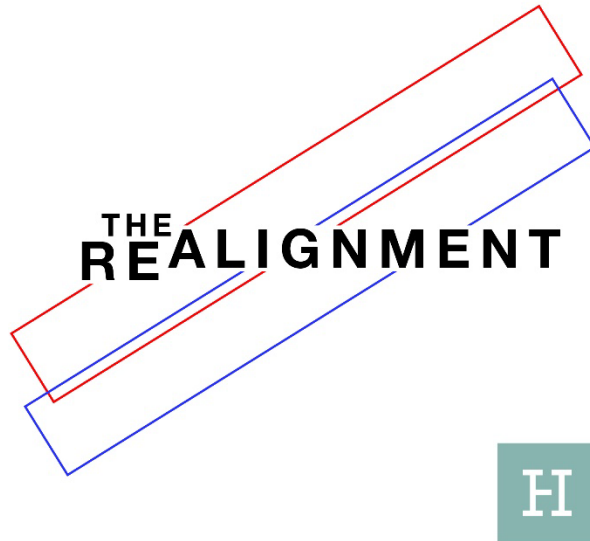


Hudson Institute



The Realignment Podcast Transcript

Ep. 1: J.D. Vance

Featuring:

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- Marshall Kosloff, Media Fellow, Hudson Institute
- J.D. Vance, author of *Hillbilly Elegy: A Memoir of a Family and Culture in Crisis* (Harper, 2016)

This transcript is based off a recording and mistranslations may appear in text. The podcast is available here: <https://www.hudson.org/research/15229-the-realignment-ep-1-j-d-vance>

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August 6, 2019

SAAGAR ENJETI: Hey, guys. This is Saagar Enjeti and Marshall Kosloff, media fellows over at the Hudson Institute in Washington, D.C. We're excited to bring you the inaugural episode of THE REALIGNMENT.

MARSHALL KOSLOFF: THE REALIGNMENT is a podcast that is focused on exploring the radical shifts in American politics and policy brought about by the election of Donald Trump, populist revolts across Europe, and the arrival of an aggressive and unapologetic China on the world stage. Our guest this week is J.D. Vance, author of "Hillbilly Elegy." In his memoir, J.D. reflects on his tumultuous childhood growing up in the Rust Belt and service in the Marine Corps and how these experiences informed his perspective on the current crisis facing American families and society. The memoir is also being adapted into a Netflix film by Ron Howard.

ENJETI: J.D. previously worked with Peter Thiel at Mithril Capital. And he's currently managing partner at Rise of the Rest, a venture capital fund focused on attracting investment to the heartland. In our 40 minutes together, we covered whether it was a mistake to let China into the World Trade Organization, how conservatives should approach the free market, what it means to be an American nationalist in 2019 and his skepticism of technology. Let's dive in.

(SOUNDBITE OF MUSIC)

ENJETI: J.D. Vance, welcome to THE REALIGNMENT.

J.D. VANCE: Thank you.

ENJETI: So we're here in Washington, D.C. We're at a conference on national conservatism, where you have given a talk. What are you trying to accomplish here?

VANCE: Well, I guess that I'm trying to articulate a way in which conservatives can actually exist within and govern within this realignment world in a way that actually accomplishes things that conservatives think are worth accomplishing. And, you know, one of the things I talked about in my speech is that we are, like, rightfully skeptical of government overreach, but I think we take that skepticism so far that we're skeptical of even using political power when we have it for ends that we think are valuable. And I do think that we have to get over that. And we have to recognize that when people entrust us with political power to solve problems, we should at least try to solve them.

KOSLOFF: How would you describe the realignment world? Because people sort of hear that word and think different things.

VANCE: Well, I think there is a political and ideological and, hopefully, eventually, a governing way in which the realignment matters. So the basic political reality is that the Republican Party has gotten more working-class and more disconnected from - call it the elite Fortune 100 companies that really govern the economy and, I think, write the rules of how we work and live in very significant ways. And so, you know, if you think about the Republican Party in 1980 as a bunch of people who worked at those Fortune 100 companies and you think of the Republican Party today as people who don't, then there's just something fundamentally different about what they're going to be most interested in, what they're most after, what their values are. And so I

think our politics is sort of struggling with the fact that we have, frankly, a lot of politicians who grew up in the world where the Republican Party was much different. And today, they find that their voters are actually not the voters that they had 30 or so years ago.

I think the ideological component of it is, if you have a working-class base and you take that as a premise, what are we willing to do within the confines of conservative principles that actually makes those people's lives better? And that, to me, is really what this conference is about. I think it takes as a given the fact that we have a new political reality in this country, and it's asking, you know, how can we, consistent with the principles that, I think, are timeless and valuable, actually govern in a way that makes our own voters and, hopefully, the entire country's - the people who live in the entire country's lives better? And then I think the governing piece of it, which really hasn't materialized yet - you certainly see some folks - Senator Rubio, Senator Hawley and a few others - who are reckoning with what this realignment actually means. But I think eventually, you will need to build a broad governing coalition that can win across the country and actually turn a lot of these ideological ideas, a lot of the political impulses of the electorate into governing policy ideas. That's the piece that we're still, I think, really far away from actually accomplishing.

ENJETI: So what does national conservatism actually mean to you? And how do you - and then the second part of that is, how did we come about and make sense of this current politics? What was the genesis of this realignment?

VANCE: Well, to me, national conservatism just means a conservatism that recognizes that the nation-state is the most important component of geopolitics. And while it's not, you know - the family, I think, is obviously, I would say, more important than the nation-state. The community is more important than the nation-state. At the level of world politics, the nation-state is the unit within which we're operating, and if we want to encourage families, if we want to encourage individuals to live fulfilled lives, if we want to have healthy civic life, then we need to actually ensure that the nation is advocating for the interests of its own citizens and considering itself in that geopolitical context. So that, to me, is sort of what national conservatism means. It's just a conservatism with the nation-state as sort of a core focus. And then, you know, what is that - what's the catalyst for the realignment? So I think the easy answer is the catalyst for the realignment was Donald Trump. I think part of the reason why this conference has gotten off to such an enthusiastic start - it sold out, obviously, very quickly - and part of the reason why we're all talking about this stuff is that Donald Trump is president. But I do think that it really predates 2016.

If you looked at the data, if you looked at where the electorate was going, if you looked at what Republican voters actually cared about, there was clearly a disconnect between that and what Republican politicians were actually doing. And so the seeds of the realignment have been planted - had been planted long ago, it just became pretty obvious to everyone in 2016. Right - I actually would slightly amend, it should have become obvious to everyone in 2016, but I'd say there are still a lot of folks in D.C. who are trying to pretend that the world is exactly as it was 10 years ago, the only difference is that we have Donald Trump in the White House. But I think that's really naive.

KOSLOFF: So there's no going back, then?

VANCE: I think there's no going back. I certainly think that there will be an effort - whether - maybe it happens in 2020, if Trump loses. Maybe it happens in 2024 if he's term-limited. There will certainly be an effort to return to the conservatism that animated the 1990s and 2000s. I think that it's a political dead-end. I think that it's a moral dead-end. But certainly - I wouldn't say there's no going back, I guess, because people will try to make us go back. But I do think we shouldn't go back, and those of us who think about - who think the realignment is a valuable force in American politics should be fighting to make sure it doesn't go back to the way it was.

ENJETI: So part of the - I mean, the reason we're literally doing this podcast is because of what you talked about. There have been this - we're having the same conversation in Washington, D.C., that we were having 10 years ago. So we have to use that framework that we developed here in order to apply it to actually specific things. Let's talk about - I mean, broadly, just foreign policy right now.

VANCE: Sure.

ENJETI: What does a national-oriented conservatism foreign policy look like?

VANCE: So I'll caveat this by saying this, to me, is the hardest part to answer. Because I think that it's pretty easy to say that vis-a-vis international economics, the nation should be standing for the economic interests of its own citizens. Foreign affairs is a little bit more complicated because I think a lot of people, rightfully so, see different foreign policy objectives as achieving different national interests. And so, you know, my particular answer to this question that I don't think everybody would necessarily agree with is to recognize that, while human rights are important and while it's valuable for America to have a positive and leading place in the world, the virtue of having - or the reason we want to have a leadership - or the reason we want to be in a position of leadership in the world is because it's ultimately good for America's interests.

And what I think we've gotten away from a little bit, on the left and on the right, is we've started to see the elimination of global poverty not just as a good thing but as a thing that our international policy should orient itself primarily towards. Or we've seen the spread of human rights not just as a good thing that may eventually accrue some interests of the United States, but as the thing that we should be interested in when we construct our foreign policy, and I really think that's a mistake. I think it's a mistake for moral reasons because there are international bodies and other nations that are looking out for other people. If nobody's looking out for the interests of the American citizen and the American nation, then the American political leadership has failed in some fundamental moral way. It's not exercising its fiduciary duty, as you might say in the business world. But I also think it's just politically very stupid. You cannot have too many military misadventures that are not clearly connected to the national interests before people who are fighting those military fights start to say, what are we doing and why are we doing it? And one of the great things that's happened in the past five six years is that the middle of the country that supplies a disproportionate share of the enlisted fighting men and women in our armed forces are saying, we're sick of having an armed - or, excuse me, we're

sick of having a defense policy that seems not geared towards our own defense but is geared towards other people.

So, you know, specifically that's - I - you know, obviously, I agree with everything I just said or I wouldn't have said it, but specifically how do you translate that into meaningful foreign policy? I would say, one, we should have a very significant skepticism of any new military conflict. I think we're pretty overextended as it is. And while we certainly need to be ready and willing to go to war if it's necessary, the burden for going to war should be pretty high. And most of all, I think that we should be skeptical of arguments that are pretending to be about America's interests but are really just about the interests of other people. Again, I think it's really good that global poverty has gone down, but if I'm talking about what the American nation should care about - if global poverty goes up - excuse me, if global poverty is reduced by 300 million individuals but poverty in America goes up by 3 million individuals, then the American political class should be worried about that because it should be oriented towards the interests of Americans.

KOSLOFF: I think a good illustration of the dynamic you're talking about is - Tucker Carlson and John Bolton are speaking at this conference. Is there anything that ties the two of their foreign policies together?

(LAUGHTER)

KOSLOFF: Because it doesn't seem like there is.

VANCE: I don't think so.

ENJETI: Yeah.

KOSLOFF: Tucker was speaking most on domestic policy, so I understand that, but it's - it shows the dynamic, though.

VANCE: No, it definitely shows that, I think, one, there's a big tin here and there's - I think, rightfully so, there isn't yet an effort underway to sort of say, these people are on the inside, these people on the outside. So long as you take as a premise that America should be about protecting the interests of Americans, then you're welcome in this conference and you're welcome in this conversation. You know, I tend to think that Ambassador Bolton's foreign policy is a little bit too aggressive for my taste. I'm certainly not, you know, quite as non-interventionist as Tucker. I sort of stand somewhere in the middle of those two views. So I think I appreciate having both of them here.

KOSLOFF: So the last bit in this section is - the word nationalist is always considered a dirty word in a lot of circles.

VANCE: Sure.

KOSLOFF: How do you think the term should be approached from the right?

VANCE: It certainly is a dirty word in a lot of circles, and I think that sort of is weird because the American nation especially has never been about sort of, you know, race or religion or - you

know, the idea that the American nation should stand for the citizens of the American nation has always been, I think, like, actually, a pretty broadly shared notion that, no matter where you came from, no matter who your parents are, that so long as you're committed to the vibrancy of this country, you belong as part of the American nation; you have responsibilities to it, and it has responsibilities to you. And so I do think it's important that we're careful that we distinguish American nationalism from white nationalism.

I also think it's bizarre that our leadership class assumes that American nationalism is fundamentally about race or ethnicity and not about a very basic recognition that I think is as true in Texas as it is in Ohio, that people think that their country should look out for them. And if their notion of who belongs in their country is exclusionary, then we should push back against it. But that, I don't think, is the main impulse in American conservatism today. And it's interesting that so many of the ideas that are connected with American nationalism in a pejorative way on - in certain circles - the idea that we should have robust immigration enforcement because it's important that our nation actually have borders - those views are very popular among a broad class of Americans, no matter what their country of origin, their ethnicity is. And so, to me, that means that the principles that undergird this movement are actually pretty broadly shared and can be broadly applied. We just have to actually, you know, have the courage to stand up for them and advocate for them.

ENJETI: So let's operationalize this a bit. I mean, the three things that we're looking at here is China; we're talking about trade economics, and we're also talking about technology. So let's start with China. China's been big theme at this conference. We had Peter Thiel, who actually even called for - accused Google of being infiltrated by the Chinese intelligence services.

VANCE: Sure.

ENJETI: How are you thinking about China in the context of national conservatism?

VANCE: Well, I think that we should consider China as our nation should have considered Nazi Germany in the mid-1930s. Only, we should recognize that it's more dangerous because it's larger and it's more ambitious. I think that Hitler wanted to rule Europe. I think that China wants to rule over a much larger share of the world, maybe the entire world. They have really significant presence, as you guys probably know, in Africa, in Asia, in even parts of North America. And that should - South America, certainly. And that should really worry us. We have this empire that sees itself as a - or, sorry, as a global competitor to the United States that is actively implementing policy that will make it a global competitor, and they're not nice. You know, these - this is not the United Kingdom deciding that it wants to play a more active role in global affairs. I mean, these are people who are actively operating concentration camps. And, you know, there are very few places in D.C. that will call that out.

I think it's good about this conference that it's one of those places. I think specifically - you know, China is doing two things that really bother me, and it's gone uncalled on and unchecked for too long. So, you know, the first is that it's pursuing an industrial policy by which it is effectively completely shifting entire supply chains from the United States to China. It makes

their economy more vibrant. It gives them an edge in new, emerging technologies. And it also makes it really hard for Americans who haven't gone to postgraduate school to have good jobs.

KOSLOFF: What are those supply chains?

VANCE: Well, I think, you know, the most obvious one is the Apple iPhone supply chain. So making an iPhone is incredibly complicated. It requires a number of different parts, some of them small, some of them even smaller. And China has explicitly pursued a policy whereby all of those components of the supply chain exist in China, that employs a lot of Chinese people, but it also means that they have an advantage in a lot of the technologies that Apple is on the cutting edge with regards to. So it's both good for their workers. It's bad for our workers. And it's also - gives them a strategic interest or strategic advantage in certain emerging technologies. I think, related to that emerging technologies point, the second thing that China is doing that we should be really concerned about is they're stealing all of our intellectual property, right? This is the point that Peter made about Google, is, I don't know if it's more terrifying to think that the Chinese have been given all of Google's intellectual property or if they've just had Google unable to prevent them from stealing it. Either one is really bad, though. And it's true across a whole range of American industries. One of the really - you know, I work in venture capital. And one of the really worrying things that I think about from a macro perspective is, if you invest in a real technology enterprise, one of the things you have to be worried about is that, when that company hopefully goes global and scales, it may have the very thing that makes it a good investment just stolen by the Chinese.

And in that world where we're worried about investing in real technology companies because we're terrified that the Chinese are just going to steal it, we're not going to have as much technology innovation. That means we're not going to have as much productivity growth. And ultimately, that means we're not going to have as many people with good American jobs who are building and creating those new technologies. So I think that China is the threat. Thanks to President Trump, primarily, we talk about it a lot more than we did three or four years ago. But we should talk about it even more than we do today. And I think it's, frankly, shameful that there are folks on the left who see China as an ally or even as a servant of American values more than America. I think it was Christine Lagarde - I'm going to butcher the quote, but to paraphrase, she said something like, Xi is the leader of the free world - Xi, the leader of China. To say that about a person who is effectively a dictator for life who is actively putting millions of his own people in concentration camps is astonishingly vile, and it's disgusting that we don't call out rhetoric like that more often.

KOSLOFF: Where did our - you were referencing President Trump and - well, then-candidate Trump in 2016. Where did the relationship go wrong? Because all the trends you're talking about started far before the 2016 election.

VANCE: You mean the relationship with China? Where did they go wrong?

KOSLOFF: Yeah. So for example, when - so is it when we let them into the global trade in 2001? Is it when the Cold War ended? Is it, you know, the Tiananmen Square Massacre? Where do you think the...

ENJETI: Most-favored-nation status.

VANCE: Yeah, there are a lot of things, and I'm not enough of an expert on China policy to sort of point to any one particular catalyst. I certainly think that, in hindsight, it was probably a bad idea to allow them into the WTO - you know, probably a pretty bad idea to allow them MFN status. But I really see it as a slow accumulation of inertia when responding to what the Chinese have been doing. I mean, they explicitly and intentionally subsidized their labor costs in such a way that it allows companies to shift jobs from the United States to China. We just didn't do anything about that. I think that we did that in part for very ideologically stupid reasons.

Our argument was, well, if China's subsidizing cheap labor, then that means American consumers are going to be able to buy cheaper goods. So, you know, we may lose a few thousand or even a few million jobs in China's case, but, you know, we're going to have much cheaper widgets. But I really think that it's hard to point to one thing in particular. It's been a series of policy mistakes and, I think, a series of American policymakers sticking their head in the sand and not realizing what we're actually up against with this incredibly hostile country.

ENJETI: So one of the things that you've always been great at is articulating how things will feel to a person who might support President Trump. The biggest critique of the tariff policy is he's hurting the domestic, agricultural and white working-class base who voted for him with these tariffs. How do they see it in the rest of the country?

VANCE: Yeah, you know, I was just talking with Salena Zito outside an hour or two ago, and I think that, you know, she much better than me has been a real voice for people who have been ignored by Washington D.C. and elite policymakers. And, you know, she was telling me that she had spoken to a large number of farmers for a story that she's doing, and they're not taking the immediate short-term - you know, some certainly are, but most are taking a much longer-term view of this particular policy. They say, yeah, you know, we're getting hit a little bit hard by what's happening right now, but, you know, we recognize this is a four- or five-year game plan, and we care more about our country than we do about short-term profits. And so if we have to take a little bit of pain, hopefully, with some help from the broader national community in an effort to actually push back against - to be part of pushing back against this Chinese mercantilism, then fine. And of course, they don't put it like that. I think most people don't know what mercantilism means, and I think I learned the word at this conference. But they recognize that China is an enemy, and they recognize that we've all got to do something hard to fight back against it.

And I think that sense of sacrifice on behalf of a broader national purpose is both so admirable and so missing from some conversations that we have in our nation's capital. It was not a rational economic decision for 15 million American families to send their sons and daughters to go and fight the Nazis in World War II, but they did it because it was the right thing to do and they thought that the national interest necessitated it. I think that we should have a similar view on what's necessary to push back against the Chinese - not that we need to send 15 million Americans to go and fight them, but that we need to have some shared sacrifices in an effort to actually beat these guys because we have to beat them.

KOSLOFF: I think we're interested in how the competition with China is changing conservatism itself. Apparently, at the second night of the conference, the attendees actually voted in favor of industrial policy, and that's something - if you'd gone back five years ago, the whole government shouldn't pick winners and losers thing was sort of...

VANCE: Sure.

KOSLOFF: ...The rhetoric of the day. So could you sort of comment on that? And where did you stand on that debate?

VANCE: Yeah, so I spoke in favor of the resolution, actually. So Oren Cass, who I'm sure you guys know and is a good friend of mine, was the primary advocate for it. I thought he did a very good job. Oren is a very smart guy. And there are two things, I think, worth keeping in mind about this debate on industrial policy. So, you know, people hear industrial policy, and they think, you know, the United States government - like, you know, Barack Obama or whoever the next Democratic president is is going to be making individual investment decisions on behalf of companies.

KOSLOFF: Solyndra or...

VANCE: Yeah. You know, we have a president Kamala Harris in 2024 who's actually - you know, starts her own venture capital fund from within the Oval Office.

ENJETI: (Laughter).

VANCE: And, you know, that conservative skepticism of what central authorities are able to accomplish and able to know is very relevant there. I don't think that's what we need. But, you know, the way that I illustrated this last night is that we should be able to have broad economic goals and actually use political power to put our thumb on the scale sometimes to accomplish those goals. So, you know, this is an easy anecdote, and I talk about it a lot, but, you know, we have right now neuroscientists in this country who are working for the big tech companies. And at a fundamental level, their job is to make those applications more attractive to audiences. If you're a skeptic or a cynic, you might say more addictive to audiences. And then we have neuroscientists who are trying to solve dementia and Alzheimer's and trying to cure, I think, arguably, the worst disease that we still haven't really cracked in our country.

The people who go and work for Facebook and Apple and Google - the neuroscientists are making more money, but are they doing something that's more valuable? And I think I'm comfortable saying no, they're not doing something more valuable than the people working to cure Alzheimer's. And so while we don't need a venture capital fund owned by the U.S. government that's going to invest in more Alzheimer's drugs, I think it's OK for us to say, should we create more incentives at a basic R&D level such that there are better jobs for the people who are trying to solve the hard and good problems and not just trying to solve the easy and, I think, sometimes pernicious problems?

ENJETI: Well, what this requires is, you have to adopt a framework for that type of policy to say that the government should get involved in the first place. And I think that, really, is what the

breakthrough of the realignment in 2016 was. But how - what is the - I mean, we will have people on this podcast who are going to push back against that. And they're going to say that the market is actually the one who is able to best determine and acts as a moral force. What would the response to that be?

VANCE: Well, I think that, one, it's - it is important to concede the Hayekian point that the price system is a very good way of directing resources and coordinating society, and we don't want to do away from that. I do think that sometimes, you know, folks like Warren or like me can get caricatured as being anti-market, but we're really not. But we have an industrial - my response of those folks is that we have an industrial policy, whether they like it or not. We have Section 230 that effectively protects Google, Facebook and other platforms from the full force and the full incentives of American law, the same law that affects other entities and other businesses. We certainly have a property - an intellectual property regime that favors certain interests over others.

The very basic institutions that we rely on that we think of the rule of - think of as the rule of law, while they are usually neutral, they aren't always neutral. And sometimes they're not neutral in the favor of good things, and sometimes they're not neutral in the favor of bad things. But I think the job of politics, of democratic governance in a democratic society, is that when the people come together and say that they want certain things to happen, there has to be a political answer within certain limitations, or, you know, we're not going to have political power - we're not going to deserve to have political power. So, you know, my ultimate response to those folks is, one, we're already doing industrial policy. It's just a question of whether we have the self-awareness to admit that we're doing it and to actually direct it in a way that's more productive and more conducive to our ultimate goals.

KOSLOFF: This is a good pivot to tech policy. So before you wrote the book, you actually worked in Silicon Valley for a bit. How does that experience - and you still work in venture capital, obviously.

VANCE: Sure.

KOSLOFF: How does that affect the way you approach the big tech debate on the right?

VANCE: Yeah. So, you know, I worked for Peter Thiel for a while. He's a good friend and a very good mentor. And so, you know, a lot of the way that I think about technology policy is influenced by Peter. I think, in particular, this question about what types of technological innovation do we have and whether it's good for the broader society, whether it actually produces jobs - you know, so the point of Peter's talk is that, you know, in some ways, we got the Star Trek computer, but we didn't get the free energy. We didn't get the matter transportation. We didn't get spaceflight that could travel at the speed of light. We, in fact, don't even have a current commercial airliner that flies at the speed of sound. And, you know, technological innovation in IT and software is great. But you need technological innovation in energy and transportation and material sciences if you're going to really produce a better society - if you're going to stay ahead of the Chinese on the one hand, but also, if you're going to provide good jobs for American workers, you have to be more productive. And you can't be

more productive if the only innovation you have is in the world of software. So I - my way of thinking about this, from a broad national policy, is that there are way too many incentives - some of them are explicitly legal - to invest in software in the United States, but not to invest in other sectors of the economy.

And again, if we want to have both broadly shared prosperity, but also to beat China, we need to be investing in more things beyond just a new app for parking or a new app that lets you walk your dog more easily. We need to actually be, like, getting to Mars quicker. We need to be finding cheaper, more efficient ways of generating energy. Those are the types of breakthroughs that our society has become, you know, pretty bad at producing in the past 40 or so years. Our life expectancy hasn't increased at the same rate. We haven't cracked Alzheimer's, so even if you're living longer, you're actually much less likely to have quality of life in your old age. We're not getting to places quicker than we used to. We're - you know, again, we're not generating energy cheaper or more efficiently than we used to. Those are the things that ultimately make us have a better life and a better society. And I think it's unfortunate that Silicon Valley doesn't focus on that stuff as much as Peter does. But I'm certainly glad that he's at least an advocate for it.

ENJETI: Well, this goes to a much more interesting question - is about how do we create those incentive structures. I saw - I was listening to something interesting recently, which said that, when "2001: A Space Odyssey" was made, it was inconceivable that we would not live in that world because the pace of technological change in the late 1960s was such that that was totally in the realm of possibility. We could put a man on the moon within only a couple of years of entering space. What is it about current venture capital and government policy that's holding back innovation in technology?

VANCE: Well, I'll point to a couple of things that I mentioned earlier. But this is a really, really tough issue. And, you know, one, I'd say that we've lost our willingness as a society to say that certain technologies - value-added manufacturing, biopharma and so forth - are valuable and we're going to commit the public resources necessary to get these things off the ground so that they can eventually be commercialized and turned into real products that create businesses and make people's lives better. So I think, broadly, we're just more skeptical of the idea that we should have a basic R&D strategy that's anything more than just sprinkling money in different places based on, you know, who comes in and applies for grants - but to have a real national strategy in how we spend R&D. I think, two, the incentives for real technological innovation, which I would define as that which require some intellectual property or trade secret to truly protect - the incentive for doing that is just lower in a world where China steals everything.

The reason that Google's business model works, the reason that Facebook's business model works even in a world of Chinese IP theft is that they're built, really, on network effects, right? We're not going to go start another Facebook because all of our friends aren't going to be on Facebook. The more people who are on Facebook, the more valuable of a business it is. The more people who are using Google search, the more valuable it is. That's not necessarily true for a biopharmaceutical company. You need, actually, protectable, defensible, you know, patents over the small-molecule compound that you've generated so that you can actually sell

that at some sort of higher price to justify all of the R&D sunk costs that went into developing it. But if everybody's just going to steal it, then you're going to get more businesses that are built around network effects like Facebook and Google than you are around real intellectual property assets, you know, like a drug that cures cancer or Alzheimer's or whatever the case may be. So I think that's a big part of it. And I think, just generally, as a cultural matter, we sort of lost our faith in the future.

And this is, you know, a little bit more esoteric, a little bit more high-minded. But, you know, when I first heard the word venture capital, it was from Peter Theil, a guy who was funding, you know, Tesla and, you know, a new rockets company in SpaceX and was not afraid of the biopharma industry in a world where most IT venture capitalists were avoiding biopharma like the plague. And, you know, that was an approach to venture capital that was really optimistic about the future, that saw technology as something that could make our lives better and not just worse and that - and a world where investing in it both made financial sense, but made moral sense. And I think that, as a society, we're just a little bit more pessimistic and a little bit more skeptical, partially for some of the reasons that we've been talking about. And consequently, we don't invest as if the future is going to be better. And consequently, it isn't.

KOSLOFF: What's interesting here is that, looking at this conversation, the phrase we're not hearing is the individual. And we think of 20th century conservatism - I think the greatest contribution that Hayek-Friedman added was the idea that we should organize ourselves around the individual.

VANCE: Sure.

KOSLOFF: What is the individual supposed to do in the face of these forces? We're not saying, let's get this entrepreneur to create the next more productive use of the economy. How should we approach it that way?

VANCE: Well, I think, one, it's always important, even in the face of very significant cultural, structural, international political problems, we should be very cognizant of the fact that individuals really do have a role to play. And the way that I put this - you know, I talk about this in my book some, but, you know, I don't think anybody would say that my grandmother's life wasn't disadvantaged in some significant way. And I think that part of the goal of conservative policy should be to make people's lives - people like her - to make their lives a little bit easier and to remove some of those burdens. But it still means that, in the face of those burdens, when she did things that a lot of other people weren't doing - when she took me into her home, when she gave me opportunities that didn't exist for a lot of kids in my community - that was good, and that was virtuous, and we should praise that and recognize that that exercise of personal responsibility and individual character is still a core role, and a very important thing, and something that our politicians and our culture should reinforce. We shouldn't tear down the idea that individuals can make good choices just because life could be unfair. And it's, you know, sometimes hard to hold both of those thoughts in the - in your head at the same time - you know, that life can be unfair, but individual choices still matter.

But I think that's what we have to do as conservatives. I also think that, you know, to step back a little bit, we do have to be more appreciative of the role that culture and economics plays in shaping individual decisions. It's one thing to make an individual choice to go get a good job, and provide for your children, and work, and save and live the American dream. It's easier to do that when there are a lot of good jobs around. It's harder to do that when there aren't so many good jobs around. And in a society where there are increasingly fewer good jobs for people at the lower end of the income ladder, we shouldn't be surprised that fewer people are making the good choices. That doesn't mean the good choices don't matter. It just means we have to recognize that there's a role for culture and economics to play. And to me, that's what's most exciting and was always most interesting about being a conservative. You know, I never called myself a libertarian, in part because I thought they focused too much on the individual. And I never called myself a leftist or a liberal because I thought they focused too much on the economy and the state. And I think that what was always cool about conservatives - or at least intellectually exciting - maybe you can't call it cool. I don't think anybody's ever called Edmund Burke cool.

ENJETI: (Laughter).

VANCE: ...But as a recognition that the state really does matter, the individual does really matter, and everything that exists between the two matters as well.

ENJETI: Well, we also want to talk about journalism here. And it's something we're really interested, which is that you've seen the collapse of local journalism, and this really does also speak to a collapse of the individual and of communities across our country. How do we face a situation, and how do we solve for that in a private way - or is even possible to do in a for-profit way to boost these local journalism?

VANCE: (Laughter).

KOSLOFF: Because the issue - just to build on this for the audience - is that group platforms like Facebook and Google have created algorithms that are much more efficient deliverers of advertising revenue.

VANCE: Yes.

KOSLOFF: So how do people compete in that sort of space?

VANCE: Well, you know, one, to state the obvious, I do think that, you know, there's the classic platform and publisher distinction. And I think one of the big advantages that the big tech companies have had is that they act more like publishers, but they have the legal regime of platforms. And so if you can correct those incentives a little bit - I think Josh Hawley's bill, in some ways, tries to do that - then you can actually reduce some of the barriers that local journalists and local publications face. But I don't want to overstate things. I don't think that's going to solve the problem - might help a little bit...

ENJETI: Right.

VANCE: ...On the margins, but it's not going to bring back every local newspaper. And even in my hometown, Middletown, Ohio, we used to have The Middletown Journal. And then there was another town of similar size called - I forget what it was called - it was The Hamilton Newspaper. And now it's just the Middletown-Hamilton Journal-News, and there's - you know, it covers a much broader area with much fewer journalists than it used to have. So I guess it's probably unsatisfying for you and for your audience and certainly for me, but I actually don't know the answer to this question. I - you know, I'm a little bit skeptical of the idea of sort of creating, you know, public journalists who serve the federal government or the state government. I think that the incentives there are pretty weird. I'm certainly skeptical if the private sector will ever be a place where a hometown newspaper serving forty or fifty thousand people can actually survive. So it's a tough issue. I agree that it's a real one, but I don't necessarily know how to solve it.

KOSLOFF: So I think the reason why big tech has been so prevalent in the discussion is the discussion over bias. Do you think there's a problem for conservatives on platforms such as YouTube, Facebook, Twitter?

VANCE: Yeah, there's two separate problems, and I distinguish them. There's the bias problem, and there's just the basic morality problem. So the evidence that I've seen suggests that, certainly, conservatives in how the searches are structured - and certainly, if you talk to the employees off the record, they will tell you things about how their - you know, their platforms are biased against conservatives. I don't think that it is a - at least on certain platforms - it prevents conservative messages from getting out. But in a world with its closely divided - if you can move the electorate 2% on a given issue, then you've probably changed the course of American political history. And so it is a real issue even though it doesn't affect the entire country. Even if it just affects a couple percent of the country, it's a big, big problem.

But then there's the morality issue, and this goes back to what we talked about earlier where conservatives should be comfortable with having a vision of the common good and using politics to accomplish it. You know, there was this story that came out recently that, you know, YouTube had effectively been funneling people to child pornography on its platform. And I look at that and say that's just bad. And if we need political power to regulate that away, if we need political power to make it harder for people to access child pornography, even if they freely choose it, if we need to punish people who enable folks to get access to child pornography, then I'm all for it. And that's something, again, that requires political power, but I think a good kind of political power.

ENJETI: So the final thing that we'll talk about here is - and this is the broader theme that - throughout this entire conversation - is about choice versus inevitability.

VANCE: Sure.

ENJETI: Do we have a choice, or is it inevitable that these tides of history, tides of technology and algorithms will overwhelm our lives and what role the government can play in that? Given all of that, are you optimistic for the future?

VANCE: Well, I am optimistic about the future purely because I have a lot of faith in the country and in the institutions and in the people who live here. I think the fact that we're talking about these problems, even though there are a lot of incentives not to talk about them, suggests that there's still something very vibrant and very healthy about the American public life. And so I am optimistic. And on this question of inevitability or choice - I just think it's such a cop-out to say that these things are inevitable. And I'm not, you know, saying that that's your view. I don't mean to insult. But you know, the choice that we made in the 1990s was that we would take consumer surplus, meaning cheaper consumer goods from China, even though that would mean that we lost millions of American jobs. That was a choice. Now, people might want to try to defend that choice. I think that's a misguided and wrong view, but it's at least intellectually honest. But what I can't stand is the people who say that that was not a political choice because it was. And I think this conference and conservatism in the new century and the realignment, as you guys call it, is going to be about making better choices. But to do that, you've got to recognize that we do, in fact, have choices, and some of them aren't necessarily political.

ENJETI: Well said. Thank you so much, J.D. Thank you for joining us.

KOSLOFF: Thanks for coming.

VANCE: Yeah. Thanks, guys.

ENJETI: Boom.

KOSLOFF: Cool.

(SOUNDBITE OF MUSIC)

KOSLOFF: Hey, guys. It's Marshall. Quick note before we leave - thanks for listening to the inaugural episode of THE REALIGNMENT. We're excited to bring you more conversations like this in the coming weeks and months. In the meantime, you can learn more about THE REALIGNMENT and the Hudson Institute's other projects at hudson.org. And if you enjoyed this episode, rate us and leave us a review wherever you listen to your podcasts. And we'll see you next week.

(SOUNDBITE OF MUSIC)