

Open Minds ... from Creative Commons

Episode 6: Albert Wenger of Union Square Ventures

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[Music: “Day Bird” by Broke for Free]

Ony Anukem: Welcome to *Open Minds ... from Creative Commons*. I’m Ony Anukem, CC's new Campaigns Manager. As you may know, it's Creative Commons’ 20th anniversary this year, and one of the ways we're celebrating is with this podcast, a series of conversations with people working on issues we're involved with and subjects we're excited about. On today's episode, my colleague Eric Steuer speaks with Albert Wenger. Albert Wenger is a German-American venture capitalist and managing partner at Union Square Ventures, a VC firm based in New York City. USV has invested in over a hundred companies that use the power of the internet to reshape markets, including Twitter, Etsy, Stripe, Tumblr, Meetup, and Kickstarter, among many others. Earlier this year, USV announced a 162-million-dollar climate fund. In Wenger's own words, the focus of this fund is investing in “companies and projects that provide mitigation for or adaptation to the climate crisis.” Wenger is also the author of *World After Capital*. The book is free and available at worldaftercapital.org under a Creative Commons license. *World After Capital* is an evolving digital book project that explores a set of megatrend shifts as the global economy moves from the industrial age to the knowledge age. Enough from me. I hope you enjoy this conversation with Albert Wenger.

Eric Steuer: First, I wanted to talk about *World After Capital*. It’s very influential in circles that I’m a part of where people are interested in improving access to knowledge, and I’m wondering if you could talk about the way that you publish the book — you know, as an open evolving project and under a Creative Commons license. How did you decide to publish it that way, and what was the rationale?

Albert Wenger: A big part of the idea of the book *The World After Capital* is that we need to accelerate the knowledge loop. The knowledge loop is where you learn something, use the thing you've learned to create something new, and then you share that new thing and other people can learn from that thing. And so I wanted to embed this knowledge loop in the

creation of the book itself, and it started with my publishing some of the ideas on my blog and then eventually moving over to a dedicated website and having that website backed by GitHub, and so all my changes are tracked there, and so people can see how the book has evolved. It also allows for people to make what's called a pull request, and people often make pull requests to fix small things like typos or to, you know, fix some grammar, and then I can simply merge those into the document.

Eric Steuer: And then in terms of things that are not small, like grammar changes, but more like ideas or new information, have there been examples of that sort of thing coming your way in this process, and how have you incorporated it?

Albert Wenger: Absolutely. People have made many contributions by writing to me. You know, there's an email address on the website, and people send me long emails saying, you know, "I think you're wrong about this," or, "Have you thought about it this way?" I mean, I just made a recent change onto the privacy section based on some feedback I had received over email, and I checked that in, and you can see what change I made. So yes, absolutely. It's not just the small changes. Those happen by a pull request, but large idea changes have also occurred over time, and they've been the result of feedback that I've received from early readers.

Eric Steuer: And then do you see a version of it where it's actually completed, or is it sort of perpetually?

Albert Wenger: Yeah, that's a great question. I know I am approaching a place where I sort of feel like I will make a print version available. You know, you can download a PDF today and print it if you want to, but I would like a nicely typeset print version, and I think that will happen actually this summer, so I'm pretty excited.

Eric Steuer: Shifting gears a little bit, Union Square Ventures is a firm that uses what you call a thesis-driven approach to investment, and I think there's some self-explanatory nature to that phrase, but I do wonder if you could explain what that means and how it's different from the way others might approach investment.

Albert Wenger: Yeah, so there are many ways of being successful in the venture capital business. You know, you could be very focused on momentum. You could be very focused on

just generating the most deal flow possible and our approach is a little bit more idea-driven, so we try and have ideas that we develop. Obviously, we don't develop them in a vacuum. We develop them through reading things and through conversations, and then we put these ideas out there, and then we interact with entrepreneurs and those interactions help us refine those ideas, and we have a core fund thesis, which is that we invest in broadening access to knowledge, capital, and well-being, and then we have a separate fund, the Climate Fund, that has a climate thesis, which is that we invest in companies and projects that help mitigate or adapt to the climate crisis.

Eric Steuer: So I've been very interested in your work in writing and thinking about climate, so more about the Climate Fund, you know, what is it and how does it work, and to the average person that might be interested in knowing what's happening in this sector in terms of what venture capital firms are doing?

Albert Wenger: Well, a good starting point is that most people are still misinformed about the climate crisis. They do not understand how imminent and how severe it is, that we are in fact in the climate crisis, that's not a future event, and that its severity has been underemphasized and misunderstood by most people. So I think that's a good starting point. The second point is that this is all about greenhouse gases in the atmosphere, and so we are extremely focused on, how can we emit fewer greenhouse gases going forward, and how can we take some of the ones that are already up there and bring them back down? Those things are all technologically feasible, and it is just a question of taking technologies that we already have and deploying them more broadly and then taking some other technologies that are sort of in the infancy and kind of getting them to completion. So let me give examples of both of these. Electric cars, we know how to build them. We just need a lot more of them, and so we need to make it cheaper, more affordable for people to buy electric cars, and that will happen in different ways. That will happen through more electric car companies competing with each other, but that might also happen through companies that develop retrofit solutions for existing cars, so you can take an existing car and convert it. On the other end, on the solutions that we sort of know but we need to really develop more, are things like how can we grow more biomass faster? When we grow biomass very rapidly, that is all carbon that comes down from the atmosphere, and so people are working, for example, on growing algae (or, if you're British, "algae," I suppose) and growing those, you know, more rapidly because that's all carbon from the atmosphere. So there's a lot of different things. There's not a single, "Just do this one thing and you've solved the climate crisis." In fact, it will require change, systemic changes, to pretty much all aspects of, you know, industry, home heating, the food supply chain, etc. Almost every aspect of what we do today is tied in one way or another to greenhouse gas emissions or the potential of [drawing those greenhouse gas emissions 07:27].

Eric Steuer: You mentioned that people are, there's a lot of misinformed people out there, there's a lot of misinformation out there, and I'm trying to think of the right way to approach this question, but I wonder if you have any thoughts about how.

Albert Wenger: Well, so yeah, one thing I often do is, I ask people whether they understand what a greenhouse gas is. Sometimes they do, sometimes they don't, but generally I will still explain it, which is it's like your car, you know, on a 70 or 80-degree day, it can get to be 110, 120, 130 degrees in your car. How is that possible? Well, it's because sunlight can come in and it can heat up the inside of your car, and then that heat can't actually escape, so it just keeps building up and building up and building up, and that's the glass of the car that makes that possible, makes it possible for the sunlight to come in. And effectively, we're doing the same to our atmosphere. We're turning our atmosphere sort of into glass in the sense that these greenhouse gases, they let sunlight come in, but then the heat, when the heat tries to escape into space, the heat stays trapped in the earth's atmospheric system, and so once people understand that, I tend to ask them a question which I tend to get them to try and estimate how much heat that is, how much extra heat we're trapping. And I usually ask them to estimate this in terms of the number of Hiroshima-sized nuclear bombs, you know. Do you think this extra heat that we're trapping because of greenhouse gases, "Do you think it's one nuclear bomb per year, one per month, one per day, one per hour, one per minute," and just let people sit with that for a moment. And, you know, many people will say, "Well, it might be something like," whatever, you know, "one per hour or one per day," and then I tell them that it's four per second, like every second of every day, the amount of extra heat that we're trapping in the earth's atmospheric system is four Hiroshima-sized nuclear bombs. And I call it the sort of alien invasion analogy. Like if you had space aliens and large spaceships hovering in orbit above earth dropping four Hiroshima-sized nuclear bombs into your atmosphere every second, we would draw exactly one conclusion, which is, they're here to kill us all. Right? Except that it's not aliens. It's ourselves, and it's not these bright shiny explosions. It's just all the molecules in the atmosphere, and especially the molecules in the oceans wiggling a little harder. Because the next thing people often ask, "Well, if it's so bad, like, why isn't it so much worse already?" And the answer is because 90-plus-percent of that heat has gone into the oceans, so we haven't really felt the most dramatic impacts yet because the oceans in a way have protected us by heating up, but that energy is there, and it gets released in certain events. Those events are, for instance, hurricanes and typhoons which draw the energy from the water. That's why they've been growing so much stronger.

Eric Steuer: And have you thought much at all about the ways that access to information and the openness of the internet and the way that everyone can kind of contribute ideas, how, obviously, there are so many upsides to that, but there are also these downsides in terms of misinformation traveling so fast, you know. Just, you're talking about very specific facts, but there's, you know, broadly just these notions that kind of masquerade as ideas that are pretty prevalent that may not have taken hold in the same way if the internet worked differently.

Albert Wenger: Yeah, I recommend that people read Martin Gurri's *The Revolt of The Public*. I don't agree with everything in the book, but I think it's a very thought-provoking and important book. I do believe that, you know, for a long time, we had a relatively small set of media that was able to control the narrative, and arguably (and this is a point that Gurri makes in the book), that media has failed us on fairly important topics, and as a result it has less authority today than it used to have, and politicians and also scientists have lost authority in part because they've overclaimed their knowledge in part, because sometimes they've leaned into things that were wrong and that were subsequently exposed as wrong, and when you now have a mass medium like the internet that is truly accessible to anybody and lets all ideas bubble up — including potentially very bad ideas — authority becomes very important, and investing in rebuilding authority is difficult. And, you know, even within the climate world of climate scientists not wanting to release the data, now, I think they came from a good place. They were like, “We don't want the deniers somehow misrepresenting our data,” but it actually just fuels the denial cycle. Right? Because some people are like, “Look, they didn't give the data out. Something must be wrong.” And so I think that there isn't an easy answer, there isn't a silver bullet to fixing the authority problem, but a starting point is acknowledging that at varying times, the existing institutions have overclaimed and have been wrong and then have failed to admit that they were wrong and just gone on. And I think that it's hard to have authority when you are caught being wrong and then not even acknowledging that you were wrong. And the coronavirus crisis offers many good examples of this. I mean, early on, the World Health Organization and the CDC were like, “No masks. No, masks are bad. Don't bother with masks,” when kind of it was sort of already clear that there was a bunch of evidence that this might be airborne. And so, you know, one shouldn't be surprised that a subsequent, you know, 180-degree reversal by the authorities doesn't exactly help with instilling confidence in the narrative. So in my mind, a better approach — whether it's in COVID or climate — is to sort of say, “Look, here's some things that we don't know. Here's some things we're speculating about. Here's some things we are afraid of. Here's the data that we're working with this.” You know, like we could have said early on, “We're not sure whether the masks are going to work or not, but actually, it seems very little downside, so why don't we try masks?” You know, and then that might have been a much better approach, and I think the same is true for climate. You know, I think if we didn't approach it and say, you know, “This is like definitively this way or another, and this is the only solution,” or that... Like, within the people who want to solve the climate crisis, you know, there are huge rifts between people who are like, “Renewables only,” and then other people are like, “Nuclear only,” and to me it's sort of like, well, we don't really know. You know, we've made huge progress on renewables, incredible progress in renewables. Well, that probably means we should be doing more renewables, but does that mean we should do no nuclear? It doesn't feel like... Conversely, the people like, “It's got to be all nuclear, and renewables aren't working,” there's not a lot of evidence for that either, so I just feel like we were more honest about what the level of evidence have, why we're making certain conclusions. I believe that's a part — it's not the only thing, but it's a part of rebuilding authority, genuine authority, in a world where false narratives are easily exposed as false.

Eric Steuer: Yeah, I heard someone describe the authority problem recently as being, at least in one example, that scientists or policy-makers will say, “Trust the science,” but often what they actually mean is, “Trust the scientists,” these people especially that are out there developing these kind of personalities around themselves, and they have a vested stake in being right and providing leadership, but they're not talking about trusting the science. They're talking about investing in “me as a person.”

Albert Wenger: Yes, and that gets you dangerously close to, back to religion right. I mean, some people refer to this as scientism as opposed to science, and I think that's a spot on criticism. We don't want to elevate a new priestly caste, you know. We want to have the fallibility of the scientific process. We want to have the, “Here's what I'm basing this on. Here's my level of confidence. This may be wrong. Here's why it could be wrong,” the kind of things we don't hear very often. And so yes, it's important to get back to science and fallibility and move away from, “Trust me; I'm a scientist.”

Eric Steuer: You mentioned that the fund differentiates between mitigation for and adaptation to the climate crisis, and most efforts seem focused on mitigation, but you explicitly call it adaptation, so in broad strokes, what are you hoping to see in terms of ideas on the adaptation front?

Albert Wenger: Well, there's a couple of areas that we will need adaptation in. One is, it's already getting hotter in many parts of the world. So I grew up in a part of Germany where, call it, a 95-degree day was like considered a hot day when I was growing up. They routinely have 110-degree weeks, and I keep trying to convince my parents that they should get an air conditioner every year. Like, “It's not so bad,” and then we hit summer and they're like, “Oh, it's terrible. It's like so hot.” [laughs] So...

Eric Steuer: Yeah, when I grew up, if it was 95, we just, we wouldn't go to school, like...

Albert Wenger: Yeah, exactly. Exactly, and it's weird to me how people have forgotten this. We would literally get out of school at 95, and now it's 110 degrees for a week at a time or two weeks, so there's some weird like cognitive dissonance or decay that takes place here that I don't fully understand. So one part of adaptation is, we're going to need more air conditioning for more people, and of course, we need to do that right because air conditioning

draws a lot of electricity, and it also uses refrigerants that if you use the wrong one and they leak, they actually contribute significantly to the greenhouse gases. So that's one type of adaptation. Another is, people don't think enough about the safety of our food supply because it's just food... You go to the supermarket and food shows up. I mean, people start thinking about it when you get something like the pandemic and suddenly the shelves are empty, but, you know, pretty quickly the shelves were refilled and, you know, there wasn't like some sort of mass starvation event that occurred, but our food supply is not as safe as we'd like to believe, and it depends directly on the climate. You know, we need the sun to shine in the right places. We need it to rain at the right times. And so another part of adaptation is, how can we secure the food supply chain? And that involves, you know, again, not a single solution, but indoor farming is one example of a more secure supply because it's not dependent on... You know, you control the amount of light, you control the amount of water. Those are two examples of the type of adaptation that we believe will be important.

Eric Steuer: In the first post that announced the Climate Fund, you called it a, you know, it was very specifically articulated as a venture fund. I think you called it a straight-up venture fund, and that's notable because it approaches climate solutions as being an opportunity for investors and entrepreneurs in the same way that other kinds of business ventures might be. So why was that important to you to articulate that piece of it?

Albert Wenger: Well, because we didn't raise it as an ESG or triple bottom line fund, or, you know, we didn't tell our investors, you know, this, "Here's the sort of impact reporting that you're going to get." And one of the reasons is that we think that it's genuinely virtually impossible to understand impact at the stage that we tend to invest. Right? Obviously, we invest in things that we think are going to be big. I mean, otherwise, why bother, right? But how big they will actually be at the stage we invest is sort of very hard to predict, so it seems slightly silly to try and come up with precise estimates — or even any estimates, frankly — of like what the carbon impact of some specific technology is. Like if the technology succeeds wildly, it might be huge, and if the company runs out of money, it might be zero, so like, I don't... What's the point of trying to sort of report on this prematurely, I would say? I always remind people when we first... We were the first investors on Twitter. When we first invested in Twitter, many people were like, "This is the silliest thing. Who wants to hear what somebody had for lunch?" And then some of the same people were like, "This is the most devastating thing because the President of the United States is ruining the world by Twitter." And so, you know, it's a great example of how some of the same people were first underestimating the impact of Twitter and then maybe later on overestimating the impact of Twitter. I think let the proof be in the pudding, and let's see what happens. Let's not spend a lot of our time in the early days trying to guess at how impactful something will be. Obviously, we're doing things because we think they'll be impactful.

Eric Steuer: And then do you see entrepreneurs as being the key drivers in solving the climate crisis, or just a component of the solution?

Albert Wenger: Well, I believe it's never just one or the other. So this isn't just a, you know, fund a bunch of entrepreneurs and everything will be fine. Government has a big role to play here in multiple forms. Government needs to fund certain types of research that are not going to get funded by the private market. Government needs to pass regulations such as banning vehicles from burning fossil fuels. You know, China, for example, went very far very quickly there. You can't get an internal combustion engine car licensed in Beijing if you try it today. Then, you know, we need to price carbon more generally. As I was saying earlier with regard to renewables versus nuclear, I think it's when you have a problem of this magnitude, it's very silly to sort of think that it's going to be solved by any one group on their own. This is the largest threat that humanity has faced basically since inception other than maybe, you know, what Sir Martin Rees, the Astronomer Royal, calls death from above. So, you know, some huge space rock hurtling at earth, and it's going to take all hands on deck to solve it.

Eric Steuer: And as we, at Creative Commons, think about how we engage as a non-profit and help develop solutions around the climate crisis, I want to know what you think about how non-profits and charitable foundations, what they can learn from the private sector and perhaps even specifically technology companies or the sort of entrepreneurs you're typically working with.

Albert Wenger: Well, I think it goes both ways. I think entrepreneurs too can learn things from certain, you know, things that foundations and non-profits do. In particular, I think when it comes to Creative Commons, understanding that the sharing of knowledge and the sharing of creative art is what lets us make progress more rapidly feels extremely important. So in this particular realm, it feels to me like companies being more open about what they're doing, why they're doing it, scientists being more open on getting research coordinated globally faster as opposed to saying, "Well, we're going to just sit on this for a while we file every single patent we can possibly think of before we publish it," I do believe it's very important that... You know, take something like nuclear fusion, which we don't yet know how to do, but if we knew how to do it, could provide us with very clean, very dense form of energy. I believe it's crucially important that companies try to collaborate, that they try to publish as much as they can on what works, what's not working, because again, yes, we want to figure this out, but we want to figure out fast, and there's a premium on speed here, so collaboration can help with that.

Eric Steuer: Switching gears again, you mentioned the creative arts. One of the things that we're interested in exploring, just like everyone else, is the idea of unique digital assets. One of the things that our creator community has always struggled with or we've always struggled with the conversation around is, how do you make things open and freely available but also create robust business models around what you do, and I'm wondering if you have thoughts about the direction of NFTs and similar types of innovations.

Albert Wenger: Yeah, so NFTs feel like an important breakthrough when it comes to the creation and sharing of digital art by truly kind of separating the artwork itself and one's ability to view it or potentially copy it from the sort of notion of authenticity and owner... and authorship. And so this feels like an important new development. We're still in the early phases of this, but you could envision, for example, if you take music, in music historically, you know, if you sample and you include some samples, there's a very convoluted side process for how you might compensate people for this. You could envision something where the samples are actually, come with their own NFT and so it becomes very easy to keep track of which beats or rhythms you've included in your song, even to the point if all of this lives on chain eventually, where the business model is completely baked in so every time that song gets played or sold, some tiny amount of money flows back to the original creators. These are interesting ideas that are floating around, and I think they're very much worth exploring, so it feels like an exciting time when it comes to digital creations. And the beauty, again, is that it's still possible to do all this in a permissionless fashion. Right? So most of the prior schemes basically involved somebody doing the permissioning, and so you had to apply and you had to say, "Could I please use this, sample this, you know, remix this?" And if they said "No," then that was it, whereas here, all of it, the fundamental premise of it is that all this happens in a permissionless fashion. And that's pretty important to the knowledge loop that we talked about earlier because so much of it, you know, when you have gatekeepers, so much of that knowledge loop is basically precluded or slowed down by those gatekeepers, and so permissionless reuse of creative, and maybe also eventually scientific and other information, feels like a major unlock for humanity.

Eric Steuer: And then, of course, there is a connection between, you know, this conversation and climate. I'm wondering with, you know, just the environmental impact of things like cryptocurrencies and NFTs if you're seeing any interesting thinking around how to get to a place where that those sorts of systems can be created with much less of environmental footprint.

Albert Wenger: Yeah, so, I mean, this is obviously a fairly involved topic, but I would say briefly there are already many Proof of Stake systems out there that don't have a big environmental impact, so we're really only talking about the Proof of Work systems, of which

there are really only two that matter, Ethereum and Bitcoin. Ethereum is in a process of transitioning to Proof of Stake, so that leaves Bitcoin, and within Bitcoin, there are some fairly interesting ideas for how to make Proof of Work be something that could actually be used to bootstrap clean energy assets. So I think sometimes people go, “Oh, it burns a bunch of electricity so it has to be bad instantly,” but just to give one example of how this could theoretically work is, when you're starting a community solar project, today you have a chicken-and-egg problem. You have to first convince people that they should sign up and buy the electricity from you, then you use those commitments to go finance the solar array. With Bitcoin mining, it becomes possible, potentially, to build a solar array, initially use the power to mine Bitcoin, and then start selling it, and now your selling proposition is a lot stronger, which is, “I actually have the solar arrays right here. You can look at it. Just sign up.” So I believe the dialogue around this has been lacking in the, again, sort of willingness to engage with another position honestly and not to overstate, overclaim one's own position. You know, it ties very much to this question that we had earlier around this discussion of authority. I'm not saying, “Oh, there's no problem with Bitcoin,” but I'm also not saying, “Oh, my God, Bitcoin is evil because of Proof of Work.” I just think that the challenges are more interesting, actually, and funnily enough, in my mind, always is, if you are willing to engage deeper, it becomes more interesting rather than less interesting.

Eric Steuer: Thank you. And then my last question is, what would you tell the average person who's interested in fighting against the climate crisis but feels like it's, they don't know where to start?

Albert Wenger: Well, a good starting point is just to inform yourself better and then to form a group with friends. I believe one way to go from, you know, just being overwhelmed to figuring out a course of action is to, you know, invite a group of friends. You may go read a book, you may watch a presentation, you may watch a movie, and you may say, “Okay, here are some actions we're going to take,” and they could range from the very small, very local, you know, changing your light bulb if you're still burning incandescent light bulbs, you know, all the way to, you know, participating in activism or changing your job. So feels like there's a wide range of ways to engage. On my blog, which is at continuations.com, I actually have a recent post that talks about the various levels and spheres of actions that [unclear 28:02].

Eric Steuer: Okay. Well, thank you so much for your time. Appreciate all your insight and thinking on a wide array of subjects.

[Music: “Day Bird” by Broke for Free]

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