

COSM Speaker Peter Thiel: The Failures and “Self-Hatred” of Big Tech

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Speaker 1:

Greetings, we hope you can join us at the COSM conference, November 10th through 12th, in Bellevue Washington. This year, COSM, sponsored by the Discovery Institute, and the Bradley center for natural and artificial intelligence, is focusing on the topic of paradoxes of the new world of technology. Speakers include luminaries like business prophet George Gilder and entrepreneur, Peter Thiel.

Speaker 1:

For more information about speakers and registration, visit the COSM website at cosm.technology. That's C-O-S-M dot technology. As a taste of what you can expect from COSM, let's listen to Maverick entrepreneur, Peter Thiel's talk, from the previous conference. Peter is hosted by Discovery Institute co-founder, George Gilder. Enjoy.

George Gilder:

The ultimate cosmic man here. Peter Thiel.

Peter Thiel:

Hello. Well, George, thank you so much for that terrific introduction. Thank you for the plug, for my Zero to One book. Certainly, any additional royalty checks are very much appreciated, and so thank you for that plug. I am, in my brief comments here, I'm going to offer three contrarian ideas for the future, where things are going with technology and computers.

Peter Thiel:

I thought I would try to double these three ideas up, as a book review, of Gilder's terrific book, Life after Google. So, I'm going to give you three contrarian ideas, but I'm going to weave in a little bit of a book review of Life after Google as well. One of the things that's always difficult about, talking about the future is that, we don't don't really know what's going to happen, for sure. It's not that deterministic. I think it's even hard to talk, to know what happened in the past.

Peter Thiel:

So, let's start by talking about, the history of the computer age, and the history of the future, the way people talked about the future, in the past and the way they thought, where was the computer age going to go?

Peter Thiel:

If we'd been assembled in 1969, the future of computers was going to be, massive centralization. It was giant databases, giant AI-like computer intelligences, that would run everything. It was like, IBM was PAL transposed to the space Odyssey movie, one letter off from IBM. It was one of the early star Trek episodes. They come to the planet beta, which thousands of years earlier, had been, somebody had unified the planet, and left a computer program that ran the whole

planet. All the people were peaceful, but very docile and nothing ever happened. And as usual, they follow the prime directive, and convinced the computer to self-destruct. They don't follow the prime directive and then leave everything in disarray.

Peter Thiel:

But, future of the computer age, circa 1969 was centralization. A few large companies, a few large governments, a few large computers that controlled everything. Fast forward to 1999. The future of the computer age was going to be massive decentralization. Libertarian, Anarchist. It was the corollary to the end of the Soviet union, was that information had this decentralizing tendency, that the internet was going to fragment things, and it was going to be this anarchic, libertarian place. Then if we fast forward to 2019, the consensus view of the future today, I would submit is that, the pendulum has somehow swung back, all the way to 1969.

Peter Thiel:

The consensus view is again, that it is about large centralization, Google, Google-like governments, that control all the world's information, in this super centralized way. I think, the Life after Google thesis, that I agree with and endorse, is that if we look at this past, and people got it terribly wrong, in 69 and things were going to go to decentralization. 99, it actually started going back the other way. From the point of view of 2019, even if we, even if I'm hesitant talk about the absolute future and where this all ends ultimately, perhaps the contrarian thing is to say, maybe the pendulum can swing back, and that things can swing back towards more decentralization, more privacy and things like that. This is what seems to be, at least contrarian, and at least something that we should always take more seriously.

Peter Thiel:

If you want to frame it in terms of the buzzwords of the day, if it were in terms of crypto and AI, it is easily understood by people. It's always understood, that crypto is somehow vaguely libertarian, but we never, are willing to say the opposite, which is that AI... If crypto is libertarian, then AI is communist, and it's because it's centralized, the computer knows more about you, than you know about yourself. It is totalitarian.

Peter Thiel:

Communist China loves AI, and dislikes crypto, and that, we should at least, consider the possibility that, Silicon valley is probably way too enamored of AI, not just for technological reasons, but also because it expresses this left-wing centralized zeitgeist. So, I think the first contrarian idea I have, is that perhaps it's time for the pendulum to swing back, and Life After Google, at its core means that, we are going to go back from this very centralized world today, towards a more decentralized one.

Peter Thiel:

That seems to me, to be the correct thing to bet on. Now, the second contrarian idea that, is of course, we can talk about how fast these things are happening, and how much is happening in technology generally. It's one of these things where we live in a world of incredible scientific and technical precision; we can measure Avogadro's number, or the Fine-structure constant physics, or other things like this, to many significant figures. But, when we talk about the nature of the

progress of science and technology, and how fast science and technology are progressing, we do this in the most qualitative way, with incredibly little precision.

Peter Thiel:

Are we accelerating, in scientific and technical fields? Are we, progressing, but at a slower pace, how fast is this?

Peter Thiel:

And with respect to that question, we tend to only get these fairly vague answers. I would say, but I would submit that the consensus, in both Silicon valley and an academic context, is that we are doing great and everything is just moving super fast. It's all these forms of accelerationism, and we can debate whether it's utopian, a la Kurzweil's singularity is near. All you need to do is sit back, eat some popcorn and watch the movie of the future unfold.

Peter Thiel:

Or perhaps it is dystopian, a la all the science fiction movies from Hollywood, and the robots are going to kill you, or you're going to be in this matrix and we're accelerating, but we're accelerating to utopia, or accelerating to dystopia. The somewhat contrarian thesis I have on this, is always that, perhaps the progress is not as fast as advertised, and that we've been in this world, where things have been slower, and they've been slower for quite some time.

Peter Thiel:

One cut on this is always to differentiate the world of atoms and bits. Since the 1970s, we've had a narrow cone of progress around atoms, that they've been... around bits; computers, internet, mobile internet software, these have been advancing fairly quickly. The world of atoms, somewhat more slowly. When I was an undergraduate at Stanford, in the late eighties, I would say that almost every engineering field in retrospect, was a bad field to go into.

Peter Thiel:

It was already, obviously you shouldn't go into nuclear engineering, Aero-Astro engineering weren't that good, but even all of these other fields were not going to do that well in the decades ahead because we weren't... Electrical engineering was still okay. Computer science was the really good field to go into, in the late eighties. All the other engineering fields, it was just regulated to death. There wasn't that much you could do in the world of atoms, and it turned out that we had a lot of slowed progress. I think that if we analyze this question, of the rate of scientific progress, politically, and think of it as university professors or entrepreneurs, or venture capitalists, exaggerating about how much good they're doing and how great they are, we understand that the incentives are always to exaggerate.

Peter Thiel:

To say that, we're just around the corner from curing cancer, around the corner in all these different things. Yet, it's been in some significant way, slower over the last 40 or 50 years. Certainly one of the concerns I would have, is that perhaps, the danger is that if anything, that it's things are slowing down even more at this point.

Peter Thiel:

That the world of very fast progress in bits, is actually starting to slow down, and if we look at the rate of progress in Silicon valley, it was charismatic in this, because it was the one place where things were still happening, relative to the rest of the US, and it's become a lot less charismatic in the last five years. We think about the vibe in 2014, even as recently as 2014, this was the place where the future was being built.

Peter Thiel:

In 2019, the big tech companies are probably, as self hating in some ways, as the big banks were in 2009. There's a sense that it's, not quite working. If you, again, to pick on Google a little bit here, the Google propaganda of the future was of course, it's all going to be bits.

Peter Thiel:

It was all going to be more automation. The story in 2014 were things like Google glasses, so you could identify anybody you looked at, at any time, it was the self-driving car. I would say these aren't that big a step of innovations, probably a self-driving car is a step from a car, but not as big as a car was, from a horse.

Peter Thiel:

So you can debate quite how big these things are, and how to quantify them again. But, that was still the narrative that was very intact in 2014, and when you fast forward to 2019, it's striking how there's absolutely no narrative of the future left. Google doesn't even talk about the self-driving car very much. There's a sense that it may still happen, but it's further in the future. The expected time seems to be getting further away, every passing year. It's... The expected time, is getting even further into the future.

Peter Thiel:

There's the sense that, perhaps there's this danger that we have slowed progress, even in tech, even in the world of information technology. Parenthetically, one of the ways, this stagnation thesis was embedded in the language, is the word technology of course, had a very different meaning. In the 1960s, technology meant not just computers, but also rockets, supersonic aviation, underwater cities, the green revolution, agriculture and biotechnology, new medicines and all these things, because all these things were progressing on many fronts.

Peter Thiel:

Today, if you use the word technology, it is often synonymous with information technology, and probably just the software internet part of that, because that's the only part that has been moving, that has been progressing in recent decades. The danger is that even that, has slowed down a lot, somehow, Silicon Valley's consolidated into some larger companies, it's gotten harder for new companies to break through, and it's gotten harder because new companies, or small companies are good at doing new things, and people are doing fewer new things. Then, the big companies are more dominant.

Peter Thiel:

So, I think the second cut, on the Life After Google book, in these terms is, is always what I think is the... Gilder is always super optimistic, but there is a small undercurrent of pessimism to the book. The undercurrent is, the specter that haunts Life After Google, is that maybe, this current regime is going to go on for a really long time. There was life after television, but, but life after Google may take... It will happen eventually, but it may take a little bit longer, and that there is a danger, that we're in this somewhat slowed, somewhat stagnant world. So, that's a second idea that I think we need to always grapple with a lot, that maybe, we're in this world, of a tech stagnation.

Peter Thiel:

Third contrarian idea I will give you, is sort of a, qualification on my first two ideas, because the first one, it's about, pendulum's going to swing back to decentralization. Second one is, yes, it's swinging back, but it's just going to be slow, because everything has slowed and we're in this world of stagnation.

Peter Thiel:

But, a qualifier to both, back to decentralization, and the stagnation idea is that, at the end of the day, technology is about people. It's not about inanimate forces. It's not some kind of, Marxist historicism about the way things are inevitably going to happen. The stress is always on individuals, small teams that start companies, that start new projects, that do new things.

Peter Thiel:

It's a question of human agency, it's not deterministic. We have every possibility to do these things, but at the end of the day, it is up to us to make it happen. It's not set in stone, that it's going to happen one way or another, so in conclusion, one other gloss on, Life After Google, is that perhaps you should think of the title, with 'Life' being italicized, or stressed or put in bold.

Peter Thiel:

That the critical thing is, there is life, life goes on, and in particular human life, humanity goes on. That even though the dominant narrative, is that tech is about inanimate forces, or Marxist historicism. It really is, at its core, about human beings, and we should always, if we have to bet on it, we should always bet on the indomitability of the human spirit. Maybe, leave it at that, and open it to some questions, and more of a conversation. Thank you.

George Gilder:

Well, I'll ask the first question, Peter. Today, the US government has a full court press, against all these giant technology companies. They're claimed to be monopolies. Peter, you're the world's leading expert on monopolies; how they form, what they contribute, what their life cycle is. What do you think of this, all these huge fines for relatively trivial offenses, and array of litigation against Facebook and Google, and all these giant companies. These colossi, that rule our world.

Peter Thiel:

Well, I have to be... I always think you have to, one has to disclose one's biases when one speaks, and one of my biases, one of the things that, makes me somewhat careful in answering your

questions. I'm on the board of Facebook, so I have to be pretty careful how I answer your question here, but, let me give a somewhat indirect answer. There are obviously, the big tech companies are facing antitrust, there's a lot of regulatory stuff. Europe is pushing a lot of tax-related things. There are privacy data ownership issues, and then of course, there's a lot of different levels on which, they are under cultural and political attack.

Peter Thiel:

The way I understand what is... Sort of debate the merits, what parts of these criticisms are justified, what parts are not justified? The way I think of the context, of why this is happening is, it's always a story where Silicon valley did all these bad things, and I don't think that's the main story.

Peter Thiel:

I think, the main problem Silicon valley has, is that it's not done enough good things. The story that, again, picking on Google, that Google should be able to tell is, yeah maybe, there are all these things we're doing that are problematic in certain ways, but we've made the world a better place, in all these other very important, very tangible ways. That story, has gotten harder and harder to tell. I think that remains, the core challenge of Silicon valley.

Peter Thiel:

On the specific merits of these questions, the way I believe Silicon valley should defend itself. Again, I think, some of these criticisms are justified, and Silicon valley needs to do a better job, in many ways. But, I believe, that the core defense Silicon valley should give, against the accusations of being too big, and too centralized in all these problematic ways, is that the alternative to Silicon valley... The practical alternative at this point, is perhaps not, the crypto anarchist decentralization, but the most likely alternative, is even more centralization, in the form of Chinese communist tech companies, where it's basically just one giant org-like thing, that's controlled by the Chinese communist party. So, if there's a problem with big tech, if it's too homogenized, too centralized and so on, we have to be careful, that we don't set up an alternative, where it's even bigger, even more centralized, and literally communist.

George Gilder:

We've got some questions here. Thank you. I very much respect and appreciate your views on education. 95 theses, Founders Fund and beyond, I guess that's 1517, that we do together, and I describe in Life After Google. How do you envisage the ideal improved education system, to produce young people who will bring progress, rather than more cogs for the existing existing machine?

Peter Thiel:

Yeah, let me say something about the 95 theses, and the 1517 reference. We had this idea that, and this was two years ago in 2017, but still very much correct, that the way to think of the universities today, is that they are as corrupt, as the Roman Catholic church was 500 years ago.

Peter Thiel:

And they were basically, it is, you have this system of indulgences, that takes the form of runaway tuition. You have this priestly, or professorial class, that is pretty lazy, and doesn't do very much work. You have this theory of salvation, where salvation consists of getting a diploma. If you do not get a college diploma, you are going to end up in a very bad place, and so there's a soteriological story as well.

Peter Thiel:

I think that it's a, universalized, centralized, big story. It's a successor to the universal Catholic church, is this universal, university system. Maybe this is an oxymoronic way to describe it, but I think you have to think of it, as the atheist church, with a capital A and a capital C.

Peter Thiel:

One of the things that I think... I have no problems with the church, and I have some problems with atheism, but I think the atheist church is really, simply too much, and we should be fighting the atheist church, in all of its forms. The 1517 analogy, again, I can't quite predict the future, but is, that reform does not come from within, there were all these attempts to do, to reform these universities from within.

Peter Thiel:

It just feels like a fool's errand of sorts. I remember in 2007, over a decade ago. I had this idea that my big nonprofit philanthropy project, was going to be to start a new university. I had, someone at my foundation spent a year and a half, looking at all the universities that had been started in the US, in the preceding 100 years, with 1907 to 2007. It was a sorry tale of donor intent betrayed, money wasted, and things just not working at all. There were a few tiny things, that you could say worked, but on the whole, it was just a sorry tale of failure. The lesson I took from it, was one of, a little bit of humility because, if one reacts, 'well, people have failed at this for a hundred years, and I'm going to do it better.'

Peter Thiel:

The lesson I took instead was, maybe the system is actually, unbelievably hard to reform on the inside, and like in 1517, the reformation starts from the outside, and the alternative, is not to create some new university system, some new template. It's for people to do different things.

Peter Thiel:

The way we started, was with this Thiel Fellows program, we try to convince 20 students a year, to stop out of college and start companies. It was not a plan, but it was going off the ever narrower tracks, that are working ever less well. Some generalization of that is what I think we all sense, that we need, and a lot of it... This one framework, that I had for our program that might be, a good framework for the post university thing. There's a lot of stuff that one can still do in computers, and so we always thought, a lot of it was about programming. Then, to the extent we wanted a program, for what we were doing, we thought what we needed to do, was deprogramming. The label I thought for, the internal label we had for the Thiel fellowship was, it was about programming and deprogramming. We need to deprogram people, from the cult of the atheist church.

George Gilder:

What about online education? What is the promise of that? There are a lot of really significant initiatives, which are actually having an impact. What do you think of, are the prospects really, in using information technology, to provide high entropy education?

Peter Thiel:

Well, there's obviously a lot that one can do online, in all of these forms, when I take my 'venture-capital list hat', and look at these things as things to invest in, I always think it's very important to break down a little bit the abstractions, and to remember that education itself is always an abstraction. If we make it a little bit less abstract... Let me suggest, there are four different things that education means in practice, in our society. One thing is certainly, the official meaning is that it's all about learning, it's about information, it's a positive sum game. It's about learning.

Peter Thiel:

But, four variations of it is; it's an investment in your future, so you go to college, it's an investment into a better future. Second, it's a consumption decision, so it's like a four-year party, and I used to think that it was this bad superposition, bad quantum superposition of investment and consumption. It was like, people in the housing bubble, bought a large house with a swimming pool, and it showed how frugal they were, and how much they were saving for retirement. We were conflating investment and consumption, which is always a mistake. But I now think, it's the third and fourth one, that are the more important. The third one, is that it's an insurance product, and that it's something you buy to avoid falling through the ever bigger cracks in our society, and they can charge more and more for you, because people are getting more scared, about some of the things that have gone wrong in this country.

Peter Thiel:

The fourth one is, it's a zero-sum tournament, where you have to think of Harvard, Stanford and Caltech, and the other elite universities as a Studio 54 nightclub, in which the value is not that you have this information, and that actually, the value comes from exclusion, from excluding people.

Peter Thiel:

There's a Harvard or Stanford version, of putting Harvard or Stanford classes online, and letting people take them. These universities have done it, and people can take those classes in many cases, but they don't get credit at Harvard or Stanford, and taking those classes does not lead to a Harvard or Stanford degree. That tells you, that a lot of the value of this very strange good, that is called education, comes not from the actual learning, but more from things like status, selection, exclusion, things of that sort. I think that, when we look at these different approaches, we have to try to disentangle what they're doing. So, online education is great for learning, but unfortunately, learning has almost nothing to do with the so-called educational system.

George Gilder:

Peter, Hayek said that, 'the root and source of all monetary evil, is the government monopoly of money.' You started PayPal, in part to overthrow this government monopoly of money, how's it going? What can we hope for in the future, in the Crypto-Cosm.

Peter Thiel:

It's a little bit harder than I thought in 1999, certainly, one of the books that tremendously influenced me, when I started PayPal, was *The Sovereign Individual*, it was written by Rees-Mogg, the father of Jacob Rees-Mogg, the British Brexit parliamentarian. It was about, how we're going to have cryptocurrencies, and it was going to be a decentralized world, where sovereignty would itself, would get decentralized to the individual level. I read that book in the summer of 98, and it inspired me to start PayPal as this libertarian project, that was going to liberate people's money, from the control of the central monetary authorities, and there's a whole set of ideas we had around that. In the context of PayPal, we certainly built a successful business, but that part of the vision turned out to be quite hard to do.

Peter Thiel:

There was certainly forms of electronic money, that in theory were decentralizing, and the practice enabled more centralization and more control. Especially after 9/11 and the Patriot act, and all the ways that the regulatory state, was able to more precisely track the flow of electronic money that, it may have actually trended quite the other way. Now, I do think of Bitcoin as the real thing. It's sort of the centralized currency that we fantasized about at PayPal, but didn't quite build. I have speculative thoughts, on who Satoshi is, and the Bitcoin origin story, and without, without stating precisely who I think it is, let me give what I think, is the key origin story for Bitcoin.

Peter Thiel:

We were at this... When I started PayPal, we were at this financial cryptography con. I went to this financial cryptography conference in Anguilla, in early 2000. It's an annual conference, and it had this gathering of people who are libertarian, into cryptocurrencies, and probably a decent number of people working at the NSA, spying for the US government, other governments as well. So, it's this rather interesting gathering of people. My theory, is that Satoshi was at that conference, or at one like that in early 2000. These ideas were germinated in the late nineties already. One of the manifestations of cryptocurrency at that particular conference was a system called EGLD. It was anonymous, encrypted, electronic gold certificates. It was a company, that was based in Southern Florida. They had these servers distributed all over the planet, but it was in theory, this gold-based alternative to the dollar.

Peter Thiel:

It was going to be encrypted and safe, and there were all these problems with EGLD, we made it interoperable with PayPal, turned up there was a lot of criminal fraud, criminal activity. Maybe that's always part of the territory of these things. We disconnected it, but, the people who started it, eventually got in a lot of trouble, the whole system was shut down. The company was targeted, they were prosecuted, and I don't think they went to jail, but the whole thing was disbanded.

Peter Thiel:

There was something about the EGLD architecture, that was in theory, a cryptocurrency, and in theory, fairly decentralized, with their servers in Iceland and Dubai and one or two other places. But in practice, it was still centrally attackable, by the larger central government, I believe that the true Bitcoin origin story, was in contrast to EGLD. It's almost the same name in a way, it's EGLD, Bitcoin, has roughly the same... It's like you were thinking about EGLD, coming to the next EGLD, then change E to bit, and coin to gold. It was a contrast to that. I think the reason we do not know who Satoshi is, is integral to the history of Bitcoin. If we knew who it was, our too-powerful central government, would probably do some very unpleasant things to that person.

George Gilder:

Peter, why do you believe that the communist party of China could nurture or run giant companies, with tremendous capabilities that actually are competitive with the best companies in the United States? How is it possible, that a communist party can actually be a threat, in this commercial creative domain?

Peter Thiel:

Well, I think these companies are a threat, and I think they are very tightly controlled by the Communist party. So, the counterpoint to it is, that seems to me to be the empirical reality. I think the theoretical... So that's the empirical answer.

Peter Thiel:

The theoretical answer to your question is, I don't think centralized totalitarian communism, is that good at creativity. You did have good number of theorists and good chess players in the Soviet union. So there probably are certain forms of creativity you're able to have even in a Stalinist or Maoist system, but I don't think the creativity is essential. The competitive threat from these companies in China, is that they are just extremely fast at copying, they're very fast at copying things that work.

Peter Thiel:

There's always, in any sort of creative business, there's a balance between the creative inspiration, what I call the zero to one, the miraculous beginning.

George Gilder:

Yeah.

Peter Thiel:

And then, scaling the business and building it. I think in every area of technology and innovation, the United States and the west more generally, are still at the cutting edge. We're still ahead. We're the only place in the world, where innovation is really happening, but how much value it is to us, depends on how quickly it gets transferred, and exfiltrated to China. The west developed the atom bomb in 1945, and that was again, it was a form of innovation that that was possible in a free society. But, within four years, once you had proven that it could be done, it could be copied, even in the Stalinist Soviet union. So, copying is much easier to do, than

originating, and if you have no IP protection, if we have this massive exfiltration of information and ideas, then the disadvantage, is not that great for China, and they can be quite a big threat.

George Gilder:

How does your understanding of technology inform you, about the current pulse of personal relationships, and the broader social and societal fabric looks like. Now, and into the future, you can talk forever, Peter. Any room for the human spirit in our futures?

Peter Thiel:

Well, one would hope so. I think there are all sorts of unhealthy trends in our society, and things that are very off. Certainly, I think that the way I understand, the Jordan Peterson phenomenon, is that it's not that he's correct about Jungian psychology, which I think is just ridiculous, but, what's... Peterson's been effective because Jungian psychology, is a politically correct way, to talk about the extremely dysfunctional gender relationships in the United States, and the west. I think I agree with that premise of the question, that there are some really big problems. I would disagree with the claim, that it's mainly driven by technology. Maybe there are aspects of tech, of the sort of constant attention distraction, or things like that, that are unhealthy, and that are socially unhealthy.

Peter Thiel:

But, I think it's actually driven by... These things are overdetermined. There are many things that drive it, and my intuition for what's gone wrong, in a lot of these cultural areas, is just the general sense of cultural malaise, of stagnation, of the future is not getting better. Our society is not progressing, when people retreat into playing video games, or living in their parents' basements, or staying in graduate school, it's probably, maybe this is just... I think the solution is, maybe you should give them a Jordan Peterson-like psychology lesson. Maybe, you can tell them to turn off their iPhones, or take away their iPhones. But, I think the real structural thing, is we have to get back to the future. We have to get back to growth in our economy generally. That's at least, always my bias.

George Gilder:

Yeah. That's a wonderful, challenging opening to the conference, Peter.

Speaker 6:

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Speaker 6:

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