

**All-In Podcast #187 - Biden chaos, Soft landing secured? AI sentiment turns bearish,  
French elections**

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**Jason Calacanis**

Hawk tuah! He's ready to go!

**Chamath Palihapitiya**

Is that official merch?

**David Sacks**

I got it online, so I - I hope she's getting a royalty. I don't know if it's going - I hope it's not a fugazi.

**Jason Calacanis**

Fugazi, fugazi.

**David Sacks**

What's up with your outfit, JCal? You going on Fox News again?

**Chamath Palihapitiya**

Dude, he just signed on to -

**Jason Calacanis**

Oh, I didn't tell you?

**Chamath Palihapitiya**

He just signed up to become a contributor! Hahaha.

**David Friedberg**

Wait, really?!

**David Sacks**

Wait, what?!

**Jason Calacanis**

I'm a contributor!

**Chamath Palihapitiya**

He's a contributor on Fox!

**David Sacks**

You're a contributor?

**Jason Calacanis**

Three days a week. They're paying me.

**David Sacks**

That's hysterical. Wait, what?! For real? For real?

**Chamath Palihapitiya**

Yeah. He's the - he's the newest contributor.

**David Sacks**

Oh, my God. That's incredible.

**Jason Calacanis**

Jesse loves me. Fox Business loves me.

**David Sacks**

Do know you have TBS?

**Jason Calacanis**

Fox Business loves me.

**David Sacks**

Do they know that?

**Jason Calacanis**

No, they're looking for a moderate. They want a moderate independent thinker and they love NostraCanis.

**David Friedberg**

NostraCanis!

**Chamath Palihapitiya**

He has to finish this in two hours because he's taping with Jesse Watters.

**David Sacks**

Oh, my God. I - honestly, I will say that I - I saw both of your appearances on Jesse Watters -

**Jason Calacanis**

Oh, thank you.

**David Sacks**

- and I thought you crushed both of them so.

**David Friedberg**

Totally.

**Chamath Palihapitiya**

You were excellent.

**David Sacks**

I think it's actually a good move for them. I like the idea.

**Jason Calacanis**

Sacks, you would love for me to be a contributor on Fox?

**David Sacks**

I would.

**Jason Calacanis**

You would? I'm just - I'm pulling your leg. I'm pulling your leg. I'm pulling your leg.

**David Sacks**

Oh, okay.

**Jason Calacanis**

They haven't made the offer.

**David Sacks**

I want your training to continue on Padawan.

**Jason Calacanis**

Hahaha. Oh, really?

**David Sacks**

Yeah.

**Jason Calacanis**

This is like I will bring ballots to the Force.

**David Sacks**

Yes. Yes.

**Jason Calacanis**

Like the Chosen One?

**David Sacks**

You're the Chosen One!

**Jason Calacanis**

You were my brother, Anakin! You were supposed to be...

[ Intro Music ]

**Jason Calacanis**

Alright everybody. Welcome back to the #1 podcast in the world. It's been confirmed by the CEO of [beep] who told us we are the [beep] podcast on his platform. It's episode 186. From the home office in Italy - the chairman/dictator, Chamath Palihapitiya. How you doing, brother?

**Chamath Palihapitiya**

Hello, Jason. How are you?

**Jason Calacanis**

We're good. We're good. We can see that we are definitely in July now because we have one button to go for August and so it's kind of like the Sundial. The Greeks - we created the Sundial, math, plumbing, philosophy, democracy - all these great things. And the Italians - you guys created bare chests.

**Chamath Palihapitiya**

Can I tell you how good Italian white wine is on a hot humid day? It may - it may be the closest thing to ambrosia in modern - in modern society. It's just so good.

**Jason Calacanis**

Is that your sports drink? It's just like you get off the - I could picture you on a treadmill.

**Chamath Palihapitiya**

I drink so much white wine during the summertime and I eat gelato every day and I tend to still lose a couple pounds by the time I get home.

**Jason Calacanis**

A lot of walking. A lot of walking. Let me ask you this. Have you ever had a glass of wine while working out? Has that happened? Ever been tempted? Be honest. Brought wine to the gym. I knew it! I knew it! That's the level of - did you open the wine bottle in the gym or did you just tap the glass?

**Chamath Palihapitiya**

No, I opened it. It had to breathe. I went and then I had somebody just bring me a little sippy poos just so I could see if it was opening up properly.

**Jason Calacanis**

Okay, were you on the treadmill or were you doing weights? You were on the weight bench when you sip?

**Chamath Palihapitiya**

Yeah, I was pushing weight.

**Jason Calacanis**

Okay, pushing weight. Okay, back in '88. Okay. And getting ready - according to reports - I don't know if we can talk about this, but David Sacks is in the think tank getting ready for his RNC debut. How are you, Rain Man? Yeah, definitely. Definitely given a keynote.

**David Sacks**

Well, I wasn't supposed to talk about that, but I saw that someone leaked it to The New York Times this morning. So, it's out there. And yeah. I'm going to be speaking there next week.

**Jason Calacanis**

Okay, great. Any theme that you're going for? You can give us a little idea of maybe a theme or two that you want to...

**David Sacks**

There is a theme but I don't want to talk about it yet. I'm not supposed to talk about it. I'm not even supposed to say I'm doing it, but it got out there. So I guess there's no hiding anymore.

**Jason Calacanis**

So, we'll keep the cards close to the chest. And from the mountains at the [beep] that he can't talk about. Your Sultan of Science, looking oddly not pale. You got a little sun there brother. Looking good, David Friedberg.

**David Friedberg**

A lot of outdoor sunning happening last couple of weeks. Yeah, enjoying - enjoying - enjoying the vitamin D.

**Jason Calacanis**

Alright, gentlemen. Let's get to the docket. There's a lot to talk about. Let - let's start with macro. We haven't talked macro. Everybody wants to talk a little macro and I got a lot of news today. The big question is: Has the soft landing been secured? Obviously, stocks are still surging - records again this week. Last week, all the jobs seem to have burned off and unemployment is moving up. That was one of J Powell's major efforts and all the stimi-savings as you pointed out, Chamath, are long gone. And today, the big news CPI came in at 3% - perhaps inflation has been cracked. Here's your chart, gentlemen. Economists were expecting 3.1, so the print was meaningfully cooler than expected and CPI

actually fell 10 bps on a month-on-month basis. Obviously, when you see that three handle that is year over year. And this is the first time we had month over month CPI decrease since May of 2020. So lowest CPI in three years, J Powell said the Fed doesn't need, he said this earlier this week, he doesn't need to see the 2% inflation to start the cuts obviously, I guess he wants to steer or speed up going into the term. So September cut looks highly likely. If you look at the prediction markets, fed funds futures now see an 89% chance of at least one rate cut by September. That's up from 73% before the print according to FedWatch. That's a tool that tracks interest rate traders. We discussed the Fed wanting to see employment and savings cool. Well, in June, unemployment was 4.1% - the highest since 2021 - up from 4% in May. Here's the stunning chart of unemployment since 1948. In April 2023, unemployment bottomed out at 3.4% - the lowest since any of us were born. And you can see here there's been an uptick from this incredible historic low. So soft landing appears to be working. The jobs market is slowing down. Inflation has dropped / tempered and the market continues to hit all those all-time high. S&P up 26% since last year. Mostly, of course, thanks to Nvidia's record-breaking performance, but also Meta, Amazon, Microsoft - a lot of the FAANG / Magnificent Seven. So I guess, Chamath, let's just start with you. Has the soft landing been secured?

### **Chamath Palihapitiya**

I mean, it's pretty incredible actually, but it looks like there's a really good chance that it has. I think the bigger question though is if we are on the verge of a real contraction in the economy - and I think there's been enough people that have warned - you have to remember, even though the stock market for seven companies is hitting all-time highs, the stock market for every other company that isn't. Those seven companies have not. And that really is about just the broad based demand in the economy. So, yeah. I think that inflation is contracting, but it could be contracting for a combination of reasons. One is because we have had high rates for a long time, but the other part is now people aren't employed. There is no money. And the question is whether you have some sort of contraction economically that is measured by a recession or not. I think that's a really big question. What happens in the next couple quarters? Do we have a little mini recession or not?

### **Jason Calacanis**

Okay, Friedberg. Your thoughts? And then, we'll go to Sacks.

### **David Friedberg**

I think the market's priced in a lot of the expectation already. If you look at the P/E chart on the S&P 500 going back five years, let's pull this one up real quick. You can see that we peaked out obviously in 2020/2021 where we had a big boom with all the stimulus money coming in and all the money found its way into the markets during the end of the era. And then there was the slow wind down as we started to hike rates and then rate hikes peaked. And now despite the fact that rate hikes have stopped and there have been conversations about when the reversal will happen, the market's already started to price in that reversal.

So with respect to market valuations, we have still seen a rather significant increase in the P/E ratio across the S&P 500. Now, to Chamath's point, a large percentage of that is contributed to by the top seven tech companies that are driving that ratio inflation. But a lot of the market makers have already started to take action expecting the rate cuts to come in. As you point out, JCal, 90% plus likelihood of rate cuts happening this year. So I don't know how much market action we will see, but there has been a lot of conversation from DC about the Fed should reset expectations on inflation from 2 to 3%. And if they did that, that becomes the new normal and we're never going to get back to 2% - at least, in this current kind of era. That might be the era that we start the level that are -

**Jason Calacanis**

Oh, really? People are talking about that, Friedberg, of that?

**David Friedberg**

That's been a big push is that the Jerome Powell mandate of 2% inflation may be an expectation that cannot be met given the amount of stimulus that went into the economy during COVID that it could take a decade to earn its way out. As a result, we will not see a normalized contraction of that capital coming out of the markets in a way that will get us back down to 2% inflation for the time being. And I just saw a presentation by a bunch of food company executives recently and they took 13 to 15% price hikes last year. And you've heard Elizabeth Warren kind of chime on about this, but the reality is that inflation is not just in the US but around the world. And it affects the US markets as well because a lot of US companies have had to raise prices because of their dependence on labor and materials and commodities from other countries that are inflating.

**Jason Calacanis**

They call this the inputs, right? This is what they say. The inputs.

**David Friedberg**

Exactly. And because of the way that the globalized economy works today, the inflation around the world is going to continue to buoy inflation in the US even if we get our house in order. So it's very unlikely that we get back to a two handle at least in this kind of era. And as a result, you'll probably see the market kind of assume that we're going to be at a 3% kind of inflation level for quite some time.

**Jason Calacanis**

It's very interesting - the obsession with the two. I brought this up on the show - the 2% handle - and this target came from the Reserve Bank of New Zealand. This guy, Roger Douglas - Minister of Finance - and he came up with it because they just asked him like, "Well, what's that healthy one?" And he came up with that and everybody adopted it.



**Chamath Palihapitiya**

The Dunder Mifflin Inflation Index.

**Jason Calacanis**

Basically, it's just sitting out there. So for a completely objective nonpartisan view of all this incredible economic data, we go to our RNC correspondent, David Sacks. Throw a wet blanket on this incredible news.

**David Sacks**

I'm as nonpartisan as you are, JCal. Don't pretend like you don't have a candidate in this race.

**Jason Calacanis**

I'm a modern independent, as we all know, from my Fox News hits.

**David Sacks**

Yes, exactly. Fox News has hired you to provide the opposite point of view. In any event, sorry, what's your question?

**Jason Calacanis**

Just going down the middle here, joking obviously a little bit, but this is just rate the Fed's reaction to this. It seems like the Fed's supposed to be independent. Obviously this Fed share has worked across administration, so we've set here very critically, they got started too late. They should have got ahead of this, but I mean rate their performance since then. Do you think they're nailing this and there's going to be a soft landing where you have concerns, you are optimistic about the economy and how they've handled it?

**David Sacks**

Well, the Fed's mistake was just waiting way too long to react to the inflation and they didn't just wait nine months after the first inflation print came in that was too high before they started raising rates. They continued QE for six more months. So when you talk about all the stimulus that's still in the economy that they can't seem to get rid of, a lot of that was created by the Fed's QE and the second half of 2021. That should never have happened since then they did what they had to do, which is they increased rates to solve inflation, that's what you do. And yes, it does seem to be working, but we still have inflation being persistently high at 3%. And so now like Friedberg saying they're trying to change the goalpost to somehow normalize 3%, we should just understand that what that means is permanently higher interest rates because the Fed has to offer or under normal circumstances has to offer a return above the rate of inflation. So whatever that returns is, 1%, 2%, you stack that on top of the inflation rates. So in other words, let's say the Fed wanted to target a 2% real return. That means that the interest rate would be 5% with the 3% rate of inflation, whereas if inflation can be managed down to 2%, you would have a 4% interest rate. And that persistently, if we're talking permanently higher interest rate, we'll

create a drag on the economy because lower interest rates create more investment, they reduce the hurdle rates to take risk, whereas higher in rates, as we've seen, create drag on equities and drag on investments. So if they redefine the inflation rate to 3 instead of 2, there will be long-term consequences from that. That is not a free thing to do. So that would be one part of the answer. The other thing is just, yeah, look, inflation going from 3.1 to 3.0 is positive. It's good news better than it going from 3.1 to 3.2, but we're talking about 0.1% and I just think people get a little too excited reading into these prints when these are not huge changes in numbers. I do think that once the inflation rate starts with a 2 handle, that psychologically I think will be a big change for people.

### **Jason Calacanis**

Yeah. Psychology has so much to do with this. I thought I was doing a little research on it, why it's so contentious and there's so much of a lack of a consensus about it. Nick, pull up this chart. I wanted to share it with you guys. This is basically a psychological phenomenon called "partisan economic perception". And this has been studied for some time and what's really interesting about it is it shows what percentage of people who are Democrats and Republicans here in the United States of America say the economy's good. And if you look at Clinton and he got to be president at the helm during the internet revolution and this incredible economic boom, he was obviously so centrist, it appealed to both sides of the aisle and you had this very tight consensus that the economy was good. Democrats were maybe three or four percentage points above Republicans in that perception. And then Bush came in and all of a sudden Democrats hated Bush so much that they perceived the same economy, 2000, and you obviously have the dot-com bust there. So they both went down in unison, especially after the great recession. But you have this disparity that comes up Chamath, where you have 25 points between how they perceive it. Obama, obviously Democrats were incredibly enthusiastic about Obama effusive even, but Republicans hated him with a passion. I mean that was really when Fox News started to get cooking. And then you look at Trump, same exact phenomenon, it flips under Trump. 80% of Republicans think, oh, the economy is good, and then Democrats say it's not good. And that plummets and you get this big dispersion. There are two moments in time, Friedberg, where - or three - when you start to see the consensus get tighter and that's during a crash. So, there's your dot-com crash, great financial crisis, and an election. Yeah, and great. That's a very good point actually. I didn't notice that. And then, also during the pandemic. So, you have three crises.

### **David Friedberg**

Yeah, this is a great chart. Yeah.

### **Jason Calacanis**

So Freeburg looking at this, I think it explains so much of the tension in the country that we can't even agree on, Hey, is the economy good? It's just everything is perceived through your

partisan lens. What's your takeaway from this? Is it that we just don't run moderates anymore like Clinton?

**David Friedberg**

Well, look. I mean - at the end of the day, if people feel like they're progressing, they feel happier. They feel like they're not progressing. They're unhappy regardless of their absolute state. We talked about this with Jonathan Haidt on our interview show. We talked about this on the show in the past. I think that there are some studies that show that if income growth is not roughly 10% a year, you get an unhappiness indicator. And then, there are other associations with that. "Am I improving the size of my house? Am I able to buy a new car? Am I able to progress in my career and make more money?" All these factors kind of play in, and much of this ends up being buoyed by the political ideology of the candidate that's in the office and how they are popularizing what they are doing to help you progress even if you are or are not actually progressing. So then people hear the political leadership say, "This is what we're doing." You associate that as being positive or negative. If you're a Republican or you're a Democrat, you associate it as one or the other. And so you have this perception of progression without actually having economic progression be tied to it. So, the reality is - so, I think it's an excellent chart to kind of highlight that fact. I'm not sure how much it ties to this inflationary issue that we're dealing with right now, but I will tell you that - and I'll restate this again - much of the inflation - I think grocery prices are up 30+ percent. Nick, you could probably pull this up since COVID.

**Jason Calacanis**

That is you're correct. One of the sticky points because this CPI, you have to parse it like you're saying in grocery.

**David Friedberg**

Yeah. The more globalized the businesses are that are providing the goods or services to us, the more likely they are to need to hike prices to make up for the inflationary cost structure in their business because of their global presence.

**Chamath Palihapitiya**

You want to hear an interesting factoid?

**Jason Calacanis**

Yes, please.

**Chamath Palihapitiya**

There was an article in Bloomberg - I sent it to Nick - but people have been tracking the S&P 500 index versus the equal-weighted index. So when you calculate the S&P 500 index, you wait it for the market cap. So the top seven or eight companies obviously get a lot more weight in it. And so they look at the spread between that index and an equal weighted index

where every 500 companies are, the 500 companies are each equal. And what's interesting is the spread right now is the most extreme since March of 2000 right before the dot-com crash.

**Jason Calacanis**

Oh, Jesus Christ. Thanks, Chamath.

**Chamath Palihapitiya**

Well, this is Bloomberg's data. So, I'm just repeating it. I read that article, but -

**David Friedberg**

That's incredible.

**Chamath Palihapitiya**

It's a tie into the AI thing I guess that we're going to talk about soon, but next, yeah, we could be at the end of just an enormous hype cycle here where we have to contract the equity market. That's probably not a bad thing, by the way, because as Sacks said, one of the things that you have to do is I think you have to underwrite to a rate of return. And right now nobody knows really what to do because valuations would tell you that you should price to the low end, but then it's not really clear what the risk-free rate of return should be. So everybody's just sort of like they're shrugging and their arms are in the air and nobody knows what to do. So if you really want to get the economy moving, at some point you're going to have to reset something. You're going to have to reset rates or you're going to have to set the equity risk premium in the stock market. You're going to have to reset people's expectations around what is actually happening in the economy. And right now we're in this limbo where none of those things have been decided, but there are all of these weird moments like data points that you could use to kind of just justify your bias quite honestly. But the point is that I think there's a lot of question marks right now. Not a lot of answers.

**Jason Calacanis**

That phenomenon you're talking about previously is relative deprivation, the phenomenon where you compare yourself to other people and you feel like I here. Sacks what's your take on this AI bubble? I got some data I'm about to pull up on it, but let's just get there right now. How much of this boom that we're seeing in the stock market is this AI bubble?

**David Sacks**

Well, a lot of the boom is driven by these AI stocks, notably Nvidia. I mean, if you take out the AI stocks, I'm not sure the market is up, or maybe it's up a little bit. I mean, a huge part of the gain is from these, I don't know, top five, top seven tech stocks. Is it a bubble? I think that's going a little too far. I mean, I personally think the AI wave is real. I think the question is whether the level of investment that we're seeing going into cloud service infrastructure is sustainable. There's a huge build out happening right now, many, many billions of dollars

building out these new cloud service centers or cloud infrastructure data centers based on GPUs instead of CPUs. And I think it's a good question about whether that's sustainable. I do think that one of the things that's going on is that the chips are really expensive. I mean these GPUs from Nvidia, what they're like \$30,000?

**Jason Calacanis**

Yeah,

**David Sacks**

Per GPU.

**Jason Calacanis**

Per an H100.

**David Sacks**

And part of the reason for that is the scarcity. They haven't been able to produce as much as there's demand for, and so they're commanding a premium right now.

**Jason Calacanis**

And just to be clear, they're not just a chip. I mean people think they're like a chip, they think something you hold in the palm of your hand, they're like a racked server that's like 50 pounds.

**David Sacks**

Yeah, it's got thousands of components in it. It's a very complicated product to make. In any event, they're very expensive. And so, it's very expensive to build out this new infrastructure. I do think that over time the price of these chips just has to come down. It just doesn't make sense that they'd be so expensive just as production increases and they don't have this rate limit on the supply, then I think the price should come down and the cost this infrastructure should normalize a bit

**Jason Calacanis**

Well, and you heard it here first on the All-In Pod. Here's episode #181 - six weeks ago. NostraCanis is not involved in this one, but here's Chamath and Friedberg.

[ Begin - All-In Podcast #181 Clip ]

**Chamath Palihapitiya**

You cannot spend this kind of money and show no incremental revenue potential. So while this is incredible for Nvidia, the chicken is coming home to roost because if you do not start seeing revenue flow to the bottom line of these companies that are spending 26 billion a quarter, the market cap of Nvidia is not what the market cap of Nvidia should be and all of

these other companies are going to get punished for spending this kind of money. Where are all these newfangled things that we're supposed to see that justifies a hundred billion dollars of chip spend a year, 200 billion of energy spend, a hundred billion dollars of all this other stuff. We're now spending 750 billion dollars. This is on the order of a national transfer payment and we've seen nothing to show for it except that you can mimic somebody's voice. It doesn't all hang together yet.

### **David Friedberg**

The general statement might be made that perhaps the first AI mini bubble is bursting a bit, and particularly with respect to the accelerated expectations that public market investors had for public market technology stocks that perhaps now is the time for a bit of a reckoning that perhaps this isn't going to happen at the same margin level or the pace that folks had modeled.

[ End - All-In Podcast #181 Clip ]

### **Jason Calacanis**

Correct, and this is going to cause a bit of a setback. And so I think inspired in part by that, David Kahn from Sequoia Capital - legendary venture firm here in Silicon Valley - published a blog titled "AI's \$600B Question". Khan said there was a 500 billion revenue hole when considering AI CapEx levels. He got this number by calculating that companies need to show around 600 billion in AI revenue to justify projected CapEx levels in Q4, and he generally assumes Google, Microsoft, Apple, Meta, Tesla and others will generate a hundred billion annually combined. That's pretty generous, and that still leaves a \$500 billion hole. Here's the Nvidia data center run rate revenue, as you can see, Q4 of 2023 50 billion and now 150 billion. And then you have the data center facilities being built and the cost to operate those implied data center AI spend, and then of course your software margin. Coni also thinks that the GPU shortage already peaked last year. We'll get to that later on June 25th, A couple weeks ago, Goldman published a 31-page report called "Gen AI: Too Much Spend, Too Little Benefit?" So, you heard it here first on the All-In Pod. And I think everybody's kind of catching up with this theme. Companies are going to spend 1 trillion according to the report on AI CapEx over the next several years. Usually that's three to five, when we use the word several. AI productivity gains are limited in the near two midterm the next 10 years and AI's, ROI is likely significantly limited due to costs. The costs of AI are so high and the revenue is so unclear that there's a chance the economics never make sense. Here's a choice quote, and then I'll get the reaction from the team. Replacing low wage jobs with tremendously costly technology is basically the polar opposite of the prior technology transitions I've witnessed in my 30 years of closely following the tech industry. And that's Goldman's head of Global Equity Research. It's an interesting concept here, Chamath, that you're saying like, Hey, making fun images or maybe rewriting your blog post, but that's low wage work. So what are your thoughts on these two reports?

**Chamath Palihapitiya**

Yeah. Well, I think we're all converging on the same realization, which is you can't spend a trillion dollars and only have toy apps to show for it. So I think we've all been amazed by these AI demos. I think the four of us have talked pretty incessantly about it now for 18+ months ever since we saw the first OpenAI demos. So that's great. And the underlying technology I think is really important, but it's also important to acknowledge that the underlying technology has enormous gaps. There's gaps in the quality of the products that can be created to not have hallucinations. Those gaps are too large right now for them to be used reliably in production settings unless you have a very defined scope. If you have a defined scope, though the implementation costs are not nearly what needs the level of spend to support. So there's just a big mismatch. Second is that we have a huge problem with Nvidia, and I'll just kind of say the quiet part out loud, which is you can't spend this kind of money to have technology locking to one hardware vendor, and that makes no sense. And what you're seeing now is that Amazon, Google, Microsoft, AMD, Intel, a plethora of startups - everybody trying to make now different hardware solutions. The problem though that creates is that we have this massive lock-in right now because the code is littered with all these Nvidia specific ways of implementing access to GPUs. That's not sustainable. So, we have - we're in a bit of an existential thrash and I think the only way that we're going to get around this is to do a little bit of a reset. And I think that's going to touch a lot of startups that have already taken down way too much money at really insane valuations. Part of that was just because we needed, I guess the market wanted a place to believe in, again after the crypto meltdown and after all of the other SaaS meltdown and all of the other stuff that we've gone through. So yeah, I think that we are in a bit of a reckoning right now. It's going to be a complicated couple of quarters at a minimum and probably a complicated year to sort out who's actually real.

**Jason Calacanis**

It's an interesting psychological phenomenon in there, Friedberg of the capital alligators, the tech industry, the entrepreneurs, they want to believe in something and the previous paradigm shifts were ending, and here we go, a new paradigm shift perhaps we're such a efficient capitalistic machine now that we almost process stuff super quickly in some ways. We deploy massive capital, we try to solve huge problems, and then maybe we hit the reckoning and the throw of despair that we talked about many times, innovator's dilemma, crossing the chasm kind of style. So what are your thoughts on Chamath's point there or any other points you might have?

**David Friedberg**

There's a cold hard truth here, which is there is a ton of capital that was raised during the COVID bubble era and the ZIRP era that needed a place to go. And a lot of the traditional businesses, traditional business models, traditional in the technology sense SaaS and a lot of the biotech stuff, it all became, it became uninvestable. Then there's a lot of money in the public markets that was sitting on the sidelines, that was sitting in treasuries and so on. So

every dollar is looking for growth and there's a lot of dollars still sitting around out there from the ZIRP era and coming into this kind of post-ZIRP era looking for a place for growth. And there is very little growth as we talked about with the S&P 493 not being very performative with respect to growth and revenue and having a great outlook for the next five years. So then when there is a glimmer of upside, there's a glimmer of opportunity, even if it's just painting a picture of a growth story, all the capital drives into it. And we've all heard stories about the series A startups in AI getting bid up to a hundred million dollars valuation. And I've seen a couple of these where people have pitched me things on protein modeling, AI startups, and it's literally two guys from Meta and OpenAI that left and started this company and they raise 30 on a 120 or something, and it's just two guys building a model. And that's because that capital needs to find a place where it can tell itself a growth story. And so I think that we're still dealing with the capital hangover from ZIRP and the fact that there's a dearth of areas to invest for real growth that has allowed the AI bubble to kind of grow as quickly as it has. And now as Chamath points out, we are kind of rationalizing that back and I do think that there's going to be a reset. Now, I'll also say that the Goldman report, which I read and some of the other analyses that have been done, I think there was some commentary or some analysis that, Hey, it costs me six times as much as having an analyst do this work. The energy cost of the AI is still so high, the actual performance of the model is not good, but what that fails to write it's right and wrong. It's right in the sense that yes, it is more expensive today and the return on investment is not there today. It's wrong in that it ignores the performative model improvements that we're seeing in nearly any metric over the past couple of months. Every few months as we know, we see new models, new improvements, new architectures, new ways of leveraging the chips to actually drive a lower token cost to drive lower energy costs per answer, lower energy costs per run. And so every metric that matters is improving. So if you fast forward another 24, 36 months, I do think that there's a great reason to be optimistic that there's going to be extraordinary ROI based on the infrastructure that's being built. It's a question of are you going to get payback before the next cycle of infrastructure needs to be made and everything comes back in. We saw this during the .com boom where a lot of people built out data centers, and by the time they were actually able to make money on those data centers, it was like, Hey, all the new Telco equipment, all the new servers need to be put in and everything got written off. So there is a big CapEx kind of question mark here, but I do think that the fundamental economics of AI will be proven over the next couple of quarters.

### **Chamath Palihapitiya**

Yeah, I mean I don't think it's going to be the next couple quarters, quite honestly. I do think in the next couple of decades and in the next couple of years, what I would hope ambitiously is that there are a few really useful proof points where companies are making revenue solving very specific defined problems where quite honestly, you're taking workloads of X and making it X / 10. And I think that that's possible, but I think this generalized idea that all of this spend is going to have a good ROI think is pretty wishful thinking.



**Jason Calacanis**

Sacks, do you want to maybe give us your thoughts here, bubble, do we work our way out of it? Are we overspending or is this all manifest destiny? If you build it, they will come kind of situation. We throw all this capital there, we make a lot of progress on these projects and something comes out the other end as messy as it is.

**David Sacks**

I think that's likely to happen. I'm much more bullish than you guys about this investment that's being made. Remember that when the internet got started in the '90s, it was via dial up. I mean, you literally had to have a modem and you would dial up the internet and it was incredibly slow. Photo sharing didn't even work, so social networking wasn't possible and basically what happened next was that the telecom companies spent a ton of money building out broadband and people started upgrading to broadband. Then we had the dot-com crash, everyone thought that telecom companies had wasted billions of dollars investing in all this broadband infrastructure. And it turned out that no, they were right to do that. It just took a while for that to get used. And this is a pretty common pattern with technological revolutions is that you can have a bubble in the short term, but then it gets justified in the mid to long term, the build out of the railroads in the United States. Another example of this, we had huge railroad bubbles, but it turned out that that investment was all worthwhile. So I tend to think that's what's going to happen with AI. I mean, I do think that there's already enough, let's call it realness to the applications. I mean, I'll give you three examples. Number one, OpenAI, I mean OpenAI is effectively semantic search. It's a different kind of search engine where it understands the question you're asking and gives you an answer instead of blue links. And they're already at, was it, we talked about this previously, 3.4 billion

**Jason Calacanis**

Now that's consumer at 20 bucks and enterprise at like 30 bucks a month and then there's also the API

**David Sacks**

Yeah, starting already. I mean, this company has only been around for two years with a product on the market and it's doubling year over year. So that's just example #1, right? I mean, what's the most valuable application on the internet? Until now it's been Google and so search. And so you have a different kind of search now that I'm not saying it's a one-for-one replacement, it's also a new market, but my point is just you already have a very powerful application in the form of this semantic search, which OpenAI is currently dominating. The second one I think will be when Apple comes out with iPhone 16 with LLM-powered Siri, assuming they do a decent job with that, it's going to lead to a huge upgrade cycle. I mean, I'm still on an iPhone 13 because I haven't seen a reason to upgrade. I will upgrade to the iPhone 16.

**Jason Calacanis**

Yeah, snap upgrade. Snap upgrade.

**David Sacks**

Snap upgrade for that, assuming that they roll their own LLM and use that to power Siri and don't give my data to a third-party LLM. And there's been mixed reports about that.

**Jason Calacanis**

You don't trust Sam Altman with your iPhone backup.

**David Sacks**

I don't want Apple sharing any of my data which they obtained by being the operating system with a third-party LLM. But a bunch of viewers of the show posted in the comments that I had made a mistake on this and that Apple was rolling its own LLM to power Siri and they would only go to OpenAI if their own LLM can't do it for some reason. I'm just going to turn that feature off. But in any event, so assuming Apple gets that right, everyone's going to upgrade their iPhones. The third app is, look, we're using LLMs to power glue and the results aren't always consistently awesome. I would say the results are kind of like a B+ right now, but you do get some really great results.

**Jason Calacanis**

B+ is a strong start for you too.

**David Sacks**

It's a strong start. And in a year or so, we're going to be at the next gen version of all the models you're going to be at. I'm sure ChatGPT-5 five will be out and then the next version of Claude and so forth at that point, it's going to be an A+.

**Jason Calacanis**

I got to tell you, I've been using Claude and ChatGPT-4o, and it is extraordinary how fast they've fixed going to the web to get information. It used to be arduous and painful to get updated information. And so I was like, Hey, get me all of these. I think I may have told this story previously here on this weekend startups, but I was talking about, I was doing research on salaries and I said, just grab me all the information from Glassdoor, Indeed high salary, low salary, average salary of these two different cities, put it in a table and give me the links. And it did it. I was like, that's like a college educated person's job for 40 bucks an hour, call it whatever it is, a 60, 70, \$80,000 a year person. So I'm in the bullish gap with you, Sacks. I think it's being over belt, sure. But I think we're going to see a tipping point next year where a lot of labor arbitrage occurs. And what I mean by that is people are figuring out ways to cut jobs or have one person do three jobs, and I'm seeing it across all the startups we invest in. I'm seeing it with Athena, the company we invested in and I mentioned earlier, and I'm really interested in robotics now too. I think there's going to be some incredible

gains with optimists and some of the other robots that are occurring, and those things are only going to cost 20 grand. So this is going to be pretty...

**David Sacks**

Yeah, look, I think the low hanging fruit application wise in the enterprise is chat with a knowledge base, chat with your knowledge bases. That's what people want, right? It's a strong: Yes.

**David Sacks**

And we're still in the early stages of being able to connect your enterprise data to an LLM in a safe compliant way. That's where a lot of activity is happening right now. It's a strong: And the compliant part means you are working in the tech group or the marketing group and you don't search the HR department's data.

**Chamath Palihapitiya**

Guys, let me ask you just a general question though. We've spent a trillion dollars, let's say that there's forward purchasing commits for, let's be generous and say only half that number so now there's 1.5 trillion. So we're 1.5 trillion in the J curve. How much total revenue does the entire AI economy that's established today need to generate to pay that back plus some reasonable rate of return revenue at a fair multiple? And I think what I'm getting to is OpenAI is a good example of a company that's winning, but unless they somehow figure out a way to start making 50 billion, there's another 47 billion of revenue that's missing. That's my point.

**Jason Calacanis**

Yeah, I think they get there I'll be totally honest

**Chamath Palihapitiya**

No, no, I'm just saying that's just for the last couple of years of spend.

**Jason Calacanis**

Yeah, I mean there's so much dry powder sitting around at these large companies. I think capital is a weapon kind of situation, but it could be a big...

**Chamath Palihapitiya**

That's a different explanation, which is we can just take the rate of return to zero because we have nothing better to do with the money. That's a fair answer as well, Jason.

**Jason Calacanis**

I mean, what are they going to do give a dividend? I mean - God forbid, right? Facebook started giving one. Apple's giving one. They can't do M&A because of Lina Khan.

**David Sacks**

Yeah, I think Chamath has a point is that these big tech companies are not building out all of this infrastructure because they've modeled out the ROI and it's extremely positive they're doing it because it's an arms race. It's so strategic right now to have these AI capabilities and to power the expected next generation of AI apps. They can't afford to let one of their competitors have that, they have to compete. So they're all in an arm street with each other bidding up the cost of these GPUs because they have to have that supply.

**Jason Calacanis**

It's like nukes. It's like nukes. You never use them, you build them out. It might be the good crash.

**David Sacks**

I think they're going to use them, but yeah, the point is that it's a zero sum game, and if I let you have this GPU, I have one less GPU to use.

**Chamath Palihapitiya**

What do you think of the Andreessen article that Andreessen just turned on 20,000 GPUs.

**Jason Calacanis**

Chamath, to your point, it was reported earlier this week that Andreessen Horowitz, that's a very large venture capital firm here in the Bay area is building a 20,000 GPU cluster. We mentioned earlier \$20-30,000 a GPU is what you can estimate there. So this is hundreds of millions of dollars to try to cut deals and win deals with AI startups. And so they stole this idea from Daniel Gross, which you probably don't know who that is, but it's a company called Pioneer Labs and Nat Friedman from GitHub, they did this last year, same exact idea. They acquired 2,500 H100s and they gave their portfolio companies access to it in something called the "Andromeda Cluster". Really brilliant idea. There's the tweet from Nat. It's not clear whether a16z is purchasing these or they're just going to pay for them on AWS, or Google Cloud, or some other provider. But if these were purchased - obviously, hundreds of millions of dollars - what's your thought here? I won't go through all the details. I'll just go right to your opinion, Chamath. What's your thought on this?

**Chamath Palihapitiya**

A friend of mine who's a very successful debt fund manager, and I talked about it this week - friend of the pod. I won't name check him, but he knows who he is. And I - we're talking about this and basically I think if you look at the most typical deal - so, for example, the CoreWeave deal, which was floating around was something along the lines of 40% of the cost of all the GPUs was put up in cash and 60% was lent to CoreWeave by a whole group of bankers. So if assuming Andreessen was able to do roughly the same thing, the 20,000 GPU cluster at call it say 20 to 30,000 is between 4 and 600 million of costs and if they get 60% of it financed - I hope they did - that still leaves 40% that they would've had to pay for -

which you're still talking about a hundred million dollars plus. And so, then the real question is: Can they get enough equity back to make that a hundred million dollars investment worthwhile? And just to put a fine point on this - if that's a hundred million of management fees, the reality is that that's actually 2 billion of value because these management companies trade at call it say 20 odd times. So what's so interesting about this is you take a hundred million in management fee that's worth 2 billion of enterprise value, you dump it into these chips and cash. So whatever equity you get from these startups will need to make about \$2 billion plus a little bit to account for the time value of money, otherwise you were probably better off not doing this. That's just the math of -

**Jason Calacanis**

I wonder if this is defensive.

**David Sacks**

Well, on the 20 times math only makes sense if it's a hundred million a year in perpetuity. If it's a one-time spend on the a hundred million, then it's just a hundred million.

**Jason Calacanis**

Well, you also have to power these, you have to put them in a data center. There's a lot of cost to these things.

**Chamath Palihapitiya**

There's a lot of ongoing costs,

**Jason Calacanis**

A lot of ongoing costs.

**Chamath Palihapitiya**

So let's just say they'll spend that another 20 or 30 million over the next 10 years. My point is it's a drag on your enterprise value that's probably in the billion plus dollar range. And so whatever equity you get needs to make up for that plus some. And my only comment is that if you then factor in Sacks, as you said before, the desire to get these Nvidia chips down in price, but also to have hardware diversity, it's a really speculative bet and you have to be really right.

**Jason Calacanis**

It's also a crazy conflicted bet too because Nvidia was using these chips in the same fashion. They were using allocations to get investment allocations in companies and then paying them off. So now you have Andreessen buying them from Nvidia. It's also convoluted Amazon was doing this as well with AWS giving credits, et cetera so tried and true strategy, but very strange.

**David Sacks**

I don't think it's that weird a strategy because I mean look, it's definitely different.

**Jason Calacanis**

I'm going to say it's weird because of they're giving money to Nvidia.

**Chamath Palihapitiya**

I don't think you need to do this to build a successful venture firm.

**David Sacks**

No, I agree.

**Chamath Palihapitiya**

If you want to maximize the value of the entity, you would keep the a hundred million for yourself because then some investor will pay you a huge multiple for that.

**David Sacks**

All I'm saying is that they're buying these chips and then they're effectively timesharing them out to portfolio companies and so they're going to charge for their use. They're going to amortize this cost

**Jason Calacanis**

They're going to charge back. You think they're going to charge back the startups?

**Chamath Palihapitiya**

I'm just saying you have to see a path to make back what you're losing in enterprise value is my point.

**Jason Calacanis**

I think this is brilliant for year 0, 1, 2 - like Pioneer Labs was doing - because those people really don't have the money. If you're a viable concern, you can easily get the money to buy your own or rent your own. And we just said in the previous story that the glut and the weight is over for these, so interesting.

**David Sacks**

It depends on the rate of depreciation. If you buy these chips at a premium because they're scarce right now and then all of a sudden they rapidly depreciate in value, then you might lose money. On the other hand, if the current value of the investment remains stable because they don't depreciate that rapidly and then you can charge the cost back to the startups that are using the chips, then you break even.

**Chamath Palihapitiya**

I think that's an excellent point

**David Sacks**

And it's basically a business development expense.

**Jason Calacanis**

This is a PR marketing exercise and it worked - well done, Mark - because we're talking about it in the whole industry.

**David Sacks**

I do not think this is a bad idea at all. I mean, I think it's kind of interesting.

**Jason Calacanis**

I think they've gotten a hundred million in marketing of it just -

**David Sacks**

Yeah. I mean, look. It appeals to a certain category of startup who needs the GPUs. I mean, just to be clear, there's lots of AI applications that don't need direct access to GPUs because for example, we're using the Claude models and we're using the OpenAI models.

**Jason Calacanis**

You're using the language model APIs, so it's abstracts. We don't need them.

**David Sacks**

Correct. Yeah, we don't deal with GPU. I mean, you have to be in the model business effectively to need direct access to the GPUs.

**Jason Calacanis**

As we wrap up here today, Friedberg, your thoughts? And you had mentioned in the group chat a last-minute addition to the docket. You wanted to talk about the French elections and I know Sacks was tweeting about it because all the people who hate him were sending it to me. So I always know when he tweets about stuff as spicy. Go for it, Friedberg. What do you got?

**David Friedberg**

There was effectively a center and left alignment that created kind of a surprise upset to the right that was surging in the polls leading into the selection in France. And as we all saw, there was a lot of celebration in the streets and some rioting and so on, but it was a real kind of surprise shift left in this kind of important vote that happened in France and then the party stepped up and put forward these economic proposals. They set a 90% tax on income over 400,000 Euro a year, a 14% mandatory wage increase, retirement age needs to

be reduced to the age of 60 from 64, which obviously massively increases social spending and that they want to put forward proposals to put in place price controls on things like food, electricity, gas and petrol so effectively intervening in kind of the free market pricing system. Last month in India, we also saw elections where the BJP did not get a majority in Mexico we saw shine bomb get elected with 60% of the vote retaining the leftist government shine bomb's platform is that the government's role is to really solve the economic inequality throughout the country. She's a Jewish scientist who believes in technological progress, but her orientation is really around having institutions manage progress, not individuals in free markets. We've seen this broad across other places in the UK. There was a big election in this past week, but I wanted to take a step back and just highlight that there is this kind of emerging tactical alliance that we've seen repeat a few times between the left and the center that pushes back against the right globally. But really what I think we're seeing is a much bigger shift where there's this bigger battle between socialism and free market democracy. And I think that we're seeing it all happen at once because of globalism and because of the fact that globalism has enabled, just like we've seen manifest in the United States, massive and significant economic progress, but at the cost of a small number of people becoming very wealthy and a large number of people feeling left behind as a result of the wealth accumulating in a major way to a small number of people. And the reaction that we're seeing in France, in India, in Mexico, in the US, in the UK is all very much aligned that there is this big push that socialist practices can perhaps resolve the inequality and the inefficiencies that are seen in the markets today and this is being manifested in a lot of really nasty ways. First of all, I think it's rationalized as being, hey, there's economic excess for a few while the majority are left behind. It's activated by big bureaucracy, by anti-free market principles and by tax policies and spending policies that will ultimately cripple economic growth. And I don't want to say I'm against taxes because I'm all for taxes to make up for budget deficits, but I think the results are ultimately across all of this going to be what we saw happen in Argentina, which I think is on the other side of this problem, which is unsustainable debt accumulation, massive inflation and crippling unemployment. And I think that we should really take a hard look at what's happening around the world right now as being all related. All of the industrialized world is voting in a similar way and starting to shift in a similar way that we should be fairly concerned about and pay a lot of attention to in the US there's this expectation that Trump is going to totally trounce Biden if Biden stays in the race. I think that if we see the same sort of thing happen in the US in that the psyche of people or that we feel left behind, that there's a hierarchical system that disadvantages the majority of people because economic progress is not proportional to everyone. You could end up seeing a surprise voting system emerge in the US where the left may win because socialist principles are on the rise in the psyche of the youth in the industrialized world. And I'm not saying I'm making a prediction about how the election's going to go in the US, but I do think that there's a big kind of fundamental change underway here.



**Jason Calacanis**

Sacks, you didn't mention immigration specifically Muslim, Islamic immigration in France that seems to be a big part of this issue that people aren't talking about in the lack of integration of that population into society. In fact, I've been told by folks in France that it's kind of the opposite. Islamic Muslim immigrants are kind of shunned and aren't integrated by the French people themselves. I'm not sure how true that is, I don't have a lot of firsthand experience in it, but how much of that is part of what's happening in this right left donnybrook occurring in France, literally on the streets fighting and riot.

**David Sacks**

Yeah. Look, I don't think that the use demand for socialism is what's driving the results in France at all. Let me explain what happened. So the way that the voting works in France, it's an unusual system to our eyes where they have a first round of voting. And in that first round of voting, Marine Lapin party national rally won a strong plurality of the vote and the map looked like this, where literally they won every district in the country except for Paris. I mean it was a really dominant performance and so people were expecting major reform. And JCal, you're right, that Marine Le Pen's major issue, her party is the unlimited immigration that's taken place into France. The French people or a substantial portion of them are up in arms about this. And actually this is something that's very common across all of Europe. They're tired...

**Jason Calacanis**

They're very nationalistic, let's call it what it is.

**David Sacks**

Well it is -

**Jason Calacanis**

They care about their culture.

**David Sacks**

The indigenous people of France are opposed to the seller colonial invasion that's happening from the global south, and they want to preserve their French culture and society and nation as it has always been. And they do not see this unlimited immigration from the global South is good for them. It's not good for them economically, it's not good for societal cohesiveness, it's not good for crime and so on. So this is undoubtedly a huge driver of national success. But then what happened is that in the French system, there's a second round of voting a week later, and we got these results where National Rally still got the plurality of the vote. They got 37% of the vote, but they only won 142 seats, whereas Macron's party got 22% of the vote won 148, and then a collection of parties called the New Popular Front, which is basically a collection of far-left parties under the radical socialist, Jean-Luc Mélenchon won only 27% of the vote, but won the most seats. And this is what I

think Friedberg's reacting to is that the socialists ended up with the most seats. Well, how did this happen if National Rally, Marine Le Pen's party, got a lot more votes than New Popular Front? The answer is that Macron, the president of France, conspired with the far left to have 200 candidates quit to basically drive those voters - the voters in - let's call it the "center left" over to the far left in order to block Marine Le Pen's party from winning the number of seats that they otherwise would have.

**Jason Calacanis**

So just to recap what you're talking about, they have two rounds of elections here. They have a first round of second round. If you don't win the majority in the first round, then it goes to the second round runoff. And then strategically, what Macron and his party did was they took the multiple parties and said, Hey, we'll just have y'all drop out and consolidate our votes. Almost like in a microcosm in the United States, it would be like RFK dropping out at the last minute and saying, I endorse this person on left or right. So they did a very strategic thing

**David Sacks**

Right, but they went district by district and they basically said,

**Jason Calacanis**

Oh, great strategy.

**David Sacks**

Hold on. In this district, we're going to let the - we're going to have Macron's candidate drop out and endorsed New Popular Front.

**Jason Calacanis**

They copy us.

**David Sacks**

Exactly. So, that's what they did.

**Jason Calacanis**

So brilliant.

**David Sacks**

Well, it's a manipulated result and what it ends up with - look, a lot of people said, "Sacks, you're saying that they rigged the election." Look, they didn't rig the votes, okay? I have no reason to believe that the votes aren't real, but they did rig the candidates in order to frustrate the desire of the French people for reform - the reform that Marine Le Pen was offering - and Friedberg interpreting this as basically a big endorsement for socialism. I don't think that's what this is. I think that what happened here is that the center left under

Macron was willing to throw the election through legal. I'm not saying that he did anything illegal through legal manipulation.

**Jason Calacanis**

Yeah, they consolidated the candidates.

**David Sacks**

Yeah, exactly. And so to me, it's sad that one person tweeted that we voted for reform, we voted for national sovereignty, we voted to restrict unlimited immigration, and what we got was communism. This isn't what we voted for and so it's just kind of sad that what's happening is that the system politicians are essentially getting together to the popular will of the people

**Jason Calacanis**

Le Pen's party still got outvoted in each of those districts, right? Is that correct?

**David Sacks**

Only because -

**Jason Calacanis**

They dropped a candidate -

**David Sacks**

- 200 candidates basically were strategically dropped out in order to throw the vote in those districts.

**David Friedberg**

So all these systems ultimately resolved to a two party system where some minority can hijack one of the parties to enforce their will ideologically, I think that's kind of my point Sacks I mean, the day after the election, there was this statement on some of their economic priorities increase the tax rate to 90% on income over 400 k, drop the retirement age from 64 to 60. I mean, you go down the list putting in price controls on free market services and products and goods. This is a lot of what we're seeing repeated in a bunch of different ways. It's all the same story with different characters all over the industrialized world.

**David Sacks**

You're right about that part so basically, on the heels of this vote with New Popular Front winning, all of these seats, John McMillan Shawn gives this speech in which he rails basically against Macron's neoliberal policies. He wants to go back to the restricted number of hours in the work week. He wants a 90% wealth tax and so on across the board, he does want radical socialism and he says that he will not cooperate with Macron's party. So I mean

this is just, it's almost cartoonish and clownish how much this has backfired on Macron. He was so hell bent on trying to frustrate Marine Le Pen that he threw the election to New Popular Front who has now announced that they will not work with him. Okay, now JCal, you may want to say, well, this is the will of the majority, but the majority of the country did not want to vote for chaos. But chaos is what they've got because now there is no dominant faction in their parliament. Right. And you pop up -

**David Friedberg**

By the way, same in India, they just lost majority in India. Right, which is the first time in 12 years. And the UK is also up in disarray?

**Chamath Palihapitiya**

No, it's a majority, but not a super majority.

**David Friedberg**

Not a super majority. Sorry. Yeah, sorry.

**David Sacks**

The good news, Friedberg, is that Mélenchon will not have a majority in the assembly to push through those radical policies that he wants. No faction will have a majority because they're not going to work with each other. You've got three big parties here or three big groups, and you need two of them working together to get anything done. So what's going to happen is you're just going to have basically a log jam and like Marine Le Pen said, reform in France is just going to have to wait and we're going to lose another year.

**David Friedberg**

Do you think socialist ideologies are on the rise in the youth in the industrialized world? And is that showing up in elections around the world?

**David Sacks**

I think what's happening is that there is a pent up demand for reform. People are craving reform. They understand that system does not work correct.

**David Friedberg**

It feels rig for everyone.

**David Sacks**

It feels rigged, it feels corrupt, and it's resistant to reform. And so they are basically clamoring for that and they will get it wherever they can take it.

**David Friedberg**

In the past, socialism has won, when this has happened, this has happened. This happened after World War I. It's happened multiple times in history where we've seen the socialist rise in these moments.

**David Sacks**

Well, I don't think it's because socialism is that desirable. I actually think that the desire for reform, I think it is first and foremost looking for what I would call a nationalist populist solution. And you can see here that national rally did do better than New Popular Front's considerably better. But it was the systems desire to hand a victory to New Popular Front that gave them the win. And I think you see a similar thing in the United States. Look, if Joe Biden had just shut down the border for the last four

**Jason Calacanis**

Years, oh yeah, huge win.

**David Sacks**

He would be in a materially different position. But the radicals in his party didn't want to do that. So in a way you could say that you have a similar type of conspiracy taking place where the center left would rather enable and support the radical progressives as opposed to making sensible moderations or sensible adjustments -

**Jason Calacanis**

Which by the way -

**David Sacks**

- that would actually make them much more popular.

**Jason Calacanis**

It would and what has Trump done in Trump 2.0 that I think, I don't know who could have possibly coached or given any feedback to Trump of how to win this election, but he seems much more presidential. He seems normal. He basically went right to the middle on abortion. He went right to the middle on immigration and he's not acting like a lunatic in name calling and his debate performance was fantastic. He just sat back.

**Chamath Palihapitiya**

By the way, look who's been the most ardent supporter of Joe Biden? It's been the progressive one. Those are the folks that have actually said, hey. And I think probably it's because there's a underlying quid pro quo at play, AOC, Bernie Sanders, all of these folks -

**Jason Calacanis**

Elizabeth Warren -

**Chamath Palihapitiya**

If they support Biden and he wins a second term, I suspect that there's going to be a lot of their legislative agenda that basically gets put up for vote.

**Jason Calacanis**

A 100%. A 100%, yes.

**David Sacks**

I think there's a common denominator here that both Macron and Biden would rather throw the government of the country to radicals and communists than implement sensible restrictions on immigration. Its mind blowing to me that neither Macron nor Biden can simply make a sensible adjustment on immigration. People do not want open borders. They especially don't want them in Europe, but they don't want them here either.

**Chamath Palihapitiya**

That's fair.

**Jason Calacanis**

They want reasonable borders, reasonable immigration.

**Chamath Palihapitiya**

If I had to kind of give you my opinion on all of this, I do think that when you look across all of these countries, I do think Friedberg is touching on something, but I think the explanation doesn't have to be this idea that people are embracing socialism. I think there's a much simpler explanation as well, which is that we've gone through a very difficult period of joblessness, of inflation, of high costs. And I think typically what happens is you have governmental turnover in these moments, and so the incumbent gets tossed out and somebody else comes in and whatever they're saying seems like the new thing. So for example, in Canada right now, the opposite is trending, which is the liberal socialist government just looks totally incompetent and it looks like the progressives when this election happens is just going to completely run over them. And so that's more of a swing to the right. So I think it's less left or right. I think it's incumbent people who have not done necessarily a great job in these last four years getting tossed out for folks that are new. And I think that explains a lot of these elections more than socialism or anything else.

**David Friedberg**

I really hope you're right. I just worry about the trend of economic globalization has kind of moved every, because it used to be that every country kind of looked like its own country politically, and there's just a lot of alignment happening.

**Chamath Palihapitiya**

Where Sacks is right, is like, look, it's in every other country of the world other than the West. You embrace the national traditions that make a culture its own. But if you came to Sri Lanka, you'd see people in saree. You'd see people dressed in traditional garb. You speak this one language that somewhat complicated - not spoken anywhere else - although, we teach English as well. But the point is that there are these cultural traditions and that's just an example of a country that I know well. But many countries - if you look across Africa, it's the same. If you look across Asia, Central and South America, in the West - it's more of that you come and there's this kind of odd monoculture. And I think at some point, people are pushing back against it. I do agree with David that there is that pushback and I think that that's a reasonable pushback.

**Jason Calacanis**

Well, America's very unique in that we had a concept called the melting pot where you would culturally assimilate. And if you say that today and you were to teach that in schools, I think people would get very upset,

**David Friedberg**

Very upset.

**Jason Calacanis**

And they would be thinking you are giving up your culture. No, you've chosen to leave your land and make a new world here in this new experiment called "America". And if you assimilate, you're welcome here. If you don't want to assimilate, you're not welcome in America. That's what they taught when we went to school as Gen Xers in the '70s and '80s.

**Chamath Palihapitiya**

No, no. So, my only point - and I agree with you, JCal - is as a country you're allowed to have those beliefs. It's not that just because you're in the west, you have to throw that out and all of a sudden you have to succumb to this belief that everybody else's culture is better than the one that you've had for the last four or 500 years. I don't think that that's necessarily true, and I think you miss out on a lot by saying that, so to your point. I just think that when you look globally, there's a really interesting quote from Peter Thiel that actually is he made this comment, which is if you look at the 10 Commandments, he's like the first and the 10th are the most powerful because the first one is about looking up and the 10th is not about looking down and everything else is about looking left and right of you. And he brings it up in this context of all of these commandments. The middle eight are all about how you should not be looking to the left and the right, figuring out and making yourself getting tilted about the fact that you have less than the other person.

**Jason Calacanis**

No coveting.

**Chamath Palihapitiya**

And I just think that there may be something interesting in that idea, which is that what we've really done is we've created tools that have allowed you to just obsess and fantasize about all these random people's lives who you think are perfect, but they're just manufactured trying to get views anyways. And you just leave being angry and thinking your life sucks. In fact, your life is actually not that bad. I think if we had more truth and honesty and authenticity, maybe there would be less of this perception and you'd actually try to just enjoy what you have. I don't think we figured that out.

**Jason Calacanis**

Let's wrap up here on the hot swap summer update and the speed run primary. Biden still insists he's still running for president and he will not stand down. Since the last episode so much has happened, including George Clooney writing an op-ed in The New York Times this week. "I love Joe Biden, but we need a new nominee." Two weeks ago, Clooney co-hosted a fundraiser with Katzenberg and some other Hollywood bigwigs that raised 30 million for President Biden twice as much as you guys did for Trump. But I mean this is Hollywood and -

**Chamath Palihapitiya**

Well, they had 95,000 people. We had a hundred people.

**Jason Calacanis**

I know that, I'm just saying it's really impressive what you guys did. Clooney is also besties with Obama, and Obama has put out a tweet in support of Biden. But according to a political report, Clooney gave Obama the heads up before he published this. NBC is reporting that Biden has lost his donor base. Anonymous quotes, the money has absolutely shut off. It's already disastrous. Two of the sources said this month is on a path to be down by possibly half or much more from large donors. Adam Schiff, who is as partisan as they come, said, Biden should slow down and make the right decision here. He also said he should get new counsel, independent counsel. So that was on Meet the Press and Nancy Pelosi gave a non-answer when asked if she supports Biden as the nominee. And again, as partisan as they come, Tim Kaine said, "complete confidence Joe Biden will do the patriotic thing." Kim regards which Richard, not my, yeah. And Axios reported that -

**Chamath Palihapitiya**

That's pretty rough. Jason, let me ask you. I'm putting it in the spot here. You've seen all these clips?

**Jason Calacanis**

Yeah.



**Chamath Palihapitiya**

Do you think that there's an active cover up going on by the White House about his cognitive sin?

**Jason Calacanis**

Hold on. NostraCanis is going to make a prediction. I've got it. A whistleblower will emerge in the next 10 days. If you are a doctor, a nurse, a secretary, an EA or part of the inner circle here, and you know he's in cognitive decline, whistle blowing tap two on that whistle and get it out there folks. Cause we know there's a coverup. We know there's a coverup. So spin on that thing.

**David Sacks**

That's right. Alright, hawk tuah. That whistle -

**Jason Calacanis**

Hawk tuah and let's get it out there because also coming out.

**Chamath Palihapitiya**

But sorry, kidding aside, do you think there's a coverup?

**Jason Calacanis**

Of course there's a coverup. I mean, come on. Did you see this report that a doctor - a neurologist - went to the White House?

**Chamath Palihapitiya**

Visited White House. Yeah.

**Jason Calacanis**

Visited it. And The New York Times is putting this out there. And then watch this clip of KJP who is absolutely covering everything up. We all play poker. This person is bluffing. They're lying. It's so obvious. Play the clip, Nick.

[ Begin - Clip ]

**David Sacks**

That's a very basic direct question. Wait, hold on, hold on. Wait, wait to the. Wait a second. Eight times or at least once in regards to the president specifically. Hold on a second. I thought you should be able to answer by this point. Wait, no, no, no, no, no, no, no, no. Wait a minute. Call Ed please. A little respect here please. Every year around the president's physical examination, he sees a neurologist. That's three times, right? So I am telling you that he has seen a neurologist three times while he has been in this presidency. So that is answering that question. No, it's not. No, it is, it is. You are asking me, come to the White House. I also said to you, Ed, I also said to you for security reasons we cannot share names.

It publication, I hear the name public guys. It's in the long book guys, the white guys. Hold on a second.

**Jason Calacanis**

The point of a press conference is that you ask questions and you ask hard questions. This person is covering it up. It is a huge coverup. I haven't seen somebody lie this bold face since Elizabeth Holmes. If you had the machine that did the blood test, you'd show the machine. If there's a cognitive test that shows he's not in decline, they would show the test. Show the test. If you're a whistleblower, release the test. Somebody out there has the results of these tests. And if you're a doctor and you're covering this up, if you work in that white house and you're covering this up is the most unethical, un-American immoral thing you can do. And this is the reason we have whistleblower protections. There are 50 people who probably know what's going on here, and I know there's at least five. So somewhere in that number is somebody who has a profile and courage who will come out and tell the American people, what the hell is going on here?

**David Sacks**

Oh, I think we already know what's going on, JCal.

**Jason Calacanis**

I know, but this not telling the truth in a press conference with the press and then admonishing the press, admonishing the press like this, it's complete utter bullshit.

**David Sacks**

So in that press conference, it's nice to see the press doing their job because their job is to hold truth to account and to actually ask tough questions and they're finally doing it. But I see in that press conference, not just a liar at the podium, I think the entire audience, there are a bunch of liars too, because they knew the truth about the situation and they refused to report it and they refused to investigate it until now. What you've heard in the past week or so is a bunch of people who knew about the situation telling on themselves. So first you had George Clooney and that New York Times, he says that after the fundraiser we did. Yeah, I knew and everyone there knew. That was a month ago. What took you so long to come out? Olivia Nuzzi says she had the story for New York Magazine six months ago. Okay, she had anonymous sources, but she said she was afraid to publish it because the White House would basically push back and she didn't think the Press Corps would back her. Chuck Todd just said it on a podcast that a cabinet official in the Biden White House told him two years ago that he could not get a meeting with the president because the president was effectively incapacitated and his inner circle was keeping him shielded. Chuck Todd knew. Why didn't Chuck Todd report that? Why didn't Chuck Todd pass it on to an investigative reporter to NBC to investigate that these people cover -

**Jason Calacanis**

Dereliction of duty is the answer. It's a dereliction of duty.

**David Sacks**

Of course, but let me tell you what they were trying to do, okay? They were trying to weaken to Bernies this thing. They thought they could get Biden through the election, and so they were on narrative and they weren't going to report the truth about his condition. They were just going to try and get him across the finish line. They're all complicit in this coverup and they don't deserve any credibility because now they're finally reporting it because the only reason they're reporting it is because of concerns about Biden's electability. They're afraid that he's going to lose. And the turning point was that debate because the whole country could see it. So in the wake of that, they're starting to panic and they're realizing, oh wait, we need a new candidate. So finally they're telling the truth about the situation, but they had absolutely no intention telling the truth about it because they could have done it a long time ago, and they were just going to try and drag Biden across the finish line.

**Jason Calacanis**

And we need to give one person as flowers here. Dean Phillips came on this program seven months ago. And if you listen to All-In, the #1 podcast in the world, you are going to know what's going to happen in the future. It's not just NostraCanis here. The guests come on and tell us the truth. Dean Phillips told us, I quote when I asked him, I'm not sure who asked him when we asked him. He said, people are saying that I'm causing his problems, that I could risk his reelection. I'm certainly not the guy that has shown his decline. That's on video, that's on audio. You see it. He's a human being for goodness sake. Seven months ago he said this, he's a human being. He's now in his 80s. He is clearly in decline. But do I think he will be in a position to continue leading this country in the future? I do not. I think I've joined about 75% of the country in saying that he was clear on this podcast.

**David Sacks**

He was clear on this podcast, and kudos to Dean Phillips for having the courage to tell the truth. He was one of the only people in the Democratic party to tell the truth. Remember he also said on our podcast that he called up JB Pritzker. He called up Gretchen Whitmer. He said, "Where are you guys? You're the leaders of the Democrat Party. Why aren't you challenging President Biden? He obviously isn't fit to serve." They told him, "Shut up." They wouldn't take his phone calls. Okay? And look, Dean Phillips knew the truth without having special access to president. Quite frankly, he's a backbencher, right? But it was obvious to him. They all knew, the whole party knew, but their strategy was to pretend and deny. And to excommunicate anyone like Dean Phillips who told the truth, and to try and discredit anyone who reported the truth as basically a partisan or a liar who is trafficking in the fakes, remember that. So all these people are complicit, they're all complicit. And the only reason they're telling the truth now is because they're afraid of losing an election.

**Jason Calacanis**

And the receipts are coming.

**Chamath Palihapitiya**

Well, let's just play this out. So if there is a grant coverup, I think Jason, you are right that there's too much time between now and the election. There will be a Deep Throat (Watergate) style leak here. There will be a Woodward and Bernstein that gets to the bottom of this. I just think the odds of that it not happening are too low. So I guess then the real question, is it that the only way to keep the charade going is the quote threat of the Donald Trump boogeyman? Is that what they use basically to hang over these people to -

**Jason Calacanis**

Of course, yes. I mean - listen, that worked last time. Trump in the overwhelming majority of Americans felt Trump's first presidency was too divisive and it was too chaotic. They used that to win. Okay, fair enough. Now they're trying to use that again. It's not working. Why Trump 2.0? He's coming across as reasonable. A lot of the things he got right when you re-underwrite him about the border, he got that right, right? The economy was pretty good under him. He did some things correct. He's not like all demagogues and all evil. I have my problems with his behavior. I've made it documented here, but you cannot use that excuse anymore because Americans are going to say cognitive decline. Somebody with Alzheimer's like my aunt, my uncle, my parents, whatever. They've experienced it firsthand or Trump. It's an easy choice for most Americans and that's why Trump will beat Biden and that's why they're going to do the speed run and that's catching steam. Next, and we can wrap on that. I think I mentioned here the speed run primary a couple of weeks ago. Nick, roll the clip.

[ Begin - All-In Podcast #186 Clip ]

**Jason Calacanis**

Must credit NostaCanis. They're going to do democratic primary speed run. Here's what's going to happen. They're going to do five debates in 10 weeks. And then, whoever wins wins - Kamala - he's going to resign - Kamala becomes president. Kamala gets to run in the speed run. She gets to speed run like everybody else. Dean Phillips gets to come in. Everybody speed runs it. They take over the media. The media will go crazy over the summer. Massive ratings. Boom.

[ End - All-In Podcast #186 Clip ]

**Jason Calacanis**

Pull up the Semafor article. After I made my prediction, two Democratic party insiders have floated this very unique idea in Semafor. It's a pretty obvious idea I guess. "Biden steps down as the [Democratic] nominee in mid-July..."

**David Sacks**

Wait, where did you get it from, JCal?

**Jason Calacanis**

It was my idea. I did not hear it anywhere.

**David Sacks**

I personally don't think it's going to happen, but I still think you deserve credit for being the first.

**Chamath Palihapitiya**

Agreed.

**David Sacks**

So, you came up with this and now it's just spread or what?

**Jason Calacanis**

Well, here we go. Semafor -

**Chamath Palihapitiya**

This is amazing. I mean, you're name checking yourself here. So, this is pretty -

**Jason Calacanis**

I don't know what's happening in this bizarro universe. I put on a red tie and all of a sudden I'm getting everything right. Who knows? "Biden would step down as..."

**Chamath Palihapitiya**

Listen, so many times in the past, your head has been so far up your ass. But this time, it's really real. You open it and you see your face. But it's you just name checking yourself. It's perfect.

**Jason Calacanis**

I guess. I got to name check me. But here's what Semafor says. This is their version. "Biden would step down as the [Democratic] nominee mid-July." Okay, that's now. "Biden announces the new system with support from Kamala Harris. Candidates would have a few days to throw their hats in the ring. Democrats would start a primary sprint..." - oh, not a "speed run" - a primary "sprint" - "...wheres six candidates" - not 10 - "...who received the most votes from delegates pledged to run positive-only campaigns in the month leading up to the..." - DNC - "...weekly forums with each candidate moderated by cultural icons..." - oh, interesting punch up - "(Michelle Obama, Oprah, and Taylor Swift) in order to engage voters". As I talked about, taking over the media, "...nominee would be [ultimately] chosen by delegates using ranked choice voting..." - your favorite, Sacks - "...before the start of the..."

- DNC - "...on August 19th". So, anyway - there you have it, folks. Speed run coming. Whistleblower. August 19th. Speed run and the whistleblower. Look for it this month.

**David Sacks**

Okay, look. I think you deserve credit for being the first to talk about this, and that idea is clearly gaining some currency on the left. However, at the end of the day, I don't think the Democrats can afford to do that because they're already in the state of chaos right now. And if they finally succeed in pushing Biden overboard, the last thing they're going to want to do is have the chaos of an open primary, even if it is a speed run primary, I think they're just going to have to go to Kamala Harris. I think that's what they've decided. I think that if they succeed in pushing Biden out, which does seem probably more likely than not at this point, I think it's got to be Harris and I think she's going to be the nominee. So, I don't -

**Jason Calacanis**

You think Harris can beat Trump? You are worried about him?

**David Sacks**

Well, no. Look, I think that Trump should win regardless, but it's an opportunity for them to reset the race. And that's what's driving all of this, is that they're concerned about losing. But look, let me say this, that everything that's happened here with Biden's cognitive state, it's just one in a series of hoaxes and coverups. Here we go. That the Democrat party has transpired over the last several years. It's gotten to the point where you have to wonder, can these guys even run a presidential campaign without hoaxes? You had the steel dossier, okay? You have the whole suckers and losers hoax. You have the very fine people hoax you. This is the best version of Biden hoax. You had the whole cheap fake hoax. And you've just got to wonder, is this a party who deserves the trust of the American people? I think that Trump deserves another term just as a rebuke to all of the misinformation and lies that the Democratic Party has told about him. And I think that he should win.

**Jason Calacanis**

Shout out to Scott Adams and his hoax list. Here we go. The Scott Adams. Scott Adams is obsessed with -

**David Sacks**

That's like 20% of the hoax list. There's like 10 more. Okay.

**Jason Calacanis**

No, he's been keeping a list. Yeah.

**David Sacks**

Trump deserves to win just based on all the hoaxes that have been thrown at him. And you know what? You got to give him credit because it was his decision to go on CNN in that debate. They really called their bluff on this whole thing.

**Jason Calacanis**

When they started this is when you knew something was in the air when he started getting ovations and clapping from the rigged CNN audience for the town hall. I mean, or maybe CNN did that and set up themselves and set up the Democrats, I don't know.

**David Sacks**

I don't think it was a setup. I don't think it was a setup.

**Jason Calacanis**

You don't think it was a setup?

**David Sacks**

No. I think, look, there are a lot of people who do think that it was a controlled demolition. They want Biden out. I don't think so. I think this situation -

**Jason Calacanis**

Wow, that's a conspiracy theory.

**David Sacks**

It's a conspiracy theory and I understand why people might think that because so many conspiracy theories have turned out to be true. However, I don't believe that's what happened. I believe that Biden's staff created conditions for the debate that they thought would be untenable to Trump, right? They said that we're going to choose the host. They're going to be hosts who've basically already called Trump "Hitler", right? So, it's like the most favorable setting. They said, "There's not going to be an audience. We're going to turn off your microphone." And they thought that Trump would just say no to all of this and they'd be able to get Biden through without a debate. But Trump called their bluff. He said, "Okay, I'll do it." And he walked into the lion's den, just like remember a year ago he walked into the lion's den at CNN to do that town hall, remember.

**Jason Calacanis**

He could beat anybody comedically.

**David Sacks**

You got to admit that Trump...

**Jason Calacanis**

He beat anybody in mainstream media.

**David Sacks**

You got to admit that Trump has the waves. Like Tony Montana said, "The only thing in this world that gives orders - is balls." You got to admit, you got to hop.

**Jason Calacanis**

Don't forget the balls. This episodes off the rails. For, the chairman/dictator - calling in from Italy - my bestie, David Sacks. I'll see you on Jesse Watters and at the RNC. For Friedberg, who's genuflecting somewhere in a retreat center. I am NostraCanis and I have a prediction. I have a prediction. We're going to see you at the next episode everybody. Bye-bye.

**Chamath Palihapitiya**

Love you, boys. Bye-bye.