

TECHNOLOGY

Tech Backlash Grows as Investors Press Apple to Act on Children's Use

By DAVID GELLES JAN. 8, 2018

A creator of the iPhone called the device “addictive.”

A Twitter founder said the “internet is broken.”

An early Facebook investor raised questions about the social network's impact on children's brains.

Now, two of the biggest investors on Wall Street have asked Apple to study the health effects of its products and to make it easier for parents to limit their children's use of iPhones and iPads.

Once uncritically hailed for their innovation and economic success, Silicon Valley companies are under fire from all sides, facing calls to take more responsibility for their role in everything from election meddling and hate speech to physical health and internet addiction.

“Companies have a role to play in helping to address these issues,” said Barry Rosenstein, managing partner of Jana Partners, an investment firm that wrote an open letter to Apple this weekend pushing it to look at its products' health effects, especially on children. “As more and more founders of the biggest tech companies are acknowledging today, the days of just throwing technology out there and washing your hands of the potential impact are over.”

The backlash against big tech has been growing for months. Facebook and Twitter are under scrutiny for their roles in enabling Russian meddling in the 2016

presidential election and for facilitating abusive behavior. Google was hit with a record antitrust fine in Europe for improperly exploiting its market power.

But until now, Apple had escaped largely unscathed, and concerns about the deleterious effects of excessive technology use have not been among the most pressing matters for Silicon Valley executives.

Jana, an activist hedge fund, wrote its letter with Calstrs, the California State Teachers' Retirement System, which manages the pensions of California's public-school teachers. When such investors pressure companies to change their behavior, it is typically with the goal of lifting a sagging stock price. In this case, Jana and Calstrs said they were trying to raise awareness about an issue they cared deeply about, adding that if Apple was proactive about making changes, it could help the business.

"We believe the long-term health of its youngest customers and the health of society, our economy and the company itself are inextricably linked," the investors said in the letter. Jana, which is often vilified for its aggressive focus on short-term profits, also said it would be raising a fund this year that would engage in more such campaigns, an effort that could help soften its image.

Whatever the motivations, the two large investors are tapping into the growing anxiety among parents about their children's preoccupation with devices, at the expense of activities like reading and sports.

"Over the past 10 years, there's been a bottom-up backlash," said Sherry Turkle, a professor at the Massachusetts Institute of Technology and the author of "Alone Together: Why We Expect More From Technology and Less From Each Other." "You see it in things like people not sending their kids to schools that use iPads, and kids telling their parents to put their phones down."

For years, researchers have been sounding the alarm over the ubiquity of mobile phones and social media. A 2015 study by Common Sense Media, a research group that studies technology use, found that more than half of teenagers spent upward of four hours a day looking at screens, and that for a quarter of teenagers, the figure was more than eight hours. In another survey, in 2016, half the teenagers said they felt addicted to their mobile devices.

“These things can be incredibly addictive,” said Tony Fadell, a former Apple executive who helped create the iPod and iPhone. “It’s amazing, but there are a lot of unintended consequences.”

A growing roster of prominent technology executives have grown worried about the creations that brought them fame and fortune.

Sean Parker, an early investor in Facebook, reflected on the sprawling influence of the social network. “It literally changes your relationship with society, with each other,” he said in an interview with Axios in November. “It probably interferes with productivity in weird ways. God only knows what it’s doing to our children’s brains.”

Evan Williams, one of the founders of Twitter, last year lamented the degree to which the messaging service had become a bastion for hateful speech. “The internet is broken,” he said.

Chamath Palihapitiya, an early Facebook executive and the chief executive of Social Capital, a venture capital firm, said in November that he felt “tremendous guilt” about his role in building the social network.

“The short term, dopamine-driven feedback loops that we have created are destroying how society works,” he said. “No civil discourse, no cooperation, misinformation, mistruth. And it’s not an American problem. This is not about Russian ads. This is a global problem.”

By going after Apple, Jana and Calstrs, which together own about \$2 billion worth of the company’s stock, have selected the tech giant that is perhaps least dependent on its users’ time. Because Apple makes most of its money selling hardware, rather than through digital advertising, it theoretically could afford to encourage its users to spend less time with its products.

“Apple’s business model is not predicated on excessive use of your products,” Jana and Calstrs said in their letter to the company.

For this reason, said Ms. Turkle, the M.I.T. professor, “it turns out that Apple is the company best positioned to act.”

In a statement, Apple said that the parental controls already on its devices “lead the industry” and that “we think deeply about how our products are used and the impact they have on users and the people around them.”

“We take this responsibility very seriously,” the statement continued, “and we are committed to meeting and exceeding our customers’ expectations, especially when it comes to protecting kids.”

Fears about technology addiction are not new. The BlackBerry, an early smartphone, was nicknamed “CrackBerry.” Adam Alter, a social psychologist and the author of “Irresistible: The Rise of Addictive Technology and the Business of Keeping Us Hooked,” documents instances of internet addiction spanning the globe.

But some tech executives now acknowledge that far from being an accident, their products were designed to be addictive.

Mr. Parker said that when Facebook was getting started, the thought process was about “how do we consume as much of your time and conscious attention as possible?”

Mr. Palihapitiya said as Facebook was rapidly growing, “in the back, deep, deep recesses of our minds, we kind of knew something bad could happen.”

Mr. Fadell said that at the time Apple was designing the iPhone, “we had no idea this was going to happen.” But, he added, people today are simply spending too much time looking at their phones.

“Now it needs to be addressed,” he said. “It’s been 10 years in the making.”

Even Mark Zuckerberg, the chief executive of Facebook and usually a staunch defender of his company’s influence, has appeared more reflective in recent days.

“The world feels anxious and divided, and Facebook has a lot of work to do — whether it’s protecting our community from abuse and hate, defending against interference by nation states, or making sure that time spent on Facebook is time well spent,” he said in a Facebook post last week. “My personal challenge for 2018 is to focus on fixing these important issues.”

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