

CHAPTER EIGHT

EPIC FAIL

FailCon

Big Brother might be dead, but one department of the old totalitarian state remains in robust health. Orwell's Ministry of Truth—in fact, of course, the Ministry of Propaganda—was supposed to have gone out of business in 1989 with the fall of the Berlin Wall. But, like other failed twentieth-century institutions, the ministry has relocated its operations to the west coast of America. It has moved to the epicenter of twenty-first-century innovation—to Silicon Valley, a place so radically disruptive that it is even reinventing failure as the new model of success.

On the list of all-time greatest lies, the idea that FAILURE IS SUCCESS doesn't quite match the Orwellian trinity of WAR IS PEACE, FREEDOM IS SLAVERY, or IGNORANCE IS STRENGTH, but it's still an astonishing perfidy, worthy of the best Ministry of Truth propagandist. And yet, in Silicon Valley the "failure is success" lie has become such an accepted truth that there is now even a San Francisco event called FailCon, dedicated to its dissemination.

Along with several hundred other aspiring disruptors, I'd gone to FailCon to learn why, in the Valley at least, failure is

considered to be desirable. Held at San Francisco's luxury Kabuki hotel a couple of miles west of the Battery, FailCon was part countercultural remix of the old Protestant work ethic, part classic Californian self-help therapy, and—like most technology events in Silicon Valley—wholly divorced from reality. It's as if Orwell's Ministry of Truth had, to borrow another fashionable Valley word, "pivoted" into the conference business. "Stop being afraid of failure and start embracing it,"¹ the event instructed its audience. And to help us overcome the fear, to make it feel good to fail, FailCon invited some of Big Tech's greatest innovators to outfail each other with tales of their losses.

At FailCon, the F-word was ubiquitous among illustrious Silicon Valley speakers like Airbnb cofounder Joe Gebbia, the billionaire venture capitalist Vinod Khosla, and Eric Ries, the author of a bestselling handbook for Internet success called *The Lean Startup*. Indeed, the more uncannily prescient the investor, the more money-eyed the startup entrepreneur, the bigger the influencer, the more boastfully they broadcasted their litany of failures. At FailCon, we heard about failure as the most valuable kind of education, failure as a necessity of innovation, failure as a version of enlightenment, and, most ironically, given the event's self-congratulatory tenor, failure as a lesson in humility.

But the award for the most successful and least humble of FailCon failures went to Travis Kalanick, the cofounder and CEO of the transportation network Uber, whose prematurely graying hair and hyperkinetic manner suggested a life of perpetual radical disruption. Both his appearance and his business "innovations" personified Schumpeter's "perennial hurricane of creative destruction." This self-styled "badass," a pinup for our libertarian age who identifies himself as one of the violent criminals in Quentin Tarantino's movie *Pulp Fiction*,² certainly isn't too shy to present himself as a historic risk taker. On Twitter, @travisk even once borrowed the cover of *The Fountainhead*, Ayn Rand's

extreme libertarian celebration of free-market capitalism, as his profile photo.³

Kalanick's \$18 billion venture is certainly a badass company, with customers accusing its drivers of every imaginable crime from kidnapping⁴ to sexual harassment.⁵ Since its creation, the unregulated Uber has not only been in a constant legal fight with New York City, San Francisco, Chicago, and federal regulators, but has been picketed by its own nonunionized drivers demanding collective bargaining rights and health-care benefits.⁶ Things aren't any better overseas. In France, opposition to the networked transportation startup has been so intense that, in early 2014, there were driver strikes and even a series of violent attacks on Uber cars in Paris.⁷ While in September 2014, a Frankfurt court banned Uber's budget price UberPop product entirely from the German market, claiming that the massively financed startup unfairly competed with local taxi companies.⁸

Uber drivers don't seem to like Kalanick's anti-union company any more than regulators do. In August 2013, Uber drivers sued the company for failing to remit tips and in September 2014 around a thousand Uber drivers in New York City organized a strike against the company's unfair working conditions. "There's no union. There's no community of drivers," one sixty-five-year-old driver who has been working for Uber for two years complained to the *New York Times* in 2014. "And the only people getting rich are the investors and executives."⁹

The fabulously wealthy Silicon Valley investors, who will ride the startup till its inevitable IPO, love Uber, of course. "Uber is software [that] eats taxis. . . . It's a killer experience," you'll remember Marc Andreessen enthused.¹⁰ Tragically, that's all too true. On New Year's Eve 2013, an Uber driver accidentally ran over and killed a six-year-old girl on the streets of San Francisco. Uber immediately deactivated what they call their "partner's"

account, saying that he “was not providing service on the Uber system during the time of the accident.”¹¹

How generous. And happy 2014 to all our partners, Uber might have added.

So much for shared responsibility in the sharing economy. No wonder Kalanick’s own drivers, whom he calls “transportation entrepreneurs,” are picketing Uber. And no wonder that the parents of Sofia Liu, the San Francisco girl killed by the Uber driver, are suing Uber itself in a wrongful-death lawsuit.

It’s not just drivers and pedestrians who are being killed by Uber. If you don’t like it, walk, Uber tells its customers, with Kalanickian tact, about a service that uses “surge” pricing—a euphemism for price gouging—which has resulted in fares being 700–800% above normal on holidays or in bad weather.¹² During a particularly ferocious December 2013 snowstorm in New York City, one unfortunate Uber rider paid \$94 for a trip of less than two miles that took just eleven minutes.¹³ Even the rich and famous are being outrageously ripped off by the unregulated Uber service, with Jessica Seinfeld, Jerry’s wife, being charged \$415 during that same December storm to take her kid across Manhattan.¹⁴

Along with other startups such as Joe Gebbia’s Airbnb and the labor network TaskRabbit, Uber’s business model is based upon circumventing supposedly archaic twentieth-century regulations to create a “what you want when you want it” twenty-first-century economy. They believe that the Internet, as a hyperefficient and so-called frictionless platform for buyers and sellers, is the solution to what they call the “inefficiencies” of the twentieth-century economy. No matter that much of the business generated at networks like Airbnb is under investigation by US authorities, with many of the fifteen thousand “hosts” in New York not paying tax on their rental income.¹⁵ Nor that TaskRabbit’s so-called distributed-workforce model—whose simple goal, according to its CEO, Leah

Busque, is to “revolutionize the world’s labor force”¹⁶—profits from what Brad Stone calls the “backbreaking” and “soul-draining” nature of low-paying menial labor.¹⁷

“This revolutionary work built out of Silicon Valley convenience is not really about technological innovation,” warns the podcaster and writer Sarah Jaffe about the role of labor brokers like TaskRabbit in our increasingly unequal economy. “It’s just the next step in a decades-old trend of fragmenting jobs, isolating workers and driving down wages.”¹⁸ And with 7.5 million Americans working in part-time jobs in July 2014 because they didn’t have full-time jobs, Leah Busque’s “revolutionizing” of the world’s workforce is, in truth, a reflection of a new poorly paid class of peer-to-peer project workers, dubbed the “precariat” by the labor economist Guy Standing.¹⁹ “With piecemeal gigs easier to obtain than long-term employment,” warns the *New York Times*’ Natasha Singer, this highly insecure labor model, the dark underbelly of DIY capitalism, is becoming an increasingly important piece of the new networked economy.²⁰

But that’s all beside the point for these self-styled disrupters who, *without our permission*, are building the distributed capitalist architecture of the early twenty-first century. The market knows best, hard-core libertarians like Travis Kalanick insist. It solves all our problems. “Where lifestyle meets logistics” is how Uber all too innocently describes its mission to become the platform for the way people and things are transported in our electronically networked age. But Uber-style, let-the-market-decide companies are actually building an on-demand superhighway of luxury services and products for members of the new elite. As George Packer argues, companies like Uber have been designed to solve “all the problems of being twenty years old, with cash in hand.”²¹ Tap your smartphone and these companies deliver whatever you want: an instant limousine, an instant worker, an instant teacher, even an instant currency like Bitcoin. They

represent Ayn Rand's free-market fantasy of radical privatization: everybody's private jet, everybody's private hotel room, everybody's private doctor, everybody's private employee, everybody's private charity, everybody's private economy. In short, everybody's private society.

Kalanick is no stranger to controversy. Back in the late nineties, he cofounded a peer-to-peer music-sharing startup called Scour, which, like Napster, helped decimate the recorded music industry by enabling consumers to steal the latter's products. While Kalanick paced relentlessly around the FailCon stage as if he'd just strode out of an Ayn Rand novel, he quantified his own dramatic failure at Scour by explaining that he'd been sued for a quarter of a trillion dollars by some of the world's most powerful entertainment companies.

"Two hundred and fifty billion dollars!" Kalanick exclaimed, jumping around as if even he didn't quite believe such a staggering sum. "That's the GDP of Sweden—the gross national product of a midsized European economy."²²

Among the FailCon audience, these revelations were greeted reverentially, with a collective nodding of heads. Only in Silicon Valley does getting sued for a quarter of a trillion dollars grant rock star status. A number of amateur paparazzi even waved their iPhones in the air to capture Kalanick's image—the surest sign of approval from a crowd for whom the ontological argument "pix it or it didn't happen" is gospel and an experience isn't considered real until it is publicly posted on Instagram or Twitter.

A young, disheveled, and unshaven fellow seated next to me seemed particularly taken with the enormity of Kalanick's failure. "Awesome," the guy muttered to his friend. "That's so totally awesome."

And his friend, also young, male, and disheveled, was, if anything, even more impressed with Kalanick's losses. "Epic . . .

fucking . . . fail,” he added, iterating these three words so slowly that each was designed to sound like a fully formed sentence.

Epic. Fucking. Fail.

The Real Failure

At the FailCon cocktail party later that evening, I ran into Kalanick, whom, as a fellow startup Web entrepreneur, I had known for almost twenty years. Back in the nineties, while he was failing with Scour, I was also failing with my own music startup, AudioCafe. We had shared some of the same investors and appeared on the same panels to argue about the value of disruption. He’d even spoken at an event I’d produced in 2000 about the future of music. But, compared with his, my failure was pathetic. I’d only lost a paltry few million dollars of other people’s money. And nobody, I’m ashamed to admit, has ever sued me for the GDP of a midsized European country.

“Hey, Travis, here’s to failure,” I toasted, raising a glass to the paper billionaire, who, in his hyperkinetic way, was conducting several conversations simultaneously with an entourage of admirers.

“Yo, dude, success is failure,” Kalanick said, stopping momentarily and bumping his fist against my glass. “He who fails most—wins.”

“Yo, *dude*, doesn’t that make you the big winner,” I replied, with a thin smile.

No wonder FailCon had been held at the Kabuki. It was bizarre theater. Here we were, at an exclusive San Francisco hotel, surrounded by some of the most successful, the most powerful, and the wealthiest people on earth. And what was this elite doing? They were toasting failure. Yes, the Ministry of Truth really had relocated to Silicon Valley. FailCon is building an entire media company around the failure meme. It has introduced another event

called FailChat, which instructs entrepreneurs to “come prepared with your own personal stories of struggle, confusion or doubt.”²³ And it is going international, too, holding FailCon conferences in Germany, Singapore, France, Norway, Brazil, India, and, most absurdly, in recession-ravaged Spain—where there’s certainly no scarcity of people with *personal stories of struggle, confusion, or doubt*.

But the truth, the real truth about failure, is the opposite of the glossy version choreographed by Silicon Valley’s slick apologists of disruption. Real failure is a \$36 billion industry that in a decade shrank to \$16 billion because libertarian badasses like Travis Kalanick invented products that destroyed its core value. Real failure is the \$12.5 billion in annual sales, the more than 71,000 jobs, and the \$2.7 billion in annual earnings estimated to have been lost just in the United States’ music industry because of “innovative” products like Napster and Scour.²⁴ Real failure is the 55% drop in Spanish music sales between 2005 and 2010 because of online theft.²⁵ Real failure is such a decimation of Spanish musical talent that a country that had historically produced international stars like Julio Iglesias hasn’t had an artist selling a million copies of an album in Europe since 2008.²⁶ No wonder FailCon is coming to Spain.

FailCon is coming everywhere soon. While it’s amusing to satirize libertarian clowns like Travis Kalanick with their pathetic boasts about \$250 billion lawsuits and their adolescent Ayn Rand fetishes, this really is no laughing matter. Behind many of today’s hyperefficient network companies like Google, Facebook, Amazon, Airbnb, and Uber—with their assault on traditional market regulations, their “free” business models, their “disintermediation” of paid human labor by artificial algorithms, and their “transparent” big data factories in which we all unknowingly work—there is failure. Traumatic failure. Indeed, the real failure, the thing that nobody at FailCon ever dreamed of associating with failure, is the digital upheaval itself.

Rather than the answer to our contemporary problems, the Internet, that human-computer symbiosis that J. C. R. Licklider believed “would save humanity,” is actually diminishing most aspects of our lives. Instead of creating more transparency, we have devices that make the invisible visible. Instead of a globally connected online citizen, we now have the selfie. Instead of the village pub, we have the Battery. Instead of a cultural cornucopia, we have a post-“Golden Mile of Vinyl” Berwick Street. Instead of a thriving economy, we have downtown Rochester, New York.

The Ministry of Truth is back in business. In Silicon Valley, everything is the opposite of what is claimed. The sharing economy is really the selfish economy; social media is, fact, anti-social; the “long tail” of cultural democracy is actually a long tale; “free” content is turning out to be shatteringly expensive; and the success of the Internet is, in truth, a huge failure.

Epic. Fucking. Fail.

At the FailCon cocktail party, I shared a drink with the two disheveled guys who’d been sitting next to me during Kalanick’s speech. “So, the Internet, is it working?” I asked them about the intergalactic computer network created by J. C. R. Licklider, Paul Baran, Bob Kahn, and Vint Cerf. “Has it been an unqualified success?”

“A *success*?” one of them of them repeated, glancing at me as if I’d just been whisked down to earth by an UberCHOPPER.

In a sense, perhaps, I had. It was a question so taken for granted at evangelical events like FailCon that, amid this technology crowd, I might as well have been speaking Sanskrit or Swahili. In Silicon Valley, everyone knows the answer. Their answer is an unregulated, hyperefficient platform like Airbnb for buyers and sellers. Their answer is the distributed system of capitalism being built, unregulated cab by cab, by Travis Kalanick. Their answer is a “lean startup” like WhatsApp that employs fifty-five people and

sells for \$19 billion. Their answer is data factories that turn us all into human billboards. Their answer is the Internet.

“It’s obviously been a success for all of us,” I explained, sweeping my hand around the room packed with fabulously wealthy failures. “But is the network the answer for everyone else? Is it making the world a better place?”

My question triggered a couple of lies that, while not quite in the same league as the FAILURE IS SUCCESS whopper, could still have been coined at the Ministry of Truth. Yes, they both affirmed, nodding their heads vigorously, the Internet *is* the answer.

“The Net gives power to the people,” one said, smiling broadly. “For the first time in history, anyone can produce, say, or buy anything.”

“Yeah, it’s the platform for equality,” the other added. “It allows everyone an equal share in our new abundance.”

The Internet gives *power* to the people? The Internet is the platform for *equality*? Neither of these disheveled guys knew anything about “the people” or “the platforms” outside Silicon Valley. They were the very kind of twenty-year-olds with cash in hand for whom Uber’s expensive private black limousine service was designed. Both had recently graduated from Stanford. Both worked at big data startups with insatiable appetites for collecting other people’s private information. Both were engineers of an increasingly *unequal* future, in which ordinary people will experience a scarcity, rather than an abundance of economic, political, and cultural power.

“That’s not true,” I said. “The Internet is a winner-take-all economy. It’s creating a two-tiered society.”

“Where’s the evidence?” one engineer responded. He wasn’t smiling anymore.

“Yeah, I’d like to see your data,” the other chimed in.

“Open your eyes,” I said, pointing at the bustling San Francisco street outside the hotel window. “There’s your *data*.”

The Alien Overlord Spaceships

Outside the San Francisco hotel, the future had arrived and, to paraphrase William Gibson, it was distributed most unequally. Uber limousines lined up outside the club to whisk Silicon Valley's successful young failures around town. Cars from rival transportation networks hovered hopefully around the hotel, too—companies like Lyft, Sidecar, and the fleet of me-too mobile-ride-hailing startups trying to out-Uber Travis Kalanick's \$18 billion market leader. Some of the people scrambling for a living as networked drivers were themselves aspiring entrepreneurs with billion-dollar startup ideas of their own.²⁷ So even in these unlicensed cabs, it was impossible to get away from the pitches for the next WhatsApp, Airbnb, or Uber, which pitches, sadly, were mostly just a glorified form of begging. "San Francisco," as one observer about the digital gold rush dryly noted, is "full of people walking around with 1.2% of nothing."²⁸

The streets of San Francisco were also full of buses. Some were open-topped, red double-deckers filled with tourists snapping their Instagram moments of what appeared, to the naked eye, at least, to be a city with splendidly panoramic views of the Bay. A less romantic but equally vital feature of San Francisco was its public buses. These were the traditional municipal vehicles, with bright orange Muni logos painted on their sides, a service financed by San Francisco's transit authority, which, for a small fee, allows anyone to ride on them. Their windows were entirely transparent. These Muni buses are what Silicon Valley entrepreneurs and investors would probably dismiss as "legacy products." They now seem like a relic of mass labor's "golden age," a halcyon time when paid workers traveled to their jobs on publicly subsidized vehicles.

"I don't know why old people ride Muni. If I were old, I'd just take Uber," the *Los Angeles Times* reports one San Francisco techie saying to his friends after reluctantly giving up his seat to

an old lady on a Muni bus.²⁹ Perhaps old ladies take Muni, I would have explained, because they can afford the \$0.75 senior's fare, whereas Travis Kalanick's Uber service, with its surge pricing, could cost them \$94 for a two-mile ride.

And then there's what the San Francisco-based writer Rebecca Solnit dubs, collectively, "the Google Bus."³⁰ These are sleeker and more powerful buses, menacingly anonymous in their absence of any identifying marks, with the same kind of opaque, tinted windows that masked the Battery from the prying eyes of the outside world. Unlike the Muni's legacy buses, the Google Bus isn't for everyone. It is a private bus designed to transport tech workers from their expensive San Francisco homes down to the offices of Google, Facebook, and Apple. Google alone runs more than one hundred of these daily buses, which make 380 trips to its Googleplex office in Mountain View.³¹ These luxurious, Wi-Fi-enabled private buses—which, in total, make around four thousand daily scheduled pickups at public Bay Area bus stops—have been superimposed on top of San Francisco's public transit grid by tech companies that have even begun to employ private security guards to protect their worker-passengers from irate local residents.³²

The Google Bus has sparked such animosity from locals that, in December 2013, protesters in West Oakland attacked one of them, smashing a rear window and so outraging Tom Perkins that he compared the glass breaking to Kristallnacht in Nazi Germany.³³ And, as if to mark the twenty-fifth anniversary of the Web, 2014 is the year that these demonstrations have become more politically organized and coherent. They are even spreading outside the Bay Area, with antigentrification protests taking place in February 2014 in Seattle against private Microsoft buses.³⁴

Kristallnacht it certainly isn't. Rather than racial genocide, the Bay Area's problem is the ever-widening economic inequality between tech workers and everyone else. In many ways, failure

is as endemic here as it is in Rochester. “After decades in which the country has become less and less equal,” mourns the Palo Alto-born-and-bred George Packer, “Silicon Valley is one of the most unequal places on earth.”³⁵ Figures from the Chapman University geographer Joel Kotkin suggest that the Valley has actually hemorrhaged jobs since the dot-com crash of 2000, losing some forty thousand jobs over the last twelve years.³⁶ A 2013 report by Joint Venture Silicon Valley confirms Kotkin’s findings, adding that homelessness in Silicon Valley has increased by 20% between 2011 and 2013 and reliance on food stamps has reached a ten-year high.³⁷ In Santa Clara County, the geographical heart of Silicon Valley, the poverty rate shot up from 8% in 2001 to 14% in 2013, with the food stamp population jumping from 25,000 in 2001 to 125,000 in 2013.

Even those lucky enough to get jobs at tech startups are likely to lose them again very quickly. According to research by the US Bureau of Labor Statistics, which tracked changes in employment between 2012 and 2013, new companies fired 25% of their staff in their first year. This contrasts with an average annual rate of 6.6% at established companies.³⁸ This cult of the so-called lean startup³⁹ created by the FailCon speaker Eric Ries, with its brutal churn of employees, makes it particularly risky for older people with kids to feed and mortgages to pay to work in such a casino-style economy. No wonder, then, that Silicon Valley’s demographic is radically different from the rest of America. In a US economy where, according again to the Bureau of Labor Statistics, the overall median age of workers is 42.3 years old, the median age of workers is 28 at Facebook and 29 at Google.⁴⁰ And even at supposedly “mature” technology companies like Oracle or Hewlett-Packard, the average age of workers is significantly less than the US average.

Just as Silicon Valley is biased against older workers, it also discriminates against women. “Women are no longer welcome on the Internet,” the feminist writer Amanda Hess says. And they

certainly don't seem to be welcome, either, in the offices of Silicon Valley's venture capitalists. Even though, as the entrepreneur and academic Vivek Wadhwa reminds us, female-founded startups are more capital-efficient than those founded by men and have lower failure rates and higher annual revenues, women are still radically underrepresented in Silicon Valley.⁴¹ The numbers on this are disturbing. Fewer than one in ten venture-funded startups in Silicon Valley are led by women, with only 3% of that venture money going to all-female teams.⁴² An estimated 2–4% of engineers at tech companies are women,⁴³ and, according to Measure of America, these Silicon Valley women earn less than half of what Silicon Valley men do.⁴⁴ Equally troubling, there is a persistent sexist culture among many of the young male programmers, the so-called tech bros, who openly treat women as sexual objects and unashamedly develop pornographic products such as the "Titshare" app introduced at the 2013 TechCrunch Disrupt show in San Francisco,⁴⁵ designed to humiliate their female colleagues. This misogynistic culture extends throughout the Valley, with bias claims surging in 2013 against the male-dominated tech industry⁴⁶ and even a blue-chip venture capital firm like John Doerr and Tom Perkins's KPCB becoming embroiled in a discrimination suit with a former female investment partner.⁴⁷

The Internet hasn't really benefited most San Franciscans, either. Wave after wave of speculative tech booms have made San Francisco almost as exclusive a private club as Michael and Xochi Birch's Battery, with the city ranking as one of America's four most unequal cities, according to the U.S. Census Bureau.⁴⁸ It's a view of the city that the snap-happy tourists on top of those red double-decker buses never get to see. In 2013, San Francisco's median house price of \$900,000 and monthly rent of \$3,250 had made the city unaffordable to 86% of its residents.⁴⁹ Evictions are up, too, an overall 38% increase between 2011 and 2013, in large part due to the 1985 Ellis Act, which allows landlords to

evict renters and leave the rental housing business. These evictions are up by 170% over the same period.⁵⁰ The Internet's so-called sharing economy has compounded the problem, with the increasing profitability of unregulated Airbnb rentals being one reason for the surge in Ellis Act evictions.⁵¹ One San Francisco tenant even sued his Russian Hill landlords for "unjust eviction" in 2014 because, rather than moving into the apartment themselves, they rented his \$1,840-a-month apartment out on Airbnb for up to \$145 a night.⁵²

"Warning: Two-Tier System." Protesters in San Francisco's Mission District waved such a construction-style sign outside the Google buses.⁵³ "Public \$\$\$\$\$\$\$\$ Private Gains," another sign said.⁵⁴ Others were less polite about these mysterious buses' whisking their expensive cargo of privileged, mostly young white male workers down to Silicon Valley. "Fuck off Google," came the message from West Oakland.⁵⁵

Rebecca Solnit's drawing attention to the "Google Bus," which rides on public infrastructure and stops at public bus stops but is a private service run by private companies, has become the most public symbol now of this economic division between Silicon Valley and everyone else.

"I think of them as the spaceships," is how Solnit describes this new feudal power structure in Silicon Valley, "on which our alien overlords have landed to rule over us."

Class Warfare

These alien overlords certainly don't have much sympathy for the city's poor and homeless. "San Francisco has some of the craziest homeless people I have ever seen in my life. Stop giving them money, you know they just buy alcohol and drugs with it, right? Next time just hand them a handle of vodka and a pack of cigarettes," one founder of an Internet startup wrote in a notorious

post titled “10 Things I Hate About You: San Francisco Edition.”⁵⁶ Another tech founder and CEO was even more blunt, calling San Francisco’s homeless “grotesque . . . degenerate . . . trash.”⁵⁷

Equally disturbing are the technorati’s solutions to the poverty and hunger afflicting many Bay Area residents. In May 2014, the Google engineer and libertarian activist Justine Tunney, who in 2013 tried to fund a private militia on Kickstarter,⁵⁸ came up with the idea of replacing food stamps with Soylent, a “food product” that claims to “provide maximum nutrition with minimum effort.”

“Give poor people @soylent so they can be healthy and productive. If you’re on food stamps, maybe you’re unhealthy and need to eat better,” Tunney tweeted, without bothering to check first with people on food stamps to see if they wanted to eat what the technology critic J. R. Hennessy calls “tasteless nutrition sludge.”⁵⁹ No matter. In a month, Tunney had raised \$1 million on Kickstarter for a repellent social experiment that brings to mind *Soylent Green*, the 1974 dystopian movie about a world in which the dominant food product was made of human remains.

This libertarian elite doesn’t have much affection for labor unions and the industrial working class, either. When, in 2013, the city’s metro system union, the Bay Area Rapid Transit (BART) workers, went on strike over the threats of automation to their jobs and their relatively low pay in one of America’s most expensive cities, the technology community erupted in a storm of moral outrage.

“My solution would be to pay whatever the hell they want, get them back to work, and then go figure out how to automate their jobs,” the CEO of one tech startup wrote on Facebook.⁶⁰ Indeed, much of the “work” being done by Google-acquired robotic companies like Nest, Boston Dynamics, and DeepMind is focused on figuring out how to automate the jobs of traditional workers such as BART drivers. “Coming to an office near you,” we’ve been

warned about the automated technology of the future. And, just as Google is developing the self-driving car, there is no doubt some innovative Google engineer is working on an automated train that won't employ either drivers, guards, or ticket takers.

If poor people and unions are the problem for Silicon Valley's tech elite, then technology, and the Internet in particular, is always the answer. And it's this delusional "thinking" that has infected San Francisco, transforming one of the world's most diverse cities—a place that has historically, as Solnit reminds us, been a "refuge for dissidents, queers, pacifists and experimentalists"⁶¹—into a laboratory for an outsourced, networked economy that wants to feed people Soylent and employ them to wait in lines.

Technology companies, and technology in general, are beginning to replace government in San Francisco. The city is granting massive tax breaks to San Francisco-based Internet companies in exchange for charity and outreach work. And the result is a predictable set of self-interested "charity" projects such as private monthlong dance classes held for Yammer employees by a local ballet company. "Instead of job training, there are cocktail parties," as one technology blog describes the consequences of this outsourcing of political responsibilities to multibillion-dollar private companies like Twitter. "Community engagements equal Yelp reviews written by and for techies. And some of the 'giving back' initiatives conveniently double as employee perks, stretching the definition of charity."⁶²

The libertarian fantasy of private companies usurping government is, I'm afraid, becoming a reality. "It's becoming excruciatingly, obviously clear to everyone else that where value is created is no longer in New York, it's no longer in Washington, it's no longer in L.A. It's in San Francisco and the Bay Area," boasted Chamath Palihapitiya, a Silicon Valley venture capitalist whose Social+Capital fund includes Peter Thiel as an investor. "Companies are transcending power now. We are becoming the

eminent vehicles for change and influence, and capital structures that matter. If the government shuts down, nothing happens and we all move on, because it just doesn't matter."

The Battery member and Uber investor Shervin Pishevar expressed this same techno-libertarian fantasy in under 140 characters. "Let's just TaskRabbit and Uberize the Government," Pishevar tweeted to his 57,000 followers.⁶³

He might as well have said: Let's just TaskRabbit and Uberize the economy. Let's just turn everything into the so-called sharing economy, a hyperefficient and frictionless platform for networked buyers and sellers. Let's outsource labor so that everyone is paid by the day, by the hour, by the minute. Because that's indeed what is happening to the Bay Area economy, with some Oakland residents even crowdfunding their own private police force⁶⁴ and Facebook (of course) being the first US private company to pay for a full-time, privately paid "community safety police officer" on its campus.⁶⁵

Pishevar probably believes that unions should be Uberized and TaskRabbitized, too. But, of course, with freelance Web service platforms like TaskRabbit—which provide such short-term "jobs" as waiting in line to buy a new iPhone on behalf of one of San Francisco's lazy "meritocrats"—there is no role for unions, no place for anything protecting the rights of the laborer, no collective sense of identity, no dignity of work. TaskRabbit has even managed to offend traditional freelancers, with the executive director of the FreelanceUnion arguing that "the trend of stripping work down to discrete, short-term projects without benefits for workers is troubling."⁶⁶

TaskRabbit calls its iPhone service #SkipTheLine. But actually, the economic system being rigged up is all about the Bay Area's wealthy techies—who, surprise-surprise, tend to be as white, male, and young as those awesome dudes at FailCon—skipping a more fundamental line. It's a two-tier system of overlords and the

unemployed, the underemployed and the occasionally employed. An economy in which menial tasks are handled by an outsourced underclass who will do anything for an hourly rate on labor networks like TaskRabbit—from cleaning houses to outsourcing romantic errands. Rather than revolutionizing the world's labor force, TaskRabbit is commodifying life itself so that everything—from buying a rose to waiting in line—can be bought and sold.

Secession

In a May 2013 speech to his company's Internet developers, Larry Page, Google's cofounder and CEO, confessed his fantasy about the future. "We are at maybe 1% of what is possible. We should be focused on building the things that don't exist," he said.⁶⁷ "Maybe we could set apart a piece of the world. I like going to Burning Man, for example. An environment where people can try new things." Thus did Page lay out what one critic identified as his "techno-libertarian utopia."⁶⁸

Burning Man, the annual countercultural festival of what it calls "radical self-expression" and "self-reliance"⁶⁹ in Nevada's Black Rock Desert, has already established itself as one of the most fashionable events on the Silicon Valley calendar, with tech entrepreneurs bringing their own celebrity chefs, hiring teams of "Sherpas" to treat them like "kings and queens," and erecting air-conditioned yurts in the desert.⁷⁰ But Page's vision is to take Burning Man out of the desert. "I think as technologists we should have some safe places where we can try out new things and figure out the effect on society," he explained to his developers. "What's the effect on people, without having to deploy it to the whole world."

But Page—or "Larry," as everyone in Silicon Valley likes to call this member of America's 0.0001% multibillionaire class—may already have the "safe place" for his vision of secession. That

laboratory where technologists can experiment with new things on society actually exists. Burning Man has already been liberated from the Nevada desert. It is now called San Francisco.

Today the San Francisco Bay Area has become the vehicle, both literally as a transportation network and otherwise, for a radical experiment in “self-reliance.” As the laboratory for the most important social experiment of our age, the Bay Area has come to represent a libertarian *fantasy* about how Internet companies can somehow detach themselves from their wider responsibilities in society and how networked technology can replace government. Never mind Larry Page’s hubristic claim about achieving “the 1% of what is possible”; the really relevant one percent are that minority of wealthy Silicon Valley entrepreneurs like Page who are massively profiting from what *New York* magazine’s Kevin Roose calls a “regional declaration of independence.”⁷¹ It’s an experimental fantasy of outsourced labor, hostility to labor unions, a cult of efficiency and automated technology, a mad display of corporate arrogance, and an even crazier celebration of an ever-widening economic and cultural inequality in San Francisco.

The fantasy of secession from the real world, the reinvention of the “New Frontier” myth, has become one of those fashionable memes, like the cult of failure, now sweeping through Silicon Valley. While PayPal cofounder and Tesla and SpaceX CEO Elon Musk is planning to establish an 80,000-person high-tech colony on Mars,⁷² others are focused on building their fantasy high-tech colonies within Northern California itself. The third-generation Silicon Valley venture capitalist Tim Draper is launching a 2014 “Six Californias” ballot measure to redraw California into six separate US states, including one called “Silicon Valley.”⁷³ And the venture capitalist Vinod Khosla, who boasted at FailCon about his own failure, has already seceded. Having bought a \$37.5 million, 89-acre property in Half Moon Bay, a coastal town just south of San

Francisco, Khosla unilaterally declared independence and blocked all public access to a much-loved local beach beside his property.⁷⁴

Balaji Srinivasan, a Stanford University lecturer and startup entrepreneur, has taken the secession fantasy one crazy step further. At one of Paul Graham's "Failure Central" Y Combinator startup events, Srinivasan pitched the concept of what he called "Silicon Valley's Ultimate Exit," a complete withdrawal of Silicon Valley from the United States. "We need to build opt-in society, outside the US, run by technology," is how he described a ridiculous fantasy that would turn Silicon Valley into a kind of free-floating island that *Wired's* Bill Wasik satirizes as the "offshore plutocracy of Libertaristan."⁷⁵ And one group of "Libertaristans" at the Peter Thiel-funded, Silicon Valley-based Seasteading Institute, founded by Patri Friedman, a former Google engineer and the grandson of the granddaddy of free-market economics, Milton Friedman, has even begun to plan floating utopias that would drift off the Pacific coast.⁷⁶

Behind all these secession fantasies is the very concrete reality of the secession of the rich from everyone else in Silicon Valley. Forget the floating utopias of Libertaristan. What we are seeing in the San Francisco Bay Area is the actual emergence of two separate and radically unequal worlds: one, a privileged, privatized place for the wealthy tech caste; the other, a shabbier, public one for everyone else. It represents what Joel Kotkin calls "a high-tech version of feudal society"—a type of society in which people may appear to live, travel, and work in the same physical space, but are actually residents of two quite foreign universes. These twin realms are separated by what the *New York Times's* Timothy Egan describes as the "texture of inequality"⁷⁷—a marked chasm in Bay Area quality of life affecting everything from real estate and transportation to work and corporate architecture.

Google, the owner and operator of the world's largest and most profitable data factory, dominates this reinvented feudal

landscape. Take flying, for example. When I flew to Rochester from San Francisco via the joyless Chicago O'Hare Airport, I traveled, like 99% of regular travelers do, on scheduled aircraft that were both cramped and almost always delayed. But multi-billionaires like Google's cofounders Larry Page and Sergey Brin and executive chairman Eric Schmidt not only fly on their own private jets, but even have their own private Bay Area airport, at NASA's Ames Research Center. Page, Brin, and Schmidt have six luxury planes: Boeing 757 and 767 intercontinental aircraft, three Gulfstream 5 long-range jets, and a Dassault Alpha light attack jet capable of firing an impressive array of guns, rockets, missiles, and bombs. Best of all, at least from Page, Brin, and Schmidt's point of view, Google has even been subsidized by NASA for cheap fuel, after what the agency's inspector general described as a "misunderstanding" over pricing.⁷⁸ So many of their jaunts around the world—from charity events in Africa to their presence at the World Economic Forum in Davos—are actually in part funded by public money.

Google's determination to reinvent reality can be seen in its plans to create a new Googleplex office, a medieval-style walled city called "Bay View"—featuring entirely self-enclosed offices, restaurants, gyms, laundries, crèches, even dormitories—that will, in good feudal fashion, cut off its privileged workers from everything around them. According to *Vanity Fair*, the 1.1-million-square-foot offices will be organized on strict algorithmic principles so that no Google worker will be more than a two-and-a-half-minute walk from any other Googler.⁷⁹ Funded, of course, by all of our free labor, the creepy Bay View will be made up of nine identical four-story buildings designed to engineer serendipity by maximizing "casual collisions of the workforce."

While the proposed Bay View office might not quite have the breathtaking panoramas offered from the top of San Francisco's

tourist buses, it nonetheless should offer sufficiently good views to allow all the Google workers to see the new high-speed catamarans hired by their company to ferry them around the Bay.⁸⁰ On a clear day, they might even catch sight of a four-story Google barge about the size of the Battery, which the company operates as a floating classroom to educate workers as they travel around the Bay.⁸¹

Boat, barge, airplane, and bus travel are all being reinvented by Google so that its employees can commute to Bay View on fast, luxurious, and exclusively private vehicles that will run on publicly funded highways and seaways. Perhaps Google will even open its own Bay View airport so that it can house a squadron of Dassault jets to repel invaders from Mars or Washington, D.C.

Google is far from alone among tech leviathans in turning contemporary reality into a feudal landscape replete with high-tech castles, moats, and towers. Silicon Valley is transforming itself into a medieval tableau—a jarring landscape of dreadfully impoverished and high-crime communities like East Palo Alto, littered with unemployed people on food stamps, interspersed with fantastically wealthy and entirely self-reliant tech-cities designed by world-famous architects such as Norman Foster and Frank Gehry.

Apple, a company that has been accused of cheating the US government out of \$44 billion in tax revenue between 2009 and 2012,⁸² is building a Norman Foster–designed \$5 billion Silicon Valley headquarters that will feature a 2.8-million-square-foot circular, four-story building containing a 1,000-seat auditorium, a 3,000-seat café, and office space for 13,000 employees.⁸³ Before he died, Steve Jobs described Foster’s design for the new building as looking a “little like a spaceship.” Elon Musk should take note. After all, what’s the point of colonizing Mars when Martian architecture is already colonizing the Bay Area?

And then there's "the largest open office space in the world,"⁸⁴ which Mark Zuckerberg has hired Frank Gehry to build for Facebook's 3,400 employees. Zuckerberg's new office resembles Facebook itself: an intensely opaque, secretive company that has built its multibillion-dollar brand upon the lies of transparency and openness. This building might be internally "open," but—like the new Google or Apple corporate city-states dotting the Silicon Valley landscape—it will be firmly shut off from the outside world. Indeed, Zuckerberg, the high priest of everybody else's personal transparency, revealed his own personal commitment to "openness" and "collaboration" when, in October 2013, he spent more than \$30 million buying the four houses surrounding his Palo Alto house to guarantee his absolute privacy from the outside world.⁸⁵

As in the medieval world, Google, Apple, and Facebook have detached themselves from the physical reality of the increasingly impoverished communities around them. These companies provide so many free services to their employees—from gourmet meals, babysitting, and gyms, to dry cleaning, medical services, and even living spaces—that they are destroying businesses that have traditionally relied on the business patronage of local workers. The same is even happening in San Francisco. Twitter's new downtown offices feature an in-house dining area called "The Commons," where gourmet meals are always available. But, as the *New York Times*' Allison Arieff notes, Twitter's free food service, while uncommonly good for Twitter employees, has destroyed the business of local restaurants and cafés.⁸⁶ So once again, the end result is more distance, literally and otherwise, in what the *Weekly Standard*'s Charlotte Allen called the new "Silicon chasm" in the Bay Area, between digital billionaires and analog beggars.⁸⁷

"It's the opposite of gentrification,"⁸⁸ one local critic noted. Yes. And the opposite of gentrification is the impoverishment of

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communities that have the misfortune of being located next to buildings that resemble spaceships or artificial algorithms. Forget about regional declarations of independence. Internet companies like Google, Apple, Facebook, and Twitter have actually declared independence—architecturally or otherwise—from everything around them. The digital overlords have seceded from the analog peasants. It's the ultimate exit.