

**All-In Podcast #50 - Crypto investing deep dive, Facebook's whistleblower fallout,
Chappelle's new special & more**

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Chamath Palihapitiya

Our daughter's head has dropped because - our doctor she - she felt the head and she was like, "Yeah, it's..."

David Sacks

Hey, Chamath, whose head has gotten bigger? Yours or your daughters?

Chamath Palihapitiya

What do you mean?

Jason Calacanis

Don't quit your day job, Sacks.

David Sacks

That didn't quite land. That didn't quite land.

David Friedberg

He's trying out material. Total flop.

Chamath Palihapitiya

We are not in rhythm. You know why? It's mercury retrograde. Our 50th episode is gonna suck because of this.

Jason Calacanis

Here we go. Three, two... Alright, the Facebook whistleblower hearings occurred and Facebook -

Chamath Palihapitiya

No, wait - wait, where's your, "Hey everybody, hey everybody, hey everybody!"?

Jason Calacanis

Hi, everybody - huh! Three, two - hey, everybody welcome to another episode of the All-In Podcast episode 50. We made it to 50.

Chamath Palihapitiya

Cinquanta!

Jason Calacanis

Thank you. Thank you. Cinquanta! Nobody expected us to make it here. We are - we've made it and everybody is thrilled to be here with you and thank you for the support over the first 50 episodes.

Chamath Palihapitiya

One episode closer to getting canceled.

Jason Calacanis

One episode closer. Man, how great would it be to be canceled and never have to work again. Oh, that'd be wonderful. Okay, so Frances Haugen revealed herself on Sunday night on 60 Minutes and then appeared before the Senate on Tuesday.

Chamath Palihapitiya

Wait, don't we get our own personal intros? Or no, we're done with that?

David Sacks

Hahaha.

Jason Calacanis

Oh - I mean - you're unbelievable.

David Sacks

Doesn't the audience know us?

Chamath Palihapitiya

Mercury retrograde - Mercury retrograde.

Jason Calacanis

It's mercury retrograde. I'm all fucked up.

David Sacks

Doesn't the audience know us by now after 50 episodes? Do we really have to put a - do we have to put a -

Jason Calacanis

I - anyway - everybody loves the intro. Three, two -

David Sacks

What?! What?!

Jason Calacanis

Alright, with us again this week is the Rain Man himself, David Sacks and The Queen of Quinoa, David Friedberg -

Chamath Palihapitiya

I love the intro!

Jason Calacanis

Of course, The Dictator, Chamath Palihapitiya and I'm your boy J. Cal.

Chamath Palihapitiya

Sacks I gotta say I think - I think your AUM is positively correlated with the bags under your eyes.
Hahaha.

David Sacks

Hahaha. If you mean it's getting bigger you're correct.

Chamath Palihapitiya

I mean - washed.

Jason Calacanis

They're hang -

Chamath Palihapitiya

Good lord.

Jason Calacanis

They're heavy. They're heavy - dragging you down.

Chamath Palihapitiya

That's where you're hiding all that Solana in your - fucking under your eyes. Jesus.

Jason Calacanis

You better clear that Solana position. What's your lockup? 24 months?

Chamath Palihapitiya

Fuck no! He's trying to sell it to me on text message!

David Sacks

Yeah, of course he is.

Chamath Palihapitiya

We're - we're negotiating discounts.

Jason Calacanis

I just had the founder on the pod.

David Sacks

Hey! You're fucking the whole thing up.

Chamath Palihapitiya

Bro, you don't - you don't think -

Jason Calacanis

Hahaha. You don't buy his scheme? Hahaha.

David Sacks

I'm HODL-ing. I'm HODL-ing.

Jason Calacanis

You're not holding.

Chamath Palihapitiya

You think I'd buy \$100 million of anything without a discount? Everything is a discount.

Jason Calacanis

Everything's discounted. You want to clear that position in an LLC -

David Sacks

Are you saying I got a billion dollars of Solana?

Chamath Palihapitiya

No, bro I'm saying I have one. But, you know, I brought it at a discount.

David Sacks

But, you're holding, correct?

Chamath Palihapitiya

-ish.

David Sacks

-ish? Okay. Yeah, me too. Hahaha.

Jason Calacanis

Well, I mean - if something appreciates - at what point is the appreciation in asset that you've invested in early something you need to - you know - at least clear a position of then lock in a win. I mean - what's enough? 100x? 500x? You gotta at some point, bank a win, right?

Chamath Palihapitiya

Well, I think you have to put things in a bucket of like - is it an investment? Or, is it something that represents an idea that you love so much? If it's the latter, you should never sell. If it's the former, yeah - you got to manage risk and trim.

David Friedberg

Or rather, you know - is it a trade? Or, is it something you want to own?

David Sacks

By the way, let me just clean this up - because Solana was not a direct investment for us. What we did is we invested in - in a crypto venture firm called Multicoon Capital. This is back in 2017. We realized like - crypto is becoming like a full-time job for us. It was a total rabbit hole and we were like, "We don't have time to figure out this like - 24/7 trading stuff. But, we met Kyle and Tushar, who were these two young guys. We met him through Vinny Lingham, actually and they were creating Multicoon Capital and we actually invested. We gave him a million bucks at a 20 cap to help set up their firm. And then, we invested in their - they had a - both a venture fund and a hedge fund. And they were like - the first money into Solana.

Jason Calacanis

Ah.

David Sacks

So, that fund - I mean - it's like a 100X fund. It's just like - bonkers.

Jason Calacanis

Crazy.

David Sacks

And so, as a result of that, we are indirect beneficiaries of this huge increase in Solana. It will end up being about - you know - a billion dollars of - I think - Solana for us, in terms of returns. But - but it's the Multicoon guys determine the trading decisions on that.

Jason Calacanis

Yeah. And so - for people who don't know, Solana is a programmable - you know - Ethereum competitor - I guess. And it's at \$50 billion or so market cap - was trading at a \$1 not long ago. And now, it's at \$164.

David Sacks

It's an Ethereum competitor, basically, for - you know - smart contract platform. And there's a lot of people - I'd say smart money and Silicon Valley - who are betting on a flipping, where Solana could ultimately overtake Ethereum as the preferred platform. But, even if it doesn't overtake Ethereum, it - you know - it's the #8 cryptocurrency, right now. You know, it could go - there's a lot of people betting it'll go to #3 - or you know - what have you.

Jason Calacanis

Additionally, it is a fraction of a penny for a transaction and it can do many more transactions than Ethereum. So, it's - you know - technically should be much cheaper if you're buying NFTs right now.

You're probably spending - you know - tens of dollars - you know - in fees on Ethereum, whereas if you did those same NFTs - which some people are starting to do on Solana, they would cost a fraction of a penny. Correct, David? Or Chamath?

David Sacks

Yeah, I think the platform is - is known for being a faster, cheaper - you know - blockchain.

Jason Calacanis

Really, really congratulations. And if Vinny Lingham's Instagram is any indication, he did pretty well because his Instagram suddenly turned into a world tour on private jets.

David Friedberg

Yeah, he's like, "Which - which - which private - which island should I buy?"

David Sacks

Well, look - Vinnie was - sort of like a - I don't think he's full-time at Multicoin, but he was sort of a venture partner to Kyle and Tushar. And he helped set them up - this is back in 2017 - he helped bring us in as the first investors. And I mean - for us, it was sort of a founder bet combined with a - like - a team - like sort of a space bet like - we knew the cryptocurrencies were starting to be traded 24/7. We knew it required more of like - a hedge fund skill set than what we had. And so, we made - you know - we made a bet on those guys and man, that -

Jason Calacanis

That's one of the nice strategies, right Sacks? Is if you are LP-ing in new fund managers - which I've done a couple of times now - you get to learn from them and basically dive into a dataset of a new market, right? I mean - it's like one of the nice things about being an LP in a fund is you can place a small bet - whether it's 50k, or 500k, or 5 million - whatever it is - you - you get like this meta-education of an entire sector, correct?

David Sacks

Yeah, but I think - you know - we didn't do it to learn from them - although, we have. It's more that we realized that crypto was - like I said - becoming such a rabbit hole like - it - we realized we would either need to do crypto full-time as a fund or we would need to like - partner with people who actually did. And you see that with like - a lot of VC firms now - is they're creating like - specialized crypto funds or at least they have specialized crypto partners. There's so much to know about the crypto world. It's a hard thing to invest in unless you're like - totally focused on it.

David Friedberg

I've struggled with that like - I've tried to go deep on a couple topics and like - I realized, "Holy shit. I've been in this for like 4 to 6 hours just trying to learn this stuff." And I'm not like there and then I feel uncertain about making any decisions. I - I totally get it. I mean - you got to have folks like -

working on this. And the - the - the pace is changing so rapidly. You really need to kind of be up-to-date on what's next. It's - it's really - really challenging.

Jason Calacanis

You know what the other - the other issue - Friedberg - is when you look at crypto, people use the word "crypto" as if it's like - that's all there is.

David Friedberg

Totally.

Jason Calacanis

Crypto is like - distributed computing, e-Cash, cryptography - you know - financial modeling or building new economic systems. Chamath?

David Friedberg

There's business model innovation. There's technology innovation. There's economic innovation. It's -

Jason Calacanis

Distributed computing innovation, cryptography -

David Friedberg

Yeah, infrastructure - infrastructure, hardware - I mean - there's - there's quite a lot of Layers of activity. Chamath, are you spending time in crypto yourself? Or, do you have people doing it for you or how are you kind of understanding -

Chamath Palihapitiya

We have - look we have - we have a lot of it - a lot of - a lot of everything. So yeah, we have things in -

David Friedberg

But, do you go deep yourself, Chamath? Like, how do you spend enough time to really get up to speed on all the goings on?

Chamath Palihapitiya

I cherry-pick and I snipe and opportunities where I get intellectually curious and jump in. But, a lot of the credit goes to my team. There's a couple folks that spend a lot of their time in it. And you know, we've - we've had a couple people do extremely well for us. You know - similar - similar to David's story - back in the day, you know - I invested in Barry Silver and DCG.

Jason Calacanis

SecondMarket Barry Silver.

Chamath Palihapitiya

Yeah. And you know, DCG is now - I don't know - I'm guessing a \$20 billion company - maybe more. I don't know.

Jason Calacanis

So, how does it mechanically work with your team? They - they are investigating opportunities and then they come to you and bring you - you know, "Hey, we'll do a meeting and I'm gonna share four with you." And then, you say, "Hey, let me go on the phone with that guy."

Chamath Palihapitiya

No.

David Friedberg

Do you basically go deep - go deep when something shows up, Chamath?

Chamath Palihapitiya

No. So - so basically, what happens is they have carte blanche to do whatever they want and what they're typically doing is they're working with entrepreneurs to seed projects and - you know - to - to - to get projects off the ground. And then, at some point, when those - when those projects become deep - large enough - then they'll issue tokens and - you know - we'll get a certain allocation of those tokens. And so, we've done that for - you know - call it - I don't know - some number of projects that we think are valuable. Then, along the way - you know - they'll have certain views on Bitcoin. They'll have certain views on Ethereum. They'll have certain views on Solana. And we'll make capital allocation decisions. They tend to have the ability to do whatever they want. And then, what I tend to do is just think about - when it gets above like - it - to me, I need to see the chance to make at least - you know - in the rough justice, around - you know - 500 to a billion dollars. And then, I'll get involved. But, otherwise, they just kind of run the whole thing.

Jason Calacanis

Let me ask you guys a question here. You know, when you look at the market caps of these projects, it seems like things are changing. Cardona - or Cardano - is #3 now. And Tether still remains #5. XRP still #6. But, Solana -

Chamath Palihapitiya

I would encourage people to not look at it like that. I think looking at it as a ranked list betrays what it is. So - you know - I'll give you a simple example. Let - like - like that compare the - the fate of two projects. Or actually - right now, there's a distributed form of Discord that's being built.

Jason Calacanis

Discord, the chat app - very popular amongst gamers.

Chamath Palihapitiya

Yeah. In a - in a completely distributed way with an integrated crypto wallet. Because if you look at Discord, it's really two cohorts of people. There's gaming and there's crypto, right? So -

Jason Calacanis

Those are the two big ones, yeah.

Chamath Palihapitiya

So, you know - that's an example of a really interesting product that has some real potential. Then, if you look at something like DeSo - DeSo is a decentralized social programming framework. Then, if you look at something like Helium. That's completely about building a large distributed - you know - connection of - of on-ramps to the internet - so internet connectivity. So, those are three completely different ideas with three completely different paths to success. If to invest in those tokens you have to believe in three totally different sets of things.

Jason Calacanis

Yeah.

Chamath Palihapitiya

So, to look at it on a ranked list and just buy something because it's cheap is stupid.

Jason Calacanis

Yeah - yeah - I know.

Chamath Palihapitiya

I'm just gonna be blunt. It's stupid. Don't think like that.

Jason Calacanis

That wasn't really my question. My question was - you know - we - we have an extraordinary number of the public who've invested in Bitcoin and Ethereum as #1 and #2 and those projects feel - maybe - stagnant when compared to the dynamism of what I'll call - you know - the projects launched in the last 3 to 4 years.

Chamath Palihapitiya

Because they're at a different - no, no, no. But, you're talking about confusing - again, that's what I mean. Those are layer-one protocols, right? Meaning - they are at the core substrate of how all of crypto is going to work. Then, you have these other projects that build on top of these things in different ways or build around them. So, my point is if you don't have - if you don't want to take the time to understand which layer-twos you want to own, and which layer-ones you want to own, and why, I think you're much better off -

Jason Calacanis

I understand your point. My point is -

Chamath Palihapitiya

Buy an ETF or something else because there are - there are - there are ways to own these things. So, for example -

Jason Calacanis

David - David - Solana is - does not need Ethereum to exist. So, my point is, do we - do we see a day when - this - you know - the past decade has been about Bitcoin and Ethereum. Do we see a day when - maybe - people stop buying those and start buying these new ones.

David Sacks

Anything's possible. But, here's - here's - here's the evolution in our thinking. I mean - the first step was realizing, "Okay, we need to own Bitcoin." Why? Because - you know - there's now enough evidence where - what like a decade - and we're more than a decade into this - nobody has been able to essentially counterfeit a Bitcoin. It is - you know - new money. It is - it is better money. So, if you - but it's a - I'm not going to convince people right now of the argument for Bitcoin - but, if you believe in it - that's sort of the first step - is you realize, you really need to have 1-2% of your portfolio in Bitcoin in the event that fiat money - sort of - becomes debased and eventually moved to crypto. Then, you realize, "Well, wait a second. Bitcoin is just one application of blockchain. So, there's a bunch of applications of blockchains. So, maybe we need to own not just - sort of - you know - digital money. But, we also need to own the underlying blockchain platform and that leads you to Ethereum. Then, you realize that there's a bunch of competitors to Ethereum and it's still very early days and one of those guys might - might ultimately displace Ethereum as the blockchain platform. Then, you realize that there's all these applications on top of all these blockchains and so - you know - the conclusion I come to after all of that is I can't figure all this out and forget - well, maybe I could if I was willing to go back to school and like - make this a full-time job - which I just don't want to do. I mean - I'm lazy and that's why I focus on SaaS. Like, that's what I know -

Jason Calacanis

Your kill zone.

David Sacks

Yeah - like - I'm not going to reinvent myself as an investor.

Jason Calacanis

It's like you playing hold 'em vs PLO.

David Sacks

Right, right - exactly. So, but this is why we partner with Multicoïn Capital. So, what I would just say is like - the idea that you, as an individual investor, are gonna like - you know - pick off the one

cryptocurrency here or there to invest in - I mean - that's gonna be a lottery. I would - I would find a manager basically who is really good - who is a track record - who understands this stuff.

Chamath Palihapitiya

Our approach is to hire very young, extremely technical computer scientists and mathematicians to basically do the work. That's - that's working.

David Sacks

Yeah, and - you know - one of the things that I think these guys do and the reason why it is very helpful for the big computer scientists is these are all open source projects. So, they go look at the repos. Just go look in - at - go look at what -

Jason Calacanis

You can actually see the changes being made.

David Sacks

Yeah.

Jason Calacanis

And this is like - do you realize there's only 12 people who are actively working on Solana in the - in the -

David Sacks

But, you need to - you need to look at all the code check-ins. You -

Jason Calacanis

And seven of them work for Solana.

David Sacks

You need to look at all the code check-ins. You need to look at the velocity of the code check-ins.

Jason Calacanis

Yeah.

David Sacks

So, you can see like - how many projects are being created on these platforms.

Chamath Palihapitiya

The white papers are also really exceptional like - if you - if you read these white papers, they are - they're - they're - they're really incredibly thoughtful and - and well-written and you can really understand what their goals are and you can make some informed decisions there. But again, if you're not going to be in the business of being in this ecosystem - because I think David's right.

Everything is moving so fast. What's successful today could be just a dog tomorrow and vice versa - that I think speculating in this market will - not only will it be super volatile but more than likely you're going to lose all your money. So, I would encourage people to not speculate in crypto. I would encourage you to figure out a - elegant way of having an abstracted bet if - to the extent you care about it. And by the way, in the UK for example, there are ways where you can own publicly traded mutual funds that give you exposure to this. It's just simple.

Jason Calacanis

Like ETFs.

Chamath Palihapitiya

Yes.

Jason Calacanis

Yeah. There are mutual funds of crypto.

Chamath Palihapitiya

Do the work. Find these mutual funds. Just own those things and let somebody else do the hard work because this is too - it's too hard.

David Sacks

Some of the other investments we made back in 2017-2018 timeframe - one was a company called, Bitwise, which was creating an ETF for crypto. So, it's a - a monthly rebalanced portfolio of - I think - the top 10 cryptocurrencies. And you could buy it. They finally got approved by the SEC and you can buy it - like it - like - with a ticker symbol from your E-Trade account.

Jason Calacanis

Buy it in Robinhood or E-Trade.

David Sacks

Exactly. So, that was - that was pretty incredible to see the progress they've made. And then, the other big bet we made was just institutional custody. Back in 2017, we invested in BitGo. Actually, Bill Lee helped found that company many years ago and then that became last year - Galaxy announced a deal to acquire them for - I think - 1.2 billion - largest crypto acquisition to date. The thesis there was just that crypto would go more institutional and I think we're starting to see that now - where endowments and so on are realizing they need to have some portion - maybe 1-2% of the portfolio in crypto. And so, you know -

Chamath Palihapitiya

It's unrealistic. Look, we have two - almost three - trillion dollars of market cap in crypto. It's unrealistic for folks to expect people to be able to be living in Discord channels and doing all of this work. I think what that means is that the SEC is going to be asked increasingly more often to

approve simpler on ramps for this stuff. And now, in the last week by the way, we had a pretty important - two things happened. Both Jerome Powell and Gary Gensler basically said, "Crypto's here to stay." And you know, "We're not gonna ban this stuff." And so, hopefully what it means is that you get some ETFs passed in the United States - you know - Grayscale is one. There could be more. And I think that stuff makes it much easier for folks to own this stuff.

Jason Calacanis

Well, clear regulation would be a great thing for the industry - for people to buy into it and removing some of the - let's call them - I don't want to say bad actors - but people who are maybe questionable like Tether. You know - I don't know if you saw the Bloomberg story yesterday, but - you know - a Bloomberg reporter basically found out that Tether - he got the list of what Tether owns with their stablecoin and it looks like they're giving a lot of loans to other crypto projects and own a lot of Chinese paper - in that they are basically making the float on 69 billion dollars - sweeping it - which then incentivizes them to take risky bets because they get paid on them and it's anything but a stable coin if you think about it, from that regard.

David Sacks

I don't know the details on Tether so I won't speak to that. But, I'll say that any stable coin - if it's not 100% backed by dollars - if that's a currency that's going in and out or -

Jason Calacanis

Yeah.

David Sacks

- or other hard currency. That's not a stable coin.

Jason Calacanis

Right.

David Sacks

You know, a stable coin is supposed to be a service. It's not supposed to be a - a speculator's currency. It's basically just supposed to be a mechanism by - at the on ramps and off ramps of the crypto ecosystem, you can convert your dollars into a temporary - again - stablecoin that will hold its value -

Jason Calacanis

Poker chip.

David Sacks

- until you can - a poker chip that you can use to then buy Bitcoin, or Ethereum, or whatever.

Jason Calacanis

Yeah, USDC - USDC - Jeremy Lair's -

Chamath Palihapitiya

Circle.

Jason Calacanis

- competitor from Circle just said that he would switch to a 100% to what you're saying - cash or cash equivalents.

Chamath Palihapitiya

It - guys, this is - this has always been a money market fund. It should be -

David Sacks

Right.

Chamath Palihapitiya

- treated like a money market fund and it should be regulated and managed like a money market fund

Jason Calacanis

Which was Tether's original vision -

David Sacks

Totally agree.

Jason Calacanis

- and then they flipped the script because I think they got greedy. And now, they own - I think - 3-4% cash equivalents.

David Friedberg

And because they weren't regulated. By the way - by the way, it speaks to the role of regulation like - you know - a lot of people have trust and faith because they make some claim. But, there's no regulator actually checking on their claims and -

Chamath Palihapitiya

The only people that want regulation are two ends of the spectrum - so young and so disruptive, where they want rails to operate legally - and so big and so over the top that they want to basically entrench themselves for the rest of their lives. That's it. No - everybody in the middle, doesn't really want regulation.

Jason Calacanis

Well, what's a - what's a way to create -

Chamath Palihapitiya

But, if you're a crypto company or if you're big tech, you both want regulation.

David Sacks

Well, but the - the - yeah - well, there - but there - there are some narrow cases like - again - you know - if - if - if a stablecoin is gonna say that, "We are just a money market fund. We're a 100% dollar reserve." It is really nice to have a regulator - somebody we trust to go in there and put the stamp -

Jason Calacanis

Yeah. FDIC.

David Sacks

- of approval on it so that we can trust it.

David Friedberg

Or an SRO.

David Sacks

Like, that is - that is a valid role - I think - for a regulator.

David Friedberg

In traditional financial markets, you have the self-regulating bodies - um - I think - FINRA is a self-regulating body, right? And so, you know - some of these self-regulating bodies should be formed in the crypto community. I don't know if they're doing this. I'm so naive in the space. But, certainly it would make sense to have an SRO form that - that does self-policing effectively within the community rather than try and bring in a government regulator.

Jason Calacanis

Well, here's the thing. If you police yourself you can really define the execution and the ramifications of that policing.

David Friedberg

If you have 30 - call it - competitors and cooperators in the - in the market space doing this together, it can be a highly effective model for creating a system of trust and reliability and not having to - you know - bring in - you know - call it outside incompetence - to overseeing the rules and rights.

David Sacks

Yeah. Another area we need standards is around the token cap tables for these projects, right? So, how much - how much of the token cap table goes to the founders? What are the rules around them selling? What are those vesting periods? And what are the disclosures around them selling? In public markets, we have 10b-5 so, if you're an insider who runs these companies, you have to disclose when you're selling. There's no similar rule for crypto. I think there probably should be, right? Like, if you own the - if you own the token and you run this project as publicly traded and the public can buy it, you should really probably have to disclose your - your sales.

Jason Calacanis

Yes. And maybe, you know - these - it's very strange because they're running foundations and I had a crypto person on from a music crypto project and he said they had like three or four hundred million in this project in Panama. I was like, "Who's on the board of that?" And he's like, "I can't say." And I'm like, "Why can't you say?" And he said, "Security reasons." I was like, "Well, anybody who's on a public board has to be public." And of course, they have security - you know - people who are on the board of GE, or IBM, or Amazon - they have security issues. Like, they deal with their security issues - that doesn't mean they don't disclose who they are. They said, "Yeah, I'm not comfortable saying who they are." And it's like, "Okay. Well, they sold three or four hundred million." I was like, "How do they give that money out?" I'm like - he's like, "I'm not sure. I'm not on it." I'm like, "What?!" Like, there's some organization in Panama that's - it was really weird and I think you're right.

Chamath Palihapitiya

The one thing I'll say - positively - about about these crypto founders is that they will never allow a single venture investor to clog up their cap table, number one. They do a great job of creating these large broad syndicates of participation when they seed their projects. And then, you know - a lot of it goes into treasury where then they issue coins, as needed. And I think that - that strategy actually is very pro-employee and pro-ecosystem. So, you know when we see these projects, all these companies tend to raise - you know - 3, 4, 5 million bucks. It all tends to be it like 30 million pre. And it all tends to be distributed so like - you know - you know - it's us, Andreessen, Sequoia - and it's like - you know - we put in \$200,000 each or \$400,000 each - you know - that's why you're forced then go into the market if you believe in a project and then, spend hundreds of millions of dollars to buy into it, after the fact. And I think that - that's very - very powerful. It's a really important dynamic that - if it comes back to traditional venture - could be really disruptive.

Jason Calacanis

Why?

Chamath Palihapitiya

Well, could you imagine a SaaS founder that basically all of a sudden says, "Alright, you know what, I'm raising a \$6 million Series A." You know - Craft can take \$500k, Sequoia you can have \$500k - you know - blabbity, blah - folks - and then you raise 6 million bucks that way. And you never allow anybody to have more than - call it - you know - a few percent of a company.

Jason Calacanis

So, the fact that it's like - it's like a mini IPO. It's like a private IPO on Sand Hill Road.

Chamath Palihapitiya

Yeah, and then - and then, your board construction looks entirely different. And then, as a result, you know - founder protections probably go way up - employee protections probably go way up.

Jason Calacanis

Actually, governance goes way down.

Chamath Palihapitiya

Uh, no. I actually think what'll happen is you're less likely, in a round like that, to be okay with some dork dingleberry joining your fucking board. You're gonna actually point to some industry expert and say, "This person is joining my board. She does xyz job at such and such - a startup." And then, the investors say, "Wow. Well, that's a pretty great advocate for the business. Go ahead and do that."

Jason Calacanis

Another thing I learned about this whole token space was when I talked to Anatoly, from Solana. When they sold their 3 or 4 hundred million tokens to fund the company. Because they consider them utility tokens not shares, they paid taxes on it. So, the IRS is getting massive amounts of tax revenue. Well, think about it. They're selling the token. It's supposed to be for utility. Well, therefore, it's a taxable event.

David Sacks

That actually was really smart. That is showing - I think - some wisdom because there's a lot of founders who want to have their cake and eat it too - which is to say they want to say that these are utility tokens and and they don't pay tax. And then, when they later get traded, they want to say they're - they're not - you know - they're not securities. But - so, when does the tax get paid? I think it's really smart to pay the tax up front to establish this is a corporate sale. They're basically paying the corporate tax, right?

Jason Calacanis

Yes.

David Sacks

That is what it - because this is - this is what the problem is. If - if you wait until they're traded publicly and then say, "No, no, no. They're utility tokens not security tokens." The government's gonna ask you, "Well, why didn't you pay corporate income tax when you sold them?" Right? So, that that is actually showing some perspicacity, I think.

Jason Calacanis

Could somebody look that word up for me?

David Sacks

Do you - do you - yeah, do you know that word? Foresightedness, J. Cal.

Jason Calacanis

Okay, great. Awesome. It's so great that you have the two producers are either side of you right now feeding you vocabulary words. Well done. So, here's a - here's - you know - another question with this. If the majority of people - Sacks, just put your legal hat on for a second - if the majority of people who bought a token in a project - we'll call it the - you know - Acme crypto project. They buy Acme coins. If they're buying them and they have absolutely no interest in using them for the utility and they say, "I bought these as a speculative device." And the founder says, "They're utility tokens." But let's say 70% of the people who bought them said, "I didn't buy them for that reason." They just came out right and said, "I bought this to speculate on the price." What should the government do? Should they deem them a security? Or should they deem them a utility token?

David Sacks

I think that's a complicated question. But, I think that there should be an opportunity for these cryptocurrencies to establish themselves as utility tokens. Because they are. They do serve a purpose. They are designed to be part of a system, right? They - they're not just objects of speculation - and by the way, even if they were, we don't - we don't treat baseball cards as - you know - as sort of - as a security. So, it wouldn't necessarily make them a security just because they're speculated on. They actually do serve a function in a designed computer system. So, I think what's important here is that there's a safe harbor where these crypto companies know what the rules are and if they - if they can basically meet the criteria - such as by paying corporate income tax when they sell the tokens and other things like that, that they won't later be deemed to be engaged in an unlawful sale of securities. I think the important thing is just that entrepreneurs - founders - know what the rules are so they can abide by them.

Jason Calacanis

And they don't right now.

David Sacks

Well, so they don't get surprised later. They don't get whammied. But, with - basically, you know - because they are building something legitimate here, you know?

Jason Calacanis

Right. But, it would seem to the sniff test, if the people buying the tokens have no idea - have never written a line of code - have no use for them -

David Sacks

I don't see why that's relevant. I don't see why that's relevant.

Jason Calacanis

Well, because they're profiting off of them as if they're shares. And unlike baseball cards which - you can't sell a thousand baseball cards for an increasingly - you know - in a - in a very instantaneous way. You would have to put them in auction.

David Sacks

You kind of can. You could sell it.

Jason Calacanis

There'd be a lot of friction. There'd be a lot of friction.

David Sacks

You could sell physical coins.

Jason Calacanis

Yeah, uh - Friedberg, what do you think? If the majority of people buying a token are doing it to speculate, can the founder say it's utility token? And then, those people who are trading it like - either baseball cards minted coins - whatever analogy - shares - you want to use - are in it for the increase in the value - should it be a security? And should they have to play by the rules we play at in the traditional venture /startup game?

David Friedberg

I mean - the question is what's the utility? So, I mean - if you can demonstrate some utility, then maybe that's the - uh - the - the - and this will probably be litigated at some point, right? Um - I'm sure there'll be enough capital sloshing around here that someone will say, "You know what? We believe strongly -" I mean - we're seeing this happen with Ripple, already. But, um - someone will litigate this and we'll get some clearer definition on - you know - what statutes are gonna be referenced and what those statutes might say with respect to the - how this ties to the definition of utility and then that'll become hopefully a standard that - that people can kind of look to, to guide them in the future. But, it's definitely the Wild West right now. And everyone's gonna try -

Jason Calacanis

And the - the reason I bring it up is because Gensler was sort of floating this argument. Chamath, what do you think?

Chamath Palihapitiya

I think that um - you can't wipe \$3 trillion of value out of the world. And so - so -

Jason Calacanis

Pragmatically hard to do - got it.

Chamath Palihapitiya

So, it's here to stay. And it's too institutionalized now. So, you know, there's just way too many organized pools of capital that are now speculating inside of this entire ecosystem. You know, I saw a tweet today. There was a - there's a firm - I think like - called Jump Trading or something. It's like a high-speed frequency trading organization and they tweeted out some pictures where - you know - they're - they're - uh - they hired a bunch of folks to start at Jump and they did a coding bootcamp on Solana. That was their onboarding - as an example. So, when you have people in high finance - you know - really invested in this thing and you have \$3 trillion of value that'll go to \$6 trillion and then go to \$10 trillion. This can't go away. So, that's why I think Powell and Gensler had to say some version of that on the record - which is - you know - "We're not gonna ban this stuff." Because they know it's not possible. So, I think David's right. You have to create some rules. Make folks and let folks pay their taxes. You know, I remember for example, like - I did this Bitcoin transaction in 2014 or something. I bought some land. I used BitPay. I transferred some Bitcoin -

Jason Calacanis

Oops.

Chamath Palihapitiya

- bought the land - blah, blah, blah. Eh, it was like - whatever.

Jason Calacanis

Hahaha. Whatever?

Chamath Palihapitiya

I mean - I - I - I left - I mean - I owned a lot of the time so it wasn't that big of a deal. But, my point is, finding a way for me to pay my taxes was a huge deal. I remember and - you know - we filed the tax return and we tried to make sure that we paid our taxes. These are very complicated. Even if you want to be conformant to the government, it's impossible right now. So, they just need to create some rules where folks can say, Here's what I own. Here's what it's worth. Tell me how much I owe you." And we're all willing to pay - or not - maybe we're not - I am. Because I just think it's like - make sure that we can we can trade around it, hedge it, structure it - do the things that we would normally do with any other risk assets. Right now, that's very hard. And when you own lots of this stuff, it sits in your balance sheet and you just take these enormous swings and you're just like, "God, you can't do anything around this stuff." And that's not a viable financial market. That doesn't -

Jason Calacanis

Yeah. To - to - to be specific about what Gensler said - I just looked it up here - you know - he compared utility tokens with - you know - laundromat tokens or tickets to the opera - and he said, "Entrepreneurs are choosing to perceive their tokens as utility to sidestep regulation." And that - here's the quote: "They are a highly speculative investment tokens for people who are trying to save or speculate for the future - their future. And that's why I think it's appropriate to bring them inside

the investor protection perimeter." I agree with him. I also agree with you, Chamath - that this is a can of worms that - I don't know how you put the genie back in the bottle.

Chamath Palihapitiya

By the - but - no, but - he's - he's partially right. I mean - he is partially right on some tokens. But, he's not completely accurate on some other tokens. I think it's on a case-by-case basis and it depends.

David Sacks

Listen, I think anybody who is buying these tokens right now knows that they are engaged in - in financial speculation. This idea that people in middle - middle America are gonna blow their retirement savings on crypto. I don't - I just don't really buy it.

Jason Calacanis

But, if they know - if they're doing speculation, then it should be a security.

Chamath Palihapitiya

No, no, no, David. I think you're totally wrong. I totally buy it. Look at the quarterly returns - the filings of earnings from companies like Robinhood and how much - and Square - and how much money they make from crypto and look at their audience? That's totally not true.

David Sacks

But, don't you think that audience skews really young and they're getting their like - COVID stimulus check and they're YOLO'ing it into meme stocks or crypto.

Jason Calacanis

What does that have to do with -

David Sacks

Well, because you're making it sound like they're gonna blow their retirement savings. Okay. Well, if you're talking about a 25 year old whose got \$5000 of retirement savings - maybe. But, they still got - you know - they still got 40 years of work ahead of them.

Chamath Palihapitiya

Hold on a second - wait. No, they don't. This is gonna be the least hardworking generation of our lifetime.

David Sacks

Hahaha.

Chamath Palihapitiya

Why? No, no, no - not - not because they're not hardworking. Why? There's \$70 trillion that boomers have - that they are about to pass down to these folks - on average between 2 and 3 trillion a year for the next 30 years.

Jason Calacanis

Also, they know how to do gig work. Like, they're so smart - this generation.

David Sacks

So - so, my point is -

Jason Calacanis

They know how to do projects for five grand and float themselves.

Chamath Palihapitiya

- you're gonna take one entire turn of the world's GDP and give it to a hundred million people in America over the next 20 to 30 years. That is what is actually going to happen. So -

David Sacks

Yeah. Look, I think - I think -

Chamath Palihapitiya

Of course, they're gonna keep YOLO'ing this stuff.

David Sacks

Yeah. Look, I think - I think we're getting off on like - a little bit of tangent here.

Jason Calacanis

A good one.

David Sacks

My point - my point is not that there shouldn't be investor protections but rather that I think we also need to balance another important objective which is to create a hospitable environment for innovation. And the fact of the matter is that you've got a lot of brilliant young entrepreneurs - computer scientists - building this financial infrastructure of the future with crypto. It's not just speculation. There is a lot of code being written. It has functionality. There's a purpose to it. We don't - we don't want to necessarily want to interfere with that to - to the point where we break it.

Jason Calacanis

Well, every startup has to do their securities, though, David. All the other startups that are not in crypto are playing by the rules, so - it's crypto people that get a pass. It's unfair.

Chamath Palihapitiya

I agree with J. Cal. People make this claim and I just think it's so specious. Do you think that you would have made a single professional decision in your life based on tax rate? Have you ever made a single like, "I'm gonna start this company. I'm gonna make this product" You know, "I'm gonna change this job." I just think that most people -

David Sacks

I'm not talking about paying taxes. I think it was smart for - for example, Solana to pay corporate taxes on their token sale. I think everyone should pay their taxes. That's not what we're talking about here. And I'm not saying that Gensler shouldn't prescribe regulations. I think that part of the person's regulations should be to give entrepreneurs predictability - to be able to give him a safe harbor so they can build what they want to build.

Chamath Palihapitiya

Let me make one final point. I'm just saying, from my perspective, I just think that if you have clear sensible taxation - that's 90% of what this industry needs. And I don't think it will - it will change anybody's real motivation to work inside this ecosystem. Just like - just like entrepreneurship doesn't change when capital rates - capital gains goes up and down.

David Sacks

Listen - I've paid - I pay taxes - um - at - you know - on - on all my crypto sales like it was any other investments since the beginning. What - what -

Jason Calacanis

That's not the issue. The issue is when you're a company and you're raising money, should you be allowed to not follow securities law because you say, "It's a token." Friedberg, when you look at this - an NFT company came out last - this past week - that was selling shadow shares in startups. And anyone in the world could buy a shadow share in a private company - like Stripe etc. - in this fantasy football league. They wound up shutting it down or changing it because they didn't want to trade on other people's intellectual property. They were concerned about that. But, just looking at it - the public in America - 96% of them who are not accredited cannot buy shares of Stripe in the secondary market. But, you can buy NFTs in it and speculate on the NFTs which are accelerating from - you know - a thousand dollars to \$500,000 in these different clubs. How is it fair that crypto companies get to not obey basic securities laws? Friedberg?

David Friedberg

Well, it's not a security. There's no underlying asset.

Jason Calacanis

Okay.

David Sacks

It's a collectible. An NFT is clearly a collectible J. Cal.

Jason Calacanis

Uh, okay. And -

David Friedberg

I don't have any legal - I don't know any legal ownership over Stripe's business.

Jason Calacanis

- when you produce 10,000 of them and have a marketplace for people to sell them and they're appreciating. I mean - I - I do agree. It's something different.

David Sacks

Sounds like art. Sounds like art to me.

David Friedberg

Yeah, you could go draw a piece of - picture of Stripe and put it on a piece of paper and go down to downtown - wherever - and stand in front of the burrito shop and try to sell it to people.

Jason Calacanis

It's qualitatively different than a security, but they're acting as securities in relation to the fundraising of these projects. So, I think that's the challenge.

David Sacks

Not everything is a security.

David Friedberg

Yeah, there's no secured interest. You don't have any secured interest. It's literally just a - uh - uh - like - an image - a figure.

Chamath Palihapitiya

I was just offered a Giacometti sculpture, but I turned it down.

David Sacks

Hahaha.

David Friedberg

How much \$60 million?

Chamath Palihapitiya

I'm not gonna comment on the price. Yeah, I had to say, "No."

David Friedberg

Was Stephen Cohen selling it?

Chamath Palihapitiya

Not commenting on the seller.

David Friedberg

I bet Stephen Cohen was selling it. That was the record deal. It's Stephen Cohen - bought that Giacometti sculpture a few years ago. It's like the highest - uh - price ever paid at auction for piece of art in the US. Isn't that right?

Chamath Palihapitiya

Can I just tell you my problem with it? I took the price and I divided it by the height in centimeters and it just tilted me. I couldn't do it. Hahaha.

David Sacks

Is price for square inch a metric in - in -

Chamath Palihapitiya

It is in my head!

David Friedberg

In 2016 - 2015 - Stephen Cohen paid \$141 million for the Giacometti sculpture, "L'Homme au doigt". Pretty - uh - incredible and I think you're right. It's about 12 inches tall or something. That's a -

Jason Calacanis

I just want to let you know that sculpture - it looks like it was done by a 12 year old.

Chamath Palihapitiya

Oh my God, stop.

David Friedberg

Oh, J. Cal - J. Cal - you're gonna -

Chamath Palihapitiya

God, stop.

David Friedberg

Yeah, J. Cal.

David Sacks

This is a billionaire equivalent of - uh - of crypto and NFTs, right? I mean -

David Friedberg

Totally. Totally.

Jason Calacanis

I don't know what scam this guy's running but that looks like -

David Friedberg

I don't how anyone can raise their hand and say, "I have an independent objective assessment of the value of anything in the world." And you can look at it from high to low and this is all effectively a subjective business.

Jason Calacanis

The sculpture looks like it was a beautiful sculpture that was in a giant fire and that somebody pulled out of the ashes.

David Friedberg

It's a beautiful piece. If you want to read a little bit of art history -

Jason Calacanis

It is?

David Friedberg

Yeah. You can understand a little bit about Giacometti's work, but it's um - it's a 70 inch piece, not 12 inches - sorry. And yeah, his work is all about - kind of like - how do you capture the essence of the form. Anyway, this is a super ridiculous tangent.

Jason Calacanis

It looks like somebody made something out of mud -

David Friedberg

Chamath, you should have bought it!

Jason Calacanis

- and put it into a clay oven.

Chamath Palihapitiya

I have a very funny Stevie Cohen story.

David Friedberg

Okay, go.

Chamath Palihapitiya

So, this is like 10 years ago at Art Basil in Miami. And the day before the art fair opens -

Jason Calacanis

Woodstock for rich people.

Chamath Palihapitiya

It's called the Vernissage and so - you know - it's like a day where you can go and see the - the stuff the day in advance and you can - you know - kind of buy stuff or whatever. And - uh - it's very funny. It's kind of like - um - you know - like when Walmart does like - a Black Friday thing. Like, everybody lines up and then they open the doors and we all run in and I was standing side-by-side. We were right at the front of the line and I noticed that he had these - uh - and this was my first time there and he had New Balance running shoes. And I thought, "What is he doing?" But then, when the doors went open, he just took off and started running and I was walking wearing normal loafers and then I realized, I should have been wearing running shoes.

Jason Calacanis

You don't own normal loafers. You were wearing Italian loafers.

Chamath Palihapitiya

I missed out on everything.

Jason Calacanis

Uh - I like the balloon dog guy.

David Sacks

It's like the - it's like the running of the bulls.

Chamath Palihapitiya

I missed out on - listen, it was the running of the bulls. I missed out on everything.

Jason Calacanis

Running of the billionaires.

Chamath Palihapitiya

I got to the things after and I was like, "Oh, sorry. I sold it to Stevie Cohen. I sold it to Stevie Cohen."

David Sacks

Jesus Christ.

Chamath Palihapitiya

I had blisters on my feet. It was brutal.

David Friedberg

Do you guys know we haven't even started our agenda?

Jason Calacanis

No. Episode 50 off to a great start.

Chamath Palihapitiya

Episode 50 is a train wreck.

Jason Calacanis

Who's the moderator. Who's fucking moderating this? Three, two - alright, Facebook whistleblower hearings occurred - yada yada -

David Friedberg

Hey, everybody. Hey, everybody. Welcome to the All-In Podcast. Let's start our show.

Chamath Palihapitiya

Mercury retrograde.

Jason Calacanis

Jesus Christ. I'm sure everybody by now has seen Francis Haugen on 60 Minutes and testifying. She seemed incredibly credible, well spoken and had very common sense, non-extreme views about what should be happened - what should happen with the research that Facebook has been funding - that shows like - other media forms Instagram and Facebook have a really terrible effect on young people, specifically young girls and body dysmorphia - which seems to be the one thing that is landing pretty well. Her suggestions were not to break up Facebook. Hers was to have a regulatory body and to do soft interventions. If you don't know soft interventions -

Chamath Palihapitiya

It's worse. Her - her suggestions were worse than breaking up Facebook.

Jason Calacanis

Well, soft interventions - let's get to that - include things like, "Hey, in order to retweet the story on Twitter, you probably should read it first." She thinks she wants to reform or she's an advocate for reforming Section 230 in relation - I think - to the algorithms. And the idea here would be that the algorithms are making an actual editorial decision - which is something that I remember in the YouTube early days. They said we will not feature your videos that you're making but we will have the algorithm pick them because that keeps our safe harbor. Zuckerberg came back and wrote a spirited defense, basically saying, "Why would we do this research if we didn't care? The people at this company care a ton." Sacks and the entire Peter Tiel cabal of - you know - acolytes and friends - are coming on strong as pro-Facebook. I'll have him talk about that. He thinks it's a - Facebook - it's

laughable that people are Addicted to Facebook - yada, yada. So, who wants to go first? You, Chamath? Or, Sacks?

Chamath Palihapitiya

Well, look - here - let me - let me say a couple things. I think that - um - I think Zuck's - the title of Zuck's internal company post could have been titled, "Nah Ah", which basically is - was his way of saying this is ridiculous and I don't believe it. The - the thing that she asked for, in substance, is a little different than what the DOJ did with Microsoft in 2000. But, in form, is actually quite similar which basically is like gumming up how the internal product development would work inside the company. And you know, the most damaging thing you already saw which is that they had a bunch of planned product releases and then, they put them on ice. And I think this is really where, unfortunately, the most damage gets done because engineers won't really tolerate that for some amount of time, right? They'll put up with it initially, but - you know - you've had - uh - I don't know - I think like - a 20% reduction in stock price so, you had - you know - you lost \$200 billion of market cap. There's probably going to be more turbulence in the company. You can sustain and get through all of it as long as the engineers hold the line. But, if you basically slow down and put a pin in their ability to generate code and to put out features, on the margins, enough people - I think - will get frustrated and leave. And I think the way that she - you know - what she is asking for was tantamount to that. And I think that's the really destructive part of - uh - of what could go on here. So, they need to get this pinned down quickly. Get in front of regulators. Get some laws passed - whether it's Section 230 or whatever. That's the path to salvation for Facebook.

Jason Calacanis

Sacks, what do you - what do you think?

David Sacks

Alright.

Jason Calacanis

I see you are basically saying, "This is like ridiculous and silly." on Twitter. Mike Solana saying that, "Obviously, Peter Tiel's on the board of Facebook and a major influence."

David Sacks

You're gonna have - you're gonna have to give me time to unpack this, J. Cal -

Jason Calacanis

Yes.

David Sacks

- without getting hysterical because there is - there's a lot to go over here.

Jason Calacanis

No. No, hysterical. I want - I'm giving - I'm literally throwing it you in a non-hysterical way. You think that this is - there's nothing to this and you think it's ridiculous.

David Sacks

Okay, first of all - first of all, let's understand what this really was. Okay, you have this so-called whistleblower who is working with the staff at the Senate Judiciary Committee, giving documents to the Wall Street Journal, and then appears on 60 Minutes in this great unveiling. 36 hours later, she's testifying on Capitol Hill. That does not happen. The Senate Committees do not operate that fast. This was coordinated. She's got a Democrat - a well-known Democratic operative named Bill Burton working for her. She's got a team of lawyers. She's got a PR team. This whole thing -

Jason Calacanis

Coordinated by who?

David Sacks

This is a coordinated hit, okay, by anti-Facebook forces - starting with the Senate Judiciary Committee - who want to regulate -

Jason Calacanis

Who?

David Sacks

She's working with the staff, J. Cal.

Chamath Palihapitiya

Hold on. Jason - Jason, stop. Just let -

David Sacks

You're already interrupting.

Chamath Palihapitiya

Jason stop.

Jason Calacanis

No, I'm asking you who? You said, "She's working with somebody." I wanna know who it is.

David Sacks

I already told you.

Chamath Palihapitiya

I know. Just let him make these argument and just stop. I want to hear what he has to say.

David Sacks

Okay, what is the purpose of this testimony? First of all, we can go over the details of what she said. I don't think there's anything new here. This was all the same arguments we've been hearing from these same sort of forces who want to regulate Facebook - whether it's the - whether it's the Senators on the committee who've hauled up Zuckerberg no fewer than four times to lecture him about the need for more censorship. Or, it's these forces of the media who basically want Facebook - it's all about - you know - having more censorship. But, in any event, there was nothing really new there. What this really was - was corroboration and of - of - of the same talking points we've been hearing for years and we're - and what it's all leading up to is there's a very important part of her testimony - which is - this is really the crux of it - is that they that - she proposed and what Blumenthal wants - he's the chairman of the Senate Judiciary Committee - is a dedicated oversight body. This is in this clip, okay - with the power to oversee social media platforms. So, what we have here is the government is now going to have a new agency. They're saying like the FTC. Then she said, "A regulatory home where somebody like me could do a tour of duty after working at a place like this." And - and Haugan said, "Right now, the only people in the world are trained to analyze these experiments - to understand what's happening inside of Facebook - are people who grew up inside of Facebook, or Pinterest, or another social media company." - basically people with her experience. I mean - I have to admire the chutzpah. I mean - she's basically proposing that she be made Zuckerberg's boss, okay - that a new oversight board be created by the government which she would be appointed to - which she presumably would run and this board is now gonna prescribe regulations and rules for social networks in terms of how their newsfeed is gonna run. That is what was proposed on Capitol Hill. That is what this operation is all about.

Jason Calacanis

So, it's about her getting a job and being - lording over Facebook - is your claim?

David Sacks

No.

Jason Calacanis

That's her goal?

David Sacks

I think - I think - I think - I think the purpose of all this is to create new regulatory oversight of social networks. I simply would note that she has proposed herself as somebody who would be on this board.

Jason Calacanis

Got it.

David Sacks

- which is pretty amazing. But, what this is really about is that new oversight power.

Jason Calacanis

And is that a Republican or a Democratic - you - you - are you insinuating its Democrats who want to regulate this? Or, all politicians want to regulate this because they're scared of Facebook having too much power - which I think we all agreed Facebook has too much power in the public -

David Sacks

You've had the leaders - you've had the leaders on the Senate Judiciary Committee - now for months - calling up Zuckerberg, and Dorsey and other social media leaders and basically lecturing them on the need to censor more - to take down more material. That is their objective. This is not a conspiracy theory on my part. This is expressly what they've said, okay? Now - until now -

Jason Calacanis

Is it left, or right, or both?

David Sacks

Let me come to that. I think the Republicans are a little bit confused on this issue. But, let me get to that. So, what you've heard until now is - is - that is - is a tax on the supply-side of the platform. So, what they've advocated is deplatforming people with heterodox - heterodox views - dissenting voices and they have been deplatformed in large numbers. Obviously, it started even before Trump but certainly, the sitting president of the United States was deplatformed. YouTube just took down a million COVID videos because they disagree with the official position on COVID. So, until now, the censorship has been on the supply-side of the platform. What they're advocating for now is censorship on the demand-side of the platform - which is, "We're going to rewrite these newsfeed rules, okay? We're going to rewrite them because we can't give people what they want." The - they're making these algorithms sound like they're these incredibly evil sinister things. All the algorithms do, at the end of the day, is give the user more of what they're looking for, okay?

Jason Calacanis

Well, hold on a second.

David Sacks

That is - that is not good enough for these politicians. They want to rewrite those rules.

Jason Calacanis

That's not actually what they said.

David Sacks

They want to rewrite these rules to determine what people see.

Jason Calacanis

No, no - what they said about the algorithms was that the algorithm had a multiplier on it and that this multiplier of people resharing it re-engaging the content would lead people - and this was

statistically proven in Facebook's own research - that things that were either misinformation, or that were supercharged - you know - polarizing issues - they would rise quicker - which then gave people not what they wanted in their feed. They gave people what would increase the length of a stay on Facebook - or on YouTube, or on Twitter for that matter. And they think the antidote for this is to maybe not allow things in the algorithm to go viral because what you're doing is saying, "Things that are either misinformation or polarizing -" - um - or - "We'll make things go to the top of the list and maybe we don't want that as a society."

David Friedberg

Let me intervene with a with a point of view on this because -

Jason Calacanis

Please.

David Friedberg

I think your head - headed down a path that - um - to me, I don't think actually speaks to what's really going on. It sounds like there's some sinister - you know - architecture here that's driving this outcome.

Jason Calacanis

Oh, I never said that.

David Friedberg

Yeah, well - I mean - it's implied because it's like, "Oh, well, they're - they're multiplying sinister stuff."

Jason Calacanis

No, no - I'm saying they just care about length of stay on the site. My belief is they just want it to grow.

Chamath Palihapitiya

They care about revenue. They care about revenue.

Jason Calacanis

Yeah, that's my - exactly my point, Chamath. They care about that.

David Friedberg

They - they care about what consumers want to consume and consumers demand what they want to consume. So, think about media in the old days, right? We used to have books that an author would put out every year. And so, the author would get feedback on the book and so it would be one year on that feedback cycle. Then magazines would come out magazines would come out every month and so every month, the magazine would get feedback on what sales were and they would make decisions - editorial decisions and they would iterate. TV shows came out every week.

Newspapers came out every day. Cable TV came out every hour and they could adjust their content accordingly. In the Internet Age, the media is getting a much more - kind of - instantaneous feedback cycle. And the - call it - publisher, or editor, or curator of that media ultimately ends up putting in front of the consumer, more and more of what they want - as a function of what they're choosing to watch. And what we're calling - kind of - these "algorithms" quote-unquote - are really just the same thing that editors, and publishers, and others have done in the past - which is looking at what the consumer votes by what they choose, making decisions to put more of the things that they want in front of them, the consumer consumes more of that. And here's what's messed up. We're getting a very ugly look in the mirror and what humanity, and what citizens, and what individuals actually want to consume, and choose to consume, and get turned on by. And that is what's making this all so ugly. And when we see that, we don't like to accept the fact that maybe that is just what humans are attracted to and what humans want to consume at scale and we end up wanting to blame someone. And I could argue and I think others could argue that these algorithms - that are effectively just recursive optimization functions - they're recursively trying to figure out what do people want to consume and then giving them more of what they want.

Chamath Palihapitiya

But - but, you keep saying "want".

David Friedberg

Are simply solving for those very specific needs and use cases. And I don't think those algorithms -

Jason Calacanis

Go ahead, Chamath. Why is it not "want"? I'm interested in that - unpacking it.

Chamath Palihapitiya

No, the - I - everything Friedberg says is absolutely right, but it's not the word "want". It's not what they want. It's what they will react to the most.

Jason Calacanis

Mmm.

Chamath Palihapitiya

And sometimes what they react to the most is -

David Friedberg

Subconsciously want.

Chamath Palihapitiya

I don't know. But, my point is that there's - there's - a - I guess - I don't - I don't use Facebook but they went from thumbs up and thumbs down, when I was there to like this nuanced - like - there's likes, there's tears, there's angry -

Jason Calacanis

Reshares.

Chamath Palihapitiya

No, no, no -

David Friedberg

But, there's also analytics data on engagement, right? Like, on how long someone's watching a video or -

Chamath Palihapitiya

What I saw in there was that there was an amplification of things that were more extreme emotional reactions.

David Friedberg

Right.

Chamath Palihapitiya

Now - and the point is that - I think everything you said is absolutely right. The algorithms are amplifying - I think all I would say is - I would restate what you're saying - is these algorithms tend to amplify the things that are the most extreme and elicit a reaction.

David Friedberg

Yeah.

Chamath Palihapitiya

Those reactions aren't necessarily the things that you want. Those are the things that you will react to the most. And that is, by the way -

Jason Calacanis

It's what the algorithm wants to serve you.

Chamath Palihapitiya

That's why you see that the top 10 things that are reshared the most often tends to be very extreme, right?

David Friedberg

Fundamental emotional responses are typically associated with things that I think we call hedonism. And the things that you can ignore your emotional responses and take another course of action we typically call altruism or what have you. This is a kind of a common reason why people would want to watch a comedy or watch a horror film because there's some emotional response. It's not a universal response and people aren't rushing to the theater to watch documentaries. They're

not rushing to the movie theater to be like, "Oh, I want to be informed and educated on something that's factual and interesting." They want to go and have emotional experiences and that's how humans are biologically wired. And the same is happening in these short forms of media - these little Tweets or these posts on Facebook.

Jason Calacanis

David you do understand that they won't show murders and porn on Facebook. So, they're making an editorial decision to say, "Hey, we're not gonna - "

David Sacks

They will every night on the local news - "if it bleeds, it leads". That - how long has that been the motto in media?

David Friedberg

100%.

David Sacks

So, I'm listening - I'm listening to Haugen on 60 Minutes. I'm hearing her describe a corporate profit-making machine that tries to get more reach, more ratings by fueling polarization of division and I'm thinking, "Is she talking about cable news? That's what she's talking about, isn't she? Is she talking about the New York Times? Is she talking about traditional media?" Because every single thing she said about how social media fuel polarization and division applies to the media. And yet, those same voices in the traditional media are the first ones howling about Facebook and calling for its regulation. It is completely hypocritical because The real purpose here is not to reduce divisiveness or polarization in society. The regulations on Facebook will not do that. It is to seize control and influence over the machinery of social networking. Why? Because the news feed now controls the flow of information in our society.

Chamath Palihapitiya

Don't you think the damage has been done, though? Meaning - in the sense that - if you cripple Facebook's product velocity and you shrink the surface area of the areas in which they can operate, isn't that more damaging than any regulation?

David Friedberg

No. People will just stop using it and then they will find another place to get that same emotional behavior.

David Sacks

I've already stopped using Facebook. I've already stopped using Facebook, okay? I don't find it compelling at all. And I'm not really on the Instagram either. I - I do find Twitter rather compelling and I'm probably more addicted to that -

Jason Calacanis

"Addicted"?

David Sacks

- than other things. Yeah, exactly.

Jason Calacanis

"Addicted"? Off the rails. Hahaha - off the rails.

David Sacks

Probably not very good for me. Okay, but - but here's the thing I think - I think all of us on this show right now - none of us find Facebook particularly addictive in our own behavior, okay? I think we understand in our own behavior that Facebook is sort of like a mildly diverting amusement that occasionally yields information - sometimes it's useful, okay? We understand that it's sort of like a news feed with a lot of noise, okay - in our own usage. But, somehow we've bought into this larger narrative that in everybody else's usage that somehow this is a brainwashing machine that is pumping people full of disinformation and warping their thinking. In other words, there's a sharp dichotomy between how we perceive our own usage and other people's usage. And what I would submit is, our own usage is what we know and what we know to be true. And what we believe about other people's usage is simply a narrative that's been fed to us over and over again by the traditional media who hate Facebook because it's disintermediating them. That is what's really going on here.

Chamath Palihapitiya

You may - you may be right. I'll - I'm saying something different - which is - getting apart from all of that stuff, what's happening, practically, on the ground right now is that it's a company who has to now slow way down. And what I'm saying is that's not dissimilar to what Microsoft had to do - which was there was this 10 year period at Microsoft where they really couldn't innovate. And that's really how the government solved the Microsoft problem.

Jason Calacanis

Yeah, they made them less aggressive, right?

Chamath Palihapitiya

They gummed up the internal machinery so that Microsoft couldn't really be there for the next few major - so, for example, we just spent - we just spent 40 minutes talking about crypto. What do you think the chances are that - you know - Facebook now can land a really compelling crypto project.

David Friedberg

Right. They got - they got totally shut down with Libra, right?

Chamath Palihapitiya

In my opinion, zero. Zero.

David Friedberg

I mean - they went after it and the regulators stepped in and -

Jason Calacanis

It's been neutered.

Chamath Palihapitiya

It's been neutered.

Jason Calacanis

It's too bold for them to launch that after what happened -

Chamath Palihapitiya

It's zero.

Jason Calacanis

- you know - with their behavior in other arenas.

David Sacks

I think that - like Microsoft, back in the late 90s, I think there are real and legitimate concerns about the power of these big tech companies - about how power - how big and powerful they've become - about their ability to crush competitors. I think they're - those are all legitimate and in a weird way, if this government scrutiny slows those companies down, that's not an altogether bad thing. But, I am concerned about the - I'd say separately - just because these companies do deserve to be scrutinized more, I do think that we have to cede that the people who are engaged in this really coordinated hit campaign against Facebook, they have other - they have another agenda - and that is to control the flow of information online. It is to control online discourse. It's already been happening over the past year with censorship on the supply -side of the newsfeed. And now, they're trying to control the demand-side. I think we have to be extremely wary about this.

Jason Calacanis

Well, David isn't - you - you've been on the other side of this. Because on previous podcasts, you've talked about Facebook being too influential - having too many users. And now, you're saying, "Well, these tiny little news networks that get a couple of low million -"

Chamath Palihapitiya

No, he has a - he has an issue, Jason - with the way in which they're going after Facebook.

Jason Calacanis

Okay, I get that. He thinks it's a coordinated hit, fine. But, you also have had an issue with Facebook having too much power to take somebody off the platform or to promote certain ideas.

David Sacks

Yeah.

Jason Calacanis

So, which is it? It seems like you're a little bit -

David Friedberg

Both can be true.

David Sacks

No, it's perfectly - it's - no, it's perfectly consistent. I've expressed concerns about the way in which Facebook is - is deplatforming people. It's summarily silencing them and ghosting them. It's - it's engaged in censorship. I've expressed concern about that. But, we should understand that the people in the Senate Judiciary Committee who hauled up - who had this hearing - who featured and spotlighted Haugen and turned her into this great hero - their agenda is even more censorship. They - they - they are complaining about the fact that Facebook is not censoring enough and that is what their real agenda is.

Chamath Palihapitiya

I do think it should have been disclosed that Haugen does stand to gain financially from whatever happens here.

Jason Calacanis

You know - I don't know that - that's been confirmed that there is a whistleblower reward here. So, we'll have to wait and see about that. I haven't heard.

David Sacks

There's no reward until there's a fine.

Jason Calacanis

Correct.

David Sacks

But, Chamath is right that she qualifies. If she's a whistleblower, she qualifies for what - a 30% portion of -

Jason Calacanis

Half of the fine.

David Sacks

- or some very large percentage of any fines.

Jason Calacanis

What would the fine be here, though? What would the fine be? How would that be framed? Chamath or -

David Sacks

This whole thing is just getting started. There are gonna be -

Chamath Palihapitiya

Just getting started.

David Sacks

There are gonna be government actions and there will be settlements from those government actions. And then - and Facebook, as you all know, will pay any kind of fine to put this behind them - even billions of dollars.

Chamath Palihapitiya

You're - you're the one that said Jason - they - they spent five billion just so that they wouldn't subpoena Zuck and Cheryl, right?

Jason Calacanis

Yeah.

Chamath Palihapitiya

That's what you said last week?

Jason Calacanis

We had - we talked about that last week. So, I mean - yeah, I think there's a fine coming.

Chamath Palihapitiya

But, let's - let's be honest. I do not think Lena Khan, or Gary Gensler, or any of these other folks are going to be in the business of making a quick decision, nor the DOJ, nor any of these other folks. They're gonna want to really take their time to figure this out. But, what I'm saying is, it's not the ultimate result of it. Because I again - I go back to like - if you look at what happened to 2000 and Microsoft. The substance of what Microsoft had to agree to was - was ultimately not as bad as the way in which it was implemented - which is that - you know - my understanding was like Microsoft had to submit feature reviews to lawyers at the DOJ who would then approve - you know - updates and upgrades to their codebase for things like Windows. That's what caused them to miss an entire wave of compute. And so, this is the - this is the point - which is I think, practically speaking, the beginning of what Microsoft went through Facebook is gonna have to navigate and so the faster they can try to say, "Alright folks, you're right. You caught us. Let us - tell us what to do." may be actually the - is the better path because it allows them to get past it. Because the longer this - this - this period of like - gray - stretches out, I think is - is actually the worst outcome.

Jason Calacanis

Well, let's - let's go through what we each think would be a possible solution here to allowing free speech to occur on Facebook, but maybe not having the things that - you know, fake news - you know, misinformation - you know, maybe lowering down the rhetoric and the charged nature of the algorithm. Friedberg, do you have any common sense solutions here that might address both sides of the issue - freedom of speech and maybe, things being amplified to a hundred million people that are fake and just simply not true.

David Friedberg

We've talked a lot about this notion of like decentralized social networks. I mean - we haven't talked a lot - we talked a little bit about it. But, um - if you end up putting a regulatory hammer down on Facebook and Twitter and telling them what consumers - and remember these guys aren't media creators. They're platforms effectively for search discovery and access so you as an individual can discover third-party content on their platform. If they start putting the regulatory hammer down on these quote unquote "platforms" telling them what they can and cannot make available to their users. There will be another platform that will emerge and that platform and up being in this kind of decentralized model and in that decentralized model you're not going to have the same degree of regulatory oversight and that system will end up solving the same use case. Eventually, consumers will get what they want - which is - you know - what Chamath calls kind of this emotional response - it's eliciting this emotional reaction. They will consume it until they - you know - achieve one of their kind of seven deadly sins objective - which is what's driving the emotion underscoring their decisions on what to watch, what to consume, and - and there will be an alternative. So, you know, go ahead and play whack-a-mole. You'll play whack-a-mole for a few years - maybe a few decades. But, at the end of the day, digital technology in a connected world will drive consumers to exactly where they will naturally find themselves - which is consuming ever more of the things that create this emotional response in them. The consequences are unfortunate. You know, I don't know what the right solution is. You know, we've - we've - we've to some degree put a regulatory hammer down on things like smoking and in some places things like sugar - things that have kind of a - you know - an obvious effect on our physical health. These other things that we're seeing now are having an effect on our mental health and I think that there may be kind of an emerging regulatory regime around mental health standards and how much of things can be consumed. And I think what we're seeing as the leading indicator of this is what's gone on in China. Because China is the nation that I would say is probably at the forefront of research and understanding of what the consequences are of consuming more of more of media and content that causes an emotional response to you and what happens down the road - isolation, loneliness, suicide rates go up, unhappiness, etc. It certainly is the consequence. But, it's not a function of any individual company's mis conveyance of content to consumers. It's just a function of where these systems end up going because of the way humans are biologically wired. And so I guess my - my first concern is maybe we end up in a decentralized system that ends up replacing all of these tools and this just doesn't end or you end up having -

Jason Calacanis

It could be worse.

David Friedberg

Or - and it could be worse - or you end up having these kind of regulatory regimes emerge that address these concerns.

Chamath Palihapitiya

No, it'll - that would be better. A decentralized solution is actually -

Jason Calacanis

No.

Chamath Palihapitiya

- better. It's better in one key way which is that it's fundamentally harder to create the exact same network effect and density that you can have with one monolithic closed system. So, you're much more likely to actually have a very fragmented ecosystem of hundreds of different solutions depending on what of the sins you want to feed or you know what of the feelings you want to feel at any one time?

Jason Calacanis

I think it's a big assumption that it would be a fragmented network. If you did replicate Facebook on a decentralized platform and then some piece of misinformation came out and I trended all the way to #1 like - say the January 6th insurrection - and people brought guns to that.

Chamath Palihapitiya

No, no, no. There's not gonna be - there's not one network. There's not one network.

Jason Calacanis

I understand that. But, if one net -

David Sacks

Can I - can I -

Jason Calacanis

Hold on - hold on - let me finish my point. If the - if one network became so large and there was nobody who could turn off something what if people said, "Hey, there's a riot going on at the capital." and more people showed up with more guns, right? You have nobody to sit there and say, "Hey, don't go to the capital." and turn those trending posts off. Go ahead Sacks.

David Sacks

Okay, so let's - let's talk about this problem of misinformation, okay? I think there's an old Mark Twain quote saying that - the - "A lie can travel around the world faster than the truth can put on its shoes.", okay?

Jason Calacanis

Yup. Correct.

David Sacks

There is a problem of falsehood spreading online. I agree with you there. The question is what you do about it and the problem we have right now is that - is that truth is in the eye of the beholder. There is no Truth API and so at the end of the day, it's the people in power who get to decide what is true and what is false if you give them the power to censor misinformation. Example - we just saw - we talked about in this program - the Rolling Stone ivermectin hoax - provenly false story. And yet, Rachel Maddow still had it up on her post. She was not sanctioned by MSNBC, Twitter never told her to take it down, and she was not fact-checked. However, the Hunter Biden laptop scandal - or story - which came out in The New York Post a couple weeks before the election - turned out to be a provably true story. And yet, it was taken down by Facebook and Twitter. At the end of the day, this term of "misinformation" is just another vector for partisan attack and it will be used by whoever we give the power to - to decide what misinformation is. So, what is the answer then to this point of falsehood spreading online? Well, at the end of the day, the answer to bad speech is more speech. You try to create a free marketplace of ideas to let - to let the good speech ultimately drive out the bad speech or prove that it's wrong. That's the best you can do. That's the best you can do in a free society.

Jason Calacanis

Yes, but, we - this is the first time a free society has had social networks that can reach a billion people instantly in - in you know an hour. So, i think there's one differentiator there that we must think of.

David Sacks

If somebody defames you on a social network, they are absolutely liable. I mean - you can sue them, okay? But, I think - and you should. And I think we can - and I -

Jason Calacanis

But, we've talked about cancel culture. People are destroyed before they even get their day in court.

David Sacks

I think - I think that's being destroyed for something different. I think if somebody -

Jason Calacanis

But, it's because it trends. If it didn't - if it couldn't trend to so many people, it wouldn't leave - lead to the cancellation and destruction of somebody's life. You've talked about that many times yourself.

David Sacks

If - if somebody libels you, I think they should be - you should be able to sue them and I think we could actually - we could have a libel regime more like the UK - where it's easier to prove these cases in court and people are much more careful about defaming other people. I would be very much in favor of that, okay? Because defamation is not free speech. But, the question really is about - really we're talking about non-defamatory statements that somebody in position of power has decided is not true. Many of these statements are subjective. Dave Portnoy got labeled for his subjective opinion about AOC's dress. Why did that happen? And why is that kind of labeling only used to protect one side of the political spectrum? So, I mean - that - that - that's what's really going on here.

Chamath Palihapitiya

Let's end with this. Has anybody watched Chappelle's "The Closer"?

Jason Calacanis

I did. Incredible.

Chamath Palihapitiya

I - I watched it.

Jason Calacanis

Pretty incredible. I mean - fearless.

Chamath Palihapitiya

Fearless is a word. I was really - um - I think that he slightly missed it because I think he could have really actually called out cancel culture and wokism more. And I think he kind of left it a little bit to me - where I was like - a little - I don't know - I just - I just didn't think there were as good as his other ones and I felt like he didn't really make the point he wanted to make.

Jason Calacanis

It was a little convoluted.

Chamath Palihapitiya

We need somebody who can actually stand up and and actually set - you know - be more satirical and tell the story of why all this cancel culture and defamatory statements and judging people doesn't make sense. But then -

Jason Calacanis

Did he seem -

Chamath Palihapitiya

He didn't - he didn't get the job done I felt like.

Jason Calacanis

Well, did - let me ask you this about the performance? Did he seem qualitatively different than you in that - the other times he seemed very light on his feet - you know - having a good time being a comedian and this time it felt like he was personally hurt - or he was -

Chamath Palihapitiya

It wasn't comedy.

Jason Calacanis

It was less - it felt less comedic. I agree. It felt like he had an agenda. He was hurt. He wanted to get some stuff off his chest and there were some jokes in between - which is very different - like, the percentage of jokes in this is like 20% and the like - heavy on -

Chamath Palihapitiya

Max.

Jason Calacanis

Max. And then, the other ones were 80% jokes, 20% social commentary. This felt like he - um - he was actually really hurt and like - I don't want to say bitter - but just fed up, maybe? Frustrated? He had a chip which made it interesting to me, you know?

Chamath Palihapitiya

In the - in the early 2000s, Chappelle for me was really important because he was an advocate for minorities and I felt seen and protected by Chappelle and I thought that was really important. And then, his his comedy was just so sharp.

Jason Calacanis

Oh, yeah.

Chamath Palihapitiya

And I said, I just think that it was a little bit of an opportunity lost.

Jason Calacanis

Yeah.

Chamath Palihapitiya

I think if he had really actually taken the - you know - it to its conclusion, he would have actually - there was just too many uncomfortable moments in that thing.

Jason Calacanis

It was super uncomfortable at times and - you know - I really would like to see it again because - you know - if you just think about his career, you know him talking about police brutality him - talking about race - you know - very fearless - you know - entertaining but also informative way and just being a truth teller. Yeah, this - this was a - so uncomfortable at times. I agree with that. I need to watch it again and I need to let it sit because - I was taking -

David Sacks

This is on Netflix?

Chamath Palihapitiya

It's on Netflix.

Jason Calacanis

It's on Netflix. It's the last time in his contract.

Chamath Palihapitiya

Who knows for how long. Hahaha.

Jason Calacanis

Yeah, I mean - this could be - I almost felt like he was trying to break Netflix because he does seem to have a - he does seem to have a streak in him where he's like, "Okay, I'm gonna - I'm walking away from Comedy Central." And he does seem to burn the boats. This felt like he was burning the boats with Netflix to me. I don't know if you got that vibe - where he was like, "This is the last one. I'm being canceled after this. Fuck y'all. I'm out." Um - and he has that - I mean - he torched it, Sacks. I mean - you're gonna watch this thing and -

David Sacks

Oh, now. I'm definitely watching it. I have not seen it yet, but I'm definitely watching. I'll watch it tonight.

Jason Calacanis

I give it a 50% chance that Netflix takes it down.

David Sacks

Well, let's watch it quickly then.

Chamath Palihapitiya

Well, they were - they were - everybody was screaming for him to be deplatformed. Everybody was screaming.

David Sacks

Well, then I like it even more. You know, one of the ironic things about these warning labels - I've noticed they've become a badge of honor where you know if the - if the hall monitors a Twitter are trying to label your tweet as - as - you know - being incendiary - maybe it's just interesting, right?

Jason Calacanis

Buy, haha. Buy - it's a buy signal. It's a -

David Sacks

Yeah, exactly. So, you know - I was listening to Antonio García Martínez interview Kmele on - on Column and they - they labeled that - I mean - just the post about they were gonna have a conversation.

Jason Calacanis

You're saying the link to it was even flagged as like - oh my lord. I think there needs to be a Netflix for a comedy where it's only subscription and it's owned by the comedians - like if Dave Chappelle were to create his own Netflix, I think it gets 10 million paid subscribers -

Chamath Palihapitiya

Overnight.

Jason Calacanis

- in the first two years.

Chamath Palihapitiya

No, overnight - overnight.

Jason Calacanis

Okay, so wait a second. How do we wet our beaks on this. If we go to Chappelle and we say, "Hey, listen. Here's \$25 million. We'll set up the tech team."

Chamath Palihapitiya

I'll - I'll ask K Hart. I'll ask him this weekend.

Jason Calacanis

I think that - yeah - you get K Hart, you get Chappelle, you get Seinfeld, you get - now do you get Louis - Louis C.K. in there? Or C.K. - what's his name?

Chamath Palihapitiya

I never found that guy funny. That guy never did it for me.

Jason Calacanis

Well, I mean -

Chamath Palihapitiya

You know who's funny? You know who's funny? Have you ever had this asian guy - Ronny Chieng? He's on - uh - he - there's a great Netflix special on him. He's fucking funny. And then, Jo Koy - Jo Koy is very funny.

Jason Calacanis

Yeah, I think Ronny Chieng taped his own special.

Chamath Palihapitiya

Hasan Minhaj - that guy's very funny.

Jason Calacanis

He's great.

Chamath Palihapitiya

He's - he's legit.

Jason Calacanis

But, I mean - I - this would be a great way for them to - just - control their destiny and not have to worry about cancel culture because I think a lot of the folks who are on -

Chamath Palihapitiya

Well, they are probably the foot - the last line of people that actually - will be the defenders of free speech.

Jason Calacanis

Yeah, it's pretty scary. As much as I think Facebook should be more thoughtful about their algorithm - you know - back to - you know - circling Netflix and censorship - back to the Facebook issues. I just think Facebook should say, "Hey, listen. We've throttled the algorithm so that any one piece of content can only reach this many people over this period of time." And yeah, sure, that's gonna lower our time on site or whatever. But, we want things to have a little bit of time to spread and get fact-checked. Does anybody think that that's a good idea - to say - just - you know - if you're trying to cancel somebody, instead of it going to #1 on trending topics before the person has a trial. The algorithm would just take a little bit of time to propagate content.

Chamath Palihapitiya

Here's what I can tell you conclusively. If Facebook wanted to solve these issues in the ways that the government expects in their head for these problems to be solved, Facebook market cap would be \$250 billion and they'd have a million people working there with the company. So, this is not an issue of whether it's possible. The question is - is it right? And does it actually get at the solution? Or does it - just as Friedberg said - create whack-a-mole someplace else? And so - you know - I don't know what obliterating three quarters of a trillion dollars of market cap will do. But, I suspect that the government is gonna want to find out.

Jason Calacanis

Sacks, do you think that throttling the - the velocity of the algorithm so that news doesn't spread as fast and violent - or - which could be misinformation - could be valid information - do you think that's a possible solution?

David Sacks

Look, I think that at the end of the day, with both -

Jason Calacanis

Or disclosing the algorithm, maybe?

David Sacks

- with both Facebook and Twitter, you only see stuff from people who you're following or your friends with - it's actually -

Jason Calacanis

Not true.

David Sacks

What do you mean?

Jason Calacanis

If things - they will insert stuff into your Twitter algorithm now that's adjacent to you - and Facebook will do that as well.

David Sacks

You mean - well, maybe - maybe, if people respond to someone who you're following.

Jason Calacanis

Yeah.

David Sacks

But, I've never seen anything my Twitter feed other than an ad that's not from somebody I follow so -

Jason Calacanis

You never went to "Trending Topics"?

David Sacks

No. I mean - not in my feed.

Jason Calacanis

You don't hit the "Explore Feed"? Oh, okay. No - but, you - the "Explore Feed" is right there and they are surfacing things in your feed now that are not people you follow. But, anyway, keep going.

David Sacks

What they're really doing, okay - is there's a universe of people who you're following or your friends with and you could just see all that content in a reverse chronological feed. But, that would be too much. It'd be overwhelming.

Jason Calacanis

That's how it originally worked.

David Sacks

Yeah, exactly. And I get it and that was fine. I didn't - I liked it, okay? But, as you're following thousands of people now - there's too much content and so, they will simply surface the tweets that you're most likely to want to interact with. I don't believe - by the way - that those tweets are necessarily the ones that make you angry. I think - I think for some people it is clearly. But it's not - certainly not the case in my case. What I would say is, it's more refined than that. It's the tweets that you think are interesting. It's the tweets that perhaps express a sense of outrage that agrees with your sense of outrage. It's a little different than anger. But, it's - it's basically the subset of content that you, through your reveal preferences, have have shown Facebook or Twitter that - you know - that you care about the most and that's basically what they're doing. Either giving the consumer more of what they want and I think that we've blown this thing so far out proportion. I mean - yeah - it's - there's an analogy that it's addictive. But, I think that it's been blown so far out proportion. We've exaggerated the fear beyond any reasonable recognition.

Jason Calacanis

Hmm.

Chamath Palihapitiya

By the way, I think the - I think the reason that that tweet was flagged - I'm guessing - is that in the tweet, Kmele says he's going to talk about critical race theory and that may be why Twitter said -

Jason Calacanis

Or it could be because it was linking to the alt-right -

Chamath Palihapitiya

Twitter said this - well, Twitter just said this conversations like this can be intense. That's all says.

David Sacks

I think because he says, "The gloves are coming off." It looks like two people fighting or whatever. I just think it's sort of ridiculous. You know, like - this is where like the warning labels -

Jason Calacanis

It's a little patriarchal. Yes. It's a little condescending. Like, you can't handle this content.

David Sacks

No, patronizing - patronizing, I think is the word you were looking for.

Jason Calacanis

Patronizing, yeah.

David Sacks

Yeah, exactly. I mean -

Jason Calacanis

I'm like - circling that. I got the thesaurus up here. I'm not dumb!

David Sacks

Hahaha.

Chamath Palihapitiya

Aye! Oh!

Jason Calacanis

I'm smart! I got a thesaurus here!

Chamath Palihapitiya

It's very - it's a very - palindromic! I find it a little -

Jason Calacanis

You should have looked out for me! You was my brother, Sacks.

David Friedberg

I find it a little iconic, you know?

David Sacks

Look, I'm smart! Not dumb like they say!

Chamath Palihapitiya

Boys, I love you.

Jason Calacanis

I love you too. Happy 50 episodes.

Chamath Palihapitiya

And what's going on with you Friedberg? And Sacks - that you - you won't make the journey down to the poker game. Is this like some sort of David protest here.

David Sacks

I will come back. I will - I will start playing again if we get - if we get the game going on like - our regular time.

Chamath Palihapitiya

What the fuck is on your schedule?

Jason Calacanis

What are you talking about? You have nothing going on, Sacks. Zero.

David Sacks

Alright, I'll start - you know - I'll start making -

Chamath Palihapitiya

Stop evading your family. Stay in the city. Come -

Jason Calacanis

See your fucking friends. Play some cards.

Chamath Palihapitiya

Seriously.

Jason Calacanis

Win some money. We're not playing PLO.

Chamath Palihapitiya

Yeah, no PLO.

Jason Calacanis

I mean - we did at the end, just to get Sky's money. But, just to keep Sky there for another 30 minutes since he was flush in cash.

Chamath Palihapitiya

We beat him up real good, Sackseepoo. We beat him up real good.

Jason Calacanis

Oooh - it was Skyfall. 🎵 When you crumble... 🎵 Actually, the new - I'm really excited to see the new Daniel Craig 007. I can't believe that -

Chamath Palihapitiya

Can you still rent an entire movie theater for like 50 bucks?

Jason Calacanis

Yeah. 300 bucks. So, yeah - it's basically -

David Friedberg

It used to be - it was \$99 during the pandemic. It was awesome. I did it a few times.

Jason Calacanis

It's \$300 now.

David Friedberg

Yeah, it's \$300 now.

Jason Calacanis

And I haven't done it the last two times I went with the girls because it was first-run movies and the theaters were pretty empty but -

Chamath Palihapitiya

Sorry, it's \$300? If you get like 10 of your friends to come, it's like basically -

Jason Calacanis

Get 5 of your friends to come - it's worth it. I mean - that's 60 bucks each and yeah - I mean it's -

David Friedberg

Or just go to Sack's theater. He's got -

Jason Calacanis

Well, Sack's theater is better because you have a chef there who will make food. But yeah - and for those of you asking about the All-In Summit, Sacks and I are leading the charge for a February or April. We got a couple of locations. Thank you to everybody who sent us location ideas. 2 days, 250 people - 200 paid tickets - 50 by scholarship - and you can go to the All-In website. When we have information, we will post it there. But, we're - just - in the planning phase right now. But, we're thinking two days, right boys?

Chamath Palihapitiya

Yeah.

Jason Calacanis

Two days for All-In Summit and then 5 hours of content - something like that a day. We each interview people.

Chamath Palihapitiya

Yeah.

Jason Calacanis

And then, we're done, okay. And Miami is the host city and we'll draw a high card for who picks the next city. Chamath, you said you're picking something in Italy? I'm gonna probably pick -

Chamath Palihapitiya

Rome or Venice.

Jason Calacanis

Rome or Venice? I'm gonna probably pick New York for mine or Austin. And then, Friedberg, where would you pick? Napa or something?

David Friedberg

Marin County.

Jason Calacanis

Oh, wow - what - where everybody wants to go. Great.

David Sacks

Hahaha.

Jason Calacanis

Go to anti-vaxxer town.

Chamath Palihapitiya

Fuck - fuck you, Friedberg.

Jason Calacanis

Wow, what a destination!

Chamath Palihapitiya

Friedberg, where would you pick?

David Friedberg

Good question. So, who - are we doing Miami, first? Is that right?

Jason Calacanis

Miami's first. Then, we draw a high card for the next city - who gets to pick next city. Each bestie picks for four years. Each party picks when - if we go twice a year even better.

David Friedberg

I mean, I'd probably split it between London and -

Jason Calacanis

Oooh.

David Friedberg

London and somewhere in Hawaii.

Jason Calacanis

Oooh.

Chamath Palihapitiya

Wow.

Jason Calacanis

Good choices.

David Friedberg

Kauai, maybe? Kauai? Yeah. Yeah.

Jason Calacanis

Hawaii's inspired choice. Can you imagine 250 degenerate -

Chamath Palihapitiya

London's great.

Jason Calacanis

Iconoclastic. But London, would be - we would take over.

Chamath Palihapitiya

London's great.

Jason Calacanis

We'd take over.

David Friedberg

Yeah. It'd be excellent.

Jason Calacanis

Miami is freaking out that we chose them.

Chamath Palihapitiya

Run over Annabelle's, boys. I'd bring you all to Annabelle's. That's incredible. That - that members club is I think the most over-the-top thing I've ever seen.

David Friedberg

You're referencing something that no one knows where you're talking.

David Sacks

Hahaha.

Jason Calacanis

Yeah, nobody knows what you're talking about. Is that a nightclub? Or a private club?

Chamath Palihapitiya

Yeah, it's a nightclub. Well, it's a private - it's a -

David Friedberg

Annabelle's. It's a lady I know. She's down on the - in the West End - yeah.

Chamath Palihapitiya

No, you have to have members clubs in London because - uh - because you can't drink alcohol after like 9pm unless it's a private club.

Jason Calacanis

Yeah. Alright, we'll see you all next time on the All-In podcast. Here's to another 50, everybody. First 50 done.

Chamath Palihapitiya

Love you guys.

Jason Calacanis

Let's get another 50 in the books.