

The Economist

The evolution of Mr Thiel

The tech billionaire has morphed from a libertarian into a corporate Nietzschean

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Peter Thiel is no stranger to the limelight. He is arguably the world's most successful technology investor, as a co-founder of PayPal, the first outside investor in Facebook and the eminence behind a dozen or so Silicon Valley startups. The self-proclaimed libertarian has used his fortune to fund a wide variety of idiosyncratic causes such as establishing private islands outside government control, paying young people to start firms instead of going to university and waging war on death. Mr Thiel is lampooned in HBO's "Silicon Valley", a brilliantly observed television-comedy series, and portrayed briefly in "The Social Network", a film about Mark Zuckerberg.

Yet even by Mr Thiel's standards the past fortnight has been a remarkable one. He has admitted secretly funding Hulk Hogan, a professional wrestler (whose real name is Terry Gene Bollea), in his lawsuit against Gawker, a scurrilous website, for invading his privacy by publishing a sex tape. Mr Bollea is one of several beneficiaries of Mr Thiel's legal largesse. In 2007 Gawker's Valleywag blog published a piece entitled "Peter Thiel is totally gay, people". Since his outing Mr Thiel, who clearly thinks revenge is a dish best served cold, has secretly funded a team of lawyers to find "victims" of Gawker and help them bring cases against the website.

A Florida jury has awarded Mr Bollea \$140m in damages (legal experts think that the sum will be reduced or the judgment reversed on appeal). Mr Thiel told the *New York Times* that his funding of court cases is "one of my greater philanthropic things that I've done". But many commentators have been brutal. They condemn Mr Thiel for abandoning his libertarian principles and trying to gag Gawker. They agonise about so-called third-party lawsuits, whereby outsiders pay for one side in a legal dispute in order to make a point. And they fear the menace of billionaires turning the legal system into an instrument of their whims.

It is not hard to find holes in these arguments. Gawker's invasion of Mr Bollea's privacy served no public interest. The same principle that allows Mr Thiel to pay for cases against Gawker also allows all sorts of "white knights" to hold big corporations to account. Even Mr Thiel's resort to anonymity is defensible: if a legal case is a good one, it should not matter whether it is known who is paying for it. If Gawker can justify its behaviour on free-speech grounds, then Mr Thiel can certainly justify his on the grounds of oiling the wheels of justice.

Yet Mr Thiel's behaviour still gives pause, particularly his promise of "deterrence" for Gawker. He is using his considerable wealth to pursue a vendetta against it. What happens if other billionaires use their money to bankrupt news organisations, for example, simply because they happen to disagree with their politics? Mr Thiel is also helping to fuel a litigation machine that most of his fellow libertarians rightly regard as a scourge on American business and society. Mr Thiel is blessed with one of the most interesting minds in American business. The Gawker case suggests that it is evolving in an odd direction.

At his best, Mr Thiel was a mixture of libertarian and contrarian. As a student at Stanford University in the late 1980s and early 1990s he railed against the new academic orthodoxies of multiculturalism and diversity and political correctness, founding a conservative magazine, *Stanford Review*, and publishing an establishment-baiting book, "The Diversity Myth". He even defended a fellow law student, Keith Rabois, who decided to test the limits of free speech on campus by standing outside a teacher's residence and shouting "Faggot! Faggot! Hope you die of AIDS!" When he was a young tyro in Silicon Valley, his libertarian vision inspired many of his business decisions. He hoped that PayPal would help create a new world currency, free from government control and dilution, and that Facebook would help people form spontaneous communities outside traditional nation states.

There is a darker element in his thinking today. In an essay written in 2009 for the Cato Institute, a libertarian think-tank, he declared that he no longer believed that "freedom and democracy are compatible", putting some of the blame for growing statism on the rise of welfare dependency and the enfranchisement of women. He added a grandiloquent coda: "The fate of our world may depend on the effort of a single person who builds or propagates the machinery of freedom that makes the world safe for capitalism". In a book, "Zero to One", published in 2014, he pooh-poohed competition and celebrated the power of "creative monopolists" who add "entirely new categories of abundance to the world". He is now not so much a libertarian as a corporate Nietzschean, who believes in the power of gifted entrepreneurs to change the world through the sheer force of will and intellect.

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There are lots of reasons for Mr Thiel's Nietzschean turn. One is his contrarian spirit: the same orneriness that turned him into a scold of political correctness may now lie behind his willingness to act as a delegate for Donald Trump at the Republican Convention. A second is philosophy: a powerful current in libertarianism is less interested in the wisdom of crowds than the brilliance of great men. Ayn Rand's book, "Atlas Shrugged", describes a world where the creative minority of business geniuses has retreated from the world, and left the masses to enjoy the fruits of socialism. A third is pessimism: Mr Thiel is so worried that the technology revolution has failed to bring about the expected improvements in productivity that he thinks Silicon Valley and America as a whole need a good shaking.

The most important reason, however, is the march of time. So often it has turned genius into crankiness and caused clever men to waste their energy on silly causes. It would be a terrible irony if a man who has declared his opposition to "the ideology of the inevitability of the death" had fallen victim to one of the classic symptoms of advancing years.