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# The Creative Monopoly

By DAVID BROOKS

As a young man, Peter Thiel competed to get into Stanford. Then he competed to get into Stanford Law School. Then he competed to become a clerk for a federal judge. Thiel won all those competitions. But then he competed to get a Supreme Court clerkship.

Thiel lost that one. So instead of being a clerk, he went out and founded PayPal. Then he became an early investor in Facebook and many other celebrated technology firms. Somebody later asked him. “So, aren’t you glad you didn’t get that Supreme Court clerkship?”

The question got Thiel thinking. His thoughts are now incorporated into a course he is teaching in the Stanford Computer Science Department. (A student named Blake Masters posted outstanding notes online, and Thiel has confirmed their accuracy.)

One of his core points is that we tend to confuse capitalism with competition. We tend to think that whoever competes best comes out ahead. In the race to be more competitive, we sometimes confuse what is hard with what is valuable. The intensity of competition becomes a proxy for value.

In fact, Thiel argues, we often shouldn’t seek to be really good competitors. We should seek to be really good monopolists. Instead of being slightly better than everybody else in a crowded and established field, it’s often more valuable to create a new market and totally dominate it. The profit margins are much bigger, and the value to society is often bigger, too.

Now to be clear: When Thiel is talking about a “monopoly,” he isn’t talking about the illegal eliminate-your-rivals kind. He’s talking about doing something so creative that you establish a distinct market, niche and identity. You’ve established a creative monopoly and everybody has to come to you if they want that service, at least for a time.

His lecture points to a provocative possibility: that the competitive spirit capitalism engenders can sometimes inhibit the creativity it requires.

Think about the traits that creative people possess. Creative people don’t follow the crowds; they seek out the blank spots on the map. Creative people wander through faraway and

forgotten traditions and then integrate marginal perspectives back to the mainstream. Instead of being fastest around the tracks everybody knows, creative people move adaptively through wildernesses nobody knows.

Now think about the competitive environment that confronts the most fortunate people today and how it undermines those mind-sets.

First, students have to jump through ever-more demanding, preassigned academic hoops. Instead of developing a passion for one subject, they're rewarded for becoming professional students, getting great grades across all subjects, regardless of their intrinsic interests. Instead of wandering across strange domains, they have to prudentially apportion their time, making productive use of each hour.

Then they move into a ranking system in which the most competitive college, program and employment opportunity is deemed to be the best. There is a status funnel pointing to the most competitive colleges and banks and companies, regardless of their appropriateness.

Then they move into businesses in which the main point is to beat the competition, in which the competitive juices take control and gradually obliterate other goals. I see this in politics all the time. Candidates enter politics wanting to be authentic and change things. But once the candidates enter the campaign, they stop focusing on how to be change-agents. They and their staff spend all their time focusing on beating the other guy. They hone the skills of one-upsmanship. They get engulfed in a tit-for-tat competition to win the news cycle. Instead of being new and authentic, they become artificial mirror opposites of their opponents. Instead of providing the value voters want — change — they become canned tacticians, hoping to eke out a slight win over the other side.

Competition has trumped value-creation. In this and other ways, the competitive arena undermines innovation.

You know somebody has been sucked into the competitive myopia when they start using sports or war metaphors. Sports and war are competitive enterprises. If somebody hits three home runs against you in the top of the inning, your job is to go hit four home runs in the bottom of the inning.

But business, politics, intellectual life and most other realms are not like that. In most realms, if somebody hits three home runs against you in one inning, you have the option of picking up your equipment and inventing a different game. You don't have to compete; you can invent.

We live in a culture that nurtures competitive skills. And they are necessary: discipline, rigor

and reliability. But it's probably a good idea to try to supplement them with the skills of the creative monopolist: alertness, independence and the ability to reclaim forgotten traditions.

Everybody worries about American competitiveness. That may be the wrong problem. The future of the country will probably be determined by how well Americans can succeed at being monopolists.