

All-In Podcast #183 - Elon gets paid, Apple's AI pop, OpenAI revenue rip, Macro debate &

Inside Trump Fundraiser

Published - June 14, 2024

Transcribed by - thepodtranscripts.com

Jason Calacanis

Nick, these guys are low energy today. You notice that? You know what we need to do? We need to fucking gamble. Let's do it, Nick. Let's play a fucking hand of blackjack. Let's get these guys fucking amped.

Tim Myers (@tim.naki)

Gentlemen, what an absolute pleasure to walk amongst some goddamn greats. Let me see if I can put a bit of pep in your step with a one-time blackjack hand to kickstart one of the greatest podcasts on Earth.

David Friedberg

Is this real?

Tim Myers (@tim.naki)

It is. I can confirm this as not AI, my friend.

Chamath Palihapitiya

You did this?

Tim Myers (@tim.naki)

We are going to rock and roll proper today.

Jason Calacanis

Let's go.

David Friedberg

Is it -

David Sacks

Alright.

Jason Calacanis

Let's fucking get some action.

David Friedberg

Wait, are - is this guy - are you on right now?

David Sacks

LFG.

Jason Calacanis

Oh, we're on live.

Tim Myers (@tim.naki)

Yeah. Mate, you are going to - you are - I'm - I'm actually breaking my own rules for you guys. I filmed today's hand - day 14. But I'm going to film tomorrow's hand for you guys right now. It'll roll out -

David Friedberg

Yes!

Tim Myers (@tim.naki)

- this - this one we call roll - we can roll out on your podcast.

Chamath Palihapitiya

Wait, Tim. Tim. Sorry, hold on. Hold on. Wait a minute, Tim. You are a Kiwi living in Calgary. Is that right?

Tim Myers (@tim.naki)

Yes, sir. Correct. Yup. Kiwi living in Calgary. Been here September 2022 - the missus and I.

David Friedberg

Oh, my God. This is awesome.

Chamath Palihapitiya

That's fantastic. Well, welcome - welcome to my country.

David Friedberg

Welcome to the podcast.

Chamath Palihapitiya

I don't live in Canada anymore but -

Tim Myers (@tim.naki)

Thank you.

David Friedberg

Tim, I don't how I - I don't how I - I stumbled across you somewhere and I started watching all your videos on Instagram. They were off the hook, man. Congrats. They're awesome.

Tim Myers (@tim.naki)

Thank you. I've - I've -

David Friedberg

So much fun.

Chamath Palihapitiya

Where - where in New Zealand are you from?

Tim Myers (@tim.naki)

From Taranaki - so west coast North Island. Certainly not somewhere - it's not a holiday destination for certain if you're going. It's like dairy farming country. It's - it's - it's beautiful, but it's off the beaten path. So, yeah.

Chamath Palihapitiya

And how did you - how did you choose Calgary of all places in Canada?

Tim Myers (@tim.naki)

Ah, do you know what? The missus - we holidayed here - my fiancée and I - May 2022. And we thought it was just going to be a holiday then back to the farm. But I guess we had that COVID cabin fever like the rest of the world and loved our time here so much that we just decided - before we even finished the - the holiday - that we cracked on to - to getting our visas. And got back, sold off my livestock, and leased the farm back to my parents, and - and made the move.

David Friedberg

This is awesome.

Tim Myers (@tim.naki)

And we haven't looked back. I don't - I don't think they'll be seeing me pulling tits on the dairy farm anytime soon. Oh, that's a colloquial for milking, by the way. Um, yeah.

Jason Calacanis

So, lads. What do we want to do here? Do we want to put \$10k and then give it to one of Tim's mates who's - who's stuck or something? How do we do this? Do we MrBeast this? We give \$10k to the next time you get coffee if we win?

Tim Myers (@tim.naki)

Yeah.

Jason Calacanis

And you give it to the barista or something? What should we do?

Chamath Palihapitiya

Yeah, let's do a - let's do a - let's do a \$10k freeroll for Tim and his fans.

Tim Myers (@tim.naki)

Okay, perfect.

Jason Calacanis

Okay.

Tim Myers (@tim.naki)

So - now, do you want me to add that to my bet for this one?

Jason Calacanis

Yes.

Tim Myers (@tim.naki)

Yup. Okay, cool.

Jason Calacanis

Yes, absolutely. We want to be in a 10k sweat with you.

Tim Myers (@tim.naki)

Because one - one and - one and done is absolutely the - the way to go about this.

Jason Calacanis

Ooh, I've got to stand up for this.

David Friedberg

Here we go.

Tim Myers (@tim.naki)

First part we've got to do here is pick out the dealer.

Jason Calacanis

Are these real dealers? Or are these AI dealers? We had a debate.

Tim Myers (@tim.naki)

No, these are - these definitely are real dealers. They're certainly Eastern European, as far as I know. I don't know what their quality of life is like. I imagine they're warehoused somewhere and put on the tools. Now, I had a - I went with a - with a young lassie today and she's fucking rolled, bowled, and arseholed me. So, I'm going back to the bloke because they've been good to me.

Jason Calacanis

Yeah, pick a bloke. Pick a bloke. Somebody who feels blue-collar - who wants to work for us.

Tim Myers (@tim.naki)

Blue collar.

Jason Calacanis

We need somebody who's a worker.

Tim Myers (@tim.naki)

I'm just hoping -

Jason Calacanis

And you have over a million followers now watching this craziness

Tim Myers (@tim.naki)

Yeah, it's gone from 15,000 to 1.3 million in this entire journey, so -

Chamath Palihapitiya

Jesus.

Tim Myers (@tim.naki)

Yeah, a little bit non-sensical but -

Jason Calacanis

Okay, this - this looks like a good - he looks like a hard worker. He looks like a -

David Friedberg

Wait, what do you think of this guy, Tim?

Tim Myers (@tim.naki)

He's going to work for us. Are you going to - are you going to cop the insult live as I do it? Alrighty, it is day 15. Got a blackjack committee wanting every dollar I've got. We have a \$14,000 bet going on the line for me personally. But I actually have some absolute legends with me today. I'm betting for the besties from the All-In Podcast as well. They're going to bring the luck. Having been rolled, bowled, and arseholed by a young lassie yesterday. The \$34,000 goes on the line. Oh, no though. You guys want \$10,000, right? Not \$20,000. Geez, I better not - not take it.

Jason Calacanis

Yeah, put us down for 10. Put us down for 10.

Tim Myers (@tim.naki)

I did it. \$24,000 is going on the line. Our dealer looks like the kind of bloke who stops at red lights playing GTA. We won't hold that against him. A real - if you will. I need to see good cards. Jack-ace!

Jason Calacanis

Ooh! Ooh! Ooh!

Tim Myers (@tim.naki)

21!

Everybody

Yeah!

Tim Myers (@tim.naki)

21! Let's go boys! Oh, what the fuck?! That's crazy!

David Friedberg

That's how we do it!

Jason Calacanis

That's what I'm talking about baby! Yeah! Let's go!

Tim Myers (@tim.naki)

Oh, my God!

Jason Calacanis

That's a worker bee! That's a worker bee! I knew he would do it for us.

Tim Myers (@tim.naki)

I can't believe we've just pulled that off!

Chamath Palihapitiya

Wow.

Tim Myers (@tim.naki)

Oh, my God!

Chamath Palihapitiya

Did that - did that really happen?

Tim Myers (@tim.naki)

Gentlemen, that has really just happened. You've just turned 10 into 25. Holy shit.

Jason Calacanis

Holy cow.

Tim Myers (@tim.naki)

Oh, my God.

Jason Calacanis

Hahaha. Look at - Sacks is like, "We can do this for the whole taping!"

Chamath Palihapitiya

That's amazing.

David Friedberg

Yeah. Sacks is ready for another round.

David Sacks

How much did we win? We turned 10 to 25? Alright, so are we going to have a separate All-In balance? We just keep rolling it every week?

Jason Calacanis

Yeah, can you come back next week?

David Sacks

So, let's just keep rolling.

Jason Calacanis

We just keep rolling every week.

Tim Myers (@tim.naki)

We might have to. I cannot believe we've just blackjack'd. That is unbelievable.

David Friedberg

Well, Tim. Have a good day.

Jason Calacanis

Alright, Tim. You are our legend. Everybody follow Tim on Instagram. Let's get him to 10 million. Let's get - I mean - you have a future in broadcasting. You are going to make millions. You - you went from the farm house -

Tim Myers (@tim.naki)

Oh, yeah. Literally.

Jason Calacanis

- to the - and here we go. Now you're going to be running a casino. I think you should have Tim's Blackjack. You should have your own brand.

Tim Myers (@tim.naki)

Oh, I'd love to.

Jason Calacanis

We can go to the whole brand on this. 10-10. I tell you what, I want to run an AK. I want to run anything if I can just play one hand of blackjack with you guys. And I land jack-ace every week. That is unbelievable.

David Friedberg

Yeah.

Jason Calacanis

And like we said, that \$15k we won - that's yours - for you and the missus.

Tim Myers (@tim.naki)

Oh, no.

Jason Calacanis

No, no, no, no. We said it. We said it.

David Friedberg

Agreed.

Jason Calacanis

We want you to do something. Go with it. We're already cashed up. You take that \$15k. You take the missus out. You get some first-class tickets. You meet Chamath in Italy.

Tim Myers (@tim.naki)

To the All-In Summit?

Jason Calacanis

That's it. Come to the Summit.

Tim Myers (@tim.naki)

How about we - how about I go first-class to the All-In Summit.

David Friedberg

Yeah.

Jason Calacanis

Oh! We could play some - oh, we could have a full session.

David Friedberg

We could do blackjack.

Tim Myers (@tim.naki)

Oh, yeah.

David Friedberg

We may or may not have a fun casino night there. So, this will be fun.

Jason Calacanis

Oh, yeah.

Tim Myers (@tim.naki)

Oh, yeah.

Jason Calacanis

You've got to come in the Summit. For sure. Get the missus. Take the \$15k. Two first-class tickets. Get yourself set up in a nice hotel. And we will see you there. Alright, everybody. Let's get to the docket. Well done, Tim.

David Friedberg

Tim, see you. Thank you.

Chamath Palihapitiya

Tim, see you later.

Tim Myers (@tim.naki)

I appreciate it, guys. That was unreal.

David Friedberg

You're the man. That was awesome.

[Transition]

David Friedberg

I can't believe they have live dealers standing in a warehouse in front of a webcam.

Jason Calacanis

I don't -

David Friedberg

That - that is such a - like imagine walking into that facility.

Chamath Palihapitiya

You're surprised that the facility only has what? Dealers?

David Sacks

That's like OnlyFans or gamblers. Come on.

Jason Calacanis

Yeah, I think there's a lot of webcams there.

David Friedberg

A lot of webcams. Yeah.

Jason Calacanis

I think you could choose at the door what you want to do. Deal blackjack or -

David Friedberg

Yeah, or whatever else you want to -

Jason Calacanis

Whatever else you want to be on webcam for You could be doing twittering.

David Sacks

The dealers were probably making a porno in the next room.

Jason Calacanis

Above the table and below the table - there's two different tapings occurring.

Chamath Palihapitiya

Oh, my God.

Jason Calacanis

Oh, my God. Smell the number. Oh, that's rough.

David Friedberg

So, what happened? You DM'd him? That was so good.

Jason Calacanis

Yeah, you know what happened? What happened was somebody emailed me and they're like, "Hey, that's my mate who you talked about."

David Friedberg

Yeah.

Jason Calacanis

He's a big fan of the show -

David Friedberg

Yeah.

Jason Calacanis

- it turns out. You know, this is the thing about influencers now. This is the thing about this micro-celebrity stuff. We all know each other by default, right? So, he was just -

Chamath Palihapitiya

Well, there's - there's definitely camaraderie.

David Friedberg

That was great.

Chamath Palihapitiya

Yeah, that was awesome.

David Friedberg

That's awesome. I'm so glad he won.

Jason Calacanis

And he basically got smashed in his DMs. Like a thousand people DM'd him. "Oh, you're on All-In! They're bugging out to you on All-In!" And so, yeah. I just said, you know, I'm going to be like, you know, I'm going to be like, you know, and so yeah, I just said, "Hey, would you do a hand? Would you do your live hand with us?" And then I didn't... I wanted to clear it with you guys before I put our money on it or whatever, but I couldn't do that because I wanted to surprise you.

Jason Calacanis

Oh, my God. Smell the number. Oh, that's rough.

David Friedberg

Yeah, that's great.

Jason Calacanis

And here we are. I did not think that was real when he popped up. I thought it was like a recorded thing. Yeah.

Chamath Palihapitiya

All I could think of was, do I look like an ass by saying more? So that I just take quiet. And then, we hit blackjack.

David Friedberg

More than \$10k?

Chamath Palihapitiya

I was like - I was like, you know, start with 50k. Let's just see what happens.

David Sacks

I know. You're going to feel like when you like tiptoe into the bat with like a small amount -

Chamath Palihapitiya

Small teaser bet.

David Sacks

but you want to do more and then you win and you feel like you actually lost money because -

David Friedberg

Totally.

David Sacks

- you're going to be a bigger bat.

Chamath Palihapitiya

I feel like I lost 60k. I should have put 50k. I would have put 50k. I would have put 75k instead. We put 10k. We won 15k. I lost 60k.

David Sacks

We made a check JCal-sized bet.

Jason Calacanis

Yeah, it's a feeler bet.

[Intro Song]

Jason Calacanis

I don't know what's going on anything going on in your life. Anybody been busy having some adventure or Sacks. Seems like you were busy last week. Anything to report from your side of the world?

David Sacks

Well, should we take you guys behind the scenes of a presidential fundraiser? I admit I've never done one before. So, it was a new experience for me. When you host a president, it's just a whole different level of preparation.

Chamath Palihapitiya

My gosh.

David Sacks

The Secret Service was out like a week before. The president has an amazing advanced team. They work at every detail. They make a map of your house. They really have to think through everything.

Jason Calacanis

Yeah.

David Sacks

The police shut down the street. It's really a very involved process.

David Friedberg

By the way, I went to dinner in the city that night. And you know, I was right by your house. I drove up the street and they had everything blocked off on three blocks on both streets. On both sides of your house.

David Sacks

Mmhmm.

David Friedberg

But there were all these protesters all throughout San Francisco. From people had driven in from all over NorCal must have been.

Chamath Palihapitiya

Supporters. It's supporters. Yeah. Yeah.

David Friedberg

Supporters. Yeah. And they came in with these cars and the streets were blocked. It was a total zoo in the city for hours before and after your event. I actually stayed in the city that night. And I heard the people going nuts for hours afterwards. But it definitely like took - it took over the city. It was crazy.

David Sacks

Yeah. What was very interesting is that all week the San Francisco publications had been trying to gin a protestors by writing about that - you know - the president's coming to town and protestors are going to show up. And in fact, there was almost no anti-Trump protestors. And then, a huge number of pro-Trump demonstrators came out and they were waving flags and cheering along his motorcade as he was coming to the house. So, the whole protest thing backfired.

David Friedberg

Why do you think anti-Trump protestors did not show up? What happened?

David Sacks

I think there's just a big enthusiasm gap. I mean - I think that the pro-Trump people are very enthusiastic. And the, let's call pro-Biden or anti-Trump people are just not very motivated right now.

Jason Calacanis

So, it's exhausting to be against Trump for 8 years. Like, this has been exhausting. People like that. I think they've exhausted folks.

David Sacks

So anyway, so, and go and make a booth. Who's the founder of Intercom? He was there. And I think this was actually a good summary because he said that he spoke with a bunch of people. And none of them identifies Republican, all voted or donated Democrat in the past. That's true for me too. Now they're backing this guy for his policies and war immigration, crypto and more. The selection is a referendum on those issues. So Owen, you know, came out, appreciate his support. But it's true that the campaign told us that they had more first time donors at this event than they've seen before. And that's because a lot of these people haven't supported Republicans or had supported Trump. And they came out. So we have a few photos and videos here to keep behind the scenes.

Jason Calacanis

Oh, here we go. Behind the scenes.

David Sacks

So the first thing to say is that President Trump is extremely charming. He connects with people in like five seconds. I mean - he meets you and finds something interesting and or funny to say. And he's hilarious. I mean - when he spoke in the living room and he talked, he's talking for an hour, he's speaking off the cuff. Every speech he gives is different. This is him coming into the living room. He had made just a few notes about topics he wanted to talk about on a piece of paper, but that was it. It was all completely extemporaneous, no

teleprompter, obviously. And he's hilarious. I mean - people don't realize how entertaining he is.

Jason Calacanis

What is some of the greatest hints? What did he hit on? Did he hit on low pressure from showers? Did he? What did he, what, what, what, because I know he's got like some things he hits on that are relatable. Was it all like specific crypto topics, tech topics, or did he go off?

David Sacks

Well he did talk crypto and it was really interesting. At one point in his speech he called on the Winklevoss brothers who were there, and I'm only mentioning this because it was already reported that they were there, so I don't want to speak out of school. But he said to them, he says, I know you guys created Facebook. He was giving them credit for creating Facebook.

Jason Calacanis

I know you actually created it.

David Sacks

Yeah, but it's okay. I mean you guys look like models. You were dealt a lot of cards, a lot of cards.

Jason Calacanis

I mean they're very good looking. Huge IQ and I mean look at him great hair.

David Sacks

And so I thought, okay, wow, he must know the win. Kavos brothers, he must have met them previously. And I found out this is the first time that he had ever met them. So think about the awareness that he has to know that they're in the audience to see them point them out and then have this kind of hilarious routine with them. So he's someone who's very sharp, very on the ball, very funny. And then his energy level is incredible. So he had started his day at Mar-a-Lago at 3:30am Pacific time, 6:30am his time. Then he flew to Arizona, did a Trump rally in Arizona, then he flew to San Francisco for our event. He spent four hours at our event. He could have left an hour earlier if he wanted to. Then he flew to LA for more events the next day there. So think about his day and his energy level was just amazing the whole time.

Jason Calacanis

Chamath your thoughts before this goes on for an hour.

Chamath Palihapitiya

Yeah, I'll give you two observations. The first is that I think that there is a huge gap between how the media tries to portray Donald Trump and what he's like when you meet him in person. And that gap is really wide. And so I would say specifically to Democrats and independents, you really do need to sit in the room and feel what it's like. He, David. David is right, he is charismatic, he's intellectually sharp and he's funny. And when you put that together, he can engage an audience for a long time and be totally extemporaneous. The other thing I would say that is that he is very polite and he's kind in a way that was disarming and was not what I expected. And so I felt that I had misjudged him many years in the past. And so I was very glad that I had an opportunity to sit beside him and to actually interact with him one on one.

Jason Calacanis

Freeberg. Your thoughts on all this?

David Friedberg

I didn't go to this. I didn't go to the event. I dunno.

Jason Calacanis

No, I know. Just big picture. For hosting this.

David Friedberg

I want to know why Chamath didn't wear a tie. Everyone else is wearing a tie. You didn't want the tie.

David Sacks

Chamath doesn't need a tie. He is a baller. Do you want to say what Trump said to you when he met Natalie?

Chamath Palihapitiya

So it's us talking and he says, you guys are a really beautiful couple. And I said, well thank you. And then he turns to me and he goes, well you must be really rich. And I started laughing out loud. Nat thought he was hilarious.

Jason Calacanis

Oh, because of the disparity in the looks between you and Nat is what he was sort of implying.

David Friedberg

You guys sat next to him at dinner?

Chamath Palihapitiya

Yeah.

David Sacks

Yeah.

David Friedberg

And was that like an hour just private conversation between the three of you?

Chamath Palihapitiya

This is the other thing that he does. He actually sits there and he says, folks, I'm happy to continue to talk about whatever you want me to. You feel free to ask me questions or feel free to just go around the room and just tell me what you think. And what would happen is people would say different things and then he would start asking questions of other people and the thing becomes almost like this round table discussion of topics from, we talked about Iran, we talked about foreign policy, we talked about

Jason Calacanis

Deficit and debt,

David Sacks

Crypto regulation, everything.

David Friedberg

He say about deficit and debt?

Chamath Palihapitiya

Well, he's very much on your side of we have to really figure out how to get spending in order and get the deficit under control.

David Friedberg

Well, congrats on a, sounds like a successful event you guys.

Jason Calacanis

You guys. It sounds like you guys are in the halls of power now and Trump has flipped his positions on EVs, abortion and taking away a woman's right to choose. He's flipped his position on TikTok and flipped his position on crypto. I give him a ton of credit, four flips in a month and he just sweeps all those votes. It's pretty smart. And for the Democrats who are listening,

Chamath Palihapitiya

They are just losers

Jason Calacanis

And you're not listening to people, so you're going to lose the election and Biden's going to get demolished. Nobody wants to vote for somebody who they thinks.

David Friedberg

Do you think Biden's getting demolished? Right? That's your thought?

Jason Calacanis

That's your bet? Did you see the video that came out this week where he was at some event and it looked like couldn't move a Mitch McConnell moment where he was kind of frozen.

David Friedberg

He was like stuck.

Jason Calacanis

And so I don't want to make it like elder abuse and I know people

Chamath Palihapitiya

It's not elder abuse to be honest about what you're observing, especially when it comes to the

Jason Calacanis

No, no, I'm just saying almost harping

David Friedberg

The most powerful role in America.

Jason Calacanis

Yeah. He's got to bow out

David Friedberg

538, just put out their election forecast showing 51% chance of Biden winning, 48% chance of Trump winning as of two minutes ago.

Jason Calacanis

Yeah. Who knows? I think it's all going to be determined by the debates. There's still a race. Sacks, you were going to say,

David Sacks

Well, I just think what other job in America could Biden even be qualified for? What would you hire him to do there any

David Friedberg

He shouldn't be working

David Sacks

Mental job you would hire him to do? Is there any physical job you would hire him to do? Would you hire him to be your babysitter? I mean, I don't think there's any job in America that anybody would hire him to do except for maybe president. It's kind of crazy.

Jason Calacanis

And this is where the Democratic party is in shambles.

David Sacks

We should have the highest standards for the mental acuity, sharpness, and energy level of our president. It's the most demanding job in

Jason Calacanis

The world. We need a cognitive test, but the Democrats need to just look deeply in the mirror and say, Hey, you're fielding a candidate that nobody's going to vote for. That's the problem here. And there's not enough anti-Trump sentiment and Trump's a genius at flipping his position to get huge swats of voters. And so you're going to get demolished if you don't hot swap 'em. I guarantee you a hot swap is coming. I predicted the Trump TV flip. Don and I predict it now.

Chamath Palihapitiya

I think you are right about maybe some of the issues where folks will get much more precise on these issues, but I actually think what's happening is that this is really going to be about Trump versus Kamala Harris. I don't think Biden is going to step down at all, but I do think there's a chance, a non-trivial chance that Biden wins. And if he does, I don't think he's going to make it four years. And so then the real question is do folks want Kamala and have they had a chance to really figure out whether they want to vote for her or not? I think that's really where it's going to come down to. It's really Trump versus Kamala Harris.

Jason Calacanis

And if you frame it as that Chamath, then it's even a bigger trouncing, right? If you put Biden, if you put Kamala against Trump, then it would be even bigger shellacking. Yeah. In your mind.

Chamath Palihapitiya

I just think that without saying anything bad about Kamala, because I don't know much about her is really what I would say is I don't know much about her. And so you can't have somebody who gets into that role accidentally. I think we have to give both President Trump and President Biden a lot of credit, which is they stood in the eye of the hurricane and

withstood all the pressure and won. And he who wins that way deserves to be the president of the United States. She hasn't withstood that. And so I think that it's pretty unfair for a lot of voters if there is a bait and switch. And so I think that you have to look at both of these two candidates and assign a reasonable probability that both of them make it to the finish line and from at least what I saw up close, I think it's a much higher probability that Donald Trump does than President Biden does.

Jason Calacanis

Listen, Biden hasn't made it to the finish line of his first term. It's obvious to everybody who's in cognitive decline. You put up a candidate who's in cognitive decline, you're going to lose even against Trump who people really don't like. These are the two most unpopular candidates of our lifetime.

David Sacks

I'm not sure about that, I don't think it's true that people don't like Trump. I think that

Jason Calacanis

There are, he's got a core but yeah, no people, the Republicans, including the Republicans including yourself, were looking for a different candidate. Just months ago you said Trump was not your preferred candidate and you were all in on DeSantis. So let's not pretend like he was your preferred candidate. He's the remaining candidate. So you flipped your position.

David Sacks

Yeah, I think it's wrong to say that there's not enthusiasm and love for Trump. We saw it on the streets. We saw it in that room.

Jason Calacanis

There's some, yeah.

David Sacks

Do you see Logan Paul meeting with Trump four years ago? He was for Biden, now he's for Trump. Have you ever seen Trump walk into a UFC event? They go nuts for him. I'm saying yeah, all guys, there's a lot of enthusiasm and a lot of love out there for Trump. A lot of excitement. I don't see any of that for Biden. There are people who don't like Trump and that drives some support for Biden. But if you look at enthusiasm and excitement, it's all on the Trump side

Jason Calacanis

In this we are in total agreement. Yes, there is no enthusiasm to put somebody in cognitive decline in the White House. Alright, listen, we got to get to the docket. We could talk for hours about Biden, Biden, Biden, Trump, Trump, Trump, and we will, it's going to be a continuing topic, but let's get to a very full docket here. Breaking news last night, Tesla

shareholders have backed their guy. Yes, there was two important votes measures that Tesla just had taken with their shareholders.

Chamath Palihapitiya

It's kind of odd that we're in this crazy place.

Jason Calacanis

Say more.

Chamath Palihapitiya

When that original package was unveiled, there was a lot of people including me who thought there's no way he's going to hit this. It's just way too aggressive and it requires so many things to go right. And so I think in part that's why three quarters of the Tesla shareholders approved it then. 73% is not squeaking over the line. It's not 50% plus a vote. It's a super majority.

Jason Calacanis

And that excluded Kimball and Elon shares.

Chamath Palihapitiya

Exactly. And then I think you had this very dangerous form of judicial activism, which essentially ignored the will of the shareholders and tried to create some administrative ruling that threw up this big question. So then in typical Elon style, he's like, great, we're just going to get them devoted again. And then yet again it passes and it looks like it's going to pass by around 73%. But the problem now is that it's still not clear what happens. I think that there's still some question marks where this may not nullify the judge's decision. It may actually create more question marks. So hopefully this gets sorted out. He should get this stock. He never should or these options, he never should have had them taken away. And so I just hope this thing, it becomes a nothing burger.

Jason Calacanis

Sack's, you have thoughts on this outcome? Is it surprising to you? Not surprising. And then I think the jurisdiction thing is bigger than maybe people are thinking because Delaware has been the standard for incorporating companies, but Elon is putting his companies in Nevada and Texas. We saw the stock exchange last week getting back to move to Texas. This does seem like there's something about jurisdiction in the water. What are your thoughts, Sack's?

David Sacks

Well, I think it's ironic that the winning margin 73% is the same margin by which shareholders approved his comp package back in 2018. So again, they got 73% voted for this 2018. Now they voted to reapprove it by the same margin and the reason why they had

to do it is because this activist judge in Delaware avoided it on the ground since somehow the original shareholder vote wasn't valid. And I think this is interesting that the margin didn't change because it shows that shareholders aren't in great.

Jason Calacanis

Friedberg, is this a John Galt moment? Is this where capitalism, socialism and the state collide and people now start thinking maybe we need to create a new jurisdiction, a new framework?

David Friedberg

That's a good question. I think it's a good example for capitalism and I think it should shine the light on how other CEOs are getting compensated at public companies where there's typically a multimillion dollar or multi-million dollar pay package that has no dependency on the performance of the business. You can make tens of millions of dollars a year and not drive shareholder value. And I think that the way that this deal was structured where Elon effectively got 10% of the company for 10x ing, the stock should be an example that other boards should actively consider when considering both candidates and their appetite for this sort of a package and their compensation packages themselves.

Chamath Palihapitiya

What do you guys think of the organizations that initially voted yes and now voted no?

David Friedberg

They basically are saying, look, I mean if you think about it, you're a big public company. I dunno what ISS recommended. This is institutional shareholders services.

Chamath Palihapitiya

They recommended no both times.

David Friedberg

Right? And so ISS basically is what a lot of big public fund managers will follow when they make their votes. And so if I'm a shareholder,

Chamath Palihapitiya

That's not what I'm, that's not what I'm asking.

David Friedberg

No, I know what I'm saying, but let's say that I'm BlackRock or I'm a - I'm not going to put BlackRock some big shareholder Tesla stock. Why would I vote to give away 10% of the company when I don't have to?

Jason Calacanis

Yeah, very simple because

David Friedberg

He would leave, he would leave.

Jason Calacanis

Morals and ethics matter and you want to do the right thing and you want to incentivize capitalism to operate properly and want to incentivize the people who take on the burden of running these companies and the people who voted against it. I think people should just make a list of those individuals. Chamath.

Chamath Palihapitiya

I totally agree with you.

Jason Calacanis

- and should not do business with that because if somebody is going to double cross, you co agree they've shown you who they are. These are people double crossed, they got the benefit and then they stabbed them in the back. Make a list.

Chamath Palihapitiya

That's exactly what they did. That's exactly what they did.

David Sacks

It's worse if they voted a yes the first time and then they voted no,

Chamath Palihapitiya

No, I'm saying there is a modifiable group

David Sacks

Then maybe you're just against the deal, but if you're yes no, then that's a

David Friedberg

A true scumbag.

Chamath Palihapitiya

You're a scumbag.

David Friedberg

Is that public anywhere who did that?

Chamath Palihapitiya

Yeah, there are a bunch of folks that said that. I think it was CalPERS that voted yes and then when they were on trying to explain, they were like tap at dancing in corporal jargon. But really what they are scumbags, Jason, you're right. They are morally and ethically void and they're reneging and this is the one rule in business you're not allowed to do and the people that do that are these penny pinching scumbags.

Jason Calacanis

I'm not saying a blacklist, but I would say making a list of people who maybe you want to consider not doing business with is how I would frame it. These are people who,

David Sacks

Yeah, they're they're public market investors. They're not private investors. They buy the stock on the open market so they don't have to worry.

David Friedberg

I mean I think the question is what are the chances that Elon leaves the company if he didn't get the pay package the chance probably.

David Sacks

I think that was a risk and I think that made

David Friedberg

People think that was non zero

David Sacks

Possibility. Think about it. Yeah, non-zero possibility.

Chamath Palihapitiya

You made an agreement with somebody and you shook their hand.

David Sacks

Yeah.

Chamath Palihapitiya

Why does he care whether he would've left or not left?

Jason Calacanis

You have to do the right thing.

Chamath Palihapitiya

This is thing. You have to do the right thing. You promised the guy X amount of money for doing Y amount of things. He did the Y things and then you had a judge come over the top because of somebody who owned 10 shares. And all I'm saying is if you don't have the intellectual intelligence to look past that and say, wait a minute, we just paid the guy to do this work and now we're going to renege,

Jason Calacanis

They're gaming the system.

Chamath Palihapitiya

I just think that how can anyone who is capable of doing a job sign up for a pay package? How could anyone and the people that will sign up are these like middling corpo people who will accomplish nothing and will run these companies in ways that then speaks to organizations that have just proven themselves to be totally unreliable.

David Friedberg

The irony of the thing is that these folks thought that they were getting a 10% free roll when they voted no. And the reality is that by him getting the pay package, the certainty of him sticking around at the company caused the stock to go up by 10%. So they actually had the calculus wrong that if they had gotten their way, the stock would've declined by more than the 10% free roll they thought they were getting.

Jason Calacanis

This is I think the main point and

David Friedberg

10% being the ownership of the company that he gets.

Jason Calacanis

The pay package was laughed at on CNBC by all the experts. There is no way for him to hit this stuff. If he does hit it, he's getting a fraction of the value of it and this is why stock is such a valuable device. If employees get stock and the CEO gets stock and everybody in between and retail investors get it and endowments get it and your retirement account gets it, everybody rose in the right direction. Is it perfect? No, people can buy back their stock. They can do a little gaming on the margins, but it is the most pure system we have. Everybody has a share of the company, so if you're a socialist, you should actually kind of appreciate how stock works that everybody has a chance to buy it, everybody has a chance to participate. This is the model we should be using for all CEOs should all get a massive package if the stock goes up into the right. It's so obvious and this was so unfair. Let's see this flipper, I want to see their explanation.

Jason Calacanis

This woman is so smug. What is her name? Karen Frost.

Chamath Palihapitiya

I don't think she smug.

Jason Calacanis

Sorry. Marcie Frost. Oh sorry. I thought it was Karen Frost.

Chamath Palihapitiya

I think this is emblematic of the kind of person who is incapable of actually doing the right thing. And there's a lot of these people that run a lot of these organizations. I mean what kind of an answer? I mean it was a non-answer. That's why I said it was smug. Let me just ask each of you, you've all started companies, some of you are still running companies. Would you take money from her and CalPERS after that statement?

Jason Calacanis

Hard no for me,

David Sacks

But remember she's not investing in private companies. She's buying stock on the open market, so -

Chamath Palihapitiya

No, no. CalPERS announced that they're an LP and they're starting to do directs.

Jason Calacanis

Oh, okay, I didn't know that. They're trying to catch up. They've been behind on venture.

David Sacks

Let's call this whole thing what it is. It was a heist. You had these trial lawyers, they find a name plaintiff who's got nine shares and on a contingency fee basis they go after Elon's pay package. What are they looking for? \$5.6 billion.

Jason Calacanis

How does a lawyer make \$5 billion? How is that possible?

David Sacks

That's what motivated this whole thing. They don't care about Tesla, they don't care about the company, they don't care about shareholders. They're looking for a giant multi-billion dollar contingency fee payment and they took their shot and they found a Delaware judge to basically agree with them even though shareholders approved it and then shareholders

reapproved it. So my question is how much are these trial lawyers going to get? Is the judge going to award them billions of dollars for what was clearly now a mistake to avoid a pay package that shareholders wanted to stick with? If they award these lawyers billions of dollars, which is what they're seeking, no one's going to want to do business in Delaware anymore because it subjects you to these stick up he by trial lawyers. So I think that's going to be the next big shoe to drop is what do these trial lawyers get awarded?

Chamath Palihapitiya

What are they going to get paid? They also wanted to get paid in Tesla shares. No, I'm serious.

Jason Calacanis

Here's an idea. Buy the shares yourself.

David Sacks

Yeah, they said, we don't like your management of the company, but we want to take shares.

Jason Calacanis

We'll take shares. Yeah. By the way, they got their shares and then they voted to give on the next pay package. So it's just a full on gift. They secure the bag,

David Sacks

But Delaware is supposed to protect corporations against this gift. That's why people incorporate there.

Jason Calacanis

When people ask why does Delaware have this special place that everybody decided Delaware where we incorporate it was because it was predictable. Lawyers felt this was the most predictable jurisdiction that would be the most shareholder friendly, most shareholder, thoughtful, whatever word you want to use, they would defend the shareholders. And here we are,

Chamath Palihapitiya

The last company I started, 8090 we incorporated in Nevada and I just read domiciled a couple of other companies that I own into Nevada as well.

Jason Calacanis

It's becoming a trend. We're having very big discussions about this in the startup community of where did domicile your company and more to come on this one. Okay, let's keep moving. Apple had a huge announcement this week. Apple has entered the chat. They announced Apple Intelligence, get it AI and they have included a ChatGPT integration from OpenAI. This was really, I think impressive in many ways because people thought Apple was

far behind. It was a banger of a demo. A lot of Apple-like future-looking demos. So none of these demos that we're going to show are coming to your phone this week. They were really, I think playing catch up with Microsoft and it worked. Stock is up 10%. They added about 300 billion in market cap. Now the top three market cap companies are all driven specifically by the perception that AI is going to be the next technological wave.

Chamath Palihapitiya

I think you nailed it right at the beginning. The thing that I was struck by the most in this is we went from a phase where in the Steve Jobs era, these events were because you were about to unveil a product that was done and shipping as of that day. And then at some point we transition to they are talking about products that they intend to release within a year. Now we've shifted to the part where they're talking about software integrations from a third party that will happen in a year. So if you just look at it sequentially, it's a little disappointing in that sense because for a company this big, it's really not much of anything. You can't really touch it and feel it and it's going to take a year before we really know what the totality of all of this is. Meanwhile, the economics of the ChatGPT deal, were leaked and there's no money on either side. So I don't know, it's a little bit of like, it's really not much of anything to be honest because there's nothing we can actually play with and experience.

Jason Calacanis

Friedberg your thoughts on the vision here at least, and to Chamath's point, Apple used to release dope stuff, fully baked, ready to go and now we are increasingly see them talking about what's coming next year or at some point do you think Apple's going to win the consumer? Do you think Apple's falling behind? Should they have built their own LLM by this point?

David Friedberg

I'm not sure. I think what they have shown is more of a glimpse into the future of hardware where for the last two decades or so, hardware has mostly been a portal to access the internet and use the internet through apps or through the browser. And hardware has done a good job of enabling that, but I think we're now going to see a much more tighter coupling where the hardware becomes more valuable and it's less of this kind of funnel for apps to flow through and data to flow through. But the hardware actually becomes the value creator and you see a much more tighter integration in the hardware OS and the AI or the software that enables you to do lots of things. You're no longer just going to use the hardware to access an app to do something. So a lot of the companies that are app developers are likely going to end up becoming services developers that enable that hardware AI to do something for you.

Jason Calacanis

It's clear Sacks that right now to enable these features, you're going to have to have a pretty solid device. They announced here at the keynote at WWDC that you need to have an M1 chip

or better iPhone 15 or better. And having all this local data is a huge advantage for Apple. They've got your messages, your phone, your calendar, your photos, your app behavior; the data inside of your wallet, all of this gives them a huge, huge advantage. So I guess the question is, do you think this renews the Apple franchise and people start upgrading their phones again to get all these new features? David Sacks?

Chamath Palihapitiya

Well, the market definitely thinks so because Apple was up big on this news and even if it was largely vaporware at this point, the market definitely liked where they were going and frankly Apple did exactly what I said they should do last week, which was to reinvent Siri as an LLM with the ability with the capability to reach into apps as an agent and take actions on the user's behalf. That's what they effectively announced. However, Apple took a shortcut to get here. They partnered with OpenAI and this is something that I don't think they've ever really done before at the operating system level. Apple is famous for being vertically integrated, for being a walled garden, for being end to end. They control everything from the chips to the hardware to the operating system and they don't let anybody else in until you're at the app store layer.

Jason Calacanis

It turns out Apple has addressed this head on, they hear the concerns. And much like when you share a photo or you share your location, it's going to ask you over and over again, do you want to let this app do this? So they're aware that this is an issue. They brought up privacy every single time, but people don't trust OpenAI and they do trust Apple, so this is strange bedfellows to be sure to off your thoughts Chamath.

Chamath Palihapitiya

I think that Apple really cares about privacy when they're trying to hurt a company they don't like (i.e. Meta) and they're willing to figure out a way to work around it when they're behind. It's a company that they clearly support, OpenAI.

Jason Calacanis

Yeah, well you're behind. You behave differently than when you're ahead and you have your monopoly. Friedberg, you wanted to add anything here before we move on to? And the next story in related news, OpenAI has hit a run rate, and this is kind of stunning of \$3.4 billion. That means they've roughly doubled their monthly revenue in the past six months or so. These are not official numbers, OpenAI is denying them, but here's a chart that somebody put together based on all the different leaks and approximations of what OpenAI is making. The reason this makes no sense, this chart, and it shows a year and then it shows a month, a month, a month, a month is because there's been different leaks at different points in time. But just to normalize this, in 2022 for all of 2022, before they really had a lot of customers, 28 million and now on a 3.4 billion dollar run rate, again, it's a pretty stunning number.

David Sacks

It's true, you can do apples to apples here because 2023 Jan is 200 million, that means that June is 300 million if they're on a 3.6 billion run rate.

Jason Calacanis

And so if we were to even look at the number of people who work there, 770, if you put that at 500,000 a person, some engineers getting a couple of million, some people may be getting less, they've probably only got a half billion dollars in salaries a year. Who knows what they're spending on the infrastructure for this. If you were to do a valuation on this, everybody knows they sold a bunch of shares in secondary at around 80 billion, which means they're trading at, if these numbers are true 25 times for revenue, which is close to what NVIDIA's trading at right now. Obviously they're two very different businesses. So your thoughts on this as a SaaS company, obviously the majority of this revenue is consumption based. Some portion of it is SaaS based, reoccurring like subscriptions we pay for at launch. My venture fund, we pay for 6,000 a year to have all 20-25 people on ChatGPT as a corporate account, maybe it's 250 - 300 a year per person. So what do you think of this business s SAS and how fast it's growing? Obviously some of it's API consumption based not reoccurring. Some of it is reoccurring.

David Sacks

First of all, let me say that we've talked about AI General Hospital and all the soap opera issues around OpenAI and Judge Sacks had opinions on that.

Jason Calacanis

Yes,

David Sacks

But putting that aside, I mean everyone acknowledges that their products are awesome. I mean, OpenAI makes really great products with ChatGPT 4.0 being at the top of the list. And I talked about how when we moved from ChatGPT-4 Turbo to 4.0 at Glue, the speed and quality went up at least 2x and it felt like 10x. So they have the best language model as of this point in time. And they also have other products that are really great, like the Whisper API, which does transcription. I mean there's a whole bunch of tools they have that are great for developers. So nobody's taking anything away from them on the product side, and I think you're seeing that in this revenue number. Now, if I was to try and take apart this business as an investor, I would separate the B2C business from the B2B business. The B2C is a consumer subscription plan. People paying \$20 a month, I'm one of them. I pay the 20 bucks a month. It's probably the LLM that I would pay 20 bucks a month for.

Jason Calacanis

How often do you use it? Daily, weekly, monthly?

David Sacks

I'd say a handful of times a month. To be honest, it's not like a daily use for me, but I probably use it every week. I would say at least once. So I still use it. I have to say though, that the other LLMs are catching up and if Gemini ever gets good enough or when GR gets to the next level, am I going to stick with that \$20 a month plan? I'm not sure. It depends whether OpenAI can really maintain the leadership it has or the perception of leadership. Okay, so that's half the business. And then the other part of the business is the B2B, which is the API products that effectively they're selling to developers. And that's where I would place the future value of this company. I mean, as somebody who invests in saas, when we see a business that has B2C subscriptions and B2B, we place all the value on B2B. And the reason is because historically the churn rates in B2C are too high.

Jason Calacanis

Yep.

David Sacks

Five to 10% churn rates are common, 50% a year

Jason Calacanis

Per month

David Sacks

Per month. 50% churn a year are very common. OpenAI may not be experiencing that yet, but it's very hard to avoid the downdraft of consumer churn. And on the other hand, on the B2B side, a good B2B business has expansion, 120%, 150% expansion year over year from same customers. In other words, they're ordering more.

Jason Calacanis

So you would compare this business to Amazon Web services, Google Cloud, Azure. That's really the business.

David Sacks

Yeah. The first thing I'd want to know is how much of the 3.4 billion is consumer and how much of it is developers?

Jason Calacanis

We'll find out eventually. Chamath, your thoughts on OpenAI's surging revenue?

Chamath Palihapitiya

I'm kind of in David's camp, which is I think to the extent that the business has a large terminal value, it's going to be because of the enterprise cash flows. The thing to keep in mind is that I still haven't seen enterprises building production level products using AI.

Jason Calacanis

It's all experimental, right? It's all experiments now.

Chamath Palihapitiya

Yeah. That's nothing against OpenAI. It's just a commentary on the fact that we are at a very, very early part of the cycle where when you use this term blast radius, right, what are you referring to? You're referring to this idea that you're stringing together elements of a model or multiple models that each have some non-trivial error rate. And by multiplying all these error rates together, you get your final product. But the unfortunate reality in most AI workloads is that you end up with something that's not very good and that's not the fault of OpenAI, nor is it the fault of Llama. It's just the nature of how these bottles work and the fact that you've gone from something very deterministic to something that's very probabilistic and we have not found a way to create extremely high quality experiences, we as an industry that make this cost justifiable.

Jason Calacanis

Average revenue per user ARPU per year is single digits. Maybe it hits double digits as opposed to United States where it could be triple digits.

Chamath Palihapitiya

So then I don't know, I would just wrap up by saying that I think that if this number is right, it's just an incredible testament to what they've been able to uncover and create in a short amount of time. That is legendary stuff. But what I can tell you in working with enterprises around these AI experiences through 8090, we have not yet seen production quality models being deployed in the wild that are dealing with very, very important business processes, which means that most of the revenue right now is probably consumer oriented.

Jason Calacanis

Okay. Friedberg you, I don't know if you got to see Sonny's talk at liquidity last week, but he talked about how many of the CIOs, CEOs are looking for open source solutions here. 80% of them want to go open source. They don't want a proprietary model to invest in, but the best model right now is a proprietary model. So what do you think about OpenAI's revenue surge? Is it sustainable or are there 20 better open source projects that are going to be death by 20 open source project cuts and Chamath's general feeling here that hey, it's not ready for primetime yet. It will be, but we're in the AI dial up era. To use an analogy here, hey, you could see the promise, but it kind of sucks in terms of reliability,

David Friedberg

Maybe OpenAI as a OL. I think that there's going to be a Google that'll show up. Maybe it's Google that'll grab a large part of the value here, or ultimately the cost comes down so much with the open source tools. I do believe that these open source tools are incredible. I mean the open source Llama instances are like they get you 85 to 90% of what you're looking for.

So if you're an enterprise user, why would you pay thousands of dollars for the OpenAI platform when you can use LAMA and you can tune it and you can build your own front end to it, your own integration with your own data, et cetera, et cetera. It's just early days for enterprises figuring out how to do that. But I do really believe that the future is enterprises, companies building their own LLM driven tools for both internal and external products that leverage smaller open source models and that we're kind of in this dearth of people's understanding and ability on how to actually execute against that, which makes the default to be go to the ChatGPT interface.

Jason Calacanis

Did you check. Oh, you did pull sources and check facts, right? You do have to do that.

David Friedberg

Yeah. So pulled and there was a lot of wrong stuff just to be clear, but our you were a ballpark.

Jason Calacanis

What percentage was wrong?

David Friedberg

I would say 25% of it was wrong. And then you had to clarify, but the truth is for this particular application, it didn't matter. We were making some approximations on markets and sizes and various facts that we were kind of using to do some strategy stuff and some product development stuff. So I would say it wasn't.

Chamath Palihapitiya

But you found it useful. You found it useful.

David Friedberg

A hundred percent and I would say it saved us hundreds of hours, hundreds of hours amongst our -

Chamath Palihapitiya

And were you paying them an enterprise license or a consumer license? 20 bucks a month. What is that?

Chamath Palihapitiya

No, no free. Yeah, no Freebird, you're just paying it yourself or you pay for everybody at -

Jason Calacanis

I think everyone has the right to pay for it. I think other people at the company pay for it too. I don't have a corporate thing set up. So everyone basically, we took the time to set up the

corporate, it's really easy and then anybody with your domain can sign up and let you track it, but it doesn't consolidate. That's what I'm looking for. Chama is the ability to consolidate all the searches in one place and everybody can share their searches.

David Friedberg

But like I said, the application layer, which is like Blue is doing right. It's an application today, meaning we go to the app, we ask questions, we get answers, and we use that and I actually had it pull tables down and I drop those tables in all sorts of great stuff. It could do some analysis, pull out what the analysis showed, understanding economics on various businesses, all this sort of stuff that it consolidated for us that quickly.

Jason Calacanis

That stuff definitely makes everybody bionic. I agree.

David Friedberg

But what it doesn't do yet is take all of our internal data and all of our internal tooling and kind of reconfigure how we use that. So we're still paying for a whole bunch of enterprise software and SaaS licenses for things that we know we don't want to be paying for in the future. And we're now starting to figure out how can we build our own AI-based software to replace a lot of the dependency we have on third party software that uses our internal data for our internal consumption. So there's a lot of that's still ahead of us and that's why I know and we're pretty progressive, so that's why I know it's early innings because I see the way we're going to use it, and I know that we're probably well ahead of a big enterprise company that are more traditional. And so I can see a couple of years from now, all these big enterprises are going to figure the same thing out. And then you're not necessarily going to need to pay for this ChatGPT stuff if there's an internal tool and an internal LLM that you can run.

Jason Calacanis

I'll tell young people are really getting dependent on this and they use it constantly. We're on our investment team meeting. We were evaluating a company for real estate brokers. We're evaluating a company for therapists and tools and SaaS products for those type of people. And when I asked them, well, what's the total addressable market? Boom, three or four researchers and analysts on my team are doing that search finding sources and saying there are this many therapists, this many social workers, this many real estate brokers, this many buy. And then I'm saying, well, did you source them? They're like, yeah, of course I asked. And one of 'em was like, well, I asked Claude, I asked Gemini, I asked ChatGPT, I asked them all for sources. I cross-referenced them. So they have three of these things open and so just everybody's knowledge level goes up, but you do have to check it because one out of four facts is probably wrong or cited wrong. And so it's going to be,

David Friedberg

I think one out four is about the right number.

David Sacks

That's interesting, so you use multiple LLMs to find the hallucinations.

Jason Calacanis

Basically, you cross reference them.

Chamath Palihapitiya

So that's actually pretty interesting.

David Friedberg

I jump on Gemini too, so I use gemini.google and I use ChatGPT and I just make sure that stuff lines up. Just sanity check things.

David Sacks

You are going to pay for these. How many would you be willing to pay for?

David Friedberg

I would pay for five.

David Sacks

You'd pay for five different LLMs.

Jason Calacanis

Well, think about it. If somebody's salary is a hundred thousand and these cost a thousand dollars to have five of them, of course I'd pay for five. A tool it 1% of their salary.

David Sacks

So as a work tool, okay as a work tool, I guess there's three categories to their business now that you're raising this. There's sort of the consumer subscriptions, then there's the business subscriptions, which are basically the consumer product, but a company's paying for it.

Jason Calacanis

Correct.

David Sacks

And then there's the developers paying for meter day usage.

Jason Calacanis

Consumption, meter day usage. Yeah, yeah, That enterprise is really powerful.

David Sacks

Yeah, it's kind of like Microsoft Office or Google Docs where consumers use them for free or want to use them for free and then companies will pay for it and that's where the real money is.

Jason Calacanis

Anyway. This is going to make people bionic. I think all organizations will have the same number of people for the next couple of years and then just individuals will get better and better at their jobs. And so efficiency is going to go way up. Speaking of efficiency, the market is ripping. We're going to get a little macro here in three acts. Inflation has been broken. I think it's safe to say we're down at 3.x - 3.3 lower than expected and hiring wages are surging and stocks are surging. So let's go through it here and get the besties take on the vibe session.

David Sacks

I actually disagree with that framing, Jason.

David Friedberg

Yeah, I agree. I disagree as well.

Jason Calacanis

You disagree with it. Let me go through the numbers and then you can all disagree. That's how this works, folks, inflation print came in at 3.3% lower than expected. Here's your 10-year chart. Super easy to explain what's happening here. Rates were low for a long time, inflation cruising at about 2% and then lunatic spending during covid and we added 8 trillion to the national debt and then Biden added a bunch, everybody getting those stimi-checks and PPP loans. And so if you look at inflation here, we were just cruising along at 2%, massive spike up to 9% year over year inflation and now coming back down to 3.x. And the question is can we get to a two handle? And the rates went up faster than ever in history. Here's the Fred chart, you can see there in, and this goes from the '80s, so you see that massive spike when they tried to break the back of inflation previously.

David Friedberg

I think there are three numbers that matter. The inflation rate, the growth in GDP and the cost to borrow. The growth in GDP in the first quarter of 2024 was a lousy 1.3% on an annualized basis. And even if the rate of inflation came down, we are still inflating the cost of everything by north of 3%. So the economy is only growing by 1.3% and it costs more than 3% more each year to buy stuff. That means everyone's spending power is reducing and our ability and our government's ability to tax is declining because the economy is only growing

by 1.3%. The most important fact is that the interest rates are still between 4 and 5% - 4 and 4.7%. That means that to borrow money costs 4.7%, but the businesses, the economy on average is only growing 1.3%. So just think about that for a second. We have a tremendous amount of leverage on businesses, on the economy, on the federal government that leverage the cost to pay for that debt is more than 4 to 5%, but you're only growing your revenue by 1.3%.

Jason Calacanis

Yes

David Friedberg

So at some point you cannot make your payments.

Jason Calacanis

And the goal Friedberg was -

David Friedberg

And that is true. That is true for consumers, that is true for enterprises and it is true for the federal government.

Jason Calacanis

Just to point out here what you're saying, the goal was to in fact increase the interest rate to cool the economy, right, which they got too late but that was the goal. That was the explicit goal was to cool the economy.

David Friedberg

Yeah, the whole purpose of raising rates is to slow the flow of money through the economy and by slowing the flow of money through the economy, there is less spending, which means that you're reducing the demand relative to the supply. So the cost of things should come down. You should reduce the rate of the increase in the cost of things. Now, if you click on this link, Nick, that I just sent you in response to the condition in the economy today, Elizabeth Warren sent this note to Jerome Powell three days ago saying,

Jason Calacanis

Chamath, what's your take on this? We have a slowing GDP growth, we have inflation going from nine down to three. We have wage is going up 4%. How do you make sense of all this? Do you feel like,

Chamath Palihapitiya

Sorry, Friedberg, are you saying we're going to have stagflation or -

David Friedberg

We have stagflation right now? Definitely. But what I'm saying is that it's not a rosy picture just because labor rates are going up. If the labor rates aren't going up, and you can see this, ultimately the best number for this is the sum of GDP growth. So in aggregate, if the revenue of everything combined, which is GDP isn't going up faster than the increase in the cost of everything, people, businesses and the government can't afford their stuff. And that's fundamentally what's going on right now. What we need to see is a normalization where GDP growth is greater than inflation rate. And as soon as that happens, then we have a more normalized and stable economy. So right now things are not stable. There's a lot of difficulty and strain in the system.

Chamath Palihapitiya

I will put myself on the other side of that trade if there was one. If I had to simplify the United States economy, remember GDP is 70% spending by individual people. And so people can spend two things, savings that they have or credit that they have. And what's interesting is that we have finally burned through, and this is what this picture shows all of the money that folks had in their bank accounts. And so what does that force people to do? It actually forces people to reenter the workforce so that they can start to make money. But the problem is that companies have been shrinking and have been on a defensive posture. And so as a result, which you started to see this past unemployment report, unemployment is now ticking up because when these people reenter the workforce, there are no jobs for them to have.

Jason Calacanis

So here is total job openings to your point, Chamath, they're getting burned off. We peaked at 12 million. Again, if you believe the numbers are not, they obviously have some value and we've burned off a ton of those. So Sacks, what's your non-political, non-partisan take first principles of what's going on with the economy?

David Sacks

Well, look, we just had this inflation report. CPI was 3.3%. The market was expecting 3.4%. So that's a teeny bit better than expected, but it's still persistently sticky inflation is. And furthermore, Powell's comments were very hawkish. He basically said he could not commit to when rate cuts might begin. And we're already remember at the beginning of the year, we entered the year with expectations for seven rate cuts this year. Now we're down to an expectation of one rate cut and we can't say for sure when that's going to happen. So honestly, I think your introduction overstated how positive this news was. And that's why I think if you look at the markets right now, it's very mixed. Most tech stocks that I'm seeing are actually in the red and a few of them like Tesla and Apple and Nvidia are up, but the vast majority are in the red.

Jason Calacanis

Betting markets had two 70% chance of two rate cuts before Powell spoke afterwards. Now it's one rate cut Dow record high again this past week and NASDAQ record highs each of the last month or last four months. So the market, putting aside individual stocks has broken records almost every month for the last three Friedberg, your thoughts.

David Sacks

On the back of two stocks. I mean Nvidia is holding up the whole market. There's a lot of funny memes about this.

Jason Calacanis

Nvidia, Microsoft and Apple.

David Sacks

AI - AI stocks are holding up the whole market.

Jason Calacanis

Correct? Yes. Record stock market.

David Friedberg

What does Jerome Powell have to gain or lose by bowing to political pressure? So a lot of folks mention and references, there's political pressure for him to do something, but why would he bow, what does he care? What do you think the motivation is for Powell individually and what does the political process that will ensue

David Sacks

Future job prospects.

David Friedberg

If he doesn't bow to political pressure?

Chamath Palihapitiya

I think it's the legacy and the perception that he leaves behind. I think had he not overpromised and under-delivered at the end of year, remember he was promising as s said, six or seven rate cuts and he's delivered bki and the markets were none too pleased. And so now I think he's just swung the pendulum to the other side, which is he's going to massively under promise and then over-deliver if he can. And so as a result, I think he's being much more measured and guarded. I don't think he wants to be wrong here. I think he's thinking about what most folks think about when they're at the tail end of a job like this. He's not going to get reappointed, he's going to go off into the sunset. It's roughly about how history will write, how he handled the transition from that to the next phase, whatever that is. I

think he's probably very interested in making sure he doesn't break the economy and also that he doesn't seem like he's constantly waffling and unpredictable,

David Friedberg

But isn't he just an autonomous agent that is meant to respond to the data? I guess I'm not quite understanding the degree of judgment and discretion that every has -

Jason Calacanis

Friedberg -

David Friedberg

They have a mandate,

David Sacks

But if you're asking what his incentives are, I agree with what his incentives are. I think his main incentive at this point is concern for his historical legacy. And specifically he wants to be thought of like Volcker, not like Arthur Burns in the seventies. Volcker basically crushed inflation even at the cost of recession. And he has worshiped today as the best Fed chair ever, whereas burns let inflation slip the leash in the 1970s and he's not thought of very highly. So I think that Powell's main concern here is with his historical legacy at this point, I don't think he's expecting to be reappointed. He's wrapping up his second term already.

Jason Calacanis

And to remind everybody, maximum employment, stable prices, moderate long-term interest rates is the mandate for the Federal Reserve. They're supposed to be independent. Famously Reagan push Volcker to get rate cuts. And there is a lot of politics involved in this and so legacy does seem like the organizing principle here. I would agree with Chamath and Sacks that it's legacy, but there's always political pressure here. As you can see, Elizabeth Warren is trying to push him to make cuts for obvious reasons.

David Sacks

Well, no, there's politics when they're up for appointment or for reappointment for confirmation basically because they want to get that vote.

Jason Calacanis

Yes. But there's also subtle pressure and then there's a letter writing like Elizabeth Warren's doing here, right? So the pressure can be there. The question is do they bow to it, right Sacks?

David Sacks

Yeah, they don't have to. I mean the Fed's independent.

David Friedberg

What do they stand to gain or lose by the pressure is my question.

David Sacks

Nothing.

David Friedberg

And I'm not sure nothing I really this concept. Exactly. And I think that's really where there is a important point to note here that you can identify the guy's motivation and how he's going to operate

David Sacks

This year because there is no political pressure There was in 2021, and I think that's why he was slow to react.

David Friedberg

Yeah, right.

David Sacks

Listen, if Powell can stick the landing here, then his legacy comes out intact. But if he screws this up and then he was slow to react to the inflation back in 2021 and 2022, his legacy's going to be mud. So I think he's going to be more concerned about airing on the side of tamping down inflation than airing on the side of the economy not doing as well. Think those are the incentives.

Jason Calacanis

My position is I think he might have already stuck the landing. I think the fact that we've burned off all that savings, to your point, Chamath, that people are going back to work and that these businesses are doing fantastic and efficient because of AI and other gains. It feels like -

Chamath Palihapitiya

All people are,

Jason Calacanis

I think he stuck the landing already. Tech stocks that are -

David Sacks

No, no, they,

Chamath Palihapitiya

They're trying to go back to work.

David Sacks

To Friedberg's point the jobs don't exist.

Jason Calacanis

I think they're going to take jobs. They just might get the job they want. And that's what I think people have to recognize is they have to take a job and they may not be the one that they want working from home.

Chamath Palihapitiya

We could have a negative recessionary print going into the election cycle. I think that's very possible.

David Friedberg

Yeah, exactly.

David Sacks

I don't know. Jason, look, I'm hearing a lot of happy talk right now and I agree frequent

Jason Calacanis

Just at the facts.

David Sacks

You had 1.3% GDP growth rate with a 6% of GDP deficit by the government. If the government wasn't printing so much money, it wasn't overspending. If you were to have a balanced budget,

David Friedberg

It would be a recession.

David Sacks

Yeah, think about that to subtract the one point -

David Friedberg

It would be negative GDP growth, if not for the government's program, stimulating the economy.

David Sacks

And a lot of the jobs you're talking about are government jobs. The government is creating jobs like crazy, not in the private sector but in the public sector because it is an election year. So there's a lot of political forces propping things up and I wonder what happens after the election.

Jason Calacanis

We'll find out. Alright everybody, this has been another amazing episode of The All-In Podcast.

David Sacks

Just one last thing guys, this is really important. So friend of the pod, Peter Fenton, who's a famous VC in Silicon Valley, tweeted that his sister's been diagnosed with a rare sarcoma and they are searching for lookalike cases to do a study at Dana Farber and if this works, it will change the future of cancer. But they are seeking this researcher, William Gibson, who he's retweeting, is seeking patients with myxoid leiomyosarcoma featuring a PLAG1 fusion. So if you are somebody out there who has a case like this, then please reach out and let us know, or let Peter Fenton know this could save a life or many lives. His sister is also the wife of a good friend of ours, Pete Rigger. So our thoughts are definitely with you and if there's anybody out there who has this type of sarcoma, please let us know and we can refer you to Dana Farber and this is a very important study that may save some lives.

Chamath Palihapitiya

Pete and Peter are great guys and our thoughts are definitely with them and hope you guys find a cure.

Jason Calacanis

Okay. Best wishes to Peter and his sister help out if you can. And you're in our thoughts and our prayers.