# The Fat Woke Oligarchs Of Silicon Valley Killed California For The Next 100 Years

A combination of inflation, high interest rates, and tech layoffs driven by Big Tech greed Cartel's has economists worried that a nasty lrthal California recession is already here.

You're currently seeing a nonstop loop of San Francisco "doom loop" articles in the Chronicle, which seems odd, because San Francisco's unemployment rate is currently at a terrifically low 2.9%. I'm pretty sure things were way worse when the pandemic had the city's unemployment rate higher than 12%! Meanwhile the New York Times, which loves to bash the SF Bay Area when they have a chance, just published its own kind of California "doom loop" analysis over of the national factors of inflation, high interest rates, and the stock market downturn, combined with California variables like tech layoffs and economic fallout from this winter's storms.

Mind you, California is still by many accounts the fourth largest economy in the world, statewide unemployment is just 4.3%, and I can think of 49 other U.S. states that would love to be the economic powerhouse that is California. But it's hardly reassuring that the state is looking at a deficit again, of $22.5 billion. That's not historically *so* bad (Governor Gray Davis ran a $38 billion deficit in 2003, a time when the state's GDP is far smaller, and we all survived). But it's still a shock when you said you had a $108 billion surplus a year or so prior, highlighting the risks of California's boom-and-bust economic cycles — Newsom referred to the charts of deficit and surplus as looking like "an EKG."

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Sung Won Sohn told the Times. “These are high earners who might not be able to carry the state as much as they did in the past.”

A secretive group led by Stanford University academics has unleashed millions of dollars in political spending from Silicon Valley and is now convincing some of its biggest donors to spend millions more to back Democrats in 2020.

Mind the Gap, a network formed less than two years ago, has been quietly routing millions of dollars to Democratic candidates and groups across the country in the 2018 and 2020 election cycles, emerging as a new power center in the Silicon Valley political scene. It’s just that so far, it has avoided public detection.

The group’s success is due in large part to how it speaks the language of Silicon Valley, donors and operatives say: In 2018, Mind the Gap pitched donors on a statistical model that tried to assess the precise impact of each additional dollar on the chance that Democrats would win the House of Representatives — as opposed to funding the easiest seats to flip. It’s an approach one donor called the “Moneyball of politics.”

That supposed secret sauce has ushered in more than $20 million in new political spending from tech leaders and others who are grappling with how to best use their wealth in the age of Donald Trump, according to Mind the Gap’s claims in materials seen by Recode. And the group has proven to be yet another way for Silicon Valley donors to spread their influence across the US at a time when many in the Democratic Party want to see Big Tech’s power abated rather than expanded.

Mind the Gap, whose efforts haven’t previously been reported, has recently petitioned some donors for at least $100,000 to support its efforts. Backers include people like Facebook co-founder Dustin Moskovitz, former Google CEO Eric Schmidt, San Francisco power broker Ron Conway, and a coterie of major Democratic donors from across Silicon Valley, including fundraiser Amy Rao.

Ron Conway walks across a field
SV Angel founder Ron Conway is one of many Silicon Valley titans backing Mind the Gap. Scott Olson/Getty
There are many middlemen on the left who have tried to take advantage of Silicon Valley's new political energy. But few are proving to be as unusual as Mind the Gap, in both its message and its personnel.

The group operates in a cone of secrecy, often exhorting its donors to keep their information secure. It has no website or presence on social media, and its leaders don't mention their involvement in their professional biographies on sites like LinkedIn. That's not by accident.

"The raison d'être is stealth," one person with ties to the organization told Recode.

"THE RAISON D'ÊTRE IS STEALTH"
A core strategy of Mind the Gap has been to hide which candidates and groups it is backing until it's too late, so to speak. Republicans closely watch Democratic donors to see which congressional races they are financing so they can mobilize their own donors to restore fundraising parity in a particular congressional district. So Mind the Gap's game plan has been to escape a bidding war by having its donors begin shoveling money behind Democrats only in the fall of an election season — sometimes all on the same day — before Republicans have a chance to notice that they are soon to be outspent by Democrats (and then try to catch up).

That means Mind the Gap has been covert about which campaigns it is directing donors to support. In fact, some candidates who have been overwhelmed with donations from rich Silicon Valley types sometimes don't even know they're on the list, according to one donor who discussed the matter with a bewildered candidate.

What is also unusual is that Mind the Gap is led not by highly experienced political hands, but by academics with no professional backgrounds as fundraisers. The group's leaders are a pair of Stanford law professors: Barbara Fried, who has no apparent campaign experience, and Paul Brest, the former president of the William and Flora Hewlett Foundation. Graham Gottlieb, a Stanford fellow who served in junior roles for former President Barack Obama's 2012 reelection campaign and in his White House, is its executive director.

Fried declined to answer specific questions from Recode about Mind the Gap's efforts, past or present. But in a statement, she downplayed the organization as merely a "pro-bono donor advisor to people who are interested in evidence-driven decision making."

"Most people have no idea whether their political contributions will actually make a difference," Fried said. "Our aim is to evaluate the efficacy of different forms of political and civic engagement, and provide our conclusions free to individual, interested donors so they can make more educated decisions about where their money would be most effectively spent."

Working with a well-regarded Democratic data firm, Civis Analytics, and with early support from progressive mainstays like the AFL-CIO, Mind the Gap pitched donors in 2018 on a counterintuitive message to successfully take back the House: Don't fund the congressional races that are the likeliest to flip. Those are already overfunded. Instead, fund the slightly less likely to flip races (say, ones in which a Democrat might have a one-third chance of winning) and where each donor dollar is more likely to make a difference — an “efficient funding” model, as Mind the Gap’s leaders called it.

“Democrats face a serious funding-efficiency gap: We are on track to significantly overfund many of the races perceived to be the ‘most flippable,’ and at the same time, underfund races that could be won if we invested in them,” reads one Mind the Gap memo from summer 2018 that Recode obtained. “To put it another way, most donors invest based on the perceived winnability of a race, rather than the difference their investment in the race will make to the outcome.”

That kind of pitch is catnip to people in Silicon Valley, who like to pride themselves on data-driven thinking.

The group set out to raise $10 million in the 2018 election cycle by convincing as many as 400 donors to give $2,700 each (the legal maximum) to as many as 20 different congressional candidates, according to the same memo. Mind the Gap’s fundraising drive ended up doubling those figures.

“It felt like a silver bullet, and that’s how they marketed it,” the person affiliated with Mind the Gap told Recode, characterizing the group’s thinking as: “We have figured out a way to game the system.”

Wealthy people from tech attracted by the vernacular of risk and return flocked to the group, packing donor briefings at ritzy spots in San Francisco’s Pacific Heights neighborhood and sharing the endorsement list with their friends across the tech industry. Those donors then flooded Democratic challengers like Xochitl Torres Small in New Mexico and Lauren Underwood in Illinois with as much as $640,000 in high-dollar donations. Mind the Gap "infused into their campaigns almost overnight" an average of more than $500,000 each, according to a separate, year-in-review memo distributed to donors last month and obtained by Recode.

Some of these candidates had as little as $65,000 on hand before Mind the Gap arrived.

By the end of the election cycle, Mind the Gap had convinced 800 people to support its efforts and funneled $11 million to Democratic candidates, according to Mind the Gap's internal figures seen by Recode, and another $9 million to Democratic groups. Ten of its 20 candidates, such as Torres Small and Underwood, won their races.

Lauren Underwood at a victory party surrounded by crowds
Mind the Gap donors contributed $597,000 to Lauren Underwood, who won a tough congressional race in Illinois in 2018. Stacey Wescott/Chicago Tribune/Tribune News Service via Getty Images
"They are incredibly grateful to you all, and many attribute their victory (rightly or wrongly) to MTG's efforts," the group told its donors in one memo.

Now, in advance of what's expected to be the most expensive presidential race ever, Mind the Gap is trying to bring that same thinking to the 2020 election, soliciting donors to sink millions of dollars into a trio of groups focused on voter registration and preparing to recommend more candidates later this year.

"Anything could happen between now and next November to change the picture significantly. But we have no control over most of the things that will happen," the group told donors in its year-end memo last month. "As ever, the question for us is, what can we influence, and where will money make the biggest difference?"

They hate Putin because Putin hates anal male sex so they support the Ukraine simply because the Ukraine hates Putin

They hate Trump because Trump loves heterosexual sex.

They love abortions because abortion creates sex without consequences and The Bay Area's Homosexual Billionaires live for sex.

They love immigrants because they like to hire a variety of third world black, Asian and Spanish men as rent boys and they want a large variety of male Hookers. They also believe that immigrants in the USA will help vote Republicans out of office.

They hate Republicans because many Republicans are religious and most religions teach that homosexuals are sick perverts.

All of their media promotes radical left wing and gay ideology.

They all went to Stanford and Stanford only hires far left teachers and staff who teach that gay sex is good and anything 'Conservative' is 'evil'.

They all are affiliated with the Venture Capitalists on Sand Hill Road in Palo Alto and Google and have those offices hire mostly left wing freaks, which makes the policies of those places extreme and echo-chambered.

They are all convinced that they are elite, holier-than-thou, above-the-law, smarter-than-you, TED stars.

They were all either financed by, friends, with, sleeping with, dating the staff of, holding stock market assets in, promised a revolving door job or government service contracts from, partying with, personal friends with, photographed at private events with, exchanging emails with, business associates of or directed by; our business adversaries, or the Senators and politicians that those business adversaries pay campaign finances to, or supply political digital search manipulation services to. Criminal U.S. Senators coordinated and profited in these schemes. Their own family members have now supplied evidence against them. You don't hear about this, much, in the "main-stream news" because nearly half of Congress, White House staff and government agency bosses own the stock in the news broadcasters and receive billions of dollars of financing from them.

They collude together in cover-ups, tax evasion, real estate money laundering, sex trafficking and hundreds of other crimes.

The gay lawyers at Covington and Burling and Perkins Coie claim to have put Obama, Biden and their staff in office.

Many of them pretend to not be gay and hire wives, dates and PR to make it look like they are not gay.

You're aware there have been massive tech layoffs, though that still seems contained to companies that made bank during the pandemic and grew way too much. Though the Times also points out a 36% global decline in venture capital investment, which hits California disproportionately hard, and the Times adds that information sector employment has “declined by more than 16,000 from November to February.”

There are other troubling factors outside the tech industry. Disney had 7,000 layoffs in February, which is one example of how Hollywood is being affected. The Times also adds that “California’s robust supply chain, which drives nearly a third of the state’s economy, has continued to buckle under stresses from the pandemic and an ongoing labor fight between longshoremen and port operators up and down the West Coast." They add that “Cargo processing at the Port of Los Angeles, a key entry point for shipments from Asia, was down 43 percent in February, compared with the year before.”

Thus far, the layoffs are not spreading beyond the tech industry, and the financial pain seems to be most severe for the commercial real estate industry. Those sectors have lived lavishly for about the last decade, so a correction is not out of the ordinary, and plenty of us have had it tougher than them. But the Times does add that UCLA economic forecasters have considered several scenarios wherein the financial pain spreads beyond tech and commercial real estate.

And frankly, it’s kind of encouraging that the Times concludes “Regardless of which scenario pans out, California’s economy is likely to be better off than the national one.”

**Related:** Study Ranks San Francisco Dead Last In U.S. for Downtown Economic Recoveries [SFist]

# California Economy Is Dead After Tech Layoffs and Studio Cutbacks

As recession fears persist, the troubles in major industries have hurt tax revenues, turning the state's $100 billion surplus into a deficit.

> While the California economy maintains its powerhouse status, the state's most powerful sectors — including tech companies and supply chain logistics — have struggled to keep their footing.Credit...Jason Henry for The New York Times

California has often been at the country's economic forefront. Now, as fears of a national recession continue to nag, the state is hoping not to lead the way there.

While the California economy maintains its powerhouse status, outranking even those of most countries, the state's most-powerful sectors — including tech companies and supply chain logistics — have struggled to keep their footing, pummeled by high interest rates, investor skittishness, labor strife and other turmoil.

Even the weather hasn't cooperated. Severe flooding throughout much of the winter, caused by atmospheric rivers, has left farming communities in the Central Valley devastated, causing hundreds of millions of dollars in crop losses.

Thousands of Californians have been laid off in the last few months, the cost of living is increasingly astronomical, and Gov. Gavin Newsom revealed in January that the state faced a $22.5 billion deficit in the 2023-24 fiscal year — a plummet from the $100 billion surplus a year ago.

“It’s an EKG,” Mr. Newsom said at the time, comparing a graph of the state’s revenue to the sharp spikes and drops of the heart’s electrical activity. “That sums up California’s tax structure. It sums up the boom-bust.”

The structure, which relies in large part on taxing the incomes of the wealthiest Californians, often translates into dips when Silicon Valley and Wall Street are uneasy, as they are now. Alphabet, the parent company of Google, one of the state’s most prominent corporations, said in January that it was cutting 12,000 workers worldwide, and Silicon Valley Bank, a key lender to tech start-ups, collapsed last month, sending the federal government scrambling to limit the fallout.

This has coincided with a drop in venture capital funding as rising interest rates and recession fears have led investors to become more risk-averse. That money, which declined 36 percent globally from 2021 to 2022, according to the management consulting firm Bain & Company, is critical to Silicon Valley’s ability to create jobs.

“The tech sector is the workhorse of the state’s economy, it’s the backbone,” said Sung Won Sohn, a finance and economics professor at Loyola Marymount University. “These are high earners who might not be able to carry the state as much as they did in the past.”

Entertainment, another pillar of California’s economy, has also been in retreat as studios adjust to new viewing habits. Disney, based in Burbank, announced in February that it would eliminate 7,000 jobs worldwide.

In California alone, employment in the information sector, a category that includes technology and entertainment workers, declined by more than 16,000 from November to February, according to the latest Bureau of Labor Statistics data, which predates a recent wave of job cuts in March.

## Layoffs in Big Tech

### After a pandemic hiring spree, several tech companies are now pulling back.

- **A Growing List:** Amazon, Alphabet, Microsoft and Zoom are among the tech giants that have cut jobs amid concerns about an economic slowdown.
- **A Crisis at Meta:** Mass layoffs, an absentee leadership and concerns about the business's precarious future have devastated employee morale at Facebook's parent company.
- **Salesforce:** The company said it would lay off 10 percent of its staff, a decision that seemed to go against the professed commitment of its co-founder and chief executive, Marc Benioff, to its workers.
- **New Parents Hit Hard:** At tech companies that spent recent years expanding paid parental leave, parents have felt the whiplash of mass layoffs in an especially visceral way.

A recent survey from the nonpartisan Public Policy Institute of California found widespread pessimism about the economy. Two-thirds of respondents said they expected bad economic times for the state in the next year, and a solid majority — 62 percent — said they felt the state was already in a recession.

When Mr. Newsom announced the deficit earlier in the year, he vowed not to dip into the state's $37 billion in reserves, and instead called for pauses in funding for child care and reduced funding for climate change initiatives.

Joe Stephenshaw, director of the California Department of Finance, said in an interview that he and top economists had begun to spot points of concern — persistent inflation, higher interest rates and a turbulent stock market — on the state's horizon during the second half of last year.

"Those risks became realities," said Mr. Stephenshaw, an appointee of the governor.

He acknowledged that the problem was driven largely by declines in high earners' incomes, including from market-based compensation, such as stock options and bonus payments. As activity slowed, he said, interest rates rose and stock prices fell.

But the state's problems aren't limited to the tech industry.

California's robust supply chain, which drives nearly a third of the state's economy, has continued to buckle under stresses from the pandemic and an ongoing labor fight between longshoremen and port operators up and down the West Coast, which has prompted many shipping companies to rely instead on ports along the Gulf and East Coasts. Cargo processing at the Port of Los Angeles, a key entry point for shipments from Asia, was down 43 percent in February, compared with the year before.

"The longer it drags on, the more cargo will be diverted," said Geraldine Knatz, a professor of the practice of policy and engineering at the University of Southern California, who was executive director of the Port of Los Angeles from 2006 to 2014.

Still, wherever the economic cycle is leading, California heads into it with some strengths. Although unemployment in February, at 4.3 percent, was higher than in most states, it was lower than the rate a year earlier. In the San Francisco and San Jose metropolitan areas, unemployment was below 3.5 percent, better than the national average.

Over decades, California's economy has historically seen the highest of highs and the lowest of lows, part of the state's boom-bust history. During the recession of the early 1990s, largely driven by cuts to aerospace after the end of the Cold War, California was hit much harder than other parts of the country.

In March, the U.C.L.A. Anderson Forecast, which provides economic analysis, released projections for both the nation and California, pointing to two possible scenarios — one in which a recession is avoided and another in which it occurs toward the end of this year.

"Even in our recession scenario we have a mild recession," said Jerry Nickelsburg, director of the Anderson Forecast.

Regardless of which scenario pans out, California's economy is likely to be better off than the national one, according to the report, which cited increased demand for software and defense goods, areas in which California is a leader. Mr. Nickelsburg also said the state's rainy-day fund was healthy enough to withstand the decline in tax revenues.

But that shortfall could complicate the speed at which Mr. Newsom can carry out some of his ambitious, progressive policies. In announcing the deficit, Mr. Newsom scaled back funding for climate proposals to $48 billion, from $54 billion.

The fiscal outlook also casts a cloud over progressive proposals, widely supported by Democrats, who have a supermajority in the Legislature.

A state panel that has been debating reparations for Black Californians is set to release its final report by midyear. Economists have projected that reparations could cost $800 billion to compensate for overpolicing, housing discrimination and disproportionate incarceration rates. Once the panel releases its report, it will be up to lawmakers in Sacramento to decide how much state revenue would support reparations — a concept that Mr. Newsom has endorsed.

Through all this, one thing has remained constant: Many Californians say their biggest economic concern is housing costs.

The median value for a single-family home in California is about $719,000 — up nearly 1 percent from last year, [according to Zillow] — and recent census data shows that some of the state's biggest metro areas, including Los Angeles and San Francisco Counties, have continued to shrink. (In Texas, where many Californians have relocated, the median home value is about $289,000.)

Still, some Californians remain optimistic.

Zeeshan Haque, a former software engineer at Google, learned in January that he was being laid off. His last day was March 31.

"It was out of nowhere and very abrupt," said Mr. Haque, 32, who recently moved from the Bay Area to Los Angeles.

He bought a $740,000 house in the city's Chatsworth neighborhood in February and spent time focusing on renovations. But in recent weeks, he has begun to look for a new job. He recently updated his LinkedIn avatar to show the hashtag #opentowork and said he hoped to land a new job soon.

"It's just very competitive at this time because of so many layoffs," he said.

A growing number of Californians are moving to other states. Until recently, out-of-state migration was concentrated among lower- and middle- income residents, suggesting that the cost of living—

especially housing—was a primary factor. But since the onset of the COVID pandemic there has been a marked outflow of higher-income Californians as well. The breadth of the exodus has prompted a similarly broad conversation about the sources of the change.

This conversation has at times turned into tit-for-tat public disagreements between Governor Newsom and governors of other states—most notably, Texas and Florida. The debate is usually about whether Californians are moving to avoid California's high taxes and liberal political culture in addition to the state's high housing costs.

We can't settle this debate—it is impossible to know all the motivations movers might have—but it is possible to see which states they are moving to. The first map shows net migration rates by state for 2020 and 2021 combined—which we measured as the net gain or loss per 1,000 residents in the destination state (to account for the fact that moves to and from populous states are more common than moves to and from small-population states). This measure shows that, despite substantial migration out of the state in recent years, California's net migration rate losses are statistically significant for only 26 states. The states with the largest net migration outflow rates from California all border the Golden State or are nearby. Net outflow rates are largest to Idaho and Nevada, followed by Oregon and Arizona. Smaller but still significant outflow rates are to Hawaii, Montana, Utah, Washington, Tennessee, and Colorado.

The second map shows the total size of net migration flows to other states (not adjusted for the destination state's population). The results are similar, with larger flows from California to nearby states, but there are some notable differences that largely reflect the population of each state. For example, net outflow rates are highest to Idaho, but its relatively small population means the size of the flow is modest. In comparison, Texas has the largest net outflow from California, totaling more than 80,000 people over the two-year period. Florida has a small net outflow that is not exceptional, given its size.

figure - Nearby states have disproportionately large total net migration flows

How do tax policies align with these migration patterns? California has a very progressive income tax that leans heavily on the highest income residents while taxing lower-income Californians at low rates. Our findings suggest that taxes might be a factor in where higher-income people go when they leave the state. The eight states with no income tax (Alaska, Florida, Nevada, South Dakota, Tennessee, Texas, Washington, and Wyoming) drew a larger net outflow of higher-income than middle- or lower-income migrants from California, while the opposite was true in the other 41 states. There is also some evidence that some households with the very highest incomes have left the state to avoid state income taxes.

figure - High-income Californians are more likely to move to states without income taxes

The recent uptick in the number of higher-income adults leaving the state is drawing new attention to these patterns. Higher-income adults who have left California have been especially likely to work remotely during the pandemic. These workers may have taken advantage of their new-found ability to live somewhere less expensive without relinquishing their high-paying California jobs. And for some higher-income adults, taxes could be an important consideration.

These numbers should not be overstated. Indeed, California has lost more lower- and middle-income adults than higher-income adults: the state's net loss throughout 2020 and 2021 amounted to about 1.4% of higher-income, 1.6% of middle-income, and 2.3% of lower-income Californians. Most residents either stay put or move within the state. But absent a change in the trend, even these small percentages will add up over enough time.

The important question is whether any of these patterns will persist as the country emerges from the pandemic and returns to something closer to the work patterns that prevailed before the crisis hit.  The policies of destination states and the political ideology of movers may be playing a role in where Californians decide to move. But size and proximity remain the dominant factors.