

American Democracy

March 14, 2019 Lecture

Transcribed by [Abhi Vyas](#)

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Roberto Unger: [00:00:04](#) So today we are fortunate to have as our guest, uh, Peter Thiel, uh, Peter Thiel is a venture capitalist but also a student of American life, a proponent of American alternatives and the citizen actively involved in the public life of the United States. Our general plan for the class today is to move broadly from a discussion of the knowledge economy and it's deepening and dissemination, uh, to a larger discussion of political economy and the political economic alternatives for the United States. And I will then ask Peter to begin by introducing himself please...

Peter Thiel: [00:01:03](#) Professor Unger, Professor West. Thank you so much for having me. It's a tremendous honor to be here. I know there's tremendous range of different topics that, uh, that we can, uh, we can cover. Uh, and uh, I want to, um, I want to say a few things about, uh, maybe to start what I see as sort of the status of, uh, um, science and technology in the, in the political economy and the, you know, the simplistic syllogism I have is that if we have enough growth in our society, we can solve all problems. If we don't have growth, we can't solve any problems. Um, and then that the, uh, the, the, the real driver of growth for, um, for the developed countries, US, western Europe, Japan, is, uh, is at the, uh, scientific and technological frontier. And so one of the, one of the questions that we should always ask is, what is the health of that frontier? How, you know, how well are things actually working in these fields? And, uh, sort of talks about the science, you know, we have incredible, yeah,

Roberto Unger: [00:02:03](#) maybe a little louder and Peter, sorry. Microphone. Okay. Okay.

Peter Thiel: [00:02:06](#) Can people hear me? It is on this better. All right, we'll talk to this so we can talk about, uh, scientific precision to, you know, an incredible degree. We have Avogadro's number in chemistry or the fine structure, constant physics. These things get measured to, you know, five, six, seven, eight significant digits. Um, and yet the question of progress in science, you know, how much the progress is happening, how fast is it happening? This is just a super vague, and if you, if you ask a university president, you know what's going on, of course, everything's always great. Uh, but, uh, yeah, you end up with short sentences with dishonest adverbs doing all the work. So it's something like, obviously we're progressing faster than ever or stuff like that. Um, and this, this, this question of measurement is, um, is incredibly tricky. Um, I'll, I'll make, um, it is very hard.

Peter Thiel: [00:03:04](#) Let's, let's start with saying this is a very hard question to answer because, uh, one of the features of late modernity is that knowledge has become extremely specialized and divided. And so we have ever narrower groups of experts of guardians guarding themselves. And so the superstring theory, people in physics get to tell us about how much progress they're making in superstring theory, the cancer researchers get to tell us that if they get just a few more million dollars in government grant money, a cure for cancer is just around the corner. I mean, Nixon declared war on cancer about 50 years ago, was supposed to be cured by the bicentennial by a 1976. And maybe we're making progress. Uh, but, uh, it's certainly been rather slow going at something like this goes, goes in all these different fields. It's, so, it's quite a tricky question to answer to answer directly.

Peter Thiel: [00:03:53](#) Um, my, my suspicion certainly is the things are not in that great a shape. And I'll, uh, I'll, I'll give a, I'll start with sort of a linguistic observation that at this point, technology, um, the meaning of technology has narrowed it today. Technology's basically synonymous with information technology who were sitting in this classroom 50 years ago, 1969 technology, which was, you know, technology means the things that are changing the things that are progressing. It would have included rockets, supersonic aviation. It would have included the green revolution in agriculture. It would have included, you know, progress in new medicine, underwater cities. You know, it was sort of advancing on all fronts. Whereas, uh, the mental picture seems to be more one of, of narrow progress around on computers, Internet, mobile, Internet, software. We've had progress in the world of bits, but not in the world of atoms.

Peter Thiel: [00:04:48](#) Uh, when I was an undergraduate at Stanford in the late 1980s, this was not obvious yet. These things had slowed down so much. But with the benefit of hindsight, any engineering field that you would have gone into would've been a bad career choice. It was already clear by the late eighties that he didn't want to go into aero, astro engineering, nuclear engineer. And your parents would probably talk you out of doing that. But every other engineering field was bad because we were in a society where not that much is happening in the world of atoms chemical engineering, material science, electrical engineering, sort of worked for about another decade. The, uh, the only field that, uh, there was sort of science related that actually worked was computer science, which in the late eighties was sort of a, uh, which was sort of the field the less talented people went into who couldn't hack it in electrical engineering.

Peter Thiel: [00:05:33](#) Um, and, uh, and so, you know, I think one of the, one of the great lies that we tell in our society is about stem, science, technology, engineering, math, uh, because, um, there are in fact no jobs in most of these stem fields. The, you know, the, the only two stem fields I think work or computer science and maybe petroleum engineering at this point because so few people go into them because reasons that we don't have to go into, but, uh, but every other field does not work. If you get a phd in physics or in chemistry, there's no well paying job for you at the end. Same is true of, you know, biology, things like this. I've often, I've often commented that I think the, uh, uh, you're better off as an undergraduate majoring in the humanities than in the sciences because in the humanities at least, you know, there will be no job for you at the end.

Peter Thiel: [00:06:20](#) Whereas in the sciences, uh, you will be diluted into thinking that you will be taken care of by the natural goodness of the universe. And, uh, and so you'll be less diluted if you, if you, uh, if you major in the humanities. So, so there is sort of, there's sort of this, this, uh, this bottom up perspective where things are not nearly as healthy in these fields as the Google propaganda, which I will call what comes out of Silicon Valley might indicate, which is that we have, you know, runaway progress. It's just accelerating. It's going faster. It's breathtaking. Ah, there's the Kurzweil while, uh, macafee type type story. And of course, if we have runaway progress, then we might have secondary problems. It might be people who are being left behind. There might be, you know, people whose jobs are getting lost. But the fundamental story of runaway progress makes the problem into simply a distributional problem.

Peter Thiel: [00:07:05](#) Whereas I think, I think the core problem is one of general stagnation where we're not very much is happening. Let me make one tangential observation on why I think this question of progress is not when we can avoid. So we, um, you know, it's, there's always a sense when I asked, you know, how fast is science, how fast is this technology progressing, you know, sort of the naive responses. Well this is just way beyond my pay grade. It's beyond anybody's pay grade. Nobody knows. And yet, even if we don't want to answer the question, there are a lot of implicit ways that it gets answered all the time. And uh, and one sort of narrow specific but very important version and I'll do sort of as a thought experiment and uh, um, if you were, um, if you were, um, if you want to get growth back to 3%, 4% a year in the u s and you could always, you know, if you Scott to 4% growth, we could solve all our problems, even 3% sustainably would be pretty good.

- Peter Thiel: [00:08:02](#) Let me suggest there two ways to do it. One way would be you enact a set of policies that people ever got a sense you're going to do. You would never get more than 10% of the votes. So you get rid of all immigration laws, you get rid of all environmental laws, you'd look people build houses wherever they want to, and so you can get growth. Maybe it would be sort of cancerous, but for at least a few decades you could get very, very fast growth. The other sort of thing you could do, um, which would be much easier, which would be much easier, would be to simply lie about the rate of technological progress. And the way the, the microeconomics of this work is, it's easy to measure nominal GDP, which is a combination of inflation and real GDP. And then you have to sort of, and then the lower the inflation is the more the real GDP grows.
- Peter Thiel: [00:08:50](#) So if we have, you know, 2% inflation and 2% real GDP growth, we have 4% nominal GDP growth. But then if you go back and jiggle the inflation numbers, you might conclude that there's a little bit less inflation and therefore things are actually better than, than they would appear to be. The way, sort of one of the ways you go about rejiggering the inflation numbers, this is sort of our artane economics debate is by, uh, saying that the hedonic adjustment on technology is greater than expected. And so this will be the way you would go about doing this with you to point to commission on accelerating technological change. The commission would conclude we've had way more progress than anybody thought. It's been going much, much faster. The iPhone, the new iPhone has a smooth surface and therefore it's so much better than the old iPhone.
- Peter Thiel: [00:09:37](#) And the qualitative adjustment you have to make is bigger. And then the way this translates into public policies, if the inflation rate is lower, you need less of a cost of living adjustment. And so you don't need to pay grand not as much versus security. And um, and so yeah, even though the cat food that she's been eating is getting more expensive every year that's offset by this, uh, by this hedonic improvement in technology. I think that there's sort of a rough history of the u s where this people have tried to jiggle with the inflation numbers like this since about the 1950s. The, the one point where people really succeeded was in the mid nineties, there's thing called the Boston Commission. There were, I think actually three or four econ professors at Harvard were sort of major culprits in a scheme. And they concluded that if you basically reduce the inflation rate by 1.1%, you could save \$1 trillion over a decade and you could balance the budget.

Peter Thiel: [00:10:30](#) And uh, and they, the sort of that was going in and then after, after a year of the commission included the, actually the inflation number is 1.1% less than anyone thought because technology is going so much better than anyone thinks. And then you could, uh, you could sort of reign in all the entitlement spending. Now you as a, as a sort of free market libertarian, um, there's a part of me that sort of, um, is attracted the sort of machiavellian dishonesty about technology because it's a way, it's a way to get our costs under control. But as an intellectual, I think, uh, you know, we need to be asking these, these sorts of questions just so I think the, the story is one of general stagnation at the micro incentives, whether it's the National Bureau of Economic Research, whether it's your, um, cancer researcher, whether it's, whether it's your tech entrepreneur or your venture capitalists.

Peter Thiel: [00:11:21](#) All the people have an incentive to exaggerate and a, and that's why I think we should, we should correct for that a little bit and we should assume that, uh, the things are actually slower than they are. And then we have these very difficult questions. What we should do about this, um, one sort of constitutional law framing of the question I have is that I think one of the ways our constitution works is works against the background of growth. We have a representative government, if the people sitting around a table and each craft legislation is more for you and there's more for you and there's more for me and there's more for everybody. And if someone's a difficult person, well it won't be more for them. And that kind of legislation works in a world where the pie is just growing relentlessly. It's not clear that a representative democracy, Republican constitutional government, whether this works at all in a world without growth, we sort of had a trial run for this in the 1930s where the growth stopped.

Peter Thiel: [00:12:17](#) The systems are put under stress and they went communist or fascist. And I think, um, I think we sort of starting a sort of slow motion repeat of this. Uh, today I think that uh, the, the, I think the technology has been decelerating since the 1970s, but I would say 2008 was, was a real, real watershed. Uh, and if we can't get back to growth, um, I do not think you will maintain the kind of government we have. And it doesn't, our system does not work when it's purely zero sum. If I get more by taking from you, then after a while you figure out that everyone who's made money, everyone who succeeded as part of some kind of crazy racket and a, and the whole thing just, uh, just disintegrates.

Roberto Unger: [00:12:56](#) So, Peter, before we go further, could you tell us more about the thesis of secular stagnation and your position with regard to it? Uh, in your view, what is true and what is false in this thesis?

Peter Thiel: [00:13:13](#) Let's, uh, let's frame it in terms of three questions. It's sort of try to have some clarity around. So the first question you can always ask is, is um, is secular stagnation happening or not? And um, Google propaganda says there's no stagnation. Same thing is true of all the, and the can be utopian versions like Google, there can be a dystopian versions like every science fiction movie that says the robots are about to kill everybody. So there's these different utopian and dystopian forms of accelerationism and I'm on the side that, yeah, not much. Not much is actually happening. Then you get into the question why. And so, um, one sort of division is, is always that there's not enough money. Um, and it's, it's a, it's a demand side problem. This would be the Larry Summers view. My views, it's much more supply side promise. We're not, for some reason we're not getting enough new stuff out there.

Peter Thiel: [00:14:05](#) Then on the question of why is there a supply side problem? Um, you can sort of, maybe one division would be, you can say it's a problem with nature or nurture or culture. And so the, the nature version of the argument would be we're not producing anything more because all the low hanging fruit has been picked, the easy inventions have been made. Um, and it's hard to come up with new ones. The, the cultural argument is that it's actually, there is more potential for us to do things. It's, it's actually the problem with our culture. We're too risk averse. Too much is regulated. Things like this. Uh, Tyler Cowen, um, uh, the George Mason economist who also go to book on the great stagnation. He believed it was a supply side problem, but a problem of nature. And Mine is, mine is more on the side of culture.

Peter Thiel: [00:14:48](#) So I, those are my answers to those three questions. One way of reframing the question. That's our as a, and I think mine, my answer is the minority on all three. So I think most people believe in acceleration, not stagnation. Most people think it's a demand problem, not a supply problem. Most people think it's nature, um, not culture. Um, you know, one of the reasons why I believe my contrarian minority answers those three questions are correct is because, uh, because certainly if you imagine a conversation with let's say a baby boomer scientist and you say you start the conversation with sort of start with scientists were doing all these great things, no you're not. You haven't cured cancer. Um, second thing, second line of Defense of the

scientist. Well, we haven't had enough money. Um, no, no, that's not true. You've gotten tons of money.

Peter Thiel: [00:15:38](#) We're spending more money than I ever on science. That's not true. Um, third line of defense is, um, is, yeah, but it's gotten much harder. All the easy stuff has been fixed. Um, no, that's not true. You're just a lazy person and a, and so if you think of these, the three conventional answers as the natural psychological defense of answers people have, that's why we should be skeptical of it. And that's why, you know, and so my first two answers are pessimistic. My third one is more optimistic. So I think, you know, I think we can do better. I think, you know, I don't, I don't think the stagnation is, you know, that we're in some sort of entropic twilight, we can never get out of it.

Roberto Unger: [00:16:12](#) And so could you fill that in the, the third hopeful element. In your view, what is the content? What is the content with respect to policies? What is the content with respect to institutions? And what is the content with respect to culture?

Peter Thiel: [00:16:30](#) Uh, yeah, there's, there's, um, well, there are a lot of, you know, a lot of different, uh, things. I would, uh, I would, I would, I would try to, I would try to tinker with, I would say that, uh, you know, one of the areas that I was very interested in undergraduate I did not pursue was a, was biotech. I think whenever I look at it by all rights, there's know tremendous amount of progress we could make. There it is. Um, you know, it's incredibly, it's incredibly regulated and you know, getting the complicated debates about, about the micro regulation and how severe it is. But in my, in my judgment, the FDA is way too onerous. It's virtually impossible to come up with, with new breakthroughs. You know, the polio vaccine, when it was first developed in 1950s about, you know, a few dozen people got killed.

Peter Thiel: [00:17:16](#) They, they sort of missed dose did. If that happened to day, you'd put it on deep freeze for 20 years. And, um, and uh, and so I think there are all these different kinds of innovations that are very difficult to make for, um, you know, on, on a regulatory basis. I think there's, um, you know, I think one of the, one of the sort of technological slash political areas where a lot of this intersects that you alluded to in the opening is the question of, um, the, uh, the big cities versus everything else that we have. You know, we have this strange society where everybody wants to live in these big cities and you know, if you're going to Harvard, you know, the only are four places you can go from

here. It's Harvard, it's a of, it's New York, DC, la, silicon valley. Maybe a few people stay in Boston.

Peter Thiel: [00:18:00](#) But that's about, that's about it. And, uh, and we can sort of debate, you know, why has everything gotten so centered on these big cities? Um, and what, what does it reflect? And the cities have network effects. They have better, more economic opportunity, but they also don't work very well. And the transportation systems are a hundred years old. So the iPhones, the new fangled iPhones also distract you from the fact that your environment is a hundred years old and you're grinding through a subway in New York. That's probably working less well than it was a hundred years ago. You know, it used to be the Brooklyn to Manhattan took 25 minutes and with a sort of a slow motion strike or whatever's going on there now takes 90 minutes to get from Brooklyn to Manhattan. And when this sort of stuff happens, all the games have to go into real estate basically. So this is one of the, one of the great sources of inequality.

Peter Thiel: [00:18:46](#) One of the great drivers of inequality in our society over the last 20 to 30 years has been runaway housing costs. So if you owned a house, the own your own property, you, um, you weren't really exposed to this increase in inequality. If you're a young person, if you're an immigrant, if you're just getting started in one of these big cities, um, you're up against, uh, this, this bigger, this bigger and bigger hurdle. There's a, there's a, um, late 19th century economist Henry George, who I always think it's very interesting to, to look at who's considered sort of a socialist. And late 19th century in the early 21st century is considered sort of a libertarian. I think that tells you something about how much our society shifted. But um, but, but the basic, uh, what are the basic George's theories was that you needed a tax monopolies. The main monopolies were in land needed a tax land very highly.

Peter Thiel: [00:19:34](#) There's a theory called the Henry George Theorem that was proven by Stiglitz about a hundred years later, which basically says that if you have a city, where nothing much changed, not too much changes, which is zoned heavily. It's hard to build new things. It's hard to change things. Then 100% of the value of the public good in that city gets captured by the landlords. So if you have, if you, if you give people in New York City welfare, all the welfare goes into increased spread payments. If you have a park, if you have police, all the value gets captured in increased rent. And this is, um, the way I see the question is what does want to do about this? Um, it's, it's not a law of nature, but it is, it is, it is heavily. Um, it's heavily circumscribed by available

technology. So if you have, if you build highways and subways, uh, sorry, highways in suburbs, you could have some escape valve from this. And this is sort of why we didn't have the progressive era did not lead to a Communist Revolution in the early 20th century because there was a way to reopen the frontier with highways and suburbs, that highway, that suburban frontier is now semi-closed. It's too far away. The highways are clogged, the technology doesn't work. And uh, and so I think, yeah, I think there's a question. Can we come up with new transportation systems as a way to, um,

Cornel West:

[00:20:52](#)

well, first it's blessing to have you here to have this kind of up critical exchange. Socratic exchange is always a healthy thing, but it is no accident. Henry George was the favorite, uh, social critic of John Dewey that he would write elevated proles anytime he invoked Henry George. But it had something to do with the centrality of public life with bonds that hold us together. That which constitutes very content of what it means to be a citizen when you're talking about the subways in New York and what happened. Those are all public things that are demeaned and devalued in a moment in which given the global financial life form of capitalism that now range makes it difficult for them to be recipients of the kind of attention, resources, investment and so forth. How do, uh, how does public life figure into your fascinating thinking, which is against the grain and that I appreciate that us against them. You're thinking outside of the box in it, but what role does public life plans, public infrastructure, public education, public health care, public things that hold the democracy together given the unbelievable power of not just technology but technology under capitalism, just profit driven technology?

Peter Thiel:

[00:22:15](#)

Well it's, it's uh, I, I do think, you know, I always have a schizophrenic view on politics. I think it is, it is on some level toxic and there for something one should avoid. On the other hand, it is like the air we breathe that permeates everything. And so I, I tend to have this sort of schizophrenic thing where I try to avoid it most of the time and then episodically tried to engage in it, I think, I think, I think the, um, I think, I think there are a lot of things that work best if you have functioning public institutions and then there are questions why they're not functioning. So why does the New York City subway system not work? Is it because people are disconnected from their city government and not participating in voting? Is it because it's run by a corrupt set of unions? Is it more of a scientific, technological thing where somehow we can't build, you know, um super fast railroads even though they've been built in Japan and elsewhere the place. So I think it's a, I think that's, that's

sort of the, the ensemble of questions I would always come back to.

- Cornel West: [00:23:18](#) But do you see a certain level of, if not in compatibility, intense conflict between the commitment to various ways in which liberty's personal liberties, economic liberties, proliferate, and democratic forms of life? Is there a built intention, do you think? How do you wrestle with that tension?
- Roberto Unger: [00:23:40](#) So Cornel just before Peter Answers to, to follow up on your, on your provocation
- Roberto Unger: [00:23:47](#) On, on the institutional side, one approach which would be the classic libertarian or classical liberal approach would be simply lighten the regulatory burden, untie the hands of the entrepreneurs within the established framework of the market economy. But the alternative, the alternative of the radical Democrat or experimental, that would be, that that's not enough and that it is necessary to innovate in the devices of economic decentralization so that more people can have more access to more markets in more ways. And to that end, simply lightening, the regulatory burden does not go far enough. That's on the institutional side. Now I'm the cultural side simultaneously. Uh, there'd be the, the, the question of what can, and should you do a, is it enough to promote a cultural, a culture of entrepreneurial-ism within the educational institutions as they are now organized? Or do you need a radical reshaping of the school system, a different method of teaching and learning, a concerted attack on the division that exists in the United States between two tiers of the school system, a dissociation of the funding of the schools from local finance and so forth. So, uh, your, your own diagnosis of the problem could be read in these two way as pointing either to the narrower prescriptions of the classical libertarianism or as serving as an invitation to this broader task of institutional and cultural reconstruction.
- Peter Thiel: [00:25:48](#) Well, my narrow focus is, how do we, how do we get back to the future? How do we get back to an accelerating, progressing world of science and technology on? And, uh, if we can, I think there was lots of institutional arrangements that were, but, uh, but we shouldn't give that to short shrift. So we were talking earlier about the new deal, the 1930s, 1940s. There were all these institutional changes. And as a libertarian, I don't like them, I'd like to say they were bad, but things still worked. The US was much better off and you know, 1945 then in 1933, um, and the, the, my telling of what actually worked in the 30s was that you had a whole series of tremendous breakthroughs.

You've got the commercial aviation industry, you got the moot with, uh, the, uh, the talkies and the movies. You got the, you got the household appliances, Washer, washing machines, dryers. You got, uh, you got, um, um, three times as many people own cars in 1940s than in 1930 at the beginning of the plastics industry or the secondary oil recovery industry. So it was a whole series of waves of innovation and this was an incredible tailwind. And then if you have that sort of tailwind, we can run socialists new deal experiments and it can still work but don't have a tailwind. Um, you know, I can run my libertarian experiments and it won't work.

Cornel West: [00:27:08](#) Public Mobilization in the face of war. So in those moments, all of a sudden, even libertarians become highly friendly with the government policies driven policies, government policies, because hitting as a thug, we all agree, let's make sure he doesn't have a world domination. Is that a fair,

Peter Thiel: [00:27:31](#) That's fair. I find these, I find both of your argument implicitly super depressing. If they're true, it's about education, then it's, wow, that's hopeless. That's, that's a hopeless thing to reform and if it's, well, we can talk about that in a second. That it's even more depressing because if the real driver for technology, military, scientific, you know, this is what sort of mobilized society. One way of telling the history of what went wrong is that, you know, we had, we had world war two, we got the nuclear bomb and it was the New York Times editorial a few days after Hiroshima. It was something like, um, you know, um, I'm gonna paraphrase this, but this is the rough tone of it was, um, you know, um, um, this is an incredibly impressive achievement. Um, you know, um, there are all these people who say that a society can't work if you have the army telling everyone what to do.

Peter Thiel: [00:28:24](#) Uh, libertarian through were critical of. Um, and you know, if you'd, if you'd let the Prima Donnas, scientists their own devices, maybe we've taken half a century, but when they were told by the army what to do, they could do it in three and a half years and get this invention to the world. And now it might, my only observation is New York Times doesn't write editorial. It's like that anymore. But, um, but let's, let's sort of the, the military telling of the history was we had the Manhattan project, the sequel, the Manhattan project was the Apollo space program because it wasn't good enough to have nuclear weapons. He needed to send them around the world really fast and you need to do it many times over to kill everybody. And um, and this basically culminated and we some kind of insane combination in the early 1970s, and that's roughly when the

tech stagnation started. And so war is not a motivating thing. We have enough nuclear bombs.

Peter Thiel: [00:29:13](#) So we'd have enough nuclear bombs to kill people, many times over.

Cornel West: [00:29:15](#) I hear you, what you're saying, but I mean, as someone trained in philosophy as you were at Stanford, you know what it was brother named William James who taught here at Harvard. He wrote an essay called the moral equivalent of war. War is not a metaphor to be deployed only it has a religion. The military, you can declare a war on poverty. You can declare war on white supremacy when they needed to have, we had apartheid in the south at that time, right? So we want a double, we want to win the war internationally, let's win the war against American apartheid. Let's win the war against poverty. Let's win the war against ignorance. There's other ways in which we can marshal the war like spirit spirit that's still tied to the democratic process.

Peter Thiel: [00:29:58](#) I think the metaphor only works when the underlying thing like war is something that can still be one in the, in the, in the core military context. So William James was writing pre world war one. I don't know if he would have used that metaphor after 1914. I think that, uh, you know, and I think we had, you know, we had certainly the war on poverty. We had, you know, the war on segregation, but a war on cancer under Nixon. I am not aware of a war metaphor being used since the early 1970s. And so I think you're right.

Peter Thiel: [00:30:29](#) If people haven't done it for the past 50 years it's because war is scary, we don't actually want war.

Roberto Unger: [00:30:49](#) it's not just a metaphor about motivation because it has a content. So one element in the content is massive mobilization of national resources at the sacrifice of current consumption, uh, with very high marginal tax rates. For example. Uh, the second element is radical institutional innovation, not formalized for the most part, but radical. Nevertheless, including, uh, innovation in the forms of collaboration of government with private enterprise, uh, and, and with the result of a duplication of GDP in four years. So proven success.

Peter Thiel: [00:31:37](#) Look, if, if, if one believed us, then I'd be fine paying more in taxes. If I thought we could go back to the government that actually actually did things. I think there's a way to think of libertarianism as a philosophy of political decline. It's um, as our government institutions work less well, it's natural for them to

do less. The Libertarian Party got started in the us in the 1970s, which was the decade where our government institutions stopped working. It has been gaining ground for 40 to 50 years. Libertarianism, it's not a timeless and eternal truth. It's a historical truth.

Roberto Unger: [00:32:10](#)

It's an adaptation.

Peter Thiel: [00:32:12](#)

It's more true now than ever because, um, our, our political institutions work less well than ever if we, um, if we take, um, and I think like one, one difference between governments and companies. Companies have a natural half life after a while they die. They get replaced by, by younger, more vital, healthier things. It's very hard to do that in government. NASA was, was very innovative. You Start Nasa in the 1950s, 1960s of great scientists. 60 years later. It's a bureaucracy. And we don't have, we don't have ways to clear the system,

Roberto Unger: [00:32:43](#)

but then, but then as you imply, the problem is the circularity there, this minimalism about collective action, uh, risk becoming a self fulfilling prophecy.

Peter Thiel: [00:32:54](#)

Sure. But it's also, but, but on the, on the left, it's, um, it's, if you have to defend every last existing institution, no matter how sclerotic it is, that's, that's actually ultimately going to help us on the libertarian sock. And of course, that's sort of what you're, that's what you're increasingly locked into doing. And this is where, you know, the new deal history is impressive, but I don't know what it means because you started with basically no federal, virtually no federal government, a completely blank slate. You know, in the 1930s, 1940s, the people working in the federal government, DC, we're far more talented than the average people managing companies throughout the United States. Um, and today it's, you know, it's, it's, it's very much the opposite and it's like a minimal thing. But you know, at one point we did like at least was able to do, even in Brazil, a minimal thing would be could you actually move the capital city of the US elsewhere? Do you just move it to some other part of the country that would force people to do something new? And that's, that sounds beyond insane to even suggest

Cornel West: [00:33:52](#)

We should probably open it up to questions.

Student: [00:33:58](#)

Inaudible Question.

Peter Thiel: [00:34:30](#)

Well, look, I think that, uh, I think that, uh, the, um, the, the, um, innovation challenge that I've described is fairly

independent of, of, um, uh, of that. Uh, you know, I don't think that, um, women or minorities have less access today than they had 50 years ago or 60 years ago. And I think we had more innovation in our society in the 1950s and 1960s than we do today. And so it's, um, you know, it's always, uh, it's always a fairly, uh, you know, the, the, um, the um, you know, I'm often asked this question that, you know, in the context of Silicon Valley and how do we get more women engineers? How do we get more women executives? And, uh, and my answer is, um, that's not even, you're not even asking the right question. The question is how do you get more women to found companies?

- Peter Thiel: [00:35:18](#) Because what matters is that you start a company. Um, and that's what sets the culture in, in, in Silicon Valley of the, you know, again, it's, it's extremely unbalanced. We'll just, you know, oh, oh three. It's very unbalanced with the 150 tech Unicorn companies. Um, private tech companies worth \$1 billion or more. Only three have women co founders. Um, the extra protective looked at this about two years ago, so it may have been updated a little bit. And those three, they were all husband and wife teams, which is not what the feminists want to hear. So that's, but I don't have a solution. But you should, you should. You should. You should just start a company.
- Cornel West: [00:35:56](#) But what are the conditions under which you start those companies?
- Peter Thiel: [00:35:59](#) Well you need some ideas. You need to be able to inspire people.
- Cornel West: [00:36:02](#) Access to capital, access to credit.
- Peter Thiel: [00:36:04](#) You know, I always, I always think, I always think the capital part gets exaggerated. We have, we've had, we've had a world of zero interest rates, government printing money for a decade. There's way more capital than anybody knows what to do with. Uh, uh, we have too much capital. I didn't know what to do with it on my venture fund on the same problem. Is, is true across the board in Silicon Valley. We need more good ideas.
- Cornel West: [00:36:29](#) Question. Yes.
- Student: [00:36:35](#) Issue I run into though is someone coming from, my experience grew up in Detroit, Michigan, sorry, a company that helps. Those are significant. She was just talking about, but then you have, this is you have to like reframe what these values look like and talking about tapping into, you know, this other potential.

And then as soon as you start that conversation and gets framed as like a feminist narrative or a humanities there and I'm like, no, I'm talking about numbers when I'm going to pitch to investors, but they don't have enough cultural capital to understand why what I'm presenting them. It's actually an economic model and not a humanities Donald. So I'm curious like how do you, when you're in that position that you have with the level of expertise, whatever it might be, understanding these cultural things that translate into dollars, how do you reframe that to someone sitting across the table who doesn't understand the dynamics that you're working with to realize why it's actually a financial issue with not humanities?

Peter Thiel: [00:37:30](#) I, it's hard for me to sort of go into like a detailed critique of why your company should have succeeded or why it didn't succeed.

Speaker 6: [00:37:41](#) [inaudible] we have a series of meetings and every meeting was look, this little person and he was really busy. So in a boardroom, you know, hour and a half and then he got the idea. But initially he wants me in the boardroom and sit across the desk. And what I was trying to communicate to him, what would fit into that model of communication. So how do we reframe, where do these conversations take place? How they take place.

Peter Thiel: [00:38:28](#) I don't, I don't believe that. So I think your answer is the kind of answer I believe, but it's sort of, but, but the question I is misplaced, so I don't think there's a process we can come up with that works. There's no sort of formulaic process. People are always looking for formula. It's not like shark tank where you, and you have to figure out the right pitch. You have to figure out the right way to tell people exactly what you're doing in 30 seconds in an elevator or something like that. It's,

Peter Thiel: [00:38:52](#) it's, uh, it's, you know, people, but people are desperately looking for a formula because, you know, you want, you want a formula, but if there were, it was just you follow this formula and you'll, you'll be rich.

Peter Thiel: [00:39:06](#) That might be great or it might be just that I'm, you know, I'm telling you a bunch of bs. Um, and, and then I think what, what happens in practice, it is always, you know, somewhat serendipitous. It's there, you know, um, there's, there's some, there's something about, you know, sort of self fulfilling. People think it's going to work and then, and then at some outtakes off, but it's, it's, yeah. Yeah, the access problem is always tricky. You know, when I, when I started, you know, when I started, uh, paypal 98 99, I, uh, you know, I probably had to pitch a hundred

separate people over the course of, of a, the first year. And, um, you know, it was, it was, you know, you new people, you sort of got, got in front of them, some of them, but it was, uh, it was, it was still really hard. It's always a really hard lift.

Cornel West: [00:39:48](#) We've got to question here and then one in the back, these two and then, then we'll shift. Is that right?

Peter Thiel: [00:39:54](#) Yeah.

Student: [00:40:03](#) Recruiting Process. Um, what else would break down barriers that will help people of color, people from poor backgrounds be able to get both to cap capital to even entertain the idea of going on a hike because they didn't go to Harvard. I didn't have a close connection so that, you know, they offered a hike instead of a 30 minute or even your, with your capital example, like the VCs have capital, they have a lot of spin but they still act as gatekeepers. Um, so if you approach as a black person or a person of color or queer person, what have you, you don't relate to that gatekeeper. They won't let you know that he has capital. Right? Um, we have these government institutions to encourage some sort of dialogue, um, some sort of base level of interactions between these populations to facilitate this market because we saw how much the underclass suffered, before, all of this happening. So like what I understand there would be a lot of innovation, but how would that actually help the underclass and not just create some sort of weird techno futurist world where you know, folks are just mining while British people are red shirt. The skyscrapers are taller, like I know.

Peter Thiel: [00:41:21](#) Um, well look, I think, I think the, uh, the, um, entrepreneurial venture capital form is a very tricky one to solve because, uh, it's, um, it's, it's, it's very risky. Uh, it's, um, it's, it's, it's naturally decentralized. If you had the government simply issuing up venture capital, checks, um, it, it would go catastrophic. We wrong because, you know, most companies are actually bad ideas and aren't even, aren't even close to working. So those are, those are the, that's sort of where, I'm not quite sure what one does about the venture capital ecosystem. Now. Most business isn't equity finance. Most businesses is debt or credit financed. And, um, and the policy thing that I would suggest as a concrete policy would be that, uh, we should try to figure out ways to shift credit to small business and away from consumers. Um, and so as a small business, when you're starting a small business is very hard to get credit.

Peter Thiel: [00:42:16](#) You can normally, you have normally put on a credit card which has extremely high interest rates. Um, and, uh, and, and, uh, whereas as consumers, you know, they, they, they borrowed a lot because it's easy to borrow and they never think about how hard it is to pay off. Businesses aren't response, you know, they're not personally liable, but, uh, but they're all, it would be much better if we had credit directed towards business in a way for consumers. So this is, uh, you know, the East Asian economic model, it's very strange and why things work at all in a place like Japan or, or, um, you know, the East Asian countries. Um, but I think, I think sort of the key macro economic insight they had was to make it hard for consumers to get credit and easy for, for businesses to get credit. And that somehow is, is, is, uh, you know, it's, it's a much, it's a much better, as a much better approach. Now, you know, this is, this is, this is not popular because we don't want, you know, you'd have to have high sales taxes. You have to say it, you know, you can't borrow money, you can't, you know, um, it's, it should be harder to buy a house. You have to have a bigger down payment to a house with the, those are the things you do when you restrict consumer credit. But uh, but yeah, if I had a choice, I would, I would definitely do that and, and shipped it to small.

Cornel West: [00:43:25](#) And these are the debt driven businesses, mainly small businesses, different from equity driven.

Peter Thiel: [00:43:31](#) The vast majority of businesses, are debt driven. Yeah. So like in an equity venture capital equity business, it's like I have to make, I have to have a chance to make 10 times my money to justify the risk of investing it. And that's the, are a lot of business that just don't have those attributes. You know, if you have a restaurant, sort of a local business, you know, you can make money, but, uh,

Cornel West: [00:43:52](#) Work your family to death. Your friends to death.

Peter Thiel: [00:43:54](#) Well, hopefully not to death.

Cornel West: [00:43:59](#) Well nearly, in the back before we shift.

Student: [00:44:01](#) I have a comment and a question. First of all, I think that your response to my female colleague's question was kind of dismissive. I'm always speaking myself obviously, but I think it's saying not a great question or to say if you want to call it, she should start a company that's not every student's view of entrepreneurship the good life and that's not what I want to do, but it's still all against a woman.

Peter Thiel: [00:44:28](#) Well, I'm saying that's, that's, that's how you would change things in silicon valley because, because the, the, it is, it is centered on the founders of companies and I'm sorry. That's if that's, if you're not dealing with that, um, you're not going to change things. I understand. You don't want to do it personally. I'm not saying you have to do personally, but that's the problem. It has to be solved.

Student: [00:44:50](#) My question is, when we talk about democracy, we talk a lot about the first feminine, the United States, it's relative uniqueness other among other countries. And I know that you've got a lot of criticism or being seen as a friendly to pass on the first minute and then the in general. And I'm wondering what your response,

Peter Thiel: [00:45:14](#) um, let's see. The, uh, well the context is, uh, I was, um, I was involved in this litigation against Gawker media, uh, where I helped underwrite a whole Kogan the other wrestler in a, in a, you know, successful lawsuit. I mean, again, we can go the sort of complicated fact pattern, but basically, uh, um, uh, they had, uh, publish, they'd secretly filmed, um, Mr. Hogan having sex with his best friend's wife. It was filmed in the privacy of the bedroom and then it was shown on the Internet to millions of people. Um, and, uh, and you know, it was, it was, and was basically, um, and then, you know, once, once we finally got it to to trial, you had sort of a pretty big runaway jury verdict where, you know, it was basically our, our lawyers asked for, you know, thought the most they could ask for with a straight face was \$100 million.

Peter Thiel: [00:46:01](#) And then after seven hours, the jury came back and awarded Mr. Hogan \$115 million. Um, so a lot of these things are always very fact specific and you have to go through a lot of the, the facts. But the, Yo look the way I would, the way I would frame it is our constitution doesn't just have a first amendment. It also has a fourth amendment, which is against unreasonable search and seizure, seizure. That's where the right to privacy comes from. Um, and um, and there are certain cases where first amendment should dominate and there are other cases where some of the other ones should dominate. And I would, I would submit that a sex tape illegally stolen. Filmed in the privacy of someone's home. Um, is, is much closer to a core fourth amendment right against invasion of privacy both by government actors as well as private corporate actors. Um, and as, um, and this is not a first amendment thing, this was the way, you know, this was the way the whole, uh, the whole trial proceeded. They, they started by, you know, they, they just argued First Amendment, first amendment the whole time. And

it was, you know, it was a, we're journalists, we got to do whatever we want because we have the first amendment. Um, they argued the law. We argued. The facts. No, it's, it's not about the first amendment, it's just a sex tape.

Roberto Unger: [00:47:17](#) So Peter, let's, let's now begin to broaden this conversation to the, uh, to the political economic agenda that we've been considering here in the course. And to that end, I simply want to restate for you three of the themes of that agenda that we have been discussing here and hear you speak to them in any order that seems to you most useful. So the first theme has been the relation of the backward parts of the production system to the most advanced parts and especially the fate of what is now the vanguard, of production, the knowledge economy, or the learning economy. Uh, it is present in every part of the production system, not just in high tech manufacturing, but everywhere. It is present only as a fringe that excludes the vast majority of firms and workers. And surely this insular character of the new productive vanguardism must be part of the explanation for both economic stagnation and the aggravation of inequality.

Roberto Unger: [00:48:34](#) And, uh, here the basis of discussion has been that we shouldn't take this insularity of the advanced economy as something that is natural or necessary, although it may be always the most probable outcome and we should explore the means by which this productive vanguard could be both deepened and disseminated. The second theme is, has been the theme of the relation of Labor to capital in the context of this change in the advanced forms of production, uh, there is a demand for flexibility and labor markets. And in a large part of the world, including the United States, flexibility seems to have become a pretext for the condemnation of an increasing part of the labor force to radical economic insecurity and insecurities, specifically in the form of precarious employment, uh, insecurity and a downward tilt to the returns to labor seems to be incompatible with a dynamic of productive enhancement.

Roberto Unger: [00:49:51](#) And the third theme that we've been, we've discussed in this context as part of the core of a progressive political economy is the theme of the relation of finance to production finance to the real economy. Uh, under the, under the view that, uh, finance should serve the productive agenda of society rather than being allowed to serve itself, that it is not enough to regulate it. What we want is to adopt innovations that tightened the link between finance and the real economy and increase the likelihood that finance will be a good servant rather than being allowed to be a bad master. Uh, those are the three

themes that we have discussed and we'd like to hear you on them because they seem to be notably absent from the conventional Progressive Discourse in the United States today.

Peter Thiel: [00:50:50](#) I feel like it spend a lot talking on all, all three of these. So let's, let's say let's, let's summarize them. Um, you know, um, expanding beyond the insularity of the knowledge economy. Secondly, what do we do about the pre carry out, uh, people who, uh, feel, like super, insecure in our system. And then third on, uh, you know, um, the correct degree of financialization of, of, of the system and, and, and how, how does, how to think about that. Um, so let me in in that order, slightly disjointed, wait, let me just throw out a few, a few thoughts on, you know, and again, there are all these places where I can question some of the premises and they don't think that's that constructive, I'm going to sort of assume the, this framing is, is, is essentially correct. Um, it strikes me that, um, the place to look on the knowledge economy is, is very much on the, on the university side.

Peter Thiel: [00:51:44](#) So if we have this idea of knowledge as something that's fundamentally positive sum, if I know something, it doesn't mean that you can't know it to that, that, uh, the knowledge has the sort of extreme positive zero, sum goodness to it. The question is always, you know, why there are wines around, you know, we, you know, there's often sort of this expression, you go to Yale or you go to jail and um, and you know, we'd like that there'd be sort of more of a spectrum on this. What I, what I would submit to you at one of the challenges with the universities and the elite universities. It is, that's not how they think of the knowledge economy at all. And here's, I'll give you the thought experiment. If you were the president of Harvard University or Stanford and you had some fantasy of getting lynched by a mob of angry alumni, angry students and angry faculty, then you should give a speech.

Peter Thiel: [00:52:33](#) Something like the following. Um, the knowledge economy is very important. Um, it's something that we're doing a great job educating people for. Um, and obviously because it's such a positive sum thing we're going to triple our enrollment, uh, over the next 20 years will take us a while to build the buildings. But over the next 20 years, we're going to triple the enrollment of Harvard. After all, you know, in, in 1970, you know, the were about 200 million people in the u s it was mostly and Harvard, it's mostly a US centric institution. Now there's seven and a half billion people in the world. It's a global institution. So we're serving 37 and a half times as many people as we were serving

50 years ago. And we're only gonna triple the enrollment. We're not, we're not talking about increasing it by a factor of 37.

Peter Thiel: [00:53:15](#) Um, and uh, you, I mean, I don't know how fast it would be till you got fired. Um, and it's because, um, the self understanding of this institution is, yeah, the propaganda is that it's a, it's a knowledge economy. It's, it's a, it's a knowledge factory. It's an educational institution. The self understanding, the real self understanding is this is a studio 54 nightclub and we have, uh, you know, we have a massive velvet rope with a long line of people on the outside trying to get in. And the longer the line, the more reassuring it is to the small number of people who are, who are in here and, and, and so, uh, so we have to, we have to think really hard about the propaganda versus, uh, you know, what the realities are, you know, and, uh, yeah, in theory, education as positive sum inclusive.

Peter Thiel: [00:54:05](#) It's something for everybody to learn and practice. It's a, it's this crazy zero sum tournament, I think all of your rights, you can go to Harvard, you probably should go to Harvard. You have to be very careful to go to a school ranked number 20th or number a hundred, because maybe the diploma gets to be a done sat and disguise or something like that. But, uh, but the system, you know, the system, you know, every time people use the word, it's almost Orwellian, you know, every time people and these university contexts use the word inclusive, they mean exclusive or it's, it's, you know, it's things mean their own opposites all the time. So, so anyway, I think the, the, um, so I, I would, I would redirect the knowledge economy question to, um, to, uh, the nature of the universities are very centrally in our system.

Peter Thiel: [00:54:49](#) So I'm just giving some soundbite, a response as the, um, you know, the, the pre carry out, the sort of the insecurity that people feel slightly different way. I would frame it as, um, I don't think there's a problem with people getting jobs in our society. And you know, the unemployment rate's three and a half percent. It's quite low. It's just most the jobs don't pay very well. And, and, and then, um, and then I think again, the more nuanced version of this is that we have about half of the country where it's, um, it's actually very, um, it's very easy to afford to live, but there are no jobs. And then the other half of the country, it's very expensive to live. And there are jobs that pay, you know, moderately well, but not too well. And on average, you're fine. You know, the median wage for the median house in the US is actually perfectly adequate.

Peter Thiel: [00:55:42](#) Median house price in the US is \$250,000. Um, and you know, if you, if you have, you know, 50, \$60,000 a year income, you can

easily afford a \$250,000 house. The problem is, you know, people aren't, they don't exist in cyberspace. There not some sort of average median person living in an average median house. You either live in a dysfunctional high cost mega city where, um, you, you, you make some money but can barely stay ahead because of the sort of Henry George theorem problem or you're, or you're somewhere else. I, I, again, I don't want to redirect it all towards zoning laws and real estate, but I think that's the, uh, that that is the, that is the, that is the real challenge. If you look at other western countries, the ones that, that I feel are the healthiest or the ones where, um, it's, it's not a centralized on the mega cities, you know, France, Britain, or even more screwed up than the US because all just in one city, London or Paris, you know, I think, I think Germany is, is relatively healthy.

- Peter Thiel: [00:56:42](#) Japan, weirdly working with centralized on Tokyo, the public transportation works so that it's, it's like one big, one big, relatively affordable city, but, uh, but the economies that are centered on these very big cities with extremely antiquated systems, um, you're, you're, you know, it's, it's, I think you're not going to solve it until you rethink a transportation or the sort of, the structure of the economy. And so that's, it's not the only part of the answer, but that's, that's the one I would, I would always, I would always redirect things towards, you know, I think the, um, let me see what to say on the, on the financial side. I, I think I broadly agree with you that, uh, um, there's, you know, there's a healthy role for finance and then there's a, a degree to which an economy can become over financialized.
- Peter Thiel: [00:57:35](#) I think, uh, the peak of over financialization, the U S was probably 2007 when maybe half the profits in the u s were effectively made by banks or other financial firms. And so if you sort of, we sort of say like, what, what percent of the profits in the capitalist system should be made by a financial entities? And my intuition would be 10 to 15% is healthy. Uh, 50% is way too much. Um, I think the number today, it's come down close to eight, but it's still maybe 25 to 30%. So it's still too much, but it's, um, it's, uh, it's, it's partially receded.
- Cornel West: [00:58:09](#) And what do you do about that?
- Roberto Unger: [00:58:12](#) But it's not bench, not just a question of the distribution of profit, right? It's, it's a question of the relation between activity and the capital markets and a real economic activity increase of output or enhancing their productivity. So the problem is not

the, the, the Spec of the development and finance. The problem is it's dissociation from the productive agenda of society.

Peter Thiel: [00:58:40](#) Yes. But let's, let's, let's drill down at word association just a little bit more and, and, uh, you know, the most associated you can be, the most disconnected you can get is in a purely globalized world. And so I, I often think the way to think of Manhattan in the United States is the financial center. The way you should think of it pictorially is it's like an island. It's off the coast, but it's really a thousand miles off the coast of the US. And the business model of Manhattan consists of people producing little pieces of paper that say, you owe me money and we need that. We don't, it shouldn't be as big a part of the economy as it is. And the historical question is, why did it get to be big? Why did it get to be so extreme in 2007? Um, and um, and again, the sort of the, the simple simplified one word answer I would have is globalization because globalization is what makes things the most disconnected.

Peter Thiel: [00:59:36](#) It's not the local banks, it's not even the national banks. It's these crazy global capital flows that direct it. You can think of, um, you can think of the banking system in the u s as the mirror image of the current account deficit. And so if you sort of plot on an x axis is time, why access? You start with the current account deficit. It was zero in 1980, it went down to minus three and a half percent of GDP and 87 back to zero in 91. And then it went, uh, by o six o seven down to six, 7% of GDP. And then in the OAA thing, it's not, we're on minus 3%, so I can grow up, just, just picture the chart. Um, and then the mirror image of that is, is um, a chart that reflects the dollars that flow into the u s so we're sending money out in the current account deficit.

Peter Thiel: [01:00:25](#) The other countries aren't buying goods or services, but they're sending us money back. The money that gets sent back get sent back to the banks. And so the bigger the current account deficit, the more money flows into the banks. And so, um, in 1987 banks are doing really well. 91, when it was down to zero, 2000 SNLs go broke. Mike Milken goes to jail. That's what happens when the current account deficit comes down. The money runs out for banks. The biggest current account deficits we had were in 2006 / 2007 at the peak of the housing bubble, \$800 billion a year current account deficit. And the way that gets sterilized is that you have banks telling, um, uh, foreign investors, \$800 billion worth of wise on why they should put the money to subprime mortgages and all this sort of stuff. And you have this sort of globalized a financial system and you know, that partially broke in m and 2007/2008.

Peter Thiel: [01:01:16](#) It's, uh, it still has a long ways to go. And so I would say, again, this is, you know, I'd say one way we get to a healthy financial system would be that we have no current account deficits than the banks will have less money, they'll have less power over the economy. It will be more localized. But, uh, to get our current account deficit back to zero, probably, um, you know, um, uh, requires a set of policies that would be labeled as very anti globalist. I'm in favor of them. But uh, but that's the banks are linked to globalization

Cornel West: [01:01:49](#) premises that Roberto was putting forward. A basic one is forms of democratizing the market such that everyday people have access to resources so they can live lives of decency. What is the strongest argument did you have or your strongest suspicions of various forms of democratizing market? it's maybe you agree in your own libertarian way. There are different ways of access in the private sector, public sector and so on.

Peter Thiel: [01:02:20](#) Um, well I, well I think there are all sorts of forms of access.

Cornel West: [01:02:29](#) Absolutely. Absolutely.

Peter Thiel: [01:02:31](#) You have to always be careful that the access isn't counterproductive. So, uh, so for example, at the peak of the housing bubble in 2005/2006, you know, more people, underprivileged minorities, et Cetera, had access, but they ended up buying the houses at the top of the bubble. And so you'd have to always, you know, there's always a substantive question of, of, um, of how to, how to best do this. I would tend to focus less on the consumption side, more on the, uh, on the small business side. Um, but then I think the, um, but I think the, the anti globalist version of this is if, um, if the banks are these, you know, money center banks lending money on a global basis, they don't care about the local community.

Peter Thiel: [01:03:12](#) So if you're, if you're, if you're, um, Citibank Citi group in New York City, you don't care about, you don't have to lend money to people living in the five boroughs or anything like that. You can go anywhere in the world. So as you, as you deglobalize, and maybe, maybe you're getting rid of certain types of efficiencies, but it does push, push it back towards this, uh, this, this much more local question.

Cornel West: [01:03:35](#) Questions in this corner and on the left we go here, here. What about some sisters of color? Right here. You got here, here and here.

Student: [01:03:51](#) Inaudible.

Peter Thiel: [01:04:01](#) I would say it's, I would say my, my, my, my leverage point of view. We need to get rid of the current account deficit and then then the banks will be weaker.

Speaker 8: [01:04:09](#) I guess I'm curious where that to me that contradicts, um, uh, sort of, um, [inaudible], I don't know, is that the banks are essentially, um, franchise system. You know, the, the, uh, the monetary system in general is the public system. Um, I guess how do you reorient the market and you know, all with this free market ideal without relying on the government since, uh, since the, you know, our public system, when we shame these are government is on the system,

Peter Thiel: [01:04:55](#) I would never, I would never claim that you, um, you get rid of the government altogether or there's some of these things aren't, you know, profoundly political. So, um, so on the, you know, you weaken the banks when you get to a no trade deficits has no current account deficits. Um, I believe that if you had free trade fair trade, um, you would have very, uh, very, um, very, um, low trade deficits. We don't have fair trade. We have extremely unfair trade. It's very asymmetric where, um, you know, uh, we have fewer restrictions on our side. Other countries have lots of restrictions. And, um, and the, and the way, the way this works is when you have this sort of unbalanced trade where we export \$100 billion a year to China and they export 500 billion a year to the US it's, um, it's a subsidy of the financial system because the extra 400 billion goes to the banks.

Peter Thiel: [01:05:43](#) So that's number one. Number two, it's a subsidy to us consumers because we get cheaper stuff from China. But number three, it's a sub. It's a, it's a subsidy to Chinese workers over US workers. Uh, and so people have jobs in China. Um, you know, um, you, you don't get a manufacturing job in the US but, um, you know, you get a cheap stuff at Walmart and uh, and the, you know, if, if you, if you had, if you actually had, um, a fair trade and I think this does require a lot more political intervention and people have been willing to, to enact, I think all these things would rebalance. It would be bad for banks, it'd be bad for US consumers, but it would be great for US workers.

Student: [01:06:32](#) Your stance on that \$100,000. When I read someone else using your life, saying like, they would be willing to bet that people go through it and maybe even get like a lot of like, you did better if they were like, how about your life? For example, my second part, right. Especially at a Harvard or Stanford.

Peter Thiel: [01:07:25](#) So there's, I think if, I think if I had dropped out, then I would get attacked for, um, for not knowing what I missed. So I think I get attacked either way. Either I'm a hypocrite or an ignoramus. So I prefer being a hypocrite to being an ignoramus soon as I think I'm really neither. And I think I'm neither because I think, um, it's, it's not the case that one size fits all. And, um, I, I'm not a, I've never advocated that everybody, um, dropout. Actually the term we use is stop out because you can always go back. The colleges, um, one of the ways they get evaluated is by what percent of people graduate. So you can stop out of Harvard for five years. They will always take you back because they're worried about managing those numbers. Um, but, uh, but so yeah, drop out or stop out of college, start a company.

Peter Thiel: [01:08:08](#) Um, uh, I've never claimed that everybody should become an entrepreneur, that everybody should do that. I think it's important for our society. It's good for our society, but I don't think everybody should do that. I also don't think, um, that it's, it's that healthy for us to say that everybody should go to an elite college. It doesn't work for the reasons we've already articulated because they're running the studio 54 nightclub system. Um, and, uh, but I think, um, I think I, I think fundamentally we need to have a healthier society that would be one in which there are many different, um, good opportunities for people. Um, and, um, and you, for average people, for people at an elite level, you know, it's one of the, one of the weird dynamics is that on the elite level you're told, you know, you can only go to one of these four or five colleges, then you can come a lawyer, a doctor, a management consultant or a banker, and maybe maybe a software person.

Peter Thiel: [01:08:59](#) Let's maybe that one's been added in the last decade. Um, and so the smarter you are, the narrower the range of things are that a, that you can do. You know, the, um, the, the analogy that I've often used for, uh, for universities is, um, is that it's, they are as corrupt today as the Catholic church was 500 years ago on the eve of the Protestant reformation. And it's the same sort of stuff that we're being told. You know, the, uh, you have sort of the, uh, a priestly professorial class that, um, um, is sort of very sinicured. You have a, you have runaway tuitions that are like the indulgences. Um, there's a salvation story where if you get a degree from, um, from Harvard, you will end up in a good place. If you don't get a college degree, you will end up in a very bad place. So, um, it's, it's, it's, it, it is like this is the atheist church and uh, and uh, what I'm arguing for is, is, is a, is a second reformation. Um, and it's not to replace it with some unitary alternative system. I think it will be, you know, I think it will be a whole range of different things. So I'm not, you know,

trying to just create, you know, a unitary alternative to the atheist church.

Roberto Unger:

[01:10:07](#)

Peter, could I, could I just press you on that? Do you guys in your, in your, in your answer to that, to the first theme, the theme of the insularity of the knowledge economy. And the overcoming of the insularity, you focused exclusively on the educational element and especially the role of the universities. Now consider a historical comparison that we've taken up here in the course, which is the comparison to the organization of entrepreneurial family scale agriculture in the United States. In the first half of the 19th century, the Americans created a highly efficient agriculture, a family scale, but with entrepreneurial characteristics. In other words, it wasn't a subsistence agriculture. And to do that, they had to create a kind of agricultural market that had not existed before. It was not simply the regulation of the market and it was not abolition of existing regulation. They actually distributed the lands that they created, stakes and assets that didn't exist before.

Roberto Unger:

[01:11:23](#)

Uh, they did establish the land grant colleges, the equivalent to the universities that you mentioned. Uh, but they then organize a system of agricultural extension that would bring the insights of agricultural science to the producer on the ground. Uh, and they combine this with the invention of a whole set of legal and financial devices, like a agricultural income insurance, crop insurance, food stockpiles, safeguarding, family agriculture. Against the unique combination of economic risk and climate risk. So in other words, it was a large operation involving a combined set of technological, organizational and institutional innovations, associating the government with a small scale producer and fomenting in the relations among the small scale producers what today we would describe as cooperative competition that if they competed against one another, but they also pooled resources, achieving economies of scale. Now if we take this as, as an analogy in thinking about the dissemination of the knowledge economy, it seems that what we would need to do would be more ambitious and more complicated than this 19th century example, not less ambitious and less complicated. Uh, and that would then point us away from this regulatory minimalism to when institutional maximalism is, does it doesn't, the example suggests that we redirect our reasoning in that in that way.

Peter Thiel:

[01:13:18](#)

Um, well I think you can point to numb looking, even granting all your premises. I think in pointing in a variety of, of different directions. Um, the, uh, the, um, the part that I, that resonates very powerfully for me is I am, I am struck by how we live in a

world in which people no longer believe in complex coordination of any sort. And, uh, and that, uh, um, if you have something where you have a lot of different pieces that are coordinated in a very complicated way, people instinctive reaction, even if there's central left, you know, trained at institutions like this will be, that's a Rube Goldberg contraption. It's never going to work. It's so complicated. It, it will, it will, it will break down. There's a, there are the, the, you know, the 19th century you had governmental, you had private public version of this.

Peter Thiel: [01:14:08](#) You also had purely private versions, you know, the second revolution, you know, the Ford factory, things like these, they were innovations and complex coordination where you put, pull together, you know, a lot of different parts of the supply chain in a very complicated way to do something radically new, at a, at a very different, um, uh, efficiency and, and, and price point. Um, but I think, yeah, I think we've, we've given up on complex coordination in governmental forms. We've also given up on it in, uh, in private sector from the private sector version is it's striking how few companies have anything like a complex coordination. I think apple was if cross it because they had to build the whole supply chain in China to get, get the iPhone and that's why nobody understood it. Nobody saw it coming because nobody thinks in those terms. My, uh, my friend, uh, Elon Musk's Tesla electric car company, you get a lot of different pieces together.

Peter Thiel: [01:15:00](#) Like maybe it'll work, maybe it won't work, but, uh, it's, it's way more complicated than, um, than launching an APP on a, on a computer from, from your, from your home site. I am, I'm very struck how we've moved away from all forms of complex coordination. I think part of it has to do with the failure of central planning and Communism, but, uh, but you know, um, I think that even socialism is better with a five year plan and without a five year plan. I like socialism for the five year plan more than socialism without a five year plan. And I'm, I, I believe that in general, there's something to be said for some kind of planning and coordination. General.

Cornel West: [01:15:36](#) We had a question here. Go right ahead.

Student: [01:15:44](#) [Inaudible] I including the first visited all of the sanitation workers in their city, shook their hands, say thank you for keeping the city alive. Um, and she called herself amazing. Sorry. I was, and I'm kind of struck, it's when growth and all that innovation revolution, all of those wider. And I experienced this when I was working at a tech start up when engineers, yeah,

let's take a day off raw, cleaned the office when they don't come in the next day. Any experience crisis. Um, I'm just wondering how this idea of maintenance plays into maybe your value system where if you're looking at, we have on a lot of people, but at the same time, there are places in rural America where people don't have clean water. Um, and how do you maintain the society to the same place where these people and not just look at growth and innovation as sort of a savior?

Peter Thiel:

[01:17:04](#)

Well, uh, that's a fair point. I'm, it's not something I'm, I sh I should maybe be more focused on it than I am. I'm sort of focused on the thin tip of the spear where I think, you know, progress and the future, um, are, are happening. It obviously doesn't work in a context where the rest of the society falls apart. Where, you know, if the power grid goes down or a thing, things just don't work. Um, that's, that's sort of, uh, the, the, they're, they're both, they are both necessary. Now, I, um, the reason I would still always come back to the need for growth for innovation is I, I tend to think, you know, I tend to think the two fundamental mental modalities we have as we can be expanding, we can be growing or we can be a stagnating and a declining and, and, um, the maintenance part, just keeping the lights on that, that, that part of our, that part over society will work. Um, you know, less well, much less well in the stagnant one, just as much the places where we have, you know, the Flint, Michigan, uh, where you don't have clean drinking water wells. Also you, you know, it's also been a declining, um, you know, auto industry there for, for decades. And so I think these things are, you know, are, are super tightly, super tightly linked in practice.

Student:

[01:18:26](#)

This artist said that, uh, development, growth, art in the, the masculine and when people will say cocaine and doing the laundry, [inaudible] I'm taking the trash off. Those things are maintenance. And when they, you know, see her cross pushing the Stroller, they say, what do anything. So it's kind of like this idea of stagnation. I think it could also, because when you say people aren't doing anything, women are doing a lot of things [inaudible] idea. Consider people that are stagnant, where they're doing a lot to keep less. [inaudible]

Peter Thiel:

[01:19:06](#)

Well I think, I think, I think, I think, I think, I think we're not measuring it properly. So I think that, uh, I think the stagnation problem is much more serious than the economic statistics indicate because we are today, um, most people's work is in the economy, whereas in the fifties and sixties, the work that women did wasn't measured and therefore things are progressed less since the 50s. The data would indicate. So for

example, if you have a one income household with the wife raising the kids, that only that one income gets counted as part of the GDP. Today you have a two income household with a third person hired to do childcare and that looks like it's a much bigger GDP. And, um, and it actually is not. So I think there are, um, you know, I think there are a lot of things that are very good about feminism, but we should also not downplay the ways in which, um, it's, it's led us to an exaggerated view of GDP growth. And we were doing even less well than it looks because the work of women was not counted properly in the fifties and sixties.

- Cornel West: [01:20:06](#) There was a class issue. I think this is very important here, which is to say, if we had maintenance workers who are organized, who could threaten to strike, then all of a sudden their, they're and predicament would be much more the center of attention. Look at the maintenance worker that Harvard, it's so easy to overlook now. Let them all decide not to come in for two weeks. Harvard comes to a stop where the Roberto and I go on vacation. A few people notice, but that's about it. But these maintenance workers shut the whole place down. But we've got such a weak labor movement that it's easy to have. You see the point I'm making. Do you agree with that?
- Peter Thiel: [01:20:54](#) Well, uh, I, I can't speak to the heart. I think the Harvard,
- Cornel West: [01:20:57](#) we have to tell him I'm workers in general workers into organize workers into in general. I don't want to cut you off, but I mean I want to make sure to make sure your voice is heard on these issues, especially about the workers organized.
- Peter Thiel: [01:21:17](#) Look, I think, I think we have a, I think, I think, I think we have, I think the private sector unions are relatively weak. I think public sector unions are way too powerful. Way Too powerful. Way Too powerful. So, no, no, no, no. Come on, come on. It's there. They're bankrupting every, uh, every blue stain this country. Uh, they, uh, no, it's, it's a, it's a giant scam, right?
- Cornel West: [01:21:38](#) You've got to privatized educational institutions running a muck.
- Peter Thiel: [01:21:42](#) Uh, I think that, uh, I think that, uh, you underestimate how it's, it's, it's, it's a form of just massive intergenerational theft that's going on in all the, uh, the blue states where it's the, uh, the retired government workers that are being subsidized by the, by the whole system in ways that, uh, everybody else would, would, would not be.

Cornel West: [01:22:01](#) So profiteers who were running to the bank and private schools because they've got access to unbelievable resources. Now, some of them come not in a state legislature, bill,

Peter Thiel: [01:22:11](#) Maybe you should get the public schools to work better than they are.

Cornel West: [01:22:14](#) Well, that's another issue. That's another issue there. But we're talking about the clash of public, private, and the issue partly, and this is very important because we really haven't talked about the culture of greed, which is crucial. Now, you know, that's also an issue of who we are as human beings. So he needs some accountability of that. But we have cultures that reinforce greed, be it on Wall Street, be it a private tiers, and also being in public spheres.

Peter Thiel: [01:22:39](#) Well, you know, if, if we want to go down the litany of a mortal sins from Catholicism, um, I would, um, I would, I would not start with greed. I would start with envy because that is the one of the seven mortal sins that is still completely taboo. And I believe that is the, that is the cardinal one that

Cornel West: [01:22:58](#) [Inaudible] said it was the most odious all the vices but greed these days, deserves much more attention than envy, but

Peter Thiel: [01:23:06](#) We disagree on that. But.

Roberto Unger: [01:23:10](#) Cornell just a minute. I, I want to intervene in this conversation and stand up for vanguard gives, which just now would seem to me, you, you, you didn't give the Eh, you didn't respond fully. So, so this, this question of advanced technologies and advanced practices. So we don't need 19th century technologies to deal with fundamental maintenance problems. We need 21st century technologies. And the, the, the potential of these advanced technologies is to liberate humanity, all of humanity as much as possible from routine work, including cooking, doing the laundry and so forth. So then our time can be reserved reserved for the not yet repeatable and for taking care of one another for taking care of one another. So the, the advanced practices that we're speaking about or not for a narrow elite, therefore everyone and what what we're discussing is how we get there, how we get to this situation in which the advanced practices are widely disseminated and liberate an increasing part of humanity from the kind of work they can be done by machines. No human being should be condemned to do the work they can be done by a machine. And that that's the larger emancipatory promise of this. Vanguard. Yes, yes,

- Peter Thiel: [01:24:42](#) yes. Although again, I asked the quibble or disagreement here is, um, you're always focused on inequality. I'm more focused on stagnation. I don't think, you know, I don't think we have self driving cars. Even in Silicon Valley. They're not coming there. People are too slow. They're not working on it. So yeah, you always have a narrative. We have the school of propaganda narrative.
- Roberto Unger: [01:25:01](#) I'm not that really focused on inequality. And I think, and I think a fundamental defect of the position of the progressive's is that they catch themselves in this role, this pietistic role of humanizing the project of their adversaries. The force that commands the agenda is the force that most credibly embodies the cause of constructive energy, of creation, of dynamism. Um, so, so I'm on your side in that
- Peter Thiel: [01:25:27](#) and one other, one other, one other one other quibble is a that I think the, um, I, I, I strongly agree that um, if you can automate something, you should just automate it and it shouldn't force someone to the drudgery of doing a job that can be done by a machine. Um, now at the same time, let, let us acknowledge that, um, let's say a job with the way most people think of it is something you learned once and then can do repeatedly for the rest of your life. And um, and so there's a very negative way to rephrase what you said, which is you're saying jobs are going away. That's great. You're just going to have to reinvent yourself every day for the rest your life and come up with new stuff to do. And that's what's scary to people. That's, that's what the prokaryotic fields like, you know, when I, when I, you know, I was attacked here for just suggesting people become entrepreneurs.
- Peter Thiel: [01:26:14](#) That's way too scary for people that you shouldn't, you should get off your, you can just get off your track job. You should start a company that people experienced that that already is as far too scary. And I'm not, I'm not, I'm not even, I'm not even judging that, but uh, but you know, if you, if you give the advice, everybody should be an entrepreneur. That would be so unpopular. Right. Because that's, people want security. They don't, they don't want, they don't want that degree of risk.
- Cornel West: [01:26:40](#) There was a question in the back in the middle. Yes.
- Student: [01:26:45](#) Sure. I worked in a religious community and one of my primary goals is to make sure that I'm on accountable as a minister. That I don't say, hold on, I have a survey. Um, and I know that I'm driven by ideology or made aware of that. Um, I don't see exactly how for record geology is different from that. I'm

wondering if you hold yourself accountable to pull that you're impacting every day, um, and what's this place you lose sight of that?

Peter Thiel: [01:27:18](#) Well, it's, it's, it's always, it's always hard to have a systematic answer that I, I, I, I think I have a lot of, uh, people work with me who, um, are, um, do, do, give me very frank feedback on when they think I'm doing something that's crazy or wrong or, or misguided. Um, I think, uh, you know, it's, it's a, it's a sort of a smaller, um, office, a smaller office type dynamic, which has, you know, a lot of crazy things that go with it. But, uh, it's, it's, it's, uh, what we try to avoid and I think generally do, is, is the, uh, the large corporate, uh, uh, pop political thing where, um, there's never any feedback. And in sort of these large corporate setting, um, you, you generally have, um, you know, you have, you have sort of this new speak politically correct language people use to, uh, to never actually, um, engage in, um, in, in the real issues.

Peter Thiel: [01:28:17](#) Um, I think the, you know, I, I do think this, um, I, I'm always hesitant to, to sort of sharply separate out, um, uh, doing, um, you know, um, the, the, the non sort of a nonprofit from a for profit thing. I mean, I think, I think they're, they're, they're, they're very different. But, uh, but you should always be asking, you know, why, why is it, what you're doing, why is what you're doing good. And, uh, I'm, I'm somewhat uncomfortable with the, uh, the, the sort of shift where you make money and then you do things in a, in a nonprofit context. And it sort of, the somewhat schizophrenia thing doesn't, it doesn't make that much sense. But, but again, look at the caveat to this and you know, you're always embedded in the system. It's hard to be self aware about these things. And then there's a way in which the language always gets hijacked over time in ways that are very tricky.

Peter Thiel: [01:29:09](#) So I think one of the things that was very good in silicon valley a decade or two decades ago was at companies talked about being mission oriented. They had some mission that was beyond making money. Those about, uh, about, uh, about, um, changing the world for the better. Um, today that just sounds hackneyed because it's sort of become this, uh, the somewhat fake formula. So that's, that's sort of what we had to always be on the lookout for that, uh, that, uh, even the things that, um, that are, you know, good and authentic cannot come to easily turn into formulas that are in practice.

Cornel West: [01:29:41](#) The opposite personal note, just like the assistant even like myself to, you have a deep Christian identity and sensitivity and

Sensibility. How does that feed into your own witness in public sphere and the private sphere? I mean, we loved Rene's Rene Girard Towering figure that he, yes, it's been in the. So how does that fit in? Just briefly?

- Peter Thiel: [01:30:04](#) Well, I identify myself as Christian. Um, uh, sort of means, you know, uh, uh, I think the, uh, the, um, the, the, um, the Gerard was this philosopher I'm, that I studied under at Stanford influenced me tremendously. Uh, uh, one of his key ideas was that a, um, um, a lot of what we do is involves imitation and do you have role models and we copy a role models. And if you have, um, you know, if you have, um, uh, if, if it has the wrong role model, you copy what other people want and then that leads to envy or greed. Everybody wants, what everybody wants is often, you know, this formula for, for, uh, for, for violence and uh, and uh, that, uh, what you, you, you want a desire not to be horizontally mediated. You don't want to just try to keep up with the Joneses, tried to keep up with the people around you. That's sort of a violent escalatory dynamic. Uh, you want it to be somehow transcendent. You want to, um, you want to look up to people or beings with whom you're not actually in competition,
- Cornel West: [01:31:09](#) but to follow that follow Jesus is to head toward the cross though, right? Well, the service that you give to the east as well, we get a...
- Peter Thiel: [01:31:20](#) yes, yes, that's true. Um, and then there also are ways in which that that can get hijacked, you know,
- Cornel West: [01:31:26](#) so it's a high jacked by churches and so forth.
- Peter Thiel: [01:31:29](#) Communists,
- Cornel West: [01:31:30](#) oh, we don't worry about a communist.
- Peter Thiel: [01:31:32](#) I do though. I worried about the whole lot.
- Cornel West: [01:31:34](#) We got more Christians running around damage, creating damage than communist. Right now
- Peter Thiel: [01:31:39](#) I'm still worried about the communists.
- Cornel West: [01:31:40](#) Even if even if we focus on both though, I mean even if he's focused on both of you would agree that this, service that you render for the lease of the

Peter Thiel: [01:31:48](#) Yes. Yes. And I also, and I also worry about the people who use that rhetoric.

Cornel West: [01:31:56](#) It could be used in a lot of different ways. [Inaudible] Question in the back.

Student: [01:32:01](#) It was an intriguing comment. But in terms of complexity, there's complexity and logistics or supply chains and there's complexity computerization, that sort of innovation. Um, uh, an avionics, a distinguished graduate of the law school, Ralph Nader just lost his grand niece on that plane that went down in Ethiopia and is calling for a boycott of Boeing. And particularly the Boeing 737, Max Eight, I guess it's called. Um, so doesn't that, that sort of gives a great dramatic example of where complexity becomes a problem and you're working in a way and you know, with computerization, do you not worry about AI? Do you not worry about too much complexity in this realm of innovation?

Peter Thiel: [01:32:52](#) Well, I, I guess my, my intuition is that, um, sort of the more advanced technological civilization probably, uh, becomes, uh, becomes more complex. And then to the extent we're not able to deal with it. And I think, you know, the, the seven 37 things seems quite disturbing. It's sort of like, the question you have is, can the US still build airplanes? Are we still capable of doing this? Have we, you know, and so I'm, I'm, I'm the optimistic way to frame it as things are getting so much more complicated when we slow it down a little bit. And my more pessimistic worry is, wow, things have degraded so much that our country can't even build airplanes like it used to. And, um, and that we have that we've had this shift away from complexity and the always these questions, you know, why this stuff, why this stuff has happened.

Peter Thiel: [01:33:39](#) The um, know one explanation I would have for the shift away from complex coordination. Again, I'll focus on the silicon valley, Silicon Valley context that I feel I understand best is I'm the only game in town for the last quarter century has been consumer internet, which are then, you know, um, websites, they're easy to code, easy to do. It's nothing super complicated about any of these companies. They get, you know, they get more involved as you scale them, but it's very easy to start. It doesn't require, it's not like building an airplane or a rocket or, or anything, anything like that. Um, and, um, and the question, um, the, the, the sort of, the competitive question I, I, I do wonder about is, is whether the shift towards less complex consumer internet forms of technology, um, was because all the more complex stuff, um, um, we're going to get beaten by China.

- Peter Thiel: [01:34:36](#) You're going to get beaten. Um, uh, it's not allowed on a regulatory basis. For some reason people have figured out that the more complex stuff doesn't, uh, it doesn't quite work. You know, you, you often want complex things to be protected with intellectual property. If the intellectual property doesn't protect you, um, your best bet is okay, I'm going to do something really simple. It'll take off exponentially. It's going to take over the world. It doesn't matter if I have no copyright protection because, um, because, um, because it will be the brand or the scale that the, that protects me. And so, um, you know, I'm not against consumer Internet companies are not against what, what, what silicon valley has been doing, but I, um, I find it much more disturbing how, um, how, uh, how they're all these other things that have not been done in silicon valley or elsewhere.
- Peter Thiel: [01:35:21](#) We had this up protech manifesto about almost a decade ago where the, the tagline was, you know, they promised us flying cars and all we got was 140 characters. And that was not meant to be a narrow critique of Twitter. I think Twitter is a perfectly, you know, successful good company. The two or 3000 people who work there have, you know, well paying jobs that are pretty safe, but, uh, but we, we want to be doing more than that. I would still like flying cars even though, um, uh, you know, maybe, maybe, um, maybe not made by Boeing.
- Cornel West: [01:35:53](#) Yes. Right in the middle. Yes.
- Student: [01:35:59](#) Suggestion Than My colleagues start a nonprofit or area of business. In silicon valley though, the older days standing between, uh, women and equality in the technology sector was moving themselves who aren't getting up to become entrepreneurs. Is that, is that the right, like what is standing in the way of that?
- Peter Thiel: [01:36:24](#) Well, again, my, my, um, my framework is not an egalitarian framework, so that's not, that's, that's not the question I was answering it. I think the, uh, my framework is charismatic. It's about role models. It's about, um, um, you, you change things by, by changing the culture, by setting examples. And, uh, and so I think there are all sorts of ways to reduce inequality, um, in hiring or executives or, or things like that. But that will not change the culture from my perspective. And it's about what I was trying to address was how do you, how do you ship, uh, the culture in Silicon Valley on this? And I think, um, there are things you can do that can make it seem more egalitarian or make it more egalitarian in certain ways. But the way you

change the culture is that, uh, you know, that you have that not all the founders of these companies are white men,

Cornel West: [01:37:15](#) but you would admit though, just in terms of defending liberty for all that there are sexist and racist and even homophobic impediments as part of the nepotistic system at various sites that make it difficult for people who have been marginalized, even getting access to those networks, let alone capital and credit and so forth. For this empirical question,

Peter Thiel: [01:37:40](#) uh, I'm, I'm, I'm not going to, no, I'm not, obviously we still have all sorts of forms of, of um, you know, it's all embedded in history, the history and all these things. We have lots of debates about what one should do about it. But, uh, but I, I, there's, there's no part of me, that questions, the history.

Cornel West: [01:37:58](#) So you agree with [inaudible] history?

Peter Thiel: [01:38:01](#) Well, I was trying, I was, again, my mind was just practically, you know, what does one do to change

Cornel West: [01:38:06](#) Given that history, what does one then attempt to?

Peter Thiel: [01:38:09](#) I still think you have to somehow start. Yup. In Silicon Valley you have to start a company.

Cornel West: [01:38:13](#) HmmMhmm. No, no. okay. In the back. Hmm we've got a brother Unger in the house. So good to see it as one of the brilliant, brilliant, brilliant children of Roberto Unger. Sorry to out you like that. They look just like each other. Can't escape. Go right ahead.

Speaker 8: [01:38:46](#) So you have these pockets in silicon valley a little bit in New York, you know Kendall Square and you're on my team. The rest of the country much been remains locked out of these advanced forms of production and it seems hard to imagine the United States. The rest of the typical response to this housing is too expensive and silicon valley, we'll get rid of zoning. It seems hard to imagine this is a sufficient solution. It seems like ultimately, even if it was a lot easier for some people to move to New York or San Francisco, if you want 4% growth, the rest of the country still needs to be able to participate. So of a small town mayor or governor came to you and said, I'm from Montana, we want high tech in Montana. Do you have a sense of what sort of institutional program you would sketch for someone in that position?

Peter Thiel: [01:39:42](#) Well, again, this is where I'm, I'm, I'm, I'm very skeptical about the limits of what we're going to do. Institutional. I mean there's, there's certainly are all the sort of regulatory stuff that the housing costs. They're all, all those kinds of factors. They're normally fine in the, in the, uh, smaller, smaller cities. I would, let me, let me try sort of an intermediate, um, um, rephrase the question, try to answer a slightly different, more intermediate level questions. So I think it's maybe not a question of, you know, um, you know, how do we, how do we bring innovation from Silicon Valley to Saint Helena or whatever. In Montana, Helena, I'm on Bozeman. How'd we get it to Bozeman to small town of 40,000/ 50,000 people. Um, it's, uh, it's how do we get it to these intermediate scale places like Atlanta or Denver or Saint Louis or, or Houston or Dallas, which is, um, you know, so I, I think I, because I do think there's, there's, you know, there's a network effect.

Peter Thiel: [01:40:39](#) They're sort of the, are, there are certain dynamics of scale where, you know, you need, you need things to be happening for things to happen. You need a critical mass of talented people to, um, to be able to do things. And so I don't, I think the innovation can be spread well beyond these three or four places. Um, whether it can be spread evenly throughout the whole country. That seems, that seems like a much, much harder task and I wouldn't let that much harder task. It shouldn't distract us from trying to equalize it beyond these three or four places. Um, you know, for, for what it's worth, I think we are, we are just about at the break point on, on a, on silicon valley. And even though this is very boring, it is just the housing costs. You know, when it's \$2,000 for one bedroom apartment in 2011 in San Francisco, that's what you have in a gold rush town comes with the territory.

Peter Thiel: [01:41:29](#) When it's \$4,000 for one bedroom apartment, that starts to become, you know, a ridiculous tax that, uh, that, that, that is going to push people elsewhere. It was a, you know, there was a, um, there was a discussion, I had an a at Stanford University early 2005, the question came up, where would we find the next Google and a sort of a search problem. Very interesting students, investors. Where do you find this next, the next big a Google company and you can't type it into the Google search engine? Um, anyway, my, my, my, my, um, my somewhat of obnoxious, but, uh, I thought it still accurate answer was I thought there was a 50% chance who would find it within five miles of the auditory. And we were speaking at Stanford, you know, you could argue that the next Google was Facebook, uh, Facebook was located 1.8 miles from that auditorium, 1.7 miles by bike.

Peter Thiel: [01:42:13](#) Um, on. Now if I give, if I had to give the same talk today in Silicon Valley, I would say it's way less than 50% chance that it's anywhere in Silicon Valley. And so I do think, um, I do think things are going to be somewhat more distributed in the next decade and the decade ahead. I think there's certain, you know, there's certain monopoly silicon valley had on knowledge of how to start companies or the capitol was all concentrated. And I think, uh, I think those are, those are much less robust and a, and as a result, some of the more negative effects of, um, because they're not actually going to build more housing. Zoning homes get fixed, the negative effects will dominate the positive. And, uh, and I would bet on, um, on parts outside of Silicon Valley, even though I wouldn't necessarily bet on Bozeman, Montana, not, not criticizing it either place to be clear,

Student: [01:42:59](#) oh, let me say, fine, we're going to write up all the super small studies. Do you want a mid size? So now let me give you the merit Atlantic city. And he says, I have this midsize city. I want us to participate in this sort of advanced production that goes on in Silicon Valley. What do I do with my multiple document to make this happen? What's your answer?

Peter Thiel: [01:43:16](#) It's, uh, um, I, I look, I think, I think old. It's, it's, it's probably anchored. Um, like, I don't know, I still don't know if there's a political intervention on a mayoral level. Atlantic city's sort of, uh, again, sort of unusually messed up place. Your, you're just asking me really hard questions here. You know, it's like, yeah, you're, you're addicted to 'em to this corrupt casino based tourism. And, uh, that's, that's obviously better than most of the other things you could be doing, even though it's, um, it's sort of less good than it used to be because other people figured out to do that as well. So that's, that's sort of why you're stuck in Atlantic city. Um, and, um, and then to, to, um, to get something else. I tend to think it ends up being anchored on, you know, on a, on a small number of very successful businesses.

Peter Thiel: [01:44:01](#) I don't know if, um, it's, it's, it's, it's not, uh, you know, it's not a egalitarian. it's on, you know, people might be, um, created equal corporations are not, you know, some corporations are much better, much more valuable than others. And, um, and so in practice it's not, um, you know, we need to let a hundred flowers bloom, have a hundred different companies. It's, we need to get, you know, just a few that really breakthrough, that really succeed. And, um, and that's the, that's that's the kind of answer that, um, that politicians don't want to hear because they want to talk about, you know, um, small business in the

sense of letting a hundred flowers bloom. They don't want to talk about in the sense of having, um, you know, a, um, a few local champions that that really drive the economy.

- Cornel West: [01:44:48](#) Well you would admit that the certain conditions under which certain monopolies and oligopolies is a very dangerous,
- Peter Thiel: [01:44:55](#) um, like, like Harvard.
- Cornel West: [01:44:58](#) There's a lot of examples.
- Peter Thiel: [01:44:59](#) Yes, a lot of examples.
- Cornel West: [01:45:04](#) Yes, absolutely. But I'm digging into private sector as well.
- Peter Thiel: [01:45:06](#) I think it's not just the private sector. We shouldn't always just limit to the private sector.
- Cornel West: [01:45:13](#) We got this hand going up, right?
- Student: [01:45:17](#) Maybe a question call me. Right. My question is did it on your ideal education and reforming education? I still want to know why. Why do you think it is? [Inaudible] Maybe here's a question. Do you think they'd be invest in the ways that the brother said you would invest in in California, they'd given incarcerated? I need you to step off businesses and if not, why don't you see he's not important about your friend? Elon Musk.
- Peter Thiel: [01:45:58](#) Uh, I think, um, I think that, uh, there's a lot of, I mean, I've known Ilan for close to 20 years at this point. Uh, I think that, uh, you know, he's working around the clock on a, he's a CEO of two separate companies. He has five children. Um, I mean it is, it's like a 100 hour a week, work week. Um, and, uh, I mean, he does so much more than I do that. Uh, I, I would, I would never, I wouldn't want to criticize, criticize Elon for not doing enough. You know, it's, maybe, maybe he's doing the wrong things, but, but, uh, the intensity is, uh, is a, is really extraordinary of, of, of what, of what, what he's done. It's maybe it's too much, but it's, it's definitely not too low education,
- Peter Thiel: [01:46:52](#) I think. Um, well I, I'm, I'm, I'm hesitant to sort of go through all, you know, other people's, you know, other people's motives and, and, and whatnot. I think about education, but I didn't say can't. I just said I was pessimistic about it. I think it's hard. It's very hard to her dorm. And I guess, I guess, I guess the, uh, I don't know. I think, I think the, the, the naive version of the is is, um, or the universities, are they like a corporation or are they

like a government? And so corporations, if they're too screwed up, they go bankrupt. And um, and then you have new corporations, um, for government to go broke. It's really bad. And so you can often have a dysfunctional government that persists sport for a very long time. And I would submit that, uh, that the universities are more like the government than like a private corporation.

Peter Thiel: [01:47:50](#) And the, the proof of it is that our top universities are still the same as they were 200, 300 years ago. And, uh, that, that suggests that it's incredibly hard to change things. It's incredibly hard to shift the pecking order if you have something that's that robust, it's probably somewhat insensitive to how well it's run to how good a job it does. Or all these things, you know, it's just going to keep going. The, the brand is so strong. I had this, I had this idea of starting a new university because as a nonprofit thing that I want to do back in 2007, it's gonna be the one, you know, one really big idea. It was [inaudible] university. I didn't, I didn't even care about naming but, but, um, but uh, one of my colleagues spent a year and a half and she looked at all the universities that had been started in the US and the proceeding 100 years, 1907 to 2007.

Peter Thiel: [01:48:44](#) And it was basically a story, tale of money, wasted donor intent, the trade, just failure. I mean there were some, there were some small smallish things were sort of idiosyncratic, but sort of a general all purpose university. There's not been a successful one started in a hundred years. And that tells you something about how, um, incredible power, powerful, the network effects of brands, what have you. And then my, my suspicion is if you have, if you have an immortal being and the universities are fundamentally immortal, it can be very corrupt. It doesn't die even if it becomes very corrupt.

Student: [01:49:21](#) Last query. Yes. You mentioned that cultural problems is the ultimate goals of this lack of information received today. Very, we can do one separate education. Would you say the key culture too? How do you fix those? And specifically sub question within that administration doing in fixing right now? Uh,

Peter Thiel: [01:49:48](#) Do you use culture in this very broad sense? So there's, you know, there's education, there's all, all the regulatory stuff that I would, I would, I would tend to, um, read, drill on. There's, you know, there's a somewhat new agey version that I, I, I'm also inclined to think as part of it, even though it's hard to know how important it is, but that, uh, that, you know, there is a lot of learned helplessness. People don't think they can do things and therefore they don't do things. Uh, if you think you can, you

will. If you think you can't, you won't. Um, you know, it's the power of positive thinking is not necessarily, you know, enough to, um, uh, is not necessarily enough to solve problems, power of negative thinking. That is really powerful. It's always dispositive. If you think you can't do something, you will definitely not, uh, not do that.

- Peter Thiel: [01:50:33](#) And, uh, and I think that is, you know, that's sort of a, again, there the reasons for it, but, uh, but sort of this, uh, this, um, the, the, the, um, widespread sense of learned helplessness is, you know, if I could make wave a wand and change that, I think that would be super powerful. And, uh, you know, I want one of these sort of new age things that I've started to just ask people who are starting companies is, uh, and it's, it's sort of a stupid question, but it's just tell me what's going to happen with your company. And, um, and you know, and from the answer you can tell whether it's going to succeed or not. I mean, it has a surprise. It has a crazy amount of content.
- Cornel West: [01:51:13](#) So we have to end now three o'clock the enhancement of agency, this theme, this is the ground on which the right and the left can meet and make common cause against the center.
- Peter Thiel: [01:51:29](#) Yes. Well, the, this, the center established in our country and yes. Is that a, is that there's no age? I mean, this is like, I think the, uh, the AI narrative culturally, what I don't like about AI is that it's, uh, it's, um, it's the machines are going to think because humans aren't, because we don't want humans to have agency. We don't want humans to think, and we want the machines to do our thinking. For us,
- Roberto Unger: [01:51:50](#) it's the opposite. The machine should do the repetitious. So we can do the rest.
- Peter Thiel: [01:51:55](#) Yes. But that's the, but AI has meant in the opposite sense, and we should, we should never give up agency.

End Note

I did my best to lightly edit some of the inaudible parts. This translation is as literal as possible to avoid any deviation from the intended message of the speaker.

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[Abhi Vyas](#)