



Billionaire investor Peter Thiel: 'Always aim for a monopoly. From society's perspective, it's complicated. But from the inside, I always want to have a monopoly.'

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Peter Thiel. Blake Ezra Photography

Billionaire technology investor Peter Thiel gave an on-stage interview in London on Wednesday night, where he explained his political philosophy, as well as what he looks for in investments.



in the fledgling social network, but sold most of his stake after its IPO in 2012.

Thiel said that he had looked "at a number of social networks" before finding Facebook. But it wasn't the product itself that Thiel felt was most important, but the fact that it had the potential to create a monopoly on social networking.

"Always aim for a monopoly," Thiel said. "It's one big transgressive idea, and you're not allowed to talk about it. That's a clue that it's an under-explored idea. There are questions on what point is it good or bad for societies. From society's perspective, it's complicated. But from the inside, I always want to have a monopoly."

Talking about Facebook, Thiel said that early on a key indication that the company could be successful was that it didn't have a vast market. That's an unusual thing to say – the established wisdom is that startups should have a big group of customers waiting for the product. But Thiel said that "big markets are quite often bad. Companies grow powerful and successful when they capture small markets, and help that market to grow over time."

Thiel explained how PayPal, the online payments company he co-founded in 1998, started as a product used by power sellers on eBay. It captured around 30% of the market share in five months, he said, and from there it was built out in concentric circles to expand the market. Similarly, Facebook started as a networking tool for Harvard students which reached 60% market share in 10 days, and that model could be extended to other colleges.

Another topic that Thiel discussed was originality in technology. It's an important quality, he said. "The next Mark Zuckerberg won't start a new social network. The next Larry Page won't start a search engine. The next Bill Gates won't start an operating system." However, it's not quite that easy. "There's something about originality which



wrong. Think of the madness of crowds, financial market bubbles, and crazy fashion."

"Thinking for oneself is easy to say but hard to do. There's a strange phenomenon in Silicon Valley where large levels of successful founders seem to have Asperger's. You can turn that around as an indictment of society. What is it about society where if you don't have Asperger's, you're talked out of ideas before they're fully formed?"

But even though there is originality in Silicon Valley, Thiel doesn't feel that technology has achieved enough to advance civilisation as much as we thought it would. "Twitter is quite successful, but not remotely enough to take civilisation to the next level. There's a lot of great, specific success in Silicon Valley, and we're better off with them than without. But I'm a little bit sceptical of generalisation. How much technological progress is generally happening? I think the exponential curve, the dizzying rates of progress, that strikes me as somewhat off."

"The story of technological progress has been a tale of two worlds: The world of computers, the internet and software has seen significant progress. But other areas have seen much less, if any. Think biotech, medicine, energy, flying cars, supersonic aviation, space travel. There has been some progress, but not as much as people expected in, say, the 1960s."

The event Thiel spoke at was part of the Alan Howard Foundation / JW3 Speaker Series, which is a series of talks intended to raise money for a Jewish center in London. The conversation ranged from technology, as well as education, which Thiel is known to be outspoken about.

Thiel launched a scheme called the Thiel Fellowship, which pays US college students to "stop" out of college and build a business. Ferguson, a Harvard professor, asked Thiel what he saw as the problem within colleges and universities. For Thiel, it's a deep-



the same way. It's not that conducive to finding new paths to the future."



Blake Ezra Photography

That's not all that Thiel had to say on education (it's one of his favourite subjects). He went on to pose the question "What good is education?" Is it an investment to earn a better living? Or a decision based on consuming as much of the college experience as possible? Thiel says that for him it was a blend of both, which led to irrational decision-making. Now, he says that parents often pay for their children's education as an insurance policy designed to stop them falling through the cracks of society.



education is based on exclusivity, and that top universities are like a nightclub with a velvet rope outside. Thiel went on to remind the audience of how the Catholic church sold indulgences hundreds of years ago. Diplomas are just like that, Thiel said.

Ferguson asked Thiel about his political views, which tend to be categorised as libertarian. "If you went down a list of political issues, I'm fiscally conservative and socially liberal, in a US sense. We always put too much hope in our politicians and leaders — I aspire to be more of a political atheist."

Thiel has a neat analogy to explain the political system: "A lot of politics resembles World Wide Wrestling," he said. "But the key difference is that wrestlers know it's all fake. It's extraordinary how disconnected it is from voting. We do not live in democracies or republics. We live in advanced technological civilisations with permanent complex bureaucracies that are hard to change. But if we were to make it more populist, that would be catastrophic."

Does Thiel think that there's a way of getting back to democracy? He's not optimistic. "It seems like every time you do that, you get bad outcomes. They are right to [think] that the systems are unrepresentative. People get scared of populists coming to power because they get the sense that they are the wrestlers who believe it 100%."

So which countries does Thiel think are well-governed?

"There are very few, if any, that are remotely democratic. Some are better governed than others. Singapore is reasonably well-governed, although there are not as many liberties as I would like. Northern Europe is, in general, also well-governed."

One of the last questions that Thiel received is perhaps the most important: Are we in a tech bubble?



was badly undervalued. People had a hangover from the late nineties. That hangover gradually wore off."

The question of whether we're in a tech bubble is asked a lot, Thiel says. "All bubbles are a psychosocial phenomenon — it's only dangerous when the public as a whole gets involved. For the second tech wave in Silicon Valley, the public has not been involved. There were 300 IPOs in the US in 1999, and 37 in 2014."

Ferguson asked Thiel which companies he saw as being undervalued: "I'm long Airbnb and short Uber. Investors like being driven around in town cars, not sleeping on peoples couches. The most undervalued companies are tech companies where the pitch is that they need \$5 million to build a new machine or drug. It only work if all the pieces are there. That is a category that is systematically underfunded and hard to pull off. For our SpaceX investment in 2008, people thought we were crazy, but the rocket launches were paid for in advance."

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