

[PRINT](#) | [BACK TO SLATE](#)

Slate

THE BIG IDEA

Turn on, Start Up, Drop Out

Hyper-libertarian Facebook billionaire Peter Thiel's appalling plan to pay students to quit college.

By Jacob Weisberg

Updated Saturday, Oct. 16, 2010, at 7:49 AM ET

If you've seen [The Social Network](#), you may have caught a passing glimpse of [Peter Thiel](#). Thiel was the first outside investor in Facebook, putting up \$500,000 to finance the site's original expansion in 2004. In the film's version of events, he connives with Sean Parker, the founder of Napster, to deprive Mark Zuckerberg's friend Eduardo Saverin of his 30 percent stake in the company. Though the character based on Thiel appears on-screen only briefly, Aaron Sorkin's screenplay demolishes the German-born venture-capitalist in a single line: "We're in the offices of a guy whose hero is Gordon Gekko."

While he clearly enjoys playing Richie Rich—various profiles have commented on his Ferrari Spyder, his \$500,000 [McLaren Supercar](#), an apartment in the San Francisco Four Seasons, and a white-jacketed butler—Thiel fancies himself more than another self-indulgent tech billionaire. He has a big vision and has lately been spending some of the millions he has made on PayPal, Facebook, and a hedge fund called Clarium trying to advance it. Thiel's philosophy demands attention not because it is original or interesting in any way—it's puerile libertarianism, infused with futurist fantasy—but because it epitomizes an ugly side of Silicon Valley's politics.

To describe Peter Thiel as simply a libertarian wildly understates the case. His belief system is based on unapologetic selfishness and economic Darwinism. His [most famous quote](#)—borrowed from Vince Lombardi—is, "Show me a good loser and I'll show you a loser." In a [personal statement](#) produced last year for the Cato Institute*, Thiel announced: "I no longer believe that freedom and democracy are compatible." The public, he says, doesn't support unregulated, winner-take-all capitalism and so he doesn't support the public making decisions. This anti-democratic proclamation comes with some curious historical analysis. Thiel says that the Roaring 20s were the last period when it was possible for supporters of freedom like him to be optimistic about politics. "Since 1920, the vast increase in welfare beneficiaries and the extension of the franchise to women—two constituencies that are notoriously tough for libertarians—have rendered the notion of 'capitalist democracy' into an oxymoron," he writes.

If you want to go around saying that giving women the vote wrecked the country and still be taken seriously, it helps to be handing out \$100 bills. What differentiates Thiel's Silicon Valley style of philanthropic libertarianism from [Glenn Beck's screaming-raving-weeping variety](#) is a laissez-faire attitude toward personal behavior and the lack of any demagogic instinct. Thiel, who is openly gay, wants to flee the mob, not rally it through gold-hoarding or flag-waving. Having given up hope for American democracy, he writes that he has decided to focus "my efforts on new technologies that may create a new space for freedom." Both his entrepreneurship and his philanthropy have been animated by techno-utopianism. In founding PayPal, which made his first fortune when he sold it to eBay for \$1.5 billion in 2002, Thiel sought to create a global currency beyond the reach of taxation or central bank policy. He likewise sees Facebook

as a way to form voluntary supra-national communities.

Offline, Thiel is the lead backer of [Seasteading](#), a movement to create law-free floating communes based on voluntary association. Led by Milton Friedman's [pajama-wearing grandson](#), this may be the most elaborate effort ever devised by a group of computer nerds to get invited to an orgy. (Let's build our own Deepwater Horizon with legal prostitution!) Thiel is also an investor in space exploration, with the avowed aim of creating new political structures even farther offshore. That could take some time, but Thiel—who loves robots and science fiction—has a plan for that, too. He has given millions to the [Methuselah Foundation](#), which does research into life-extension based on the premise that humans can live to be 1,000 years old. At PayPal, he proposed making cryogenic storage an employee perk.

It should be noted that Thiel has also supported some genuinely good and useful causes, like the Committee to Protect Journalists. But Thiel's latest crusade is his worst yet, and more troubling than the possibility of an unfrozen caveman venture capitalist awaking in the 22nd century and demanding his space capsule. The [Thiel Fellowship](#) will pay would-be entrepreneurs under 20 \$100,000 in cash to drop out of school. In [announcing the program](#), Thiel made clear his contempt for American universities which, like governments, he believes, cost more than they're worth and hinder what really matters in life, namely starting tech companies. His scholarships are meant as an escape hatch from these insufficiently capitalist institutions of higher learning.

Where to start with this nasty idea? A basic feature of the venture capitalist's worldview is its narcissism, and with that comes the desire to clone oneself—perhaps literally in Thiel's case. Thus Thiel fellows will have the opportunity to emulate their sponsor by halting their intellectual development around the onset of adulthood, maintaining a narrow-minded focus on getting rich as young as possible, and thereby avoid the siren lure of helping others or contributing to the advances in basic science that have made the great tech fortunes possible. Thiel's program is premised on the idea that America suffers from a deficiency of entrepreneurship. In fact, we may be on the verge of the opposite, a world in which too many weak ideas find funding and every kid dreams of being the next Mark Zuckerberg. This threatens to turn the risk-taking startup model into a white boy's version of the NBA, diverting a generation of young people from the love of knowledge for its own sake and respect for middle-class values.

There is, of course, another model of Silicon Valley politics, which finds its exemplars in the clean-tech race, in Google's [self-driving cars](#) and [wind farms](#), and Bill Gates' philanthropy. Zuckerberg too shows signs of actually caring about other people, having just [donated \\$100 million](#) to support change in Newark's blighted public schools system—as opposed, to say, an orbiting satellite base for unregulated short-selling. Tech prodigies sometimes grow up late. Perhaps Peter Thiel will one day as well.

Correction, Oct. 17, 2010: This article originally referred to the Cato Institute as the Cato Foundation. ([Return](#) to the corrected sentence.)

Like *Slate* on [Facebook](#). Follow us on [Twitter](#).

Jacob Weisberg is chairman and editor-in-chief of the Slate Group and author of [The Bush Tragedy](#). Follow him at <http://twitter.com/jacobwe>.

Article URL: <http://www.slate.com/id/2271265/>

Also In Slate

- [Can Michelle's Popularity Rekindle the Obama 2008 Magic for the Midterms?](#)
- [Ahmadinejad's Visit to Lebanon Reveals the Country's Frightening Future](#)
- [What's the Difference Between an Article and a Blog Post? And Does Anyone Care?](#)