, if you’re working for one of the hundreds of anonymous start-ups that are not Juicero, it can be annoying to read some East Coast reporter’s trope-larded article about how the Valley is wall-to-wall with polyamorous billionaires with doomsday bunkers in New Zealand who harvest the blood of young people, are researching how to upload themselves to the cloud, and wish America was ruled by a king. Most tech managers are soccer parents with a mortgage, notes Alex Stamos, director of the Stanford Internet Observatory and former chief security officer at Facebook, "but you end up with these media exposés you could read in a David Attenborough voice. Sure, those people exist, but the truth is tech is one of the most liberally leaning industries in the U.S. The data shows that the vast majority of tech leaders are politically active Democrats. You see a story on microdosing or crazy sex parties — everyone else in the Valley is like, 'Man, I don't hang out with the right people.' "

In your work, and your life, you hew to an ethos of iteration, of trying and failing and course-correcting, of making data-driven decisions and updating your assumptions to incorporate new information. "They'll talk about East Coast–West Coast or old media versus new," a seasoned big-tech comms person says, but "I think it's product-engineer culture versus normie culture. If you work in tech … you win respect and rise in the ranks by being curious and signaling that you know what you don't know and testing to know more. And they see a media universe that seems full of people who seem sure of themselves instead of curious. You're stunned, outside of tech, about what passes for intelligence. This culture is way more Socratic." (In this view, the vaunted curiosity of journalists has become tainted by agenda-pushing.)

Meanwhile, some in tech feel blamed by traditional media for Trump's election. This despite the obvious roles of NBC and CNN in elevating him in the first place and of the *Times* in turning the nonissue of Hillary Clinton's email server into a major scandal. "There's this self-flagellation from tech companies — publishing white papers, turning over data to the Special Counsel's Office and the Senate Commerce Committee," says Stamos. "It felt suspicious" that the media "only cared about the fault of the tech companies and not themselves."

Then there are the journalists who hold themselves out as a priestly caste motivated by nothing beyond the public good and who write their articles in a stentorian institutional voice yet run wild on Twitter slagging this VC for that offhand remark. Tech Twitter (and right-wing media) went bonkers after *Times* reporter Taylor Lorenz (who has 236,000 Twitter followers) mistakenly tsk-tsked Andreessen for saying "retard revolution" in a Clubhouse discussion of the GameStop-Reddit stock frenzy, faulting her for misidentifying the slur-utterer — who was not Andreessen but his partner, Ben Horowitz — and accusing her of being a woke scold because Horowitz had merely been referring to a WallStreetBets subgroup that called itself Retard Revolution. Lorenz quickly deleted her tweet and corrected her error. The splitting of journalistic personalities "creates a disconnect in people's heads," Stamos says. " 'Huh, this person who spent the past two weeks trolling tech executives is now writing the definitive history of this company.' " The *Times,* despite its official policy forbidding writers from "posting anything on social media that damages our reputation for neutrality and fairness," has been erratic when it comes to enforcement.

What are you supposed to think when a journalist writes about the volume of child-abuse incidents reported by Facebook as a bad thing — rather than evidence that Facebook is taking the issue seriously — and ignores the technical difficulty of filtering the torrent of content on the platform? "The Daily Beast reporters don't talk about perceptual hashing or photo DNA or any of the deep issues," Stamos says. "The article is by some random reporter with no history writing about tech; they clearly didn't talk to anyone who worked in child safety, who'd say, 'We want everyone else to report more.'"

"I hear from the folks who get angry when something is covered and is not technically accurate," one Valley beat reporter notes. "I sympathize with that. Just like good and bad technologists, there are good and bad journalists." **In some ways,** the whole fight is performative. "This is all great content marketing on all sides," Garrett says. "This is a spectacle."

Srinivasan, for instance, is a 280-character tiger. Though many colleagues have considered him the proverbial brilliant jerk who doesn't play well with others — and his tenures at both A16Z and Coinbase were notably brief — he comes off much more temperately when he speaks on podcasts, and former colleagues describe a quirky, professorial savant who wears athleisure to the office.

In a recent Clubhouse discussion of the tech-media wars, room moderator Ben Smith, the *Times'* media columnist, asked BuzzFeed tech reporter Ryan Mac about Mac's confrontational Twitter persona. Mac pleasantly replied that it's helpful in drawing out sources. Building a Twitter following by slashing and burning can be useful to journalists in building their own brands and giving them career leverage.

"It's kind of an influencer culture where these people are picking fights with each other and making themselves more important," says Stamos. “The construction of these social networks gives you a lot of value by having an enemy.”

On the tech side, bashing the *Times* has become one of the essential tools, along with including the word *heterodox* in your Twitter bio and peppering your speech with the word *heuristic,* for signaling that you’re a daring freethinker. More pragmatically, Isaac thinks, the reflexive defending of founders is largely about deal flow, about winning over the next Mark Zuckerberg: “It’s posturing that says, ‘We believe in you, we want you to build the next thing, and that has not gone away in our spirit of backing founders.’ ”

It may also be a way to head off a broader critique of the digital economy. Platformer’s Casey Newton has argued, persuasively, that all of this is really just an objection by tech’s management class to the newly empowered workers to whom media give voice.

But journalism is only as good as its sources. Even if individual reporters aren’t hurt by the hostility — and may be helped by it in certain personal-brand-building ways (maybe resulting in a lucrative Substack opportunity!) — one consequence of the cold war is a distortion spiral, where journalists ignored by company leadership may overweigh the testimony of leakers and ex-employees, resulting in less balanced coverage, which further antagonizes companies, causing them to be even less cooperative, and so on.

Keeping them in dialogue is likely in everybody’s best interest. “Media and tech are in a deep coexistence, and it’s a totally false narrative that it’s some zero-sum game,” a longtime tech PR person says. “I’d be completely out of a job today, and I’m not.

I'm busy. I work with journalists every day, and some I've worked with for decades. I think there are some people in tech who like to think the media doesn't matter, but the truth is they totally know it does, and they want that."

Lorenz says VCs have courted her, offering her jobs and frequently asking her to come in and talk to them about what she's seeing on the ground of the "creator economy," her beat. Andreessen Horowitz pitched her to have an informational meeting with a partner in the past year, but she declined, noting attacks on her by another of the firm's partners in its portfolio company Clubhouse. And much as the Balaji Srinivasans of the world might wish otherwise, at least some parts of the traditional media retain at least some part of their prestige. "I've had people call and ask how they can get reprints of articles in the *Times* with their photos so they can show it to their parents," Isaac says.

How can they be so bitter when they've won? How can they be such bitter winners? I suppose the victims never recognize when they've become the oppressors."

America's biggest tech giants are nothing if not popular. Apple, Google, Facebook and Amazon rank as some of the most well-liked brands in the world. Pollsters find that 86 percent of Americans hold a favorable view of Google and 80 percent share a favorable impression of Amazon. The reason is simple — these companies' products are entertaining, accessible and seemingly cheap.

But their growing dominance is giving rise to an insidious trend that we shouldn't so happily accept. Just last week, billionaire philanthropist George Soros gave a speech in Davos, Switzerland, in which he attacked Facebook and Google for "inducing people to give up their autonomy" and driving inequality. He's not wrong. In fact, tech giants are just like the monopolists and robber barons that ruled the American economy a century ago. But, while Standard Oil's monopoly was as obvious as the smoke-belching refineries it controlled, the powers of Facebook, Google, Apple and Amazon are less transparent — if not entirely secret.

An average Facebook user has no way of knowing or appreciating the mountain of data the company has collected on them. And the average Amazon shopper is unlikely know that the site steers customers toward its preferred (and often more expensive) products. America's biggest tech giants have at least as much power as John D. Rockefeller and J.P. Morgan did in the early 20th century; it is just much harder to see.

Tech companies can dominate sectors without actually producing anything in those markets. Apple does not produce any music, but it nonetheless controls a huge amount of the industry. Facebook doesn't produce any news, but news organizations are highly dependent on the social platform. And these corporations continue to expand. Amazon, for instance, has entered the grocery business — via its buyout of Whole Foods — and just last week announced a new healthcare project.

Americans have addressed this challenge before. In 1911, the US government broke Standard Oil into 34 pieces after the company monopolized 90 percent of the US oil market. Google now controls 92 percent of the global search-engine market but is still allowed to expand. The only way to tame America's tech goliaths is to see them for what they are — monopolies — and go after them using antitrust law.

Musicians were the first to experience the newfound power of big tech. A generation ago, musicians could reach fans through all sorts of channels. Listeners could buy from small, local record stores, big national chains like Tower Records, bookstores and general retailers like Walmart; they could tune into thousands of independent AM and FM radio channels. This highly distributed system provided not just a way for a musician to be found by listeners, but a way to earn real money — from album sales and radio play, as well as live performances.

> Apple and Spotify control the majority of the music-streaming market

The first big change to this system came in 1999, when Napster made it much easier for almost any person to listen to music posted online by others. Although Napster was shut down in 2001, musicians soon found themselves dealing with Apple and its iTunes Store, which launched in 2003.

While Apple, unlike Napster, made people pay for music, it took the power of price-setting away from musicians. Even though Apple does not make any music, it gave itself the power to set music's price — at 99 cents a song. There are few markets in which producers have no power over the price of their goods, but that was exactly the dynamic that Apple created. Just about every year since, musicians have found themselves facing an ever-more concentrated industry, to the point where the business is now dominated by three giant music publishers — Sony, Warner and Universal — and three great Internet bottlenecks — Apple, Spotify and YouTube (owned by Google).

Apple and Spotify control the majority of the music-streaming market, and 46 percent of all on-demand music listening goes through YouTube. As these corporations have expanded, they have steadily driven down what they pay to artists and labels for their music. In the aggregate, the effect is dramatic; global recorded music revenue fell from around $40 billion in 1999 to under $15 billion in 2014, adjusted for inflation. For many individuals and bands, the result has been an almost complete loss of income. Members of the 1970s rock group The Band, for instance, went "from a decent royalty income of around $100,000 per year to almost nothing," as their former tour manager Jonathan Taplin has written.

For musicians, "it's worse than it's ever been," says David Lowery — frontman of the band Cracker. Artists have "no bargaining power whatsoever" when it comes to the tech companies, he says.

Jay Z tried to take back some of this bargaining power in 2015 when he bought the platform Tidal, in the hopes of building an artist-friendly streaming service. But unlike Tidal, Apple and Spotify have enough money to expand via loss-leading. They price their services low to gain more users, and they can afford to continue operating even while losing money. Tidal — which has struggled to gain more than a small fraction of the market — simply can't keep up.

Artists say YouTube is one of the worst offenders. The video site pays less than a 10th of a penny per song any time a song is played, far below what Apple and Spotify pay.

Even worse, musicians say, YouTube steers listeners away from certain musicians toward others, especially those backed by big record labels that can afford to promote them.

The story is much the same for another set of creators: authors. A few decades ago, authors could sell their books in a highly competitive market, with many publishers and retailers competing to find the next new book and sell it to readers. But today, almost all power is concentrated in the hands of a single company — Amazon. Amazon today sells 55 percent of all books in the US, 82 percent of all e-books and 99 percent of all audiobooks. Like Google and Apple in music, Amazon uses its monopoly position to drive down the price it pays for books, negotiating steep discounts from publishers and tacking on additional fees.

For authors, “It’s a very frightening time,” says T.J. Stiles, a two-time Pulitzer-prize winning biographer.

Authors have seen the effect of Amazon’s power on their incomes. Full-time authors’ incomes declined by about a third just between 2009 and 2015 — from an average of $25,000 a year to $17,000 per year — according to a survey conducted by the Authors Guild. As the president of the guild, Mary Rasenberger, recounts: “A mid-list author in the mid-to-late 20th century could make a pretty decent middle-class income.”

Today that’s “extraordinarily hard.” Both authors and publishers have tried to get around Amazon, but the company has in the past punished publishers trying to negotiate for better rates for themselves and their authors. In 2010, for instance, Amazon removed the “buy” buttons from books by the publisher MacMillan, and in 2014, Amazon delayed the shipping of books from Hachette. “Hachette was a warning,” Stiles says. “If anyone crossed Amazon, they were willing to do basically anything to force people to knuckle under."

Amazon even managed to convince the Antitrust Division of the Department of Justice to sue publishers for trying to resist the company. In 2007, with the introduction of the Kindle, Amazon decided to price all e-books — regardless of how much time or investment was put into them — at $9.99. The publishers, upset that Amazon had taken away their ability to price their authors' books, allied with Apple to build a new e-book market. Publishers would set the price of their books, as in the previous, competitive market, and Apple would take a cut.

> Movie-studio businesses cannot compete with Amazon and Netflix's money

But, the government said this was illegal collusion, even though the publishers had established a market that closely resembled the competitive book market that predated Amazon's monopoly.

Movies are another industry in which the tech platforms are becoming increasingly dominant. Netflix, just like Amazon in the book business, prices its streaming service below what it costs to operate. And now, Amazon and Netflix are bidding up the prices of films they buy — thereby setting the price of movies.

Movie-studio businesses cannot compete with Amazon and Netflix's money. This was why Disney, last year, decided to pull all of its content from Netflix. Separating itself from Netflix is Disney's only hope of staying afloat. As in other sectors, Amazon and Netflix are beginning to dominate the market, even though they only produce a small share of the movies in the business. And, as is often the case, it is the regular, non-famous creators —

the scriptwriters, small actors and set workers — who are sure to be hurt most if Amazon and Netflix continue to grow their monopoly power.

It is hard to predict what the American economy will look like if the big tech platforms are permitted to continue their unchecked growth.

Although the tech giants went after the creative industries first, they won't stop there. Amazon started selling books but has since expanded into other sectors of retail, including electronics, appliances, power tools and clothing. With its purchase of Whole Foods last year, Amazon brought its monopoly power to grocery. The stock prices of leading grocers fell dramatically after that merger, but it is the workers — the cashiers, farmers, suppliers and managers who work in the industry — who will ultimately feel the real effects of Amazon's monopoly power.

Google's search-engine monopoly, meanwhile, produces a huge amount of money and data for Google's parent company, Alphabet. Alphabet has used that data advantage to turn itself into one of the most successful, powerful corporations in the race for artificial intelligence. And Alphabet has used its money and technology to build a company, Waymo, that could be one of the first to sell a real, driverless car to American car-buyers. In so doing, Alphabet is competing against the country's auto companies as well as the millions of people who work as the drivers, mechanics and builders of those cars. And as tech experts claim, the rise of AI could eventually displace all kinds of jobs, far more than those affected by the rise of driverless cars.

> The good news is that America's antitrust enforcers can begin to fix this problem tomorrow

It is increasingly clear that the relentless expansion of Amazon, Google and Facebook is beginning to have a much bigger effect on the American economy. This monopolization serves to drive down wages, and it may mean fewer jobs overall. It also means less opportunity for independent entrepreneurs to start up new companies — contributing to fewer small and local businesses.

Worse still, in his speech at Davos, Soros warned of the “web of totalitarian control” that would be created if the tech giants are to combine their powers with those of authoritarian states like Russia and China. “The dictatorial leaders in these countries may be only too happy to collaborate.”

The good news is that America’s antitrust enforcers can begin to fix this problem tomorrow.

For much of the 20th century, anti-monopoly law aimed to protect the producer, the creator and the worker. But a group of radical thinkers upended this tradition in the 1980s. By arguing that the law should focus exclusively on the “welfare” of the “consumer,” they opened the door to the sort of unfair pricing and business tactics that have been perfected by the tech giants.

Fortunately, although the philosophy has changed, the underlying laws remain largely the same. This means that the antitrust lawyers at the Justice Department and the Federal Trade Commission can use their existing powers to go after the biggest tech platforms.

US antitrust enforcers have all the power they need to resume the trust-busting that freed Americans from companies like Standard Oil and plutocrats like J.P. Morgan. They just need to use that power, now.

Silicon Valley venture capitalists and Oligarchs voted biggest scumbags on Earth.

Silicon Valley faces make or break moment amid big tech backlash

The Worst of the worst for rape, sexism, bribery, misogyny, domestic spying, abuse and asshole-ism:

1. Kleiner Perkins

2. Greylock Capitol

3. Khosla Ventures

4. Draper Fisher Jurvetson

5. Acel

Gone are the glory days of glowing praise and good PR for big tech companies.

by Alyssa Newcomb

A man looks at his phone at the Google stand at the Mobile World Congress (MWC), the world's biggest mobile fair, on Monday in Barcelona.Pau Barrena / AFP - Getty Images

For years, tech giants and their CEOs could count on glowing praise and friendly media coverage that hyped up just how much their products would change the world.

Those changes are now the subject of growing skepticism from politicians, academics and that same media. Election meddling, concerns about privacy and questions about technology's role in our daily lives have muddied the waters for the Silicon Valley giants, which now face tough questions and scrutiny like they've never seen before.

The technology industry could be in the midst of the biggest corporate backlash in decades. While big banks were the targets of scorn after the financial crisis, public contempt is now focused squarely on Silicon Valley and big tech.

Related

Facebook is a 'living, breathing crime scene,' says one former tech insider

"All of this combined to be a perfect storm," said Jonathan Taplin, director emeritus at the Annenberg Innovation Lab and author of "Move Fast and Break Things: How Facebook, Google and Amazon Cornered Culture and Undermined Democracy."

Even some high-profile voices in Silicon Valley, who started their own companies or were early employees at Facebook and Google, agree — and are doing so vocally. A number of early employees from Facebook and Google launched the Center for Humane Technologyearlier this month, with the goal of "reversing the digital attention crisis and realigning technology with humanity's best interests."

Salesforce CEO Marc Benioff, an influential figure in the tech community, likened Facebook last month to Big Tobacco and said there's a need for regulation.

"We're the same as any other industry," Benioff told CNBC. "Financial services, consumer product goods, food — in technology, the government's going to have to be involved. There is some regulation but there probably will have to be more."

View image on Twitter

View image on Twitter

Jim Carrey

✔@JimCarrey

I'm dumping my @facebook stock and deleting my page because @facebook profited from Russian interference in our elections and they're still not doing enough to stop it. I encourage all other investors who care about our future to do the same. #unfriendfacebook

- 54.1K
- 23.9K people are talking about this

Facebook appears to already be trying to get in front of any potential regulation in the United States. CEO Mark Zuckerberg has pledged to "fix" Facebook this year to focus on "time well spent." Facebook said time spent by its users on the platform dropped 50 million hours per day after the company retooled its algorithm to focus more on friends and family, less on publishers and brands.

Big tech may already simply be, well, too big, according to Taplin.

Facebook and Google combined to grab 88 percent of all new online advertising revenue last year, he said, and that may be a problem.

"The original idea of the internet was a very decentralized system and a democratic space where everyone could have a place to talk," said Taplin. "The big three online: Google, Facebook and Amazon, are more and more becoming monopolies, so it is a winner takes all business."

Corporate America is also getting in on the tech backlash. Unilever, the multi-billion dollar consumer goods company that makes everything from food to cleaning and hygiene products, warned tech giants that it was willing to use its $9 billion advertising budget, much of it spent on Facebook and Google, as leverage to get the tech giants to clean up their acts. Last year, several consumer brands pulled their ads from Youtube after an investigation by the Times of London found their ads were running next to videos of scantily clad children. YouTube vowed to urgently fix the issue.

View image on Twitter

Marc Benioff

✔@Benioff

When I was a kid I remember cigarette companies providing cigarettes with their logos that were made of bubble gum. You blew out powdered sugar smoke! The idea was to get kids interested in smoking early! Reminds me of questions about when kids should start using social media!

- 439
- 200 people are talking about this

Facebook executives have said they're already taking steps to address the same concerns Unilever's chief marketing officer raised at the Interactive Advertising Bureau's annual leadership meeting.

But when Congress called on Twitter, Facebook and Google to testify on Oct. 31 and Nov. 1 of 2017, their CEOs were nowhere to be seen. Instead, each company sent their general counsel to be hammered with questions that were met with little substantive answers.

When big tobacco was called to testify in 1994, the companies sent their CEOs. When big tech was called to testify in 2017, none of the CEOs showed up.

THE BACKLASH OVERSEAS

While technology companies have largely avoided regulation in the United States, they're already in the crosshairs of European regulators.

Google was hit with a $2.7 billion fine last year over charges the company unfairly favored its Google shopping business over competitors. Another EU ruling last year called on Apple to repay the Irish government $15.4 billion in back taxes, over charges the company benefited from unfair tax loopholes — even though the Irish government doesn't want the money.

The EU is also about to establish a new rule in May called General Data Protection Regulation, or GDPR for short. The GDPR covers how companies store your data, and requires them to alert authorities within 72 hours of a data breach.

Even without regulation being passed in the United States, the new rule is expected to have serious impact on American companies, which could be fined 4 percent of their global revenue or 20 million Euros — whichever number is higher — if they don't comply.

"The interesting thing is, as the Europeans regulate these platforms, much of that regulation applies to the platforms globally," said Taplin. "The effect of European regulation will be felt here in the United States."

Tom Warren

✔@tomwarren

we are witnessing the downfall of algorithms. Journalism is being gamed and ruined by Facebook and Google. It’s time that these giant *media* platforms held themselves accountable. Sorry is not enough anymore, and AI won’t save these shoddy algorithms for decades. Time to act. https://twitter.com/nycjim/status/966393867401654273 …

- 130
- 58 people are talking about this

The first big attempt at regulation, the Honest Ads Act, was introduced last year. The bill would require technology companies to be more transparent about who is paying for an online ad. It is currently in the Senate and could change the way tech companies, which rely heavily on advertising, conduct business. However, four months after it was introduced, it's still lingering in the Senate.

"Slowly but surely, they [the big tech companies] are coming around to accept responsibility," said Taplin. "But they are also trying to avoid having any regulations passed."

RE-EVALUATING THE ROLE OF TECHNOLOGY IN OUR LIVES

Big tech's business practices are being put under the microscope, but so is the presence of technology in our daily lives — particularly with the emergence of smartphones.

Last month, active investor JANA Partners and the California State Teacher's Retirement System sent Apple's board of directors a letterasking them to "think differently" when it comes to kids.

The letter pointed to a number of studies purporting to show the effects technology has on children and teenagers.

"There is also a growing societal unease about whether at least some people are getting too much of a good thing when it comes to technology, which at some point is likely to impact even Apple given the issues described above," said the letter.

The groups said there is "no good reason why you should not address this issue proactively" and noted the notoriously secretive company could perhaps already be working on the issue.

Apple has had parental controls available in iOS, the operating system used on the iPhone, for the past decade. A statement issued by Apple last month, in response to the letter, said the company has "always looked out for kids ... while also helping parents protect them online."

In addition, Apple's statement said there are "new features and enhancements planned for the future, to add functionality and make these tools even more robust."

Brianna Wu

✔@Spacekatgal

Replying to @Spacekatgal

> 2/ Tech companies want to be treated like it’s still the 90s - and they are dewey-eyed startups.
>
> No. These are massive corporations.
>
> Google and Facebook are 21st century public square. If elected congresswoman, I don’t want to regulate them - but I will if this BS continues.
>
> - 196
> - 32 people are talking about this

The former Facebook and Google employees who mobilized to start the Center for Humane Technology are working alongside Common Sense, an advocacy group focusing on children and technology.

But addressing those concerns could mean rethinking what has made tech companies so successful. Tech business models "often encourage them to do whatever they can to grab attention and data and then to worry about the consequences later, even though those very same consequences may at times hurt the social, emotional, and cognitive development of kids," James Steyer, CEO and founder of Common Sense, said earlier this month. He called on the industry to "change its ways and improve certain practices."

And if ever there was an inflection point, and a critical and necessary place to do it, that time is 2018, according to experts. How tech companies handle this year could potentially be do or die.

"Initial reaction from the platforms was, 'We have nothing to do with this, or this was just imaginary,'" said Taplin. "Then slowly but surely, they are coming around to beginning to accept some responsibility."

"What they are really trying to do is avoid having any regulations passed because they have lived in a world without regulation for 25 years — and they don't want it to start now," he said.