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Peter Thiel's Gawker war not his first brush with a high-priced vendetta

Billionaire's investment in conservative James O'Keefe's 'sting' video may have had a long-term – and negative – impact on progressive causes

Steven W. Thrasher

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Watching Peter Thiel, the libertarian billionaire, waging war on Gawker Media has reminded me that there was a time when Thiel himself backed another controversial media figure famed for causing outrage in his pursuit of the “truth” – conservative “film-maker” James O'Keefe.

Thiel, who has been in the news in the past week for underwriting the legal fees of Hulk Hogan's lawsuit against Gawker, has sparked a heated debate about the free speech implications of a billionaire using his cash to muzzle media organizations.

But he has also used his money to fund people who set out to greatly harm progressive causes including public media, housing for poor people, and rational perceptions about immigrants and voting.

In 2009 Thiel invested in O'Keefe, a conservative agitator whose undercover videos (some dishonestly edited to present things that never happened or just plain wrong) were used to undermine liberal causes.

Before admitting to backing Gawker's biggest lawsuit, Thiel was best known – as much as the billionaire was known at all outside Silicon Valley – as an early investor in companies such as PayPal and Facebook.

He also has been a longtime champion of conservative causes, backing GoProud, a now defunct lobbying body for gay Republicans sick of the “centrist” Log Cabin Republicans.

But his early investment in O'Keefe (who has since pleaded guilty to breaking into a US senator's office and paid \$100,000 to a victim of his smears) may have had the most long-term – and negative – impact.

Shortly after I began working as a writer at the Village Voice in 2009, O'Keefe was in the news for making his first breakout “sting” video, which seemed to show him dressed as a pimp and conservative blogger Hannah Giles dressed as a prostitute. They appeared to approach various offices of Acorn (the Association of Community Organizers for Reform Now, one of the most

powerful grassroots organizations for poor brown and black people which did important work with voter registration and housing access) to ask for their assistance in avoiding taxes, which they seem to get.

Eventually, the videos were debunked – but not until they had done tremendous damage. As I wrote in 2010:

O’Keefe had carefully edited his tapes and left out, for example, that he was decked out in college preppie clothes, not pimp-wear. At least one Acorn office threw him out, and at least two knowingly played along with his ruse. (The San Diego office called the cops after he left, and the Philadelphia office filed a police report.) The upshot was that after his edited tapes became public, Congress quickly voted to strip ACORN of all federal funds. The organization effectively went out of business before the bill could take effect or be thrown out in court.”

O’Keefe later made outrageous, selectively edited videos that would lead to significant outcomes, like the ousting of NPR’s CEO, even though that video was thoroughly debunked when the raw video was seen. But going back to 2009, I got a tip that O’Keefe was not “absolutely independent”, as he claimed, but that he had received funding from one Peter Thiel for a video he’d made earlier in the year called “Taxpayers Clearing House”.

The opening of Taxpayers Clearing House is pretty racially offensive. As Wagner’s Ride of the Valkyrie plays, O’Keefe rides around in a van that looks like the Publisher’s Clearing House Prize Patrol, a well-known American sweepstakes that surprises entrants with a \$1m prize. He approaches unsuspecting black and brown people in their homes, duped into thinking they are going to win money when he rings their bell. Instead, he presents them with a bill for \$28,000 – the portion of their bill, he says, for the 2008 bailout of Wall Street banks. The whole thing is framed to make minorities look stupid, dumb and greedy.

Asked about Thiel’s involvement, his spokesman James O’Neill, told me that the billionaire had provided O’Keefe with “about \$10,000” to make the video through a “small-government group”. He also denied Thiel had involvement with the Acorn videos, adding that he’d only “watched them on YouTube” and “he shares the view that taxpayer money should not promote human trafficking”. (No taxpayer money was ever used to promote human trafficking.)

This incident reveals a few things about Thiel’s reach, the scale of his attacks on liberal politics, and the effectiveness of both outside the domains of traditional press and presidential politics.

While Thiel did not directly fund the Acorn videos, he funded the film-maker who did shortly before they were made; those videos not only managed to destroy Acorn, but they helped Republicans keep voting to defund it for years after it was dead and to convince half of Republican voters in 2012 that Acorn had stolen the election for Obama in 2008.

Would O’Keefe have been able to get that video made, as widely seen, and effectively considered but for Thiel’s startup funding? It’s a counterfactual. But if we are to take seriously the idea that Thiel’s initial half-million-dollar investment in Facebook entitles him to a portion of the value of the company that dominates so much everyday life today, we must also seriously consider that his startup investment in O’Keefe has had a handsome return on investment, too.

Fast forwarding to the Gawker case, Thiel ominously told the New York Times that he “refused to divulge exactly what other [media lawsuit] cases he has funded but said, ‘It’s safe to say this is not the only one.’” So there are an unknown number of media lawsuits he has going on. In 2009, the already billionaire mogul was willing to give a paltry \$10,000 to an unknown video troublemaker, who has done a great deal of damage to progressive politics. How many things is he involved with? Only Thiel knows, and we can only wait to find out.

It’s fitting that Thiel funded the crude Taxpayers Clearing House video in 2009. Shortly after O’Keefe’s video came out, Thiel wrote an essay for the libertarian Cato institute complaining that: “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.” With that in mind it makes ideological sense that he should align himself with O’Keefe, both early warriors in the backlash against the Voting Rights Act that grew during the Obama years.

Thiel is a Trump delegate. Trump too has warned he’ll crack down on the press if elected. But the power of a billionaire like Thiel doesn’t just expose problems with the freedom of the press in general or Gawker specifically. It is easy to argue that Gawker’s woes are of its own making – outing Thiel and others, (said by some to have triggered his initial rage), and publishing sex tapes without permission isn’t exactly going to win a lot of public sympathy (disclosure – I’ve written for them a couple of times years ago and have friends who work there).

What Thiel has exposed is that the problem with American politics (and America in general) is capitalism. Unfettered capitalism lets the Thiels of the world do what they want, largely when they want, and largely legally. If a plutocrat wants to build a private island free from government influence, they probably can. If they want to circumvent even America’s toothless gun restrictions by supporting a 3D printer for guns, they can do that, too. We are almost powerless to stop anything we have learned about Peter Thiel; he has the money and power to legally stave off financial competitors, fund foot soldiers to strike down community organizers, and (almost as an afterthought) deeply influence the media and presidential politics.

This is what American capitalism creates.