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PETER THIEL

*The World According to Thiel*

INTRODUCTION: Welcome to *Uncommon Knowledge*. I'm Peter Robinson.

Born in Germany, Peter Thiel moved to the United States with his family when he was a child. He graduated from Stanford and then from Stanford law school. After deciding *not* to practice law, he co-founded PayPal and Palantir, made the first outside investment in Facebook, funded companies such as SpaceX and LinkedIn, and started the Thiel Fellowship, which encourages young people to drop out of college to start their own businesses.

Mr. Thiel remains a very active tech investor, now based in Los Angeles.

Peter, welcome.

From the speech you delivered at the Republican convention in the summer of 2016:

“When Donald Trump asks us to ‘Make America Great Again,’ he’s not suggesting a return to the past. He’s running to lead us back to...[the] bright future.”

Three-and-a-half years later, how do you feel? Are you optimistic?

SEGMENT ONE: The problem of scale

You speak of “four vectors of globalization.”

The movement of goods—free trade. The movement of people—immigration. The movement of capital—banking and finance. The movement of ideas—the Internet.

You argue that on the first two—the movement of goods and the movement of people—“we simply cannot compete with China.”

Why not?

[Movement of goods: Seven of the 10 biggest container ship ports are in China. Our largest, in Los Angeles, ranks eleventh.]

[Movement of people: In 1980, Shenzhen had a population of 60,000. Today its population is 12 million. In 1980, New York City had a population of 7.1 million. Today its population is 8.4 million.]

You argue that on the second two vectors—finance and the Internet—“the U.S. retains a really powerful advantage.” But even here, there are serious problems.

To quote you once again, “The public doesn’t really trust the banks or the tech companies. In the 1950s, it still made sense to say, ‘What’s good for GM is good for America.’ It would be inconceivable today to say, ‘What’s good for Goldman Sachs or Google is good for America.’”

Explain.

What is to be done? Once again, Peter Thiel: “The rise of China suggests that we need to think about scale very differently. . . . I would say that . . . we have to shift from quantity, from simply scaling in size, to quality.”

Again, explain.

SEGMENT TWO: China

The late economist and foreign policy analyst, Hoover fellow Harry Rowen, writing in 1996: “When will China become a democracy? The answer is around the year 2015. . . . [This prediction is based on] China’s steady and impressive economic growth, which in turn fits the patter of the way in which freedom has grown in Asia and elsewhere in the world.”

Peter, what went wrong?

Three quotations:

One: Friedrich Hayek in 1982: “The mere idea that [a] planning authority could ever possess . . . [the information necessary to run the economy is a] somewhat comic fiction. . . . What prices ought to be can never be determined without . . . competitive markets.”

If you want economic growth, you must permit free markets.

Two: Milton Friedman in 1991: “When the regime [in China] introduced a greater measure of economic freedom . . . that generated pressure for more political freedom and . . . that led to Tiananmen Square.”

If you permit free markets, then sooner or later your people will demand political freedom—and they will be hard to contain.

Three: Peter Thiel, speaking last November: Artificial intelligence is “the big eye of Sauron, watching you at all times, in all places.”

Will artificial intelligence overturn Hayek and Friedman? Will it enable China to achieve growth without economic or political freedom?

SEGMENT

TWO, CONT'D:

Two competing narratives. One is that President Xi is centralizing power ever more tightly—and, with the help of technology, ever more successfully. The other? That the Chinese population is growing old, that its economy is slowing, that its one-child policy has given it 50 million men who are unable to find women, and that the freedom movements in Hong Kong and Taiwan have placed Beijing on the defensive.

Is China strong or weak?

SEGMENT THREE: Zombie socialism

Once again, a couple of quotations.

The first comes from a history of the Mont Pelerin Society. “In the 1980s and 1990s [members of the Society] had the exhilarating feeling that things were at last going their way. Several countries, starting with Margaret Thatcher’s government in Britain, were privatizing their state industries; governments from China to India to America to France were liberalizing, retrenching, or cutting taxes. . . . Then in 1989, with astonishing speed, the Iron Curtain fell.”

Bernie Sanders—here he is in 1989, the year the Berlin Wall came down: “In Vermont, everybody knows that I am a socialist and that many people in our movement . . . are socialists. . . . And I think there has been too much of a reluctance on the part of progressives and radicals to use the word ‘socialism.’” As we sit here this evening, the self-avowed socialist Bernie Sanders is tipped to win the Democratic caucuses in Iowa on February 3.

From the triumph of democratic capitalism—of all that the Mont Pelerin Society stands for—to the re-emergence of socialism. What happened?

Milton Friedman: “I personally prefer capitalism on moral grounds, but I’ve always said that the only reason it survives is its material success. Most people find socialism more satisfying emotionally.”

Peter

SEGMENT

THREE, CONT'D: Silicon Valley. You and I have discussed this a number of times. When you were starting PayPal, the whole Valley felt as though it was dedicated to free markets and entrepreneurship. Today it feels woke—more than woke. You said recently—and I quote—“In recent years Silicon Valley has become completely deranged.”

Once again, what happened?

Aside from moving to Los Angeles, what's the cure?

SEGMENT FOUR: The universities

American universities. Again, a couple of quotations:

Michelle Obama: “The one thing I’ve been telling my daughters is that I don’t want them to choose a name [university]. . . . There are thousands of amazing universities.”

Peter Thiel: “Of course we knew she was lying.”

Peter?

Research. Speaking of research universities, you said recently, “Big science has scaled extremely badly.”

Explain.

Again, Peter Thiel on political correctness: “If you have a majority of the vote, that’s good. If you get 70 percent, that’s even better. On the other hand, if you get 99.99 percent of the vote, you’re North Korea.” In 2016, how many professors at the top five law schools endorsed Donald Trump?

Political correctness is dominant and scientific research scales badly. The way forward for American universities?

SEGMENT FIVE: Last questions

During a trip to Europe last year, you realized that, at least in Western Europe, there are only three visions of the future on offer.

Vision one: accommodation with sharia. Explain.

Vision two: accommodation with China. Again, explain.

Vision three: going green. Once again, explain.

There is one place, you argue, that offers a fourth vision of the future—a vision of democracy, free markets, economic growth, and national self-confidence. That place? The United States of Donald Trump.

Peter?

Peter Thiel last November: “I would encourage us to rethink the doctrine of American exceptionalism.”

Explain.

Once again, from your remarks last November: “The corrective to exceptionalism is that the United States needs to settle for greatness.”

Peter?



SEGMENT

FIVE, CONT'D:

Once again, from *A History of the Mont Pelerin Society*: “The original members ‘shared a common sense of crisis—a conviction that freedom was being threatened and that something should be done about it.’ They concluded that the threat arose from erroneous theories. . . . So they committed themselves, not to political action, but to winning the intellectual battle of ideas.”

Milton Friedman, Friedrich Hayek, George Stigler, Gary Becker, James Buchanan, others. The Mont Pelerin Society has proven home to a remarkable number of Nobel Prize winners. Has the intellectual battle been won? Should we devote ourselves to political action instead?

Last question.

Once again, Milton Friedman: “I believe a relatively free economy is a necessary condition for a democratic society. But I also believe there is evidence that a democratic society, once established, destroys a free economy.”

Do we have any reason at all for optimism, or is the whole project ultimately doomed?

[If time:]

[George Kennan: “The issue of Soviet-American relations is in essence a test of the overall worth of the United States. . . . To avoid destruction the United States need only measure up to its own best traditions and prove itself worthy of preservation as a great nation.”]

[Kennan wrote that in 1951. If we replaced the reference to the Soviet Union with a reference to China, would you subscribe to the statement today?]

Peter Thiel, thank you.

And now I believe we have time for a few questions.