



THE COMPETITION MYTH

by **PETER THIEL**

If I could go back and give advice to my younger self, it might be this: *Competition is for losers.*

That was actually the headline the *Wall Street Journal* used when it excerpted a chapter from my book *Zero to One* in which I argue that great companies succeed not by competing with everybody else but by differentiating themselves—by becoming so good at what they do that no other firm can offer a close substitute. Think of Google, which hasn't competed in search since the early 2000s, when it clearly distanced itself from Microsoft and Yahoo!

Competition is supposed to be healthy. In economics, Americans mythologize competition, crediting it with saving us from socialist bread lines. But if you're an entrepreneur who wants to create and capture lasting value, you don't want to compete with a bunch of interchangeable businesses. You want to build a monopoly.

This counterintuitive idea extends well beyond business. All life is a competition, it seems, and we always think of the losers as the people who are not good at competing—the ones who can't make the high school varsity or who don't have the grades or test scores to get into the right college. The competition only gets more intense the higher up one moves. All through

school you have been graded and subject to standardized tests. You probably went through an intense process to get into college, and soon enough you will be (if you're not already) competing to land the right job or get into the best law school or grad school.

But as we engage in all this competition, we usually don't stop to ask: why are we doing this to ourselves?

I wish I had asked myself that question when I was younger. In my teenage years and in my twenties, my path was insanely tracked. In my eighth-grade yearbook, one of my friends wrote, "I know you're going to make it to Stanford in four years." I got into Stanford four years later. Then I went to Stanford Law School. I ended up at a big law firm in Manhattan.

The firm was a place that from the outside everyone wanted to get into; on the inside it was a place that everybody wanted to leave. When I left—after seven months and three days—one of the lawyers down the hall from me said, "You know, I had no idea it was possible to escape from Alcatraz." Of course that was not literally true, since all you had to do was go out the front door and not come back. But psychologically this was not what people were capable of, because when their identity was defined by competing so intensely with other people, they could not imagine leaving.

This is, I think, the big problem with competition: it focuses us on the people around us, and while we get better at the things we're competing on, we lose sight of anything that's important, or transcendent, or truly meaningful in our world.

Imitation and Conformity

I use some contrarian questions to get at this escape from competition, this move toward doing something where, counterfactually, if you were not doing it, it wouldn't happen. The business question I like to ask is, "What great company is nobody building?" The more intellectual one I like to ask is, "What important truth do very few people agree with you on?"

This is a shockingly hard question for people to answer in interviews (even when they can read on the Internet that I always ask the question). People seem to think that they must come up with something truly brilliant, something incredibly smart and esoteric that they would have needed to spend ten years in a postdoctoral program discovering.

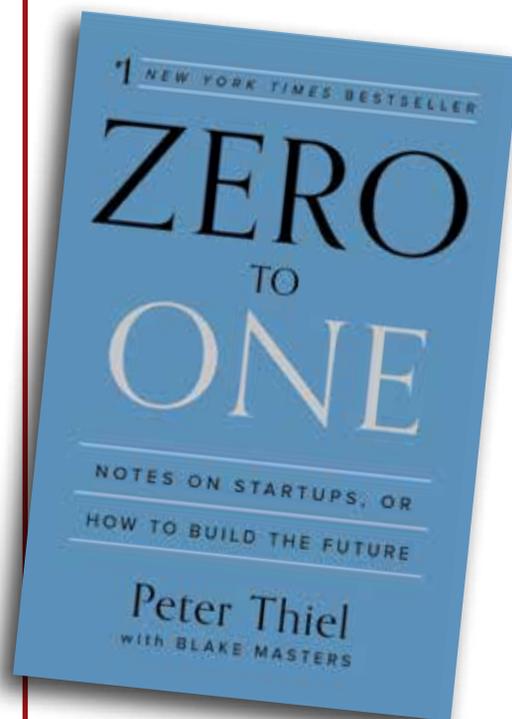
But if we are really honest about it, most of us have some answers to this question. The reason it is hard to answer in the interview context is that the correct answer is one that the person asking the question is unlikely to agree with. Answers like "God does not exist" or even "The education system is screwed up" (the first one is untrue, the second one is true) are bad answers because they are conventional answers. Good answers are ones that are uncomfortable.

There is a strange phenomenon in Silicon Valley whereby many successful companies were started by people who seem to have Asperger's syndrome or some other condition that makes social interaction difficult. I think we need to flip this around and see it as an indictment of our society. If you're relatively well adapted socially, you will be talked out of any heterodox ideas you might have before they're even fully formed. You will sense that the ideas are too weird, that they don't fit in, that people will not like you if you espouse them, and so you should not pursue them.

Look at business schools. The business school demographic is made up of people who are very well adapted socially, generally speaking. Many are incredibly intelligent and hardworking. But what happens after you put these people in the hothouse environment of business school for two years and award them their MBA?

They go into the wrong fields. They try to catch the last wave. So at Harvard Business School in the late 1980s, everyone tried to work for "junk bond king" Michael Milken just a year or two before he went to jail. MBA types were never really

On October 23, 2014, technology entrepreneur, investor, philanthropist, and bestselling author Peter Thiel delivered the keynote address at ISI's ninth annual Dinner for Western Civilization. The IR is excited to share his insights and advice to students.



WE LIVE IN A WORLD IN WHICH **COURAGE** IS IN FAR SHORTER SUPPLY THAN **GENIUS**

interested in technology except for 1999 and 2000, when they all flocked to Silicon Valley—at the very end of the dot-com bubble. And on and on.

The problem is not one of brain-power: we are talking about fiercely intelligent people with degrees from the nation's most prestigious institutions. No, the real problem is conformity, a fear of stepping outside the bounds. This is the issue I had to confront in myself when, after years of competing, I achieved my goal of working at a major law firm—and realized it was the last thing I wanted.

This problem of conformity runs deep. Already in the time of Shakespeare the word *ape* meant both a primate and to imitate. The Aristotelian concept of biology held that man differed from the other animals in his greater aptitude for imitation. This is how we learn language as children: we imitate. This is how culture gets transmitted. But imitation can also go badly wrong. It leads to crazed peer pressure; it leads to the various insane bubbles our society has experienced. If there's going to be progress, if there's going to be new thinking in any direction, it requires something very different.

But as our society has lost its transcendent reference points, we have come to look more and more to one another. And in the process we have become more lemming-like.

From the Manhattan Project to the Obamacare Website

The issue of conformity is really the problem of political correctness, properly understood. It is an unwillingness to think for oneself.

It infects so many aspects of our society, including the fields of science, technology, and innovation.

I worry that we are not actually living in as much of a scientific and technological age as is often advertised. If you look at the past few decades, you will see enormous progress in the world of bits—in computers, Internet, mobile technology, information technology, and so on. But in other areas—the world of atoms—things have stalled rather badly. The categories that people talked about in the 1950s and 1960s are off the agenda. Nuclear power, supersonic travel, space travel, turning deserts into farmland or forests, food innovation—all these things have petered out.

Biotechnology and medical technology are still progressing but at a diminished rate. President Richard Nixon declared war on cancer in 1971 and said we could defeat it by

the bicentennial in 1976; forty-four years later, there's a sense that we're more than five years away. It would be inconceivable to declare war on Alzheimer's or dementia even though one out of three people at age eighty-five suffers from it. There is much less of an impetus for such ambitious projects in the society we now live in.

Why has this happened? Let me give both a libertarian and a conservative answer. The libertarian answer is that we have basically outlawed everything in the world of atoms but have left the world of bits mostly unregulated. It costs \$100,000 to start a computer software company; it costs \$1 billion to get a new drug approved through the Food and Drug Administration. Therefore it's not surprising that we live in a world where people start video game companies rather than work on drugs that would save people's lives. There is an extraordinary regulatory double standard.

From a more conservative perspective, there is the sense that we have become a more risk-averse society. We have lost hope for the future. I think this has seeped in in many subtle ways.

Among both libertarians and conservatives there exists a bias that the government can't do things.



DANGER

**CONFORMITY
HAZARD**

**CONTAINS POSSIBLY NEW INFORMATION
WHICH MAY STIMULATE INDEPENDENT THOUGHT**



But this isn't absolutely true. The government succeeded with the Manhattan Project in the 1940s. It succeeded with the Apollo program, putting man on the moon.

Now we're at a point where we can't even get a website for Obamacare.

Whatever you think of the morality of nuclear weapons, building an atomic bomb is a far harder undertaking than building a website. We should not let our ideological biases obscure the objective decline that has happened.

Courage over Conformity

Universities have played a big role in this decline. They are badly infected by political correctness and conformity. Such problems are easiest to see in the humanities, where political correctness has stifled intellectual debate. In the 1990s David Sacks and I wrote a book, *The Diversity Myth*, chronicling how the relentless push for "multiculturalism" combined with intolerance of nonsanctioned viewpoints to create college campuses "full of people who look different but think alike."

Conformity affects the sciences as

well. Certain areas of research are taboo. If you're questioning Darwinism or climate change, you will get in trouble. That matters because scientists depend on grants to support their research. Scientific progress—like any other progress—requires bold, idiosyncratic, eccentric thinkers, but the real scientists have been replaced by people who are nimble in the art of writing government grant applications. Science has become politicized. You will get a grant if everyone thinks your experiment will succeed. So we end up doing only experiments that everyone thinks will work. We never really push the envelope; we never really ask tough questions.

So how do you resist the pressures of conformity? If you're a student, there is a very important starting point: don't think that everything you're being taught is absolutely sacred. You may have brilliant professors, but they are subject to the same social pressures that the rest of us are and therefore may not be as objective about some important matters as they might be. The academic path is perhaps more tracked than any other.

You pile up degrees with the goal of landing a position at a university. If you achieve that goal, then you have to engage in the tenure-track competition, which means pursuing specialized research within the limits of your particular discipline. Academics usually chase large numbers of trivial publications instead of new frontiers.

My advice for you—the advice I wish I could have given my younger self—is this: Before getting swept up in the competitions that define so much of life, ask yourself whether you even *want* the prize on offer. Look beyond the tracks laid down by academic specialties to the broader future that is yours to create.

And remember, we live in a world in which courage is in far shorter supply than genius.

Peter Thiel cofounded PayPal, Palantir Technologies, and Founders Fund, and he made the first outside investment in Facebook. He is the author of *Zero to One: Notes on Startups, or How to Build the Future*, a #1 New York Times bestseller.