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DITCHLEY WINTER DIALOGUE

Technology and Democracy: How Can Innovation Best Strengthen and Renew Democracies in an Era of Competition?

James Arroyo in conversation with Peter Thiel and Dr Hermann Hauser

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Ditchley's inaugural winter dialogue between Peter Thiel and Hermann Hauser delivered two overlapping but competing visions for how democracies might best strengthen and renew their offer through increased innovation and rapid adoption of new technologies. This summary aims to distil the essence of what was a respectful but combative conversation and encourage you to make the time to watch the recording.

How do democratic states win the technological race that will determine their power and success?

Peter Thiel argued that for the last fifty years technological progress has in fact stagnated. Rapid innovation in bits, computers, the internet, and mobile had not been accompanied by a similar rate of progress in the 'world of atoms'. Where were the dramatic breakthroughs in engineering, medicine, biology and aerospace that we might have expected (if one left aside the recent response to the coronavirus pandemic)? Part of this was simply the increased difficulty of finding new things in several fields but a consistent drift towards caution and over-regulation in western culture was also to blame. The core engine of technological progress in the West, that had delivered its original ascendancy, remained broken. A break with the over cautious liberal democratic consensus of the past fifty years was essential if the West was to thrive again. For all of its problems, the US remained the leader of the democratic world technologically and economically.

That was not to say that technologies like nuclear power, biomedicine, and AI do not have both beneficial and harmful potential, with fear of the risks resulting in some justified cultural and political hesitancy. But we have to come to terms with our fears, accept more risk, and concentrate on remedial rather than preventative action as the route to greater and faster technological advancement.

As Hermann Hauser agreed, there is a lot of progress that can still be made. Various technologies in spaces like quantum and biomedicine demonstrate immense potential, but are constantly frustrated when it comes to adoption by society and states. In trying to address the latter, it is important to analyse the stagnation less in natural terms and more

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in political and cultural terms. We need to go more boldly into the 21st century if we are to prevail.

Hermann Hauser framed the challenge for countries and for Europe in particular as a question of ‘technological sovereignty’. There are three core questions to assess one’s capability for this kind of sovereignty: do I have all the critical technologies myself? If not, do I have access to these critical technologies from a number of countries to avoid being overly reliant on one? And if I do need to take support from a monopoly, do I have guaranteed unlimited access to those technologies? The answer to at least one of these questions must be yes, or else one risks real dependency. There were three geographic power blocs of sufficient size, technological and industrial advancement to have the potential to develop self sufficient technological sovereignty for the 21st century. These were the United States, China and the European Union. The EU’s model was the most scalable and replicable in other countries because it did not demand allegiance to a particular geopolitical bloc but rather compliance with standards rooted in universal values.

Other countries, including the UK, would have to decide on whom to rely for different elements of technological sovereignty. For Hauser, the UK continued to delude itself about its power to stand alone and shape the world, a view typified and exacerbated by Brexit. Britain had no chance to become truly technologically sovereign, as it did not have the semiconductor, 5G or energy capabilities, nor the finance or markets to develop them.

Underpinning technological sovereignty were rational decision making and the scientific method. Producing better models allowed one to run through *what-if* scenarios to make better decisions. The enemy of this approach was rhetoric. Brexit was an example of this in Hauser’s view. Although reasonably good economic models showed it was a terrible idea, rhetoric and slogans won the day. Rhetoric was beginning to trump models more often in polarised societies, and it was concerning that political leaders were increasingly attacking the scientific method itself. The UK would be a lot better off if its leading politicians were schooled in the Faraday theatre of the Royal Institution, rather than the debating chamber of the Oxford Union.

How to approach China?

One of the main points of contestation in the dialogue was on how the US, Europe and the UK should approach China. For Peter Thiel, the US’ recent legislation limiting the export of advanced semiconductors to China was long overdue. China was patently a threat to the West and the only appropriate course was to do all possible to slow its advancement towards technological parity, which could only be to the West’s detriment. This was now widely accepted in the US.

Hermann Hauser argued that this was to be unrealistic about China’s trajectory. The two factors that were key for a country to “win” on a particular technology were the amount of money being poured into it and the talent. China was winning on both fronts: since 2017, China had had the largest global economy in purchasing power parity terms. There was huge investment in the semiconductor industry; and a larger pool of talented engineers in China. In the long term, China would win the competition on semiconductors and AI. An aggressive policy to slow down China’s development might well have the exact opposite effect to our intentions, driving China to become more self-sufficient and less entangled with the West. Rather than seeking to contain China, we should be engaging China, despite all the challenges and abuses, and deepening our relationships in pursuit of shared prosperity and advancement.

Peter Thiel's response was that China was transitioning from an authoritarian to a totalitarian state, arguably worse than Russia in the scale of its abuse of human rights. The Chinese state sponsored approach might work for some industrial scale technologies but not for others where small teams operating autonomously might have the advantage.

How can technology contribute to climate action and sustainability?

The main focus was on nuclear energy with both speakers in agreement on its centrality in moving away from hydrocarbons. This topic has become almost taboo in certain countries, like Germany. France, which produced 95% of its electricity from nuclear energy, was a positive example but an outlier. This was another area where political rhetoric and overblown fears were holding back the advancement of democratic societies. Our pace of building nuclear plants and the level of innovation was painfully slow. A positive development in this area was the recent progress with nuclear fusion, which would solve the issue of nuclear waste being created, one of the major criticisms of atomic energy. There was also progress being made with renewable energies, although we will still need nuclear energy as a key contributor for the long term.

Models for democratic societies and free speech

Where the US over emphasises the individual and China the society, the EU was trying to find a balance between the two, producing better models to allow to run scenarios and improve decision making. It was countered by Peter Thiel that this was technocratic instead of democratic decision-making, although that did have its advantages.

There was continued debate on how and when states should regulate. In some cases, regulations could be a worse cure than the disease itself. In the case of Facebook, where Peter Thiel had been on the board for many years, although it tried to remove hate speech and silence extremist views, there were always criticisms from the outside about its policies. The net result had been a silencing of divergent views and a drift towards consensus, without abuses really being controlled. In contrast, TikTok has not been subjected to this kind of scrutiny, which should make us consider why we are not asking as much of this company as we do for US big tech. Europe seemed to be more comfortable holding American companies to account than Chinese companies. Elon Musk was convinced he knew what he was doing with Twitter but it was a hard problem to take on the responsibility for appropriate censorship. There was keen interest to see how the experiment worked out.