

All-In Podcast #173 - Google buying HubSpot? FTX depositors not made whole, AI job fears, Ukraine joining NATO

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Jason Calacanis

Alright everybody, welcome back to the All-In Podcast. The #1 podcast in the world - episode 173. It's objectively, Friedberg, the #1 podcast. I checked. I looked online. And things are cooking over here. So much so that you may have heard we hired a new CEO. Welcome to the team - our new 5th bestie, Jon Haile.

David Friedberg

Yeah!

Jason Calacanis

Golf clap everybody. Let's get in there with a golf clap. Yes! Alright, Jon. Welcome to the program. Your first day was April 1st. It wasn't a joke. It literally was your first day. How has week 1 as CEO of All-In been?

Jon Haile

It has been wonderful. Super dynamic. Really happy to be a part of the team.

Jason Calacanis

Alright, there you have it. Sacks you were a huge driver of this. You spent so much time interviewing everybody, going through the resumes, checking the references. And you know - and you really spearheaded this. Oh, wait. You did nothing. I forget.

Chamath Palihapitiya

Sacks - Sacks - it's - it's spelled J-O-N - Jon.

David Sacks

Yeah, wait. Who is this?

David Friedberg

Sacks, this is Jon.

David Sacks

Who is this?

Jason Calacanis

Okay.

David Friedberg

You guys haven't met.

Jason Calacanis

Jon, David Sacks. David Sacks, Jon.

David Sacks

Nice to meet you. Yeah. Nice to meet you.

Jon Haile

Likewise.

Jason Calacanis

So, Jon worked at the Russian embassy. This is just a coincidence that there are a couple of Russia references. But he worked as an intern for Putin. Somehow he wound up getting the gig. Friedberg, you actually led the - the - the incredible search here. And we had hundreds of people apply. Why do you think we wound up with Mr. Hale here?

David Friedberg

Yeah, we had a lot of folks and we met with a lot of folks. But Jon really stood out with, I think, his experience and his thoughtfulness about what we can do. So - so much of our work off the show, obviously, has gone into putting on the All-In Summit. And we want to do more live events. And Jon has a very strong background in building incredible live experiences and events, which we think is going to be a really important extension. I think we've - we realized over the last two Summits how much community matters for All-In, and how much getting people together matters, and how much the live content mattered. And so, we want to do more of that and hopefully Jon can take us to the Promised Land.

Jason Calacanis

Fantastic.

David Friedberg

Jon, thanks for - thanks for saying, "Yes". It's awesome to have you.

Jason Calacanis

Yeah. Alright, and as Jon's first - first duty - he is going to, next week, announce the details of the All-In Summit 2024 - our third edition. Chairman/dictator Chamath Palihapitiya - you've been running All-In with an iron fist in the group chat. Your thoughts on Jon, and working with him, and why we selected him. The iron fist - please go.

Chamath Palihapitiya

I think that there is a really important trend that we have stumbled into which is that content creators are the modern form of demand generation for whatever else it is that you're going to consume. And I think it replaces advertising and I think it displaces traditional content. And so, I was really interested in finding somebody that understood how to connect those dots and all of the different ways in which we can explore what our brand is capable of. And I thought he was the best example of having done one thing extremely

well at scale and curious enough to figure out the other parts. So, you know - I'm really excited to work with Jon.

Jason Calacanis

Yeah. And I'll just add to that. You know - I've been doing events my whole life. And when I saw Jon's actual event history and the events you've thrown, Jon - really spectacular in the detail. And I think you're going to - the same way Friedberg leveled up year 2 of the conference, I'm - I'm really excited to see how you put your stamp on it and level up year 3. A couple of housekeeping things here. You know - we are -

Chamath Palihapitiya

By the way - sorry, can I say one thing just to build on what you said?

Jason Calacanis

Absolutely. Yeah.

Chamath Palihapitiya

There is so much room to build real communities. And I think people are just so tired and bored with everything online. So, I think offline experiences will be a huge value add in people's lives.

Jason Calacanis

Yeah, there's definitely a bridge from online to offline and the - the All-In meetups that Rae has been hosting forever is such a good example, you know.

Chamath Palihapitiya

The best - the best example of - the best example of - at scale - of online to offline - are dating apps. And all I can see is that's a pretty dissatisfying experience for a lot of people. And so, outside of dating apps, there aren't many really great examples where like-minded people can hang out and have fun and - you know - talk, learn, party.

Jason Calacanis

It's really interesting you bring this up. I just finished Jon Haidt's new book The Anxious Generation.

Chamath Palihapitiya

Yeah.

Jason Calacanis

I don't know if you've listened to it, but there's a pair of books out right now - Bad Therapy and this one - about kids. And the premise of this book, Chamath, is screen time - as you referred to - you know, people being online - not only is it bad for kids and adults. It's also

blocking, to your point, real-world connection. And so, we all want a little more real-world connection. And so, Jon welcome to the team. Additionally, I'll just - two more housekeeping items here and then we'll get to the show. We're going to have a one-million-subscriber party. If you want to be part of that one-million-subscriber party, you can increase your chances. We're not announcing how we're going to give the tickets away, but you can increase your chances by going to YouTube right now. Pause the show. Subscribe to the All-In Podcast channel. Hit the bell so you get the alert for the best chance at getting one of the golden tickets to the one-million-subscriber party. And we are at 486,000. When we add 14,000 more, we're going to do a live Q&A with all the besties. So, get in on that as well. Jon, any - any parting thoughts here or comments? Which bestie has been the most difficult in - to work with in the first month? Which one has been the most delightful? Go.

Jon Haile

It's been a pleasure across the board. I think - you know - part of the beauty of the show is that there are so many different personalities and viewpoints. And really happy to be part of the team. Excited for what we're going to continue building.

Jason Calacanis

How diplomatic. Who's been the worst to deal with? Who's been the terror? Be honest. Tell them. You don't have to do it. We'll talk about it at your one-year review. Alright, Jon. Great job.

David Sacks

But likely you.

Chamath Palihapitiya

Likely you. Who's been the most neurotic? Likely Friedberg. Who's been the most stable and value add? Likely me.

David Friedberg

Value add?

Jason Calacanis

And who's been the most M.I.A.? Sacks.

David Friedberg

The most - the most unresponsive.

David Sacks

I've - I've been the easiest to deal with. I'm the easiest to deal with.

Chamath Palihapitiya

Yeah, that's why I get two votes. That's why I get two votes.

David Sacks

Chamath as my proxy.

Jason Calacanis

Yeah, exactly. I mean - it's - it's just wild what's going on here. It really is Game of Thrones. And you have been put in the center of it, Jon. Congratulations. Welcome to the Iron Throne. Watch your back. Alright, dismissed, Jon. We'll - let us know how we could be helpful.

Chamath Palihapitiya

Thanks, Jon.

Jason Calacanis

Salute to you, Jon. Good luck.

Jon Haile

Thanks so much, guys.

Jason Calacanis

We gotta get going here. We got a big show for you, everybody. Welcome to the show officially. David Sacks, your Rain Man. Chamath Palihapitiya - chairman/dictator. Sultan of science - David Friedberg. I'm the world's greatest moderator. Welcome to the program. A quick correction up top - that many of you in the crypto space let us know about immediately after the episode dropped. We talked about SBF getting 25 years. And that broke right as we started the show. And we discussed that the customers of FTX were going to get made whole. There's been a lot of speculation about them being made whole. However, there was an important note. FTX depositors are getting paid back in US dollars, not their crypto. That dollar amount, we've learned, is based on the price of their tokens at the bankruptcy date. The bankruptcy date was November 11th in 2022. Super important because the report that started the run on FTX was published on November 2nd. And there's a couple of days in between those two dates and a bunch of crypto plummeted. Solana dropped 50% between November 5th and November 11th. That's just one example. But since then, Solana has been up 11x and Bitcoin is up 4x. Ethereum doubled. So, if you were one of these depositors you missed that run-up. And so, FTX customers were rightfully furious. I'll pause there before I get into more details. Any - any thoughts on this, Sacks?

David Sacks

Yeah. I mean - just to hit the nail on the head here. If you had left your Solana at FTX, you're going to get \$16 per token back. And that apparently was the price at the time that they went under. So, according to the - the judicial proceedings, you've been quote-unquote "made whole". But the truth is that Solana, at this moment, is trading at \$188. So, you have not been made whole. And this is why the crypto community is furious. And so, that - that basically is the correction. Now, I thought it was interesting that the judge played into this notion. And we talked about that quote from the judge last week where he said that if you go to Vegas, abscond with your customer's money, gamble it, and then pay them off with the winnings - then you've still committed a crime. He seemed to be conceding this idea that the investors or the depositors at FTX have been made whole. Clearly, they have not been. But his quote kind of lent credence to that. And the reason the judge was talking about it is because SBF's lawyers were clearly making this argument that his sentence should be commuted or reduced because the depositors have been made whole. And I think what you saw in the media coverage is that the reporters were buying into this idea of depositors being made whole. I mean - you guys got this from somewhere, right? I mean -

Jason Calacanis

Yeah.

David Sacks

This is what the media coverage -

Jason Calacanis

Oh, absolutely. Yeah.

David Sacks

So, the media - the media was doing what it's been doing throughout the FTX case, which is carrying water for SBF. And I believe that this narrative that they're trying to concoct - which we now know is completely false - is designed to serve a purpose. And I think that purpose is to get SBF either pardoned or have his sentence commuted because Mr. Bankman and Miss Fried are huge Democratic Party bundlers. And I think the goal here is to create the idea in the public's mind that people weren't really hurt by this. This was just sort of youthful indiscretion or hijinks. And - you know - it's a bunch of -

Jason Calacanis

Hijinks?!

David Sacks

Hijinks, right?

Jason Calacanis

Shenanigans!

David Sacks

Shenanigans - but shenanigans where no one was really hurt. And if they can create that impression in the public's mind -

Jason Calacanis

Yup, pardon might come.

David Sacks

They can now set up getting one of their Democratic Party connections to help push for a commutation of the sentence. I think there's a narrative going on. I think there's an agenda behind the narrative. And it's -

Jason Calacanis

Interesting.

David Sacks

It's what I'm saying here.

Jason Calacanis

Yeah. This pardon power is really powerful. Chamath, any thoughts here on the bankruptcy judge making that call to sell the shares? Because obviously, if crypto had tanked since that time, it would look like he saved the money by selling them, clearing the positions, and giving them cash. What - what is the right thing for the bankruptcy judge to do here? Keep the equities - i.e. the tokens - or to sell it and freeze it in time? It seems like a very difficult -

David Sacks

Well, no. Hold - hold on. JCal, we got to correct that - for - just in a - in a certain way. So, the trustee has been selling the tokens post-run-up.

Jason Calacanis

Okay.

David Sacks

The point is that he's selling tokens at current prices - call it 188 - and then using that to pay off depositors at \$16. So, the only reason the depositors have been quote-unquote "made whole" is because they're getting the benefit of this run-up, but they're not paying them back at the price of their Solana today. They're paying them at this price that got fixed at the time of the bankruptcy.

Jason Calacanis

Wait - wait - also -

David Sacks

So, the truth is -

Jason Calacanis

That's interesting.

David Sacks

This is why no one's getting made whole.

Jason Calacanis

Yeah, this is the - you know - the really hard thing to track here because we couldn't find when they were selling it or how much they've been selling. This seems to be - being done in the shadows or in the background. And so, if anybody out there - as we crowdsource what's going on here - wants to keep us up to date. Let us know. But yeah, these tokens - some number of them - got sold at a low price. Some of them are getting sold, I guess, as time goes on. Chamath, you're - just thoughts on how to do this properly? What's the proper hygiene here? I mean - it's - we're not bankruptcy experts.

Chamath Palihapitiya

That's a great - no, that's a great question. I don't know the differences between Chapter 7 and Chapter 11 bankruptcy law. But - I don't know what was filed here - was a Chapter 7 or Chapter 11? I don't - I don't know. But it seems that this was the only thing that they could do, which was to liquidate into a common - you know - unit of measure. Because at the end of the day, their auditors had to measure in a standard unit and that was probably the US dollar. And so, then they were trying to work backwards from that shareholder equity number to get them back to that number. So -

Jason Calacanis

Yeah.

Chamath Palihapitiya

It was kind of logical - that - that this is the only thing they could do. And I guess they benefited from the fact that there was a run-up. But it's really unfortunate for folks. So, I don't know. Maybe in other countries - had this been a differently constituted company organized in a different place, bankruptcy law could have allowed the liquidator to actually just distribute the assets on a pro-rata basis.

Jason Calacanis

This was a Chapter 11 by the way and -

David Sacks

But I don't - I don't think that would have helped that much.

Jason Calacanis

Hold up. Hold up. I got the update here. This is a Chapter 11. And in September, the judge allowed FTX to start liquidating up to 100 million a week.

Chamath Palihapitiya

In Delaware, right? This is a Chapter 11 Delaware filing?

Jason Calacanis

Yeah, Chapter 11 in Delaware. Correct. And this could increase to 200 million a week. So, it seems like they did - they did start the liquidation later.

David Sacks

Yes.

Jason Calacanis

So, they might have caught some of the run-up. So, if they did catch the run-up, then you could be doubly upset, right?

David Sacks

No, my point -

David Sacks

That's the whole point.

Chamath Palihapitiya

My point is in different - in different situations, one could imagine where the shareholders could have been allowed to vote. Do you want money or do you want in-kind? And if in-kind, maybe you get a pro-rata distribution of all the assets - which would have included a whole bunch of these coins. But then, it probably would have included a bunch of other assets, not just Solana, and Bitcoin, and ETH that ripped. So -

David Sacks

I think the point is that if they had distributed in-kind - meaning tokens - that people would have seen, "Oh, wait. I only got back 1/10 the number of tokens that I put in." That's the point, right?

Jason Calacanis

Yeah.

David Sacks

You put in 100 Solana tokens. You only get back - call it roughly 10 - because the - the price of those tokens was fixed at 16. And they can now sell at somewhere between 100 and 200. They're able to quote "make you whole" at the \$16 price. But that's not being made whole. That was the point of all that -

Jason Calacanis

All then, what are they doing with the extra money, Sacks? Because are they using that to make other people in this whole crater whole as well? So, maybe they're thinking holistically. They're taking the profits of those Solana holders, let's say - or Bitcoin holders who went 4x - and is that going to trickle down to the equity holders? Who knows? Friedberg, you have thoughts?

David Friedberg

Yeah, I think the plan is that excess capital beyond what is quote "owed to the account holders" goes to the equity holders because it's considered excess of the liabilities. Therefore, it goes to the shareholders. I'll - I'll also say in a traditional - like brokerage - you create an account. And when you set up an account, your account has a currency denomination. It's a dollar-based account or a euro-based account. And then, you - your account holds a bunch of assets. And so, at any given time, the value of your account is represented to you in that local currency. The challenge with crypto exchanges is that there's often this representation of a wallet, which is meant to hold assets that don't necessarily have the intention of being translated into a locally denominated currency. And so, I think that's what makes the system different. In the case of a US exchange bankruptcy - and this happens in commodity trading accounts or commodity exchanges often - there's a freezing of the assets and then a liquidation of the assets where the freezing of the assets sets the - the price or the value at the moment of what you're supposed to hold in that account in your currency of your account.

Jason Calacanis

Right.

David Friedberg

And so, the - the bankruptcy judge and the trustee are treating this like a liquidation process using a local currency that was set at the time. Whereas many folks don't consider that the intention of the account.

Jason Calacanis

Yeah.

David Friedberg

That the account was meant to hold assets. That it's really a portfolio of assets that shouldn't be liquidated to try and generate local currency because that's kind of the whole point of many of these crypto currencies themselves.

David Sacks

It was a custodial account, basically.

David Friedberg

Right, a custodial account of assets versus a trading account of - which is meant to ultimately be converted back into a local currency - which is typical. And I think that's what makes this such a challenging process.

Jason Calacanis

Yeah. Just liquidate everything. Pool of money arrives. Distribute the money. But these - based on -

David Friedberg

Right.

David Sacks

Right. The way bankruptcy works is that there's a pecking order. That essentially, you have all the assets of the company. The job of the trustee is to liquidate them. They have a fiduciary duty to get the highest price they can for those assets. We have no reason to believe that they haven't. They seem to have waited a decent enough amount of time to get to benefit from this crypto recovery. And then, what happens is, again, there's like a pecking order for the distribution of the proceeds. And you're going to have debt holders. They're going to be senior to the equity holders. The depositors are going to be high up there as well. Government agencies that are owed fines are going to be high up there. There's going to be a very specific pecking order in which the equity holders are last.

Jason Calacanis

If you want to go into Conspiracy Corner and put our tinfoil hats on, you mentioned the IRS - the CFTC, right? These government agencies are owed like over \$20 billion. If all this crypto profits - if they're higher in the stack, they would be going directly to the government. And the government is handling the process here. So, it does look -

David Sacks

Right. Right. But I don't - I don't think - I don't think it's - that's driving it. I think that - I think bankruptcy rules are very specific and they're completely designed around, again, assessing what the value of each claimant is at the time of bankruptcy. And then, creating a pecking order for distribution. So, I - I don't think there's any foul play here. I think that this is just the

way that the cookie crumbles. But I think that it's simply wrong or misleading to say that the depositors were made whole. And I think the reason we thought that is because of these statements that were promulgated through the media, including the judge, to give people that impression. And I think it really just underscores that the media always has an agenda. And you've got to be so careful about imbibing their narratives. Because without knowing exactly what their agenda is, you can imbibe their bias.

Jason Calacanis

Yeah. My understanding of bankruptcy is like they - the - they can get a little bit creative and the bankruptcy judges can be a little creative in trying to holistically think about what's the best thing for the business and all the stakeholders/shareholders. But anyway, we'll keep monitoring it. And like we've said before, anytime we make a mistake, we're going to talk about it right up front. Anytime there's an omission or breaking news happens, we're going to fill you in. And that leads us to our second topic. Some more news broke about Truth Social. We had a nice spicy discussion about it last week. Since that time, shares of TMTG or \$DJT have dropped 30% and the numbers for their revenue also confirmed. It came out. It's pretty ugly. \$4,000,000 in revenue. \$58 million in losses. Float's only 30 million shares. But there are some follow-up stories here we'll get into. Trump is suing the two co-founders to reduce their combined 8.6% stake to 0%. His argument? His co-founder set the company up improperly and mishandled the launch of Truth Social, so they should forfeit their stock. These are both co-founders previously on The Apprentice. Trump owns 60% and he stands to receive an earnout of 36 million additional shares in the coming week worth almost \$2 billion. So, huge windfall for President Trump coming. In addition to that - Sacks, you're going to love this - Russia, Russia, Russia. The Guardian is reporting TMTG raised \$8 million in emergency funding that might have possibly come from a Russian-linked entity. The SPAC, while it was on hold, was running out of cash -

David Sacks

Oooh, Russia-linked entity.

Jason Calacanis

Yeah, you can read this - all about this in the Guardian. They tried to raise some money. They wound up raising \$8 million across two convertible notes from a bank called Paxum, located in the Caribbean - owned by a Russian who is reportedly the nephew of Alexander Smirnov, who used to work in Putin's executive office until 2017.

Chamath Palihapitiya

Is this a joke?

Jason Calacanis

No, I - I - I mean - I - I wish it was a joke because I know I'm going to get barbecued for like - by the - by the Trump supporters in the comments. But it is crazy that the Russians are -

Chamath Palihapitiya

What is the Russian's name? Alexander Smirnoff? Isn't that the name of a vodka?

Jason Calacanis

It kind of is. S-M-I-R-N-O-V. Smirnov? Maybe Smirnov.

David Sacks

Trump doesn't even drink.

Jason Calacanis

I mean - maybe. Yeah, I don't know if Putin drinks or not. Anyway -

David Sacks

No, I said Trump doesn't drink. That was a joke.

David Friedberg

Putin - Putin doesn't drink either.

Jason Calacanis

Oh, Trump doesn't drink. That's true. Yeah.

David Friedberg

Neither does Bush.

Jason Calacanis

Oh, really? Is that true?

David Friedberg

Yeah.

Jason Calacanis

So anyway, important caveats to all this stuff. Interesting story though. There's no indication that Trump or Trump Media had any idea about the nature of these loans because they were opaque. And Trump Media says it's propaganda and false narrative. Your thoughts and the Trump SPAC, Sacks? And - and Russia - I know it's your favorite topic.

David Sacks

Well, we're - it's going to be a really long 7 months if we're going to bring up every one of these evidence-free stories of some sort of Russia connection to Trump. I mean -

Jason Calacanis

Yeah.

David Sacks

This article didn't even make sense. Like you said, here's the giveaway. In the middle of the article, they say - The Guardian does - quote, "There is no indication that Trump or Trump Media had any idea about the nature of the loans because they were opaque. Nor has the company or its executives been accused of wrongdoing." So then, what are we talking about here? There's some guy with a Russian-sounding last name. I mean - literally, that's the story. It doesn't even make sense. I don't understand how you can get a loan and not know who your counterparty is. So, this whole thing just seems like it's part of the milieu of, "Let's create any connections we can between Trump and Russia." And the giveaway on this was actually a New York Times story that just came out in the past week. It was called "Russia Amps Up Online Campaign Against Ukraine Before U.S. Elections". Now, the interesting thing about this story is that it was reporting allegations by Clint Watts, who has apparently been hired by Microsoft to run something called the Threat Analysis Center. And his job, basically, is to find Russian interference in the election. Now, here's what I found interesting about this. Is that Clint Watts - that - that name rang a bell for me. And it's because Clint Watts was involved in the Twitter Files. So, back in January of last year, Matt Taibbi broke this story in the Twitter Files that Clint Watts was running the Hamilton 68 dashboard. He was basically behind that project. He's a former FBI agent. What was Hamilton 68? Hamilton 68 claimed that it was tracking 500 Russian accounts on social media who were engaged in manipulation of online discourse. Well, as it turns out, executives inside of Twitter knew who these accounts were and they were just American accounts - some Canadian accounts. And in the words of Twitter executives, the whole Hamilton 68 dashboard was "bullshit". That was their word. And nevertheless, this Hamilton 68 project that Clint Watts ran put out story after story for years about how the Russians were meddling in American political debates. And these stories - the Hamilton 68 claims - became the basis for thousands, literally thousands, of mainstream media stories claiming that Russia was interfering in American politics. It all turned out to be a total hoax - a total fraud. Now, the amazing thing to me is, you would think after an exposé like this, that it would at least be mentioned in The New York Times - that the person they're quoting as saying that the Russians are meddling in our elections has a previous history of setting up Russia hoaxes. And they don't even mention that despite the Taibbi story. Moreover, it's amazing to me that this Watts guy not only landed on his feet, he got a cushy job at Microsoft running their Threats Analysis Center so that he could put out more of this threat analysis on how the Russians were meddling. I can't imagine a less qualified person to be describing Russia threats than somebody who was caught red-handed manufacturing bogus threats for years.

Jason Calacanis

Friedberg, your thoughts?

David Sacks

In any event, Jason, I would just say that - you know, going back to the SBF story - the takeaway there is: Be careful what you're imbibing from the mainstream media because there's always an agenda. And until this story about Truth Social from The Guardian has a little bit more detail to it that makes sense to me. I'm just going to put it in the category of more of the same.

Jason Calacanis

Yeah. And you know - as I've said on this program before, Russia's explicit strategies to just put their fingerprints on everything and cause chaos like they did with the Internet Research Agency and all the trolling they were doing the last couple of elections. Friedberg, your thoughts on this? You concerned about the interference in the election?

David Friedberg

I'm not going to spend my thoughts on this. Yeah, this is - this is nothing I feel like I should be thoughtful about.

Jason Calacanis

Okay, sounds good. Alright. And then wrapping up, I had mentioned last episode about the insider trading charges in the company that was the SPAC before they purchased Truth Social. And the three - two of the three men have been charged with insider trading - just pleaded guilty. So, Michael and Gerald Schvartsman. Made \$23 million in illicit profits trading shares of DWAC before the merger was announced. They each pled guilty to one count of securities fraud. They face 3 to 5 years. Neither was involved with Truth. This is the SPAC that came before Truth. And there it is, folks. So, there's your update.

David Sacks

What's the relevance of this to being a top issue on the All-In Pod? I just think this is going to be a really long 7. I think it's gonna be a really long 7 months for us till the election. If we're going to bring up every mainstream media story that seeks to create a connection between Trump and Russia.

Jason Calacanis

Oh, this one's not mainstream media. This is an SEC filing. Yeah. This one doesn't - this has nothing to do with Russia. This is the insider trading one.

David Sacks

But you just said it has no connection to Truth Social. So, why are we even talking about this?

Jason Calacanis

No, no. It's - these are the people who traded the stock before Truth Social merged with it. This is the SPAC that Truth Social - and they traded when they found out that Trump was going to be the SPAC that was merged with. So, I'm just following - closing the loop on that. Breaking news - Google is reportedly considering making an offer to acquire - acquire HubSpot. Trading at \$34 billion market cap. This just came out. Reported by Reuters, who cited anonymous sources. Shares up 7% on the news. If you don't know HubSpot, it's an awesome tool. We use it. CRM that blends marketing, sales, customer service, and all that kind of good stuff. And so, here's their quarterly revenue since IPO. They've been public for 10 years. As you pointed out in the group chat, Friedberg. And this has been slow and steady revenue. The power of SaaS, I guess, and a great product. I'm not a shareholder. Here's the quarterly revenue growth on a year over year basis - the stock chart - yadda, yadda. Chamath, I guess this is something we've been talking about here, which is M&A and M&A being pushed into the cold plunge and being frozen. And now, we see something like this. What do you take from this if it's, in fact, a true report?

Chamath Palihapitiya

I mean - I think it's a bit of an odd acquisition. And the reason is that it's become pretty clear for all of Big Tech that any acquisition that they do is going to be highly scrutinized. And so, just from an EV - expected value - perspective - if you're going to try to acquire something and spend the next year beating your head against regulators, why not do it for something that's really valuable? And I would not characterize HubSpot as strategically valuable for Google. I think it's an important ecosystem player and it's probably better off as an independent company. So, if I were Google, I'd be trying to buy something much more useful - like Perplexity or something.

Jason Calacanis

Friedberg, your thoughts on this?

David Friedberg

First of all, it's super impressive. Hubspot's been public. They went public at about \$1 billion market cap 10 years ago and today they're trading at \$34 billion. So, organically developed this business. And they provide marketing automation software. So basically, things like CRM tools /email marketing tools. So, when you use advertising tools and you generate leads - those leads come in - what do you do with them? So, let's say you're running a website that sells bicycles. People want information on bicycles. What do you do with those people after they get information on your website? And how do you track them down and how do you sell them a bicycle? If you're a big enterprise software company and you start to get companies reaching out to you through your website, how do you then convert them? So, you use CRM tools - customer relationship management tools. Salesforce is a - obviously a behemoth in the space. But HubSpot has this integrated marketing automation and CRM platform for taking leads, and then converting those leads, and selling products to them. So, the sales

team and the marketing team uses HubSpot software to operate and do their work and do it better. When I worked at Google in 2005, the main thing I worked on is how do we do a better job taking our advertisers and giving them more tools that they can then convert the leads that they're getting into customers. And so, one of the first things I worked on in 2004 - and then we closed the deal in 2005 - was acquiring Urchin, which became Google Analytics, so that companies could better track how folks were converting on their website after they spend marketing dollars on Google. How do you see where those people go on your website, and what they're actually doing on the website, and ultimately make your website better so you can sell a more products and more software? And one of the things I worked on was CRM. So, I had this conversation with the executive team with Larry, and Sergey, and others at that time. And we talked about: Should we buy a CRM company? And we actually had a conversation - they did - with Marc Benioff at the time. And we talked about: Is there a way to buy Salesforce? And Salesforce went public shortly before Google. And it was more richly valued that I think the appetite was at the time to make this leap to buying a CRM company. We actually spent quite a bit of time meeting with - and I personally spent time meeting with NetSuite - which ultimately got rolled in. I think it was - Larry Ellison was the primary owner of NetSuite. We looked at a few other CRM companies. And this was always meant to be the next solution that you plug into the advertising platform at Google. You get all these leads from advertising and how do you convert those leads and make them customers? And many of the other things we looked at were things like checkout software and software that would let you run a website to sell your products to customers on the website and so on.

Jason Calacanis

Which became Shopify in a way.

David Friedberg

Which became Shopify. And - and we had looked very deeply at doing this at Google - is actually building a product called Google Checkout. It wasn't very successful, but it was to do exactly this - which is to build a - basically, a Shopify-type competitor. And so, this has always been the natural fit for Google's business. Google made a quarter trillion dollars last year in advertising revenue. And then, they didn't make much revenue after the advertising-generated leads because Google doesn't have a great commerce business and they don't have any of these other enterprise tools. So, this is a very natural fit into Google's advertising business and taking all of the leads from advertising, and better converting them, and giving your sales team the tools they need to convert those leads into customers. So, it makes great strategic sense. It's been a concept that's been around for 20 years at Google. Certainly, they're going to face regulatory scrutiny. But it doesn't have the same sort of overlap with the ad network businesses because they're not very heavily in the ad network business at HubSpot. But it's a really good - kind of - enterprise software plugin.

Chamath Palihapitiya

Some would say acquisitions are one of three types. They are defensive, they are offensive, or they are about reinforcing the status quo. If you had to bucket HubSpot into one of those three things. Is this an offensive M&A? Is it a defensive M&A? Or is this status quo?

David Friedberg

I think it gives advertisers more tools that can integrate with AdWords, which is how advertisers spend ad dollars - is through AdWords platform. And so, as a result, it locks the advertisers onto Google's ad platform. Keeps them more engaged.

Jason Calacanis

So then, more defensive,

David Friedberg

And so, I think that the benefit, to Chamath's point, is that they're going to both protect ad revenue at Google by locking in people on the - on the CRM side. And the marginal impact they'll get from selling CRM services, not that impactful to the business. I mean -

Chamath Palihapitiya

If you could spend - let's say, with the premium - \$50 billion on HubSpot or \$5 billion on Perplexity - today - which one would you buy?

David Friedberg

I think you gotta buy HubSpot. You're protecting - to your point - you're protecting a quarter trillion dollar ad business. HubSpot makes \$2 billion in revenue. So, it's 1% of the size of Google's ad business. And it helps you lock in some percentage of that \$250 billion. So, that's an important strategic acquisition I think for Google.

Chamath Palihapitiya

So, you'd rather buy something in marketing automation versus AI.

David Friedberg

I think they should spend the money in AI. But I think you have to buy something to -

Jason Calacanis

It's a good question.

David Friedberg

- to further the revenue moat. Yeah.

David Sacks

What does Google accomplish here that they couldn't do with an integration?

David Friedberg

A partnership, you mean?

David Sacks

Well, I mean - they could just build on Hubspot's platform - just create a connector between Google Ads and HubSpot.

David Friedberg

I think that exists already actually.

David Sacks

Exactly. So what's the point?

David Friedberg

Yeah.

David Sacks

I don't really understand what you get.

Chamath Palihapitiya

Roach motel. I think what Friedberg is saying in nicer language is they're going to make it a roach motel.

Jason Calacanis

Lock in.

Chamath Palihapitiya

You get in and you can't get out.

Jason Calacanis

I mean - it gives you the full life cycle of the advertiser stack. So, I mean - you understand the funnel, right? You get the actual profile of the customer.

Chamath Palihapitiya

Yeah. The problem with the roach motel M&A strategy is that people sniff that out pretty quickly. And then, they start to carve out these very discreet parts of the product that they want you to divest in order to get the whole thing done. That's the thing that, surprisingly, I think the regulators have gotten smart about. And I suspect it's not that the regulators themselves know these discrete ideas, but that the answers are fed to them by competitors who want to just slow these processes down and make these things convoluted and complicated.

Jason Calacanis

Oh, they snitch? They send the snitch in? Yeah. Yeah.

Chamath Palihapitiya

I think it's very smart for a competitor to actually call a regulator and give them a roadmap of how to make the deal happen, but in a very convoluted, complicated way. You remember, I suspect that's what happened in Microsoft/Activision, Microsoft brilliantly fought it off, right? And so, they were able to get the whole thing done completely on their terms. But in many other cases, you get these discrete things where it's like, "Okay, divest this. Sell that. Keep this." And it's like, "Why are we doing this?" But I just think the roach motel strategy is harder to get done these days because folks will know how to make it super convoluted.

David Friedberg

I will tell you when - when - when - when a big company like this makes a big acquisition offer like this - as much as I know Google's business, I think it's a generalization that can be drawn here - it's usually a negative signal about organic growth. Meaning - if I'm a Google shareholder, I should look at this and I should say, "Why do you need to make this acquisition? Why - is there an indication in this bid that there is some advertising revenue leakage going on?" And then, I should go spend time trying to understand that. I think there's a really important question there. Yeah.

Chamath Palihapitiya

But this is why I'm asking you. Like obviously, they're not going to do this because things are going perfectly in that space. And so, if you're losing share you're not going to be losing it to Bing. You're losing it to some form of AI. Which is why, again, it's a bit of a head scratcher. Spend a lot less money and just buy everything in the space or spend \$50 billion and buy everything possible in this space.

Jason Calacanis

To give you a - just a little context here - this is going to be by far their largest acquisition if it's true - if it gets closed. This is all speculation right now. Looking back, Motorola Mobility was bought for \$12.5 billion. There were patents. There was the hardware business which they spun out. You can look up the deal details there. But there's a long tail of companies they've bought. Nest Labs, Fitbit, and YouTube - \$3 billion, \$2 billion, \$1.6 billion - if you remember. They bought Mandiant. I've never even heard of this cybersecurity company - \$5.4 billion. They bought Nest for \$3 billion. DoubleClick - \$3 billion. That was a long time ago. It's probably triple that value in today's dollars.

Chamath Palihapitiya

By the way, remember Fitbit? Fitbit took 18 or 24 months to close.

Jason Calacanis

It took a while. Yeah.

David Friedberg

Deep - deeply scrutinized.

Chamath Palihapitiya

If you think a wearable on your wrist is going to get scrutinized when bought by Google, imagine what happens when a \$50 billion marketing automation company gets bought by Google.

Jason Calacanis

Yeah, it's really interesting.

David Sacks

Yeah, look. I - I - I don't think this acquisition makes any sense. I'm kind of in Chamath's camp. This is - this would be a very odd acquisition. I'm not even sure the story is true. There's been no confirmation of an actual bid made. This was basically an anonymous source saying that Google had hired investment bankers to - you know - maybe kick the tires.

Chamath Palihapitiya

Well typically, these bankers float these trial balloons like this because they want to pump the deal, but -

David Sacks

Imagine what the fees would be on \$50 billion acquisition. But, you know - like Chamath said -

Jason Calacanis

Yeah, they want to shake some other buyers loose - yeah - when they have these auctions.

David Sacks

Well, look. It's going to be very hard for any Big Tech company to do a \$50 billion acquisition of anything. Just that - given that Lina Khan and the FTC are opposed to bigness in and of itself. But I think from a strategic point of view, I agree. This deal would be odd. I don't really see the connection to the Google Ads business. HubSpot is used by companies to manage their pipelines. It's a competitor to Salesforce. I see it all the time. I see startups using it all the time as the alternative to Salesforce because it's sort of easier to use - more user friendly. And the main thing it does is you have your pipeline in there, you bring in the leads at the top of the funnel, and then you work them down to close deals.

David Friedberg

Where are those leads come from, Sacks?

David Sacks

I understand that they can come from Google AdWords, but -

David Friedberg

Most of them come from ad spend. That's the connection. And it's always been this idea that those two should be integrated.

David Sacks

Okay. But - but the point is that if you think about your top of funnel - if you're one of the customers of HubSpot using this, Google AdWords is just one of a number of channels.

David Friedberg

Yes. That's right.

David Sacks

So, you could be getting your leads through inbound. You could be getting your leads through -

David Friedberg

That's right.

David Sacks

- events. You could be getting your leads through - I mean - there's so many different sources. So -

David Friedberg

Let me give you another -

David Sacks

So, hold on. This doesn't - it doesn't make sense to me that, somehow, Google would need to acquire a company to manage - not their advertisers - but the people their advertisers are trying to reach as one of a dozen different potential marketing channels. It just doesn't really make sense. I mean - the - the acquisitions where Google's been really successful have been broad horizontal platform plays like Android. This is as vertical as it gets. This is CRM software. This is basically Google getting into a vertical app for sales and marketing teams.

David Friedberg

Yeah, I have a CRM. Yeah.

David Sacks

And if you think - if you think about the business that this is most like, it would be G Suite and - because it's an enterprise play - and that's the most neglected part of Google's business.

Jason Calacanis

I think you're both missing a key piece to this. I think this is about the data. You look at these. These are the leads and the great contacts in the database of the customer - which Google doesn't have access to. And they can close the loop, and they can make targeting of ads, and get people deeper, and they can fight for a larger percentage. So - to your point, Sacks - yes, you've got 20 different inbound feeds coming in for leads. If Google knows the leads that are already in there, they can then retarget them across their entire ad network, which is the largest in the world. That's the value. If I know your 10,000 best customers - and then I know when they're on Google searching - and I know them when they're in a Chrome browser - I know when they're on an Android phone, if they happen to use that - man, I can just start getting more of your ad dollars into it. That's what's actually happening here. It's - they don't want a SaaS business. They want the data. They want to retarget folks. And then, they want to make - close more sales and be more efficient than TikTok, and Facebook, and Meta. It's about -

David Sacks

Do you think there would be allowed to use their customers' data to somehow target their ad product?

Jason Calacanis

Absolutely. 100%. If you - if I'm opting into it and I say, "Hey, you have 10,000 people in your database. You want to go find them? We have - you have 8000 of them connected that came in through Google search. What about the other 12,000? You want to try to find them in the Google ad network? We can put that together for you." That's actually - if somebody's going to snitch on this deal, it's about the data.

David Friedberg

I'll tell you. Back in - just improving conversion rates drives more ad revenue, okay?

Jason Calacanis

Bingo.

David Friedberg

And the key measurement we had the year after we bought Urchin and launched Google Analytics, was we looked at how much an advertiser spent on Google's AdWords network before and after they installed Google Analytics. And that year, it was a ton of money. At the time, we saw an incremental - roughly \$500 million in revenue - in ad spend - with folks who

installed Google Analytics from before versus after - because they then started to change their websites and tweak their sales flow or their marketing flow on their website to better convert customers so they could spend more on the network because higher conversion rates means you can spend a higher CPM on advertising. So, the - the deeper you go from an integration perspective in closing sales, the better you actually can get and the more money you can spend on marketing on the front end. And so, that benefits the growth in the network.

Jason Calacanis

And to build on your point, Friedberg, this is why Amazon, and Uber, and Instacart have become such major players in advertising. They have the data on sales information. They pick up and drop off.

David Friedberg

They sell conversions.

Jason Calacanis

And they sell conversions at the point, Sacks, of the shopping cart about to be clicked on. And Amazon's been taking some of that and - and Instacart - but intercepting some of those ads. Yeah.

David Friedberg

I'll speculate on this for a second. I think that if I'm sitting inside of Google, I see the capability of our AI tools - our generative AI tools - in being able to improve marketing and sales processes. And I'm saying, "How do we leverage that?" Well, guess what? We don't actually have access to our advertisers, sales, and marketing automation workflow because we don't have a CRM tool. So then, the natural strategic thing is: How do we get a CRM tool? Okay. Well, we can't buy Salesforce. Well, we could buy HubSpot? That makes sense.

Jason Calacanis

Yeah, #2 player.

David Friedberg

So then, we could - we could apply our generative AI capabilities to improve conversion efficiency at HubSpot and probably grow revenue there as well. So, it could be a fairly quickly accretive deal. And there's the benefit to the ad network.

Chamath Palihapitiya

I think the roach motel idea is probably the best strategy here. Yeah, you're right. I just think, I would - if I were them with \$50 billion, they're - what - like the -

David Friedberg

Well, it's \$30 billion, by the way - \$35 billion.

Chamath Palihapitiya

Yeah, but they'll have to pay a premium.

Jason Calacanis

They'll have to pay a premium. They got to pay 50% more - 25% more.

David Friedberg

It's already floated up. So, you got to imagine - it's probably a \$40 billion deal. Yeah.

Chamath Palihapitiya

Okay, 40. Okay, so they save \$10 billion.

David Sacks

I think the synergies here are negligible.

Chamath Palihapitiya

If it took Google almost 2 years to get a - an accelerometer on a wrist approved from antitrust, this is going to take 3 years.

Jason Calacanis

Sacks. Yeah.

Chamath Palihapitiya

So, why bother? So, like do something much more disruptive.

Jason Calacanis

I have an answer to that, but I want to hear Sacks' first. Go ahead.

David Sacks

Well, I just looked up how many customers HubSpot has. HubSpot has 205,000 customers as of the end of 2023. Now you look up Google AdWords. It has 1.2 million businesses, okay? And I'm sure that's not 100% overlapping, so -

David Friedberg

Every one of them should be using HubSpot. That's hugely accretive.

Jason Calacanis

I agree. Yeah.

David Sacks

I don't think that Google has the leverage to drive all of its AdWords customers into using a CRM.

David Friedberg

I doesn't need all of them. If it gets 5% of them, it makes this deal make sense.

Jason Calacanis

Interesting.

David Sacks

That part is kind of interesting. If they can actually drive their ad customers.

David Friedberg

It's what they did with - with DoubleClick.

David Sacks

DoubleClick was actually advertising.

David Friedberg

No, but they had other - other places that they could take their AdWords advertisers to spend that the DoubleClick network had access to. Anyway, I - I hear you. Yeah. And there was another set of advertising management tools that DoubleClick had that - that's an enterprise software tool that they were able to sell into their advertisers - that they didn't have themselves.

Jason Calacanis

Chamath, let me ask you a markets question here. If we wind up with a Republican/conservative/GOP presidency and administration for the next 4 years - which seems like a - a possibility here - a strong possibility - what does that do for M&A markets? Do you think they might be opening up here? And the reason Google is even considering this is because they anticipate this deal might fall into a new administration that is going to fire Lina Khan, possibly - probably.

Chamath Palihapitiya

I - I actually think the - I think the Democrats and the Republicans are really well aligned here. They don't like deals. And I don't think you're going to see a big sea change. They hate Big Tech for different reasons, but they equally want to slow them down. If you look at the Non-Big-Tech M&A deals, they're going to get slowed down for different reasons. So, for example - like the big US Steel merger with Nippon Steel that was announced. Biden has one set of issues. But I suspect, you know - if Donald Trump were to get elected, his issues will be more about further hollowing out Middle America. And so, that deal will probably get

stopped for different reasons. But - so, I think that they're both actually roughly aligned and not allowing a lot of this big M&A to happen. So, this is - this is -

Jason Calacanis

But for different reasons.

Chamath Palihapitiya

For different reasons but the outcome is the same. So, this is why I would just kind of think like - if you're going to do a deal, you got to do something that's like small enough where it'll pass muster, you know it to be really valuable, and the regulators will be like, "Ah, whatever. Just let it happen."

Jason Calacanis

Sacks, what do you think? Do you think a Trump administration would become more frisky and allow more M&A? They seem to be actually cozying up to tech in a major way.

David Sacks

Well, I agree with Chamath that there's a lot of anger on the Republican side towards Big Tech because of censorship and bias. And Google is as guilty of that as any of these Big Tech companies. So, I don't expect a Republican administration to have Google on its good graces. That being said, I do think Republicans have a more traditional definition of antitrust than Lina Khan does. And I think that a Republican antitrust enforcer would probably be guided by market share considerations, first and foremost. And so in this case, since Google does not have a CRM play - then based on a traditional definition of antitrust, they would be able to make this acquisition. Whereas I think, again, Lina Khan is just opposed to bigness and doesn't want Big Tech companies getting any bigger. So, there's no guarantee that Republicans would allow it. I would say that if you got the right FTC commissioner or the right DOJ, I'd say there's a possibility of it being more likely to go through.

Jason Calacanis

To remind everybody, Lina Khan's interpretation of antitrust is future competition - in trying to protect future competition. The traditional one is consumer-based. "Hey, are consumers benefiting or not?" And so, that's actually the - that's one of the top 3 guests I want to have, Friedberg.

David Sacks

But market share - market share is really the traditional test.

Jason Calacanis

Yeah, market share. And then, the impact that has on consumer choice and price.

David Sacks

Yeah. Can I just go back onto the synergy point. I just want to like -

Jason Calacanis

Yes, please.

David Sacks

I just want to brainstorm about this for a second. Let's say you're one of Google's 1.2 million businesses that are using AdWords. There's a high chance you're also using Facebook. There's a high chance you're also doing other kinds of advertising. You might be doing physical world advertising. You might be doing events. There might be a dozen different channels through which you get leads. Now all of a sudden, Google sends you an email saying, "Hey, we acquired HubSpot. You know, why don't you click here to use us for CRM?" Is that really going to drive a change in behavior from that small business beyond what they would already do today? It doesn't seem that synergistic to me.

David Friedberg

Some percent of them. Not all. Maybe 5%. Again, that 5% is 50,000. That's a big growth.

David Sacks

It's an email campaign. I mean - I just don't see the leverage, basically.

David Friedberg

Yeah, I don't know if I agree. But I mean - that's why we're here.

David Sacks

If Google did a deep product integration where the leads that you acquired through Google AdWords magically appeared in HubSpot and that's where you went to go work them, then yes maybe - maybe there'd be synergy.

Jason Calacanis

Well, just looking at this on the numbers - since we like to do back of the envelope here - \$250 billion ad revenue, 1.2 million in advertisers. It's almost exactly like \$200,000 per advertiser. Obviously, there's some big ones. Obviously, there's a long tail. Man, if you can get some number of those to spend 10, 20, 30% more, it could be quite accretive to the bottom line. It would pay for the acquisition over a short period of time. And we'll see. It's an interesting discussion for sure. Alright, if you missed it, Jon Stewart did a segment on AI on The Daily Show. He came back. He's doing, I think, Mondays every week. And it went viral. And it was about how AI is going to change our jobs faster than any previous labor revolution. So, it seems like the public is starting to get an idea about AI wiping out large swaths of jobs and it's starting to hit the mainstream. CEOs like Brian Chesky from Airbnb and Aaron Levie from Box - I had them on This Week in Startups in the last year. They said

they anticipate 30 to 50% productivity gains for a lot of the jobs in their companies - developers, customer support, all that stuff. And we covered Klarna's AI customer support agent doing the job of 700 full-time employees and driving a \$40 million increase in profits this year - yadda, yadda, yadda. We've talked about this over and over again, but it seems to be tipping over into public consciousness. We, Chamath, have talked about whether humans will find more work to do or if this is going to truly displace people. I think we all kind of feel like - at least, to the best of my memory - we all feel like new jobs will be created. But it is entering the public's consciousness. What impact is that going to have if the public starts thinking I is going to take their job? Chamath?

Chamath Palihapitiya

I mean - I think that social media will make this perception more widespread than it's been at other moments of revolution and innovation. But we've gone through this before. I'd like to summarize my thoughts in three charts.

Jason Calacanis

Okay.

Chamath Palihapitiya

And I call this - this time it's not different. So, chart #1 for those watching on YouTube is a look at the components of U.S. GDP. This is from the Bureau of Economic Analysis. Now, this goes from 1929 up to 2011. So, it doesn't go all the way back to the 1800s and we're missing the last decade. But the point is the following. If you can see the chart - if you can't see it, I'll describe it to you - which is that GDP, the components of GDP, are surprisingly resilient and roughly the same over long stretches of time - which is that even though GDP goes up, consumer consumption is always around 70%, net exports are a few percent plus or minus, gross domestic investment is around the 20% level, and then government consumption is around the 20% level. And that's what adds up to GDP. So, that's an important thing to note. Why? Because in the absence of something very acute - like World War II - these things don't change over long periods of time. Okay, so if that is true, what happens when you have any kind of a revolution? So, let's look at the Industrial Revolution. So, the shift from farms to factories. And what you saw was exactly what people should be worried about with respect to AI - which is in specific job classes, things just fall to zero. So, unemployment basically went to zero. And the income associated with those jobs also went to zero. So, this is what people are worried about. But if you remember the last chart, the point is somehow we found a way to find growth. And this is what's demonstrated on this final chart, which is when you look at US productivity and worker compensation - this is going from World War II to today - you find that every time we find a new way of innovating, compensation tends to track it. So, if you take these three things together - number one, which is the components of GDP rarely change. Number two is that - yes, there are certain categories of jobs that always get disrupted away. But the third is the most important - which is that as productivity goes up - which is what AI should give us - just as we've seen in

the past, compensation also goes up - which means new job classes will be created. So, I think the macro picture - if you look back hundreds of years, is that this is like many other moments in time. It feels more personal right now because we're all living it, right? None - few of us lived the agrarian to industrial revolution.

Jason Calacanis

Yeah, no. We missed it.

Chamath Palihapitiya

And few of us lived the technological revolution, right? We kind of came in at the heels of it. But I suspect that this time is not different.

Jason Calacanis

Friedberg, your thoughts on this? I think you've said something similar on past episodes. But it is kind of tipping and into public consciousness. And it's also affecting white collar jobs this time not just people in fields picking berries. And so, those people may be a little more vocal. And we've seen massive layoffs in tech - massive layoffs in media. And those jobs don't seem to be coming back. People seem to be taking the gains and just having people on the team be 30% more efficient as Brian told me on my other pod. So, what do you think, Friedberg? Is this time different or is it the same?

David Friedberg

So, here's this article from June 2nd, 1983 in The New York Times all about how computers are eliminating jobs in industries that were effectively offline knowledge work industries at the time - creating engineering designs, creating architectural drawings. I think this article spoke to the fact that these jobs were going to be eliminated. And as we all know, those jobs actually got enhanced by computers. Productivity went up and new subindustries emerged. And in fact, the overall industries actually grew in some cases when we were fearful of them being replaced due to the automation enabled by software. So, I think that in this particular sense. We can talk about the industrial revolution enabling, through manufacturing systems and centralized production, a replacement of manual labor with machines. What we're talking about now is the replacement of knowledge work that has been aided by computers with machines. So, the machines no longer even need the human. But the reality is that these systems are actually going to give humans 10 to 100x leverage. So, when you think about that, one person could spend 3 weeks making an architectural drawing today. What if that one person could make an architectural drawing every 6 hours? So, the question then is: Do we stop making architectural drawings and we fire a bunch of architects? Or does the cost of making an architectural drawing drop by 90%? And it enables us to do more detailed, higher resolution architectural drawings across more places - more frequently - and the industry actually booms. And what we've seen historically is that when productivity goes up, costs go down. The actual volume balloons and the economy grows. So, it - it's - it's an example where I think in this particular case, we will see these tools creating more

leverage for knowledge work instead of just simply replacing knowledge work and that humans will start to shift to a higher order of work. And we'll see the economy grow and productivity go up as a result. So - so, I think that's my kind of key read on - on - on the story. But it's very hard to connect the dots for people without having all of these historical cases. And I think one of the ways to think about doing this usefully is you go back to the software revolution and all the stuff that we were doing with pencils and papers before computers, we actually didn't lose all those jobs. The people could now do 100 times, or 1,000, or a million times as much work. And new industries emerged, and productivity went up, and the economy grew. And so, we just have to have this - this realization as it starts to take hold - that the industries will change and that the systems will actually provide leverage, not replacement.

Jason Calacanis

Yes. It's such a good point. And I think what you teach your kids is like really important at this moment in time - like having a job that is replaced by AI or that could be greatly replaced by I might be a mistake. And if you think about being a conductor, Friedberg, or a maestro - conductor of an orchestra. I think that's the job of the future - is can you work with these agents? Forget about copilots because that's phase one of all this. But agents are phase two where you have an agent who's writing copy - who's the HubSpot example you gave before - you know - a designer who's in the cloud who's an agent - an AI agent making you artwork. And then, you stitch all these things together. I've been loading ChatGPT with my kids constantly asking history questions and whatever questions they want. I've been teaching them how to use ChatGPT.

David Friedberg

That's great. Yeah, I mean - I think it's like a - like there's this whole transition of humans doing manual labor to doing knowledge work where you're using software to create digital output - to now, having more folks spend more of their time being conceptualists or creators where you can kind of be an architect or a creator of something and the system just generates it. You know - you state your intended objectives and the system solves for it.

Jason Calacanis

Yes.

David Friedberg

As opposed to, "Hey, I got to go build the Excel spreadsheet and check the formula in every cell, and do all the manual..." What if I just say, "Hey, here's what I want the model to do. Please generate it for me." And you get the result. It enables you to do a 100 times more work, so.

Jason Calacanis

Yeah, that's why I use the analogy - conductor or - yeah - orchestra leader. Sacks, what do you think? This is - you're - you're - you're on the populist side. You really have your finger on what Americans think. And that's a compliment. It's a literal compliment. But I do think you're - I think you've become a populist - especially as the longer I've known you. We've known each other for over 20 years. You've become more populist. So, what - what's the word on the street here amongst - you know - gen pop? And how do you think they're taking this news when they see somebody like Jon Stewart - they respect. When you see somebody like Jonathan - Jon Stewart - you know - doing this - that's like going to hit a large swath of these - you know - you know - elites that we've talked about before on this show who are losing their jobs or maybe their salaries are getting capped.

David Sacks

Well, first of all, Jason - to quote Senator Gracchus from Gladiator, "I may not be a man of the people, but I do try to be a man for the people."

Jason Calacanis

Yes, exactly.

David Sacks

So -

Jason Calacanis

Oh, my God. Did you see the AI? Did you see the AI from some Y Combinator company where they like made a little video of us and like we're talking about somebody's nuts. And then, they were like you said, "Oh, I'm going to ask my butler, to ask my assistant, to ask my house manager, to then ask my chauffeur to pick those up." It's like it was a pretty great clip.

David Sacks

Yeah, it looked funny. Look, to be frank, no one cares what Jon Stewart thinks. He's never been less relevant and less funny. This is a story that the media has been hyping up for months now. COVID's over, so they need something else to scare us with. And what they really should be talking is that we've got two wars that risk spiraling out of control.

David Friedberg

And debt.

Jason Calacanis

And debt.

David Sacks

They don't want to go there. They don't want to go there. Or - or the national debt. Exactly right, Friedberg.

Jason Calacanis

Yeah.

David Sacks

They don't want to go there either -

Jason Calacanis

Or the border.

David Sacks

- because neither of those issues reflect well on the current administration in power. So, they're going to scare us with this. Now, look. In the short to medium term, AI leads to productivity gains. In the long term, it may lead to job losses. But as you guys pointed out - hopefully by then, we'll have lots of other jobs created by the productivity boom that we're going to get. And this has been the case throughout history with regard to technology improvements. And if we don't have these productivity improvements, what's going to drive the growth in GDP? What's going to allow us to pay off this enormous national debt? That seems to be -

Jason Calacanis

Yep.

David Sacks

- you know - so large that we - it's unrepayable. We need the productivity gains that AI is going to unlock. Without them, we're definitely toast. So, look. I - I don't place a lot of stock in this Jon Stewart story. It's just one of many that the media is creating to try and scare us about AI.

Jason Calacanis

And that's actually a great guest. Jon Stewart would be a great guest along with Lina Khan. Put those on the list.

Chamath Palihapitiya

Have you seen this clip where Yann LeCun basically says our best LLM is 50 times smaller than what a four-year-old has processed since they've been born.

Yann LeCun

A four-year-old is awake - has been awake - a total of 16,000 hours. And you say, "Okay, 16,000 hours." Multiply this by 3,600 seconds per hour. And then, figure out like what's the

bandwidth of the optical nerve going to the cortex? It's about 20MB where you have 1 million nerve fibers per - per eye. And it's about 10 bytes per second, right? Give or take. So, multiply. That's 10^{15} bytes by the time you're 4. 50 times more than whatever LLM - like the biggest LLM in the world - have been trained on, okay? So, what that tells you is that in the space of a few months, the baby has seen more information than the biggest LLMs that we have.

Chamath Palihapitiya

The point is that - and this is one of the foremost experts in AI and really one of the fathers of modern AI. What he's basically saying is it's still more artificial than intelligent. And everybody needs to take a deep breath and understand that there's just going to be a lot more work before you get to this omnipresent agent that just replaces and destroys everything and thinks on its own.

Jason Calacanis

Yeah.

Chamath Palihapitiya

I'm willing to bet on all of us versus a bunch of four-year-olds.

Jason Calacanis

And I just want to say "kum ba yah" to Davos as well with a clip from Davos. Thanks for letting us use that. Yeah, it's interesting, Sacks - like The number of jobs that will be replaced or augmented and then the creation of jobs. And then, you start thinking about, "Well, how many jobs exist in the real world?" I saw Waymo is doing UberEats deliveries. And you just think, "Wow, more people are going to be able to afford UberEats", which is kind of expensive to use. So, consumption is going to go up. And then, you think about the Optimus. And then, what's the other robot company that's making a general human robot?

David Friedberg

Figure. Figure.

Jason Calacanis

Figure. And man, those are starting to get really interesting. And - and I think that's going to be the unlock. So, maybe you could speak a little bit to, Sacks, what do you think happens when we start getting humanoid robots in the mix? And do you have any investments in that space?

David Sacks

I don't because I don't - I don't do that kind of hardware R&D. I mean, look. I think you're right that AI does lead to robotics because one of the hard things about robotics is just having the - the robot not just move, but understand what's happening in the world around it and

then make the right decisions about how to react to that. And so, LLMs do start creating a path for the robots to be able to make intelligent decisions without having to be programmed with a bunch of if-then statements, right? And I mean - self-driving kind of does this too. I mean - self-driving is sort of the early - it's kind of like that early prototype for these kinds of robots. And that's why it's not a surprise that Tesla is developing Optimus - is because you think about what self-driving is. It's a device - a car - with a whole bunch of cameras on it. It takes in all that visual information. And then, it makes decisions about how to move and how to react. And then, it's - it's trained based on mirroring human decisions - all those human decisions that Tesla's been able to gather through the combination of self-driving with humans intervening allows it to train the - the self-driving - I guess, "brain" you could say.

Jason Calacanis

Well, and it's also, Sacks, moving at 2 or 3mph so it can take its time. And if you haven't seen this Figure, this combines the language model with what you're discussing, Sacks. So, the language models - when you show them a picture and you say, "Hey..." - and this is from Figure and there's a - this is their robot. And it says, "Hey, give me something to eat." Have you guys seen this before?

David Sacks

I've heard some of the founders of these robotics companies talk about why they create robots in a humanoid shape. And it's not just because they're trying to create a replacement for humans or something like that. It's also because now they can point cameras at the way that humans move.

Jason Calacanis

Yes.

David Sacks

And so, they can actually train these robots on how humans move and react to things. So, you're able to kind of create a large data set kind of like with self-driving, so that the robots are able to learn how to - how to move. And I've seen a different video where Optimus, the Tesla robot, is folding shirts. Have you seen that one?

Jason Calacanis

Yeah. Pretty impressive. Yeah. What's - what's really interesting about this, Friedberg, is - when I spoke to the - the people who are making these - evolution has made humans to operate in the world most efficiently over whatever number of years - and creatures before us. So in fact, the world is optimized for the human body type. And so, maybe you could talk a little bit about what you think is going to happen with these robots, Friedberg, in the - in the short and medium term. When will we have one of these robots in our houses? What will the price point be in 5 to 10 years? And what will they be doing in 5 to 10 years? Medium term.

David Friedberg

I don't know. We should explore - we should explore that question at the All-In Summit 2024.

Jason Calacanis

Okay. Shout out to Elon. Elon, can you bring Optimus to the event, please?

David Sacks

Jason, I don't think it's a five-year time frame. I think it's longer than that. That's just my guess. And one of the reasons is if you look at the use of robots in - call it - industrial production today, they don't want humans getting too close to them. They're actually kind of dangerous because you have these arms flying around. They move quickly. They're very heavy. You get banged on the head by one of them. It's going to take you out. So -

Jason Calacanis

That's a good point.

David Sacks

The idea of having a robot in your house that's capable of freely moving - you have to make that so safe to a point that they just haven't gotten to yet with robots. So, there's just going to be like a lot of fine-tuning work that happens before this is a domestic product. I think in the near term it's all about industrial applications or maybe even military applications.

Jason Calacanis

Well, it's - and if you've ever been to the - the Gigafactories - I was - I was doing a little tour of one of the ones. And somebody grabbed me because I almost wandered into one of those areas and they have tape on the floor. Then, they have a wall, etc. But if you even get within a certain closeness with this tape on the floor, it shuts the whole thing down because they're afraid somebody's going to get crushed behind one of these arms. Chamath, I'll give it to you. When will we have one of these robots in our homes for the price of a Prius? Now - oh, by the way. A Prius is a car that cost about \$50,000 that common folk drive. So, \$50,000 robot in our houses.

Chamath Palihapitiya

Oh, I think it'll be less than that. I think it's going to be in the next 2 or 3 years. You'll have a domestic help robot that you can probably pay a thousand bucks a month for.

David Sacks

Wow, 2 to 3 years?

Jason Calacanis

Okay, which would be like \$100,000 car payment. That would be the equivalent of a car payment on a \$100,000 car. So, okay. You say under 5. You say 3. What do you think,

Friedberg? Same bet. \$1,000 a month robot. \$100,000 sticker price. When we have that in our homes?

Chamath Palihapitiya

No. No, I think it's a thousand a month.

Jason Calacanis

\$1,000 a month, which would be the equivalent over whatever number of months.

David Friedberg

And what is it? It does - its general purpose? It does different stuff?

Jason Calacanis

General-purpose robot. Thousand dollars a month. 50 payments.

Chamath Palihapitiya

I think it washes the dishes. I think it will do the laundry.

Jason Calacanis

Take out the trash?

Chamath Palihapitiya

There'll be like a whole set of house - household tasks that it will do.

Jason Calacanis

Walk the dog?

Chamath Palihapitiya

No.

Jason Calacanis

No, not responsible for a live creature. What do you say, Friedberg? \$1,000 a month at-home robot does your dishes. There's a - there's a great bet for us. Give us the over-under. How many years for you?

David Friedberg

I'm not sure. I think -

Jason Calacanis

You're the sultan of science. Come on, man. Give us a year.

David Friedberg

Well, I - I don't think it necessarily follows this general-purpose model. I think that there are likely going to be more narrow application ranges and they're not going to necessarily be humanoid in form factor. I don't know if you guys have seen Gecko Robotics. Have you guys seen this company? Are you guys investors in this?

Jason Calacanis

No.

David Friedberg

Pretty impressive. Like suite of autonomous products that do specific things in industrial settings. So, they have like robots that climb on the outside of buildings and look for cracks using special scanning equipment. But they're very autonomous in how they operate and what they can do. And they've got a whole class of robots that can then be - each one of those robots can do many different tasks for many different applications. And so, the form factors - they've got kind of a set of form factors - meaning a set of robots that look differently and have different capabilities of them - like little spider legs, or arms, or whatever. And then, they can be applied to go do something autonomously. And then, they just run and they do it.

Jason Calacanis

If you pull that up, you'll see it climbing walls - riding along pipes.

David Friedberg

Yeah, super interesting.

Jason Calacanis

Yeah, they're purpose built.

David Friedberg

Well, they're not purpose - that's what's interesting. There - there's sort of a narrow range of applications, but they're not specific to do only one thing. And so, they can work in different environments and do different things. And so, you'll kind of pick from their suite of robots which ones you want to use to do different -

Jason Calacanis

Ah, got it.

David Friedberg

- different tasks. And then, they go and do it. And it's really interesting. They're mostly using them for industrial monitoring applications right now - like looking on bridges for breaks and -

Jason Calacanis

Yeah, it's like cleaning - cleaning - cleaning seams here.

David Friedberg

- checking pipelines, cleaning windows. Cleaning windows - all that kind of stuff.

Jason Calacanis

Ooh, cleaning windows. That's a good one.

David Friedberg

Yeah. So, they've got like a really cool suite. And I think that's what we're likely to see in domestic settings as well.

Jason Calacanis

Alright. So, you -

David Friedberg

I'm - I'm just - I'm just not sure.

Jason Calacanis

Sacks is taking the over 3 years.

David Friedberg

By the way, I will say the success of Gecko indicates that there's far more money to be made in industrial applications than there is in consumer applications today.

Jason Calacanis

God, I disagree.

David Friedberg

And so, these - yeah.

Jason Calacanis

I think every human's going to have one of these. I think every household in America - every middle class household in America - will have one of these thousand-dollars-a-month robots in 7 years. I'll give it 7.

David Friedberg

You said you what? To do everything?

Jason Calacanis

I say to do domestic chores - taking out the trash -

David Friedberg

Like what?

Jason Calacanis

- folding laundry, domestic tasks -

David Friedberg

I just think it's hard to justify that because you're only spending so many hours a week doing that sort of stuff. Is it really worth a thousand bucks a month? Whereas in the industrial setting, it makes a lot more sense.

Jason Calacanis

Well, and think about those dangerous tasks - like climbing on a bridge looking at the seams and climbing on a building cleaning the windows.

David Friedberg

Those tasks take years to do sometimes. Many, many years of high-risk human labor. Whereas taking out the trash and folding laundry might be a little bit more hard to justify the spend.

Jason Calacanis

Alright, so more breaking news here during the program. We'll get our war correspondent - our geopolitical expert. David Sacks, what are you seeing on the wires?

David Sacks

Well, there's a NATO meeting going on right now. And Blinken did a press conference where he says that Ukraine will be joining NATO. That's the big news going viral right now.

Antony Blinken

Ukraine will become a member of NATO. Our purpose at the summit is to help build a bridge to that membership and to create a clear pathway for - for Ukraine moving forward.

Dmytro Kuleba

So, of course, we believe that Ukraine deserves to be a member of NATO and that this should happen sooner - rather sooner - sooner rather than later.

Jason Calacanis

Chamath, any thoughts on this flip that just broke during the program?

Chamath Palihapitiya

Well, we just - I think NATO just added Sweden, right? And it was done in pretty record time from application to admission. So, I would like to know whether: Is this just rhetoric to just

keep everybody at bay and placate the Ukrainians or is this real? The problem that this creates is that if it is real and they're admitted, then NATO has to defend Ukraine - which means that then America and all the other NATO allies would have to fight - which means that we're in a war. America should not be in a war.

Jason Calacanis

Just to give you the exact facts. You are correct. Sweden/Finland applied to join in May 2022 following Russia's invasion of Ukraine. And they had been neutral, as you know, for many decades. Finland has a massive land border with Russia and they joined in April of 2023 after applying in May of '22. So, just a year later. And Sweden became a member in March of 2024 - just two years later - after its membership was held up by both Turkey and Hungary. Sacks, you are our resident expert on Ukraine and all things geopolitical. Your thoughts?

David Sacks

On the one hand, what Blinken is saying is more of the same here because it's been the administration's policy to seek to bring Ukraine into NATO. Since they took office, they've reiterated that over and over again. And it's one of the major reasons for this war - is that the Russians said over and over again this was a red line for them. That's why there's a war in Ukraine. The idea that you're going to be able to bring Ukraine into NATO, however, when the war is going so badly, is now entering the territory of being delusional. I mean - this is like a delusional comment. And if you just want to understand how badly things are going, look at yesterday's Politico, which was called "Ukraine is at great risk of its front lines collapsing". The source for this article was high-ranking Ukrainian officials close to Zaluzhny, who's the former commander-in-chief. Some people have speculated that Zaluzhny himself might be the source. But at a minimum, it's high-ranking Ukrainian officers who reported to Zaluzhny. And what they say in this article is that the prognosis in Ukraine is grim. They say that, "the sad truth is that even if the funding bill is approved by the US Congress, a massive resupply may not be enough to prevent a major battlefield upset." They say that, "there's a great risk of the front lines collapsing wherever Russian generals decide to focus their offensive", which people expect in the next few months. And, "there's nothing that can help Ukraine now because there are no serious technologies able to compensate Ukraine for the large mass of troops Russia is likely to hurl at us." This is a quote from one of the Ukrainian officials. "We don't have those technologies and the West doesn't have them as well insufficient numbers." So, what they're saying is that even if the funding bill goes through - the \$61 billion - it's not going to be enough to save Ukraine. And at the very moment, that that is now being finally, honestly reported by Western media - it's something I've been saying now for months - finally, the truth is coming out - you have Blinken doubling and tripling down on these comments that, nevertheless, Ukraine will be joining NATO. And Chamath is right. Under Article 5, an attack on one is an attack on all. Therefore, if Ukraine becomes part of NATO, an attack on Ukraine by Russia - which is currently ongoing - will be considered an attack on the United States. Then, you have to add to the mix the fact that

Macron and other European leaders have actually been advocating for NATO to send in ground troops. And he said this over and over again. He's doubled down on this multiple times. So, you have a dynamic now where this isn't just hot rhetoric by Blinken. This really has the risk of tipping over into policy - I would say in a Biden second term - where Biden agrees to do what our European allies are already calling for, which is send in NATO troops to Ukraine to save Ukraine from what Politico calls, "an imminent collapse". I think this is a very dangerous situation. I mean - what we're really talking about here is World War III. So, if you want to have a serious chance of World War III in the next 4 years, then I would say, "Go ahead and vote for Biden in November." I mean - this is just very clear to me. I'm personally not willing to accept that risk. I'm not willing to accept a 10% or 1% risk of that chance. But I think Blinken putting it on the table here. I think people should be deeply concerned about this. And there should be a lot of follow up questions for Blinken and the administration about this.

Jason Calacanis

Friedberg should the free country of Ukraine be able to join NATO on some timeline or should they be banned from ever joining NATO?

David Friedberg

I think the statements are correct that Ukraine joining NATO escalates conflict and we will find ourselves in a de facto global conflict - world war. Now, the question is: Is that the cycle - the natural cycle? I will once again - Nick, pull it up please - reference Ray Dalio and his "Typical Big Cycle Behind Empires' Rises and Declines". As he spoke at length with us in person about at the All-In Summit last year, he points out that the era of prosperity - that over the last 500 years, we've seen six major empires go through - is followed by a debt bubble which drives a wealth gap, which ultimately leads to economic challenges, which means printing more money, which is the cycle we are going through right now with a - as you guys know - 2 to 3 trillion dollar annual deficit - an explosion in federal debt levels. And that ultimately leads, inevitably, to external conflict - to war. Now, the particular motivations - in every case - in all six times this has happened in the last 500 years - look different when you read the history books about: What were the circumstances that drove us to external conflict - that drove that nation to war? But the truth is, every single one of them was preceded by a debt bubble, income inequality, wealth gap, and the printing of money. And there's a relationship between those economic factors and a desire for conflict. And I think that is what we are seeing play out over the past couple of years starting with our motivated interest in supporting Ukraine against the Russia conflict and now escalating it towards inviting Ukraine to join NATO to escalate the conflict itself. Now, I think there's a notion that having a war is stimulating. Having a war is unifying. Having a war -

Jason Calacanis

This would be the wag the door - wag the dog theory.

David Friedberg

I don't think it's a wag the dog theory as much as it is: What do you do when the economic condition of the nation is such that the federal government has to print money to support the economy and/or to bridge the wealth gap? And when under those circumstances, in order to unify the country - in order to motivate a system of unification amongst a fracturing society or a fracturing economic strata, you feel like you have to have an external enemy. And that the notion of war itself is economically stimulating. I think that those are the motivating factors that we've seen play out six times in the last 500 years. And we may be, unfortunately, seeing play out here again. As we talked to Graham Allison / Ray Dalio about last year, we said, "What can we do to avoid this?" That there have been times historically where these things have been avoided. But if we're not being cognizant of what's going on here and motivating a different tact and a different path - whether it's through our electoral cycle or through being loud and vocal in whatever media channels we each have access to to make folks more aware of this - I think, you know, we will find ourselves walking down this path of looking for global conflict and finding it.

Jason Calacanis

Chamath, you look liked you wanted to chime in there.

Chamath Palihapitiya

Of the three presidential candidates, to be very clear, one is supportive then of some kind of confrontation because, by proxy, they're supportive of admitting Ukraine into NATO which would create a war. And two are pretty clearly anti-war.

Jason Calacanis

And just for people who know the boom-bust cycle behind "Empires' Rises and Declines" - you could see that if you're on - on the YouTube video - but the 6th of 8 moments is "Revolutions and Wars". As Friedberg's pointing out, there are 2 more that come after that - "Debt and Political Restructuring" and then the "New World Order" emerges. And so, the question here, I guess, becomes: Can diplomacy win the day? And then, is Blinken's point that they eventually can become a member or that they're imminently going to become a member? And it's breaking news, so we don't know if he's speaking about this -

David Friedberg

Well, clearly - let's just be really clear on this. The words he used were very carefully chosen. And that means that there was a media and press strategy conversation that was had by him and his staff, which obviously found its way into the White House administration and that there was an - an executive conversation about this.

Jason Calacanis

For sure.

David Friedberg

That this is the positioning we need to now be clearly stating, which means that this is now policy. He did not slip up on those words.

Jason Calacanis

Yeah.

David Friedberg

This was not some off-the-cuff comment.

Jason Calacanis

Right.

David Friedberg

This was clearly a media-trained statement, which means that it is - it is administration policy

Jason Calacanis

And it's being delivered by him.

David Friedberg

That's being delivered by him, exactly. At the next White House press conference, you will hear the question asked by reporters: Is this the White House position?" And they will say, "Yes, it is."

Jason Calacanis

Yeah. And just to be clear, that - that video had a couple of edits in it and we don't have the full press conference here. The quote from The Hill is, "Ukraine will become a member of NATO. Our purpose at the summit is to help build a bridge to that membership", which then seems like this would - this - if you're building a bridge, that takes time. So, maybe they mean over time - the fullness of time. I - I - I - to be able to do this in the next year would be - if it was on the timeline of Finland, would be insane. I - I cannot disagree.

David Sacks

It would be insane, but they're not ruling it out. And I think you have to look at the context of what's happening. He's making these remarks as all the news from the battlefield is terrible. Ukraine is losing and it's at risk of collapsing. And European leaders like Macron are, therefore, calling for direct NATO intervention in the war. So, for Blinken to be making this sort of statement is really adding fuel to the fire. And let's see if he walks it back. Let's see if he clarifies it. I predict that he won't because this is administration policy.

Jason Calacanis

I predict a clarification for sure because this does not feel like it would be good for voting because the war is incredibly unpopular.

Chamath Palihapitiya

It'll make the election pretty simple. Every other issue - all the social issues that we fight about will fall away. The debt will fall away. The border will fall away. If this is true -

Jason Calacanis

If it's true.

Chamath Palihapitiya

- does America want to go to war?

David Sacks

Well, Chamath, I think I think we're already at that point even if there is some sort of clarification. And the reason I say that is because Biden clearly is very committed to this Ukraine policy. It didn't just start when he became president. It started when he became vice president and was managing the Ukraine portfolio for Obama. This is why Hunter Biden got that job in Ukraine because Biden was running the show there. And they have been very committed to this idea of bringing Ukraine into NATO for decades. I mean - he supported it when he was a senator. So, this is not - like Friedberg said - this is not like to some randomly chosen words out of the blue. Blinken measures his words carefully. He knows what he's saying. And this is something that Biden clearly is passionate about. And what you have to believe is that in a Biden second term, he's going to manage this whole situation so perfectly that this war is not going to escalate any further. And I just - I have no confidence in that. Remember - if you want to use a historical analogy, go back to Woodrow Wilson in 1916. He was elected on literally the catch phrase, "He kept us out of war." Less than 1 year later, we were in World War I.

Chamath Palihapitiya

World War I, yeah.

David Sacks

So, this idea of, "Well, Biden wouldn't possibly get us into a war." I mean - history shows otherwise. History shows that presidents, once they win reelection, are more likely to get us into war rather than less because they don't have to fear voters. So then, the question is: Well, what is in Joe Biden's heart? What's he passionate about? He is clearly passionate about this cause - about bringing Ukraine into NATO and certainly not having Ukraine collapse or lose this war. Whereas Trump and Bobby Kennedy have both said that they will end this war. They will seek a peace deal if elected. I think that's enough right there.

Jason Calacanis

Yeah. I mean - and obviously, Blinken and Biden are looking for peace as well. They just don't want to lose the war.

David Sacks

No, they're not looking for peace. I disagree.

Jason Calacanis

Oh, I think definitely looking for peace. You can disagree, but they definitely want peace.

David Sacks

Oh, really? Why did they reject the deal at Istanbul at the beginning of this war?

Jason Calacanis

Yeah - yeah because they, I think, don't want Russia to determine who gets to be in NATO. And they want free countries to decide.

David Sacks

Is that worth being in a war for?

Jason Calacanis

I mean - that is I guess the existential question here is: At what point do we want to let free democracies determine their future and protect them from invading countries? That is actually the core of this is: Do you believe in democracy? Do you believe free countries should have the autonomy to pick their future? And is that worth fighting for? That is the question the world faces right now.

Chamath Palihapitiya

I think that framing - I think that framing is not totally accurate. I think, of course, those things are good and right things. I think the thing is, on the balance of issues, there are seasons when certain priorities need to be shaped by a country. And right now, we're in a season where there's tremendous domestic instability.

Jason Calacanis

In our country?

Chamath Palihapitiya

And - and -

Jason Calacanis

In - in our country you are saying?

Chamath Palihapitiya

Yeah. And our balance sheet is breaking. So, I think the question isn't that: Is democracy important? Of course, it's important. It's how relatively important is it abroad relative to these domestic issues here.

Jason Calacanis

Yeah, that - I never disagreed with that. Is it - is it -

David Sacks

Right. And furthermore -

Jason Calacanis

Hold on. And let me just finish. Is it worth fighting for is the issue and is it worth fighting for when you don't have the resources to do it? Now, if we were sitting here and a country next to Ukraine was invaded - say Finland, or say France, or another country in Europe was invaded - we would absolutely go to bat for them. But for Ukraine, we won't go to bat for them. They're not part of NATO. And, you know - this is the issue of our time.

David Sacks

When you say "go to bat", are you saying - are you saying send American soldiers? Because that's what we're talking about.

Jason Calacanis

If France or Finland was - would you be opposed if France was - if Russia invaded France, would you defend France? Would you be in favor of the US sending in the military -

David Sacks

Of course, that's our article. That's our Article 5 guarantee under NATO. This is why I don't want to extend an Article 5 guarantee to Ukraine -

Jason Calacanis

Exactly.

David Sacks

because it will put us directly in conflict with Russia. And I'm not interested in being in World War III.

Jason Calacanis

Right. And then, so Finland and Sweden come up and I guess the argument would be: would you be in favor of sending troops to defend Finland and Sweden, the latest members of NATO? And would you be in favor of them -

David Sacks

Now, we're committed. Now, we're committed.

Jason Calacanis

Yeah. And were you in favor of them joining NATO? I guess is the next question. Should Finland -

David Sacks

We discussed it on the pod? I explained that it was creating a liability, not an asset. But what's done is done.

Jason Calacanis

Should free countries be able to join NATO? I guess is, at the end of the day, the question.

David Sacks

Well, I think that's an excellent question, actually. Let me let me make two points on that. The first one is countries don't have a right to join NATO any more than I have a right to join Augusta Country Club. Just because I'm a golf player doesn't mean I get to join Augusta, okay? It's up to the current membership of Augusta or NATO to decide whether they're going to admit a country based on what is in their interests. It has never been in our interest to make Ukraine a security dependent of the United States. Sorry, that's just the reality. The second thing I want to point out is that what was Russia demanding? They were demanding Ukrainian neutrality. They were not basically looking to conquer Ukraine. They wanted them to be neutral. So, Ukraine did not have to give up its freedom, okay? They just had to agree to be neutral. That was the key issue. That's what makes it very different than some other historical analogies. And that was not acceptable to us. At the very beginning of the war, Blinken said that we would insist on an open door policy.

Jason Calacanis

Yeah. Clearly, the right move here would have been to kick the can down the road and just tell Putin, "We'll take it off. We'll take NATO off the table for 10 years or 20 years." And then, we could have outlasted Putin. That would have been much better - yeah, much better move.

David Sacks

You and I agreed on that. You and I agreed on that before the war started. And then the minute the war started, everyone forgot that was the key casus belli of this war.

Jason Calacanis

Just the - more diplomacy is better.

Chamath Palihapitiya

Can I just say one thing that -

Jason Calacanis

Go ahead.

Chamath Palihapitiya

Sacks, you would be the perfect member of Augusta were it not for one small issue.

Jason Calacanis

Oh, be careful, Chamath.

David Sacks

Rhymes with "snush"?

Chamath Palihapitiya

Oh, Augusta. Oh, my gosh.

Jason Calacanis

That was my favorite from - who was the lunatic deranged guy from New York was in Congress and they expelled him after 6 months?

Chamath Palihapitiya

George Santos.

Jason Calacanis

That Santos. They were like, "Are you Jewish?" He's like, "I'm Jew-ish."

Chamath Palihapitiya

"-ish".

Jason Calacanis

With like a little pause in the middle. Alright, listen. Another amazing episode - episode 173. Congratulations to our CEO, Jon Haile. He's with us now. I will make -

David Sacks

Who?

Jason Calacanis

Jesus Christ. And - oh, nice callback. Please do us a favor. Do us a favor. 486,000 people following the YouTube channel. Get in there and be part of the Q&A when we hit 500,000.

And your best chance of being part of the one-million-subscriber party, which I think Chamath's going to oversee.

Chamath Palihapitiya

It'll be at the Wynn in Las Vegas.

Jason Calacanis

Oh, okay. There it is. We have a location. And then, the All-In Summit - making an announcement next week. Go to YouTube, type in "All-In" and subscribe. For the Rain Man, David Sacks. Yeah. Chamath Palihapitiya, the chairman/dictator. And your sultan of science who loved Dune 2. He loved it. He saw it twice. It was that good.

David Sacks

Overrated.

Jason Calacanis

I'm going to see it twice. I'm going to go see it again. Go see it in IMAX.

David Sacks

Oh, my God. The comment boards got so angry.

Jason Calacanis

Furious?

David Sacks

At - furious at "overrated". I mean - this set them off like nothing has ever set them off.

Jason Calacanis

I don't know. Try making a comment about Trump. Enjoy my world.

Chamath Palihapitiya

You can't attack Timothée - Timothée Chalamet.

David Sacks

I know!

Jason Calacanis

Oh, my God. The Chalamet fans.

David Sacks

Oh, my God. Man, they were really rushing to his defense.

Chamath Palihapitiya

I mean - Timothée Chalamet.

Jason Calacanis

I mean - he does look like he drinks a lot of soy. I'll be honest. I think that guy's -

David Sacks

That soy boy has got a lot of fans.

Jason Calacanis

I don't think that guy's ever had whole milk.

Chamath Palihapitiya

I think he's - I think skinny people like that. When you're super skinny like that, you travel in packs to protect each other as a group.

Jason Calacanis

Oh, like - so like - you can get in a group like hyenas or something and then just protect each other.

Chamath Palihapitiya

Yeah, it's like, "Oh, we got to stick up for each other because if we don't...", you know. "Hey, are you standing sideways or are you..."

Jason Calacanis

Like a pod - they're like a pod - a pod of soybeans.

David Friedberg

Like the old - Like the Roman turtle protection thing that they always do.

Jason Calacanis

Yeah. Shields up as one - as one. Soy boy tonight.

David Friedberg

Dune 2 is now up to \$630 million in the box office. Pretty - pretty good run. You know they're going to do Dune 3 now?

Jason Calacanis

Oh, it's definitely happening. He's just negotiating a big price tag.

David Friedberg

Big deal. Big deal. Yeah.

Jason Calacanis

Big deal. Alright, everybody. You know what to do. And we'll see you next time -

Chamath Palihapitiya

Love you boys. Bye bye.

Jason Calacanis

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