

**All-In Podcast #176 - Meta's scorched earth approach to AI, Tesla's future, TikTok bill,**

**FTC bans noncompetes, wealth tax**

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**Chamath Palihapitiya**

What did you think about that reservation article thing?

**David Friedberg**

Oh, that's crazy.

**Jason Calacanis**

Well, this is a great topic. There is a guy -

**Chamath Palihapitiya**

A pretty industrious kid, it turns out.

**Jason Calacanis**

What this kid's been doing is he's been getting Carbone reservations - other top-tier reservations. And by the way, everybody's had this as an app idea. Nobody's really executed it that well. I don't want to give any plugs for any apps right now. But he has been selling \$70,000. He's been flipping restaurant reservations for upwards of a thousand bucks. Chamath, you're very industrious and you're an absurd tipper. 100% tipper minimum. I know this because when I paid for dinner one time at Carbone, you took me and Phil Hellmuth's cards and you said, "You guys pay and I'm going to put the tip in." And then, I had to sell Uber shares to cover it. That was gross. That was gross.

**Chamath Palihapitiya**

I've never had a problem getting a reservation at any restaurant in New York.

**Jason Calacanis**

Yeah, they see you coming. You know what they see? Ten dimes worth of wine. I have taught many of my friends how to get reservations. I have a - a series of tips that I could give, but I don't want to give too many of them away. But nobody gives tips to maître d's anymore. Sacks, you tip the maître d' with cash?

**Chamath Palihapitiya**

Oh, all the time.

**David Sacks**

Yeah, sure.

**Jason Calacanis**

Of course, right? See, this is why Sacks and I get along. Sacks is a legit old school guy.

**Chamath Palihapitiya**

Yeah, Sacks is elite. He's got the \$100 bill pressed into his palm. Shakes the guy's hand.

**David Sacks**

I'll tip the bartender to keep the ice cubes cold.

**Goodfellas**

I mean - the bartender got a \$100 just for keeping the ice cubes cold.

**Chamath Palihapitiya**

There you go. Oh!

**David Sacks**

This a C-Note for you, a C-Note for you.

**Jason Calacanis**

This is my tip. It has worked. I'm going to give it out here. And the reason I'm giving this out is because y'all are cheap fucks. And not you, but just like a lot of y'all out there. And you don't know the art. In Brooklyn, everybody gets tipped. We tip the phone guy when he comes to fix your phone at your house. Everybody gets tipped. So, here's what I would do. And you can do this with a 20. You can do it with a 50. You know, if you're going to some great place you can do it with a hundie. You fold it twice. As Chamath says, you put it in your palm. You walk up to the maître d' stand. If there's anybody in line, you just cut it. And you go to the side of the table. You put your hand on the maître d' stand. You push the hand over slightly. Here's the maître d' stand. And you just slide your hand over and you reveal the 50. And you say, "I am so sorry. I was supposed to make a reservation. I don't know if my assistant did it or not. She probably didn't. However, I'm a huge fan of the restaurant. If there's anything you could do for me. I made a stupid mistake to not make a reservation. If somebody cancels, I'll be at the bar. If there's any way you could accommodate me. I truly appreciate it. I'm only in town for one night." When I say 99 times out of 100, it works. The one time it didn't work.

**Chamath Palihapitiya**

How much are you tipping? A \$100?

**Jason Calacanis**

It used to be \$20 when I lived in New York. Now, I regularly do \$50. And the reason I do it is I don't like giving money to charity. I feel like these charities are all a giant scam. And I like to give it to service people.

**Chamath Palihapitiya**

Like is it awkward when you tip \$50 in ones like that? Like doesn't it become really thick?

**Jason Calacanis**

No, I just - it's a little harder to hold in your hand. I used to use a roll of quarters actually. That was awkward. The roll of quarters was a little bit hard. The 50 is easy. I'm just asking everybody here. If you hear my voice, please go tip your maître d' \$20 or \$50 and report back if my technique works. Because what you're doing in the framing is you're saying you made a mistake. And then, you make it so the person doesn't feel like you're bribing them or paying them off. They're helping you solve a problem. So, anyway - it's kind of like when I troll David and I'm like, "Hey, Friedberg..." - with the - with the Summit or whatever. And he's like, "I'll do all the work! Forget about it!" You just got to reframe it. Alright, let's get started here.

**David Sacks**

But it is a bribe.

**Chamath Palihapitiya**

That is a bribe. Yeah.

**David Sacks**

It is, in fact, a bribe. Yeah.

**Jason Calacanis**

I consider it a - a - it's interesting you bring this up.

**Chamath Palihapitiya**

You're creating plausible deniability, but it's still a bribe.

**Jason Calacanis**

I consider it a tip in advance of services.

**David Sacks**

You're not tipping him - no, you're not tipping him for good service. You're tipping him to basically break in line.

**Chamath Palihapitiya**

Yeah and break a covenant with another human.

**David Sacks**

You didn't make a reservation and you're taking away somebody else's spot.

**Chamath Palihapitiya**

Yeah, totally.

**David Sacks**

And you're paying him to break the rules.

**Chamath Palihapitiya**

It's the worst.

**Jason Calacanis**

You know what? Your shift to man of the people.

**David Sacks**

It's a bribe!

**Jason Calacanis**

It's the most brilliant move you ever made.

**Chamath Palihapitiya**

No, but it's a bribe! It is a bribe!

**Jason Calacanis**

Your populist -

**David Sacks**

It's not a bribe. You're - you're not even really doing him a favor. You're doing yourself a favor.

**Jason Calacanis**

Alright, let's unpack - you're such a populist. So fucking brilliant. I hate you. He just figures out a way to get those populist votes. No. Here's what it is. Because I had this argument with my - my 14-year-old.

**David Sacks**

You gave him the \$50 just for doing a good job, even if you had the reservation, is what you're saying.

**Jason Calacanis**

I am so confident in how good the service is going to be. I'm giving a pre-tip. I consider it a pre-tip.

**Chamath Palihapitiya**

Oh, my god.

**David Sacks**

A pre-tip if he gives you a reservation when you don't have one.

**Jason Calacanis**

I am happy to not get the money back if they can't accommodate me. One time, it happened. The woman at Asia de Cuba in New York in the '90s said, "Here's your \$20 back." And she said, "I'm really sorry. There's nothing I can do. I would love - it's very lovely of you to give me the tip." And she handed it back to me. And I said, "Keep it." And she said, "No." But I - I got a, "The bartender is going to take care of you at the bar."

**David Sacks**

That's good.

**Jason Calacanis**

So, all's well that ends well. Alright, let's get started, everybody. We have a full docket for you today. And story of the week - as voted by besties. We have a new system here. Instead of me sorting the docket, the besties give a thumbs up / thumbs down. This one, I think, had two of three people voted for it. One person didn't vote this week and that is Zuck's scorched earth AI strategy. As you probably know, if you're in tech, Meta was the first Big Tech company to fully embrace open-source AI. Llama "leaked" last year. Folks said that it wasn't leaked. It was released covertly or on the slide - DL - by the folks at Meta. But they just released Llama 3. And I talked to Sandeep about this a whole bunch last week. It just came out a few days ago and it's already in the top two models on Hugging Face's leaderboard. And you can take a look at Hugging Face's leaderboard. It's basically where - it's the most trusted place, I think, where people benchmark these things. Developers are saying it's faster. It's less preachy - was an observation - than ChatGPT-4 despite being slightly lower quality. They also have some small models that are performing really well. They also announced, very interestingly, open-sourcing the Quest operating system called Meta Horizon OS. The OS powers the mixed reality headsets - VR - all that kind of stuff. But here's the big news. This one is amazing. Instagram, Facebook, and WhatsApp are integrating a search box or their AI assistant chat box into all their apps. Worth noting, Meta came out with their results just the other day. And we're taping this on Thursday, as you know. It comes out Friday. Their stock is down as much as 16% after reporting its Q1 earnings. They beat estimates, but Zuck is saying he's going to spend a bucket load of cash on infrastructure. Chamath, it's your alma mater. You worked side by side with Zuck growing Facebook - from what - 10-20 million to 400 million MAUs. What do you think of -

**Chamath Palihapitiya**

800 million when I left.

**Jason Calacanis**

Okay. What are your thoughts on gold chain Zuck and his new strategy? The pivot away from VR to AR, AI, and going full all-in, so to speak, on open-source.

**Chamath Palihapitiya**

They're taking a play that we talked about, which makes a ton of sense, which is it's not a core market. But it's very important. The core money-making market for them is monetizing their family of apps. And so, they're scorching the earth for these new markets so that the economics are not viable - which will, I think, allow a more robust ecosystem where they'll have more of a say. Because I think up until this point, you could have said that they and Google were sort of lagging behind OpenAI. But I don't think that's the case. And by the way, this is the strategy that we talked about 16 months ago that these big companies should take. I just think it's worth listening to what - what we said. And then, basically, what Zuck said just right now

**Jason Calacanis**

Here we go. This is a black-and-white flashback. Chamath in a turtleneck. Go.

Chamath Palihapitiya (flashback)

I think that Google will open-source their models because the most important thing that Google can do is reinforce the value of search. And the best way to do that is to scorch the earth with these models, which is to make them widely available and as free as possible. That will cause Microsoft to have to catch up. And that will cause Facebook to have to really look in the mirror and decide whether they're going to cap the betting that they've made on AR/VR and reallocate very aggressively to AI. That should be what Facebook does. And the - the reason is, if Facebook, and Google, and Microsoft have roughly the same capability and the same model, there's an element of machine learning called reinforcement learning - and specifically, it's reinforcement learning from human feedback. Facebook has an enormous amount of reinforcement learning inside of Facebook - every click, every comment, every like, every share. The huge companies will create the substrates. And I think there'll be forced to scorch the earth and give it away for free.

**Chamath Palihapitiya**

Now, you can see what Zuck said last week.

**Jason Calacanis**

Look at this. Little victory lap here.

Mark Zuckerberg

It's probably also pretty bad for one institution to have an AI that is way more powerful than everyone else's AI. And I kind of think that a world where AI is very widely deployed in - in a way where it's gotten hardened progressively over time and is one where all the different systems will be in check in a way that seems like it is fundamentally more healthy to me than one where this is more concentrated.

**Chamath Palihapitiya**

That is, I think, the definition of scorched earth. So - and he's - he's running a really perfect place so far. He's open-sourced the headset OS. He's opening-sourced these models. He

stopped training, I think, for Llama 3.5 was it? And now, he's moved directly to Llama 4 just to try to head off GPT-5 at the pass. Well so, what are we seeing? We're seeing the economic value getting disintegrated. There is no value in foundational models economically. So, then the question is: Who can build on top of them the fastest? And Jason, to your point, Llama was announced last Thursday. 14 hours later, Groq actually had that model deployed in the Groq Cloud so that 100,000+ developers could start building on it. That's why that model is so popular. So, it puts the closed models on their heels. Because if you can't both train and deploy iteratively and quickly enough, these open-source alternatives will win. And as a result, the economic potential that you have to monetize those models will not be there. And what that does is reinforce the existing economic moat that Facebook already has in monetizing their apps. Now, why the stock went down? I'd like to talk in contrast to Tesla a little bit later because this has nothing -

### **Jason Calacanis**

Okay, we'll put a pin in that.

### **Chamath Palihapitiya**

- to do with it. And it's more about squares versus sharps in the stock market.

### **Jason Calacanis**

Friedberg, your thoughts on Meta embracing - going all-in on AI? You were at Google - your alma mater - and you watched them be proprietary and closed when it came to search and the search algorithm, but open-source when they were behind. And that - that's the, I guess, the phrase we use here in Silicon Valley. When you're behind, you use open-source to catch up. And when you're ahead, you close everything down. Facebook famously shut down all access to their APIs. You can't get into the social graph, but they're going open here. Why? Because they're behind. Your thoughts on this from, say, a Google perspective? And then, maybe, how Google might react? And then, just broadly, do you think open-source wins the day getting to AGI?

### **David Friedberg**

I would say the analogy for Google is Android, where Google open-sourced the Android operating system because the handset manufacturers and some of the big software companies - so, Nokia and Microsoft - in particular, BlackBerry - had these closed proprietary operating systems. And then, the telcos put their apps on, and made money, and basically had control over whether or not people could access Google and Google services through their phone. So, the intention with open-sourcing Android was to make sure that Google was not disadvantaged in their core business over time. I think that there's a similar analogy here that by open-sourcing these models, they limit competition because VCs are no longer going to plow half a billion dollars into a foundational model development company. So, you limit the commercial interest and the commercial value of foundational models. Now, the CapEx question is - is a really hard one to diagnose because we don't



know how they're spending the money, where they're spending the money, what they're doing in there. I think that it's a really important sign that founder-led companies with these voting rights - you know - have the ability to make these sorts of hard decisions that it might be very difficult for a management by committee group to make.

**Jason Calacanis**

Got it.

**David Friedberg**

Look at how Mark is making these decisions. And Elon is making big, tough decisions that it would very likely be pushed back on if they didn't have the voting rights - if they didn't have the control over the company that they had.

**Jason Calacanis**

It's a great point about founder authority. I think that's a really salient point. Shout out to Zuck. Would really be great to get him at the All-In Summit. Sacks, we have some breaking news here. It turns out Llama 3 - they just tested it - in the benchmarks, it says here you can make the Founding Fathers any race you'd like. It's a really interesting feature. Any thoughts on Facebook's strategy here? You are a master strategist, David Sacks. Give us your master strategy here - 1700 chess rating. Sacks?

**David Sacks**

Well, we kind of glossed over what the real news was - which was that Meta released Llama 3 - which they had spent billions of dollars creating - and in a completely open-source way. And the testing on Llama 3 is that it's comparable to GPT-4. And I think this is what Chamath means by "scorched earth" - is that we now have a free model that's as good as GPT-4.

**Chamath Palihapitiya**

Best in class. Yeah. Yeah.

**David Sacks**

Best in class, yeah - or at least, tied for best in class. There are some slight differences. And we've been playing around with it. It is faster and cheaper than using ChatGPT-4, but the context window is smaller. I think it has only an 8,000 token context window. So, that's something that the open-source community is going to need to work on is - you know - rolling out foundation models to have a bigger context window. Nonetheless, the point is that - at least for now, until OpenAI comes out with GPT-5 - which is supposed to happen soon - the open-source community has kind of caught up with the top closed-source model, which is OpenAI.

**Jason Calacanis**

Will they blow past the closed-source model, Sacks?

**David Sacks**

Well, I - I still think that OpenAI is ahead because the scuttlebutt about ChatGPT-5 is that it's amazing and it's a big improvement over GPT-4. And supposedly, it's going to come out any day, week, or month. So, if GPT-5 comes out and knocks our socks off in a few weeks, then we're going to see that, "Oh, they're actually a cycle ahead of the open-source community." But as of this moment, in terms of what's been publicly released, I think it's fair to say that open-source is largely caught up with OpenAI. And this is why - you know - bring up this tweet by Naveen Rao, who is a founder who created the company MosaicML which just sold to Databricks for unicorn outcome. And he says, "I don't think everyone has comprehended the massive disruption and distortion that's going to happen in the GenAI market due to Llama 3. Moats will be destroyed and investments will go to zero. Just like everything in GenAI, this will all happen fast." So, you know - it's a similar reaction to what Chamath is saying, which is we have an open-source model now that erases billions of dollars of private investment.

**Chamath Palihapitiya**

And by the way, you just said something really interesting before which is, "Okay, there's a limitation.", right? You mentioned the context window, which was a problem. I just found this thing today. They solved it! Now, they're at 96k context length.

**David Sacks**

Yeah. Wow, that's amazing.

**Chamath Palihapitiya**

So, to your point Sacks, this market is moving -

**Jason Calacanis**

Wild.

**Chamath Palihapitiya**

- so fast because you cannot compete with open-source. So, all these closed models - which means OpenAI and a bunch of these other folks - especially, the ones that are sitting inside of these smaller companies, right? Snowflake has a model. I - I think Databricks has a model. There's an important question that has to be asked around the economic viability of these models in a world where open-source is not only better and better funded, but they're iterating faster and the feature set is catching up to your needs. So, the minute that Sacks says he needs a longer context window - within a week, it's there. That's pretty intense.

**Jason Calacanis**

It's pretty - yeah. I think this is like one of the -

**Chamath Palihapitiya**

What do you think, JCal?

**Jason Calacanis**

Well, I've - I've got a totally different take on this. Obviously, I agree with all you - you've said here, in terms of the open-source and the dramatic effect it's going to have on pricing, but there's something people are missing. If you go to meta.ai for a second, Nick, and you pull it up. What you'll see is they've dedicated the meta.ai URL to a search-like experience. And then, they've put a search box at the top of Instagram, WhatsApp, and Facebook. And so, they are going to put search engine, essentially - their modern search engine, which is starting from zero, in front of 3 billion people using Meta's collection of services. And so, just like Apple and Firefox were able to intercept search traffic, I think - and let's make a prediction here - that Meta is going to get 10 points of the search market. Now, each point of the search market is worth - you know - what is Google's worth - about \$2 trillion. If you take out \$500 billion for YouTube and there are other services, you get \$1.5 trillion - which means 10 points is worth \$150 billion in market cap. Now, as you well know, Chamath - and you all know, David - these two ad networks Meta started with psychographic data - the person / who they know. And then, of course, Google had the greatest advertising product ever: intent.

**Jason Calacanis**

You type in "Volvo", you type in "Tesla", type in "Tesla Santa Monica used" - you know - you don't have to guess what the person is interested in at that moment. Well, for the first time - you know - one of these ad networks has intent data and psychographic and they're going to be able to put it together. And I think they take 10 points of search. But more importantly, they're going to have data on individuals that will be unrivaled in the advertising space. Now, Google tried to do this themselves. They did something called Google+. I don't know if you were there, Friedberg. During the Google+ era, they spent billions of dollars on a social network. It failed. They shut it down because they wanted to get that. So, looking at this, I think, "Man, there's so much going on open-source." But now, Google - and we haven't talked about Google's role in all of this - and Sundar being a hired gun not having founder authority - to your point, Friedberg - you know - I think they're going after Google's search business as well as - you know - taking away and commoditizing all of the open-source. So, we might be sitting here in 3 or 4 years watching Meta have - I don't know - 10 points of search.

**Chamath Palihapitiya**

Nobody - nobody has to win search. It's just that Google can't afford to lose anything.

**Jason Calacanis**

Yeah.

**Chamath Palihapitiya**

Everybody takes a point here and a point there. And all of a sudden, Google could be in the high 70s of search and that would be economically disastrous for their stock.

**Jason Calacanis**

Yeah. You're gonna have to make cuts.

**Chamath Palihapitiya**

Why do you guys think the stock is down? Why is the stock down 16%? I - I have a theory as to why.

**Jason Calacanis**

Yeah, tell us your theory. Yeah, go for it.

**Chamath Palihapitiya**

I think that there's a few times a quarter where you can really see the dispersion in the stock market between what I would call the smart money and everybody else. So, you know - using betting language, the sharps and the squares. And I think Meta was an example of the sharps taking a line - which I think is very accurate - and Tesla was the other great example this quarter. And so, if you look inside of Meta - and this, Friedberg mentioned this earlier - I think, Friedberg, what people really reacted negatively to was the total quantum of spending and the idea that it's misallocated - not to AI but specifically, to Nvidia. And the reason is that - and we've mentioned this before - I've tried to talk a lot about this with Jonathan Ross from Groq - but I is really two markets: training and inference. And inference is going to be 100 times bigger than training. And Nvidia is really good at training and very miscast at inference. The problem is that, right now, we need to see a CapEx build cycle for inference. And there are so many cheap and effective solutions. Groq being one of them, but there are many others. And I think why the market reacted very negatively was it did not seem that Facebook understood that distinction - that they were way overspending and trying to allocate a bunch of GPU capacity towards inference that didn't make sense. And so, I think what people were saying is, "Hold on a second. So far, your plays are perfect. It's everything we want you to do. We want you to scorch the earth. We want you to open-source the headset. But we also want you to understand the difference between training and inference in a little bit more of a nuanced way. Build up the inference capacity but spend a lot less money because you don't need to spend it on Nvidia." And the reason is the sharps know that Nvidia cannot do inference. And so, I think that's why the stock is down this much. And I think it's important for people who care about AI, but also may traffic in Nvidia, to understand why the sharps think that. And I think several of us have tried to explain it now for the last couple of weeks. But it is miscast. And so, you're overspending.

### **Jason Calacanis**

Up next, Tesla earnings. Elon's Master Plan, Part 2 is going - well, as planned. Again, this was voted up by our panel here in our group chat. Last time, we covered Tesla was episode 164 - early February - after a Delaware judge voided Elon's pay package. Since then, Tesla has made some giant moves. They launched FSD 12. I've been using it. It's pretty great. Also, they cut the price of FSD by 1/3 from \$12k to \$8k. I think you can also get it for 100 bucks a month. And they announced a 10% RIF - going to cut 14,000 employees. Always painful to do that. They're looking to re-incorporate in Texas. Leaving Delaware for obvious reasons. Earlier this week, Tesla shares were down more than 40% year-to-date - mostly due to a decrease in demand for EVs. Market cap has dropped from \$750 billion to \$460 billion. Shares jumped 12% when they reported Q1 earnings on Tuesday. Investors got excited after Elon announced that Tesla's new line of models could start production at the end of the year or maybe even early 2025. He shared some thoughts on the robotaxi or cybercab - which he talked about maybe 5 or 6 years ago - and he has had in the master plan for a long time. Chamath, you made some great calls on Tesla and made some great trades there back in the day. Your thoughts on Tesla in 2024?

### **Chamath Palihapitiya**

Sharps love it. This is another one. Sharps versus the squares. Why did the sharps love it? Why did it go up? And everybody was so confused. And I think the answer is that he's actually executing exactly to plan. And so, if you're investing in a stock, what you really want is a CEO to kind of stick to a plan that is well known. So, we don't have to actually guess what the plan is because he puts it out on the website. Look at the "Master Plan, Part Deux". And if you start reading down, everything that he said he's going to do starting in 2016 is basically what it is. So, let's take the first part, right? What did he say in the first part? He said, "Hey, listen guys." This is in 2016. "We're going to build a Model 3. We're going to build a compact SUV - the Model Y. We're going to build a new kind of pickup truck." Okay, check, check, and check. Then he said, "Oh, by the way, we're also probably going to have to do a heavy-duty truck and a high passenger-density urban transport vehicle." So, that's the robotaxi thing that he's going to announce in August. Okay, check and check. And then, he talks about the software, and the investment in FSD, and trying to get to a place where - you know - you can just have a much higher probability that it will save you from an accident and it'll keep you safe when you're driving your car, which will be a large driver of why people want to buy the cars themselves. And you can see like these FSD miles. So, if you're a smart capital allocator, what you actually saw was a dislocated stock price. What you saw was a plan that, by and large, he's been executing on at a strategic level. Underneath, there's the vicissitudes. What are the vicissitudes? Sometimes you overhire. You need to trim some fat. Sometimes you overspend on CapEx. Now, he spent about a billion of - of CapEx this quarter on AI infrastructure. So, H100s for training. But the market saw through it because that was a reasonable amount of money to spend on training for FSD, right? So, you can start to see the tale of these two reactions. The sharps looked at the capital allocation and said, "Okay, you missed by \$2.5 billion this quarter, but that's going to create a buying

opportunity because we think it's roughly mispriced. And we think it's mispriced because, going back to this plan from 2016, this is all the things that we've been underwriting - from \$40 billions of market cap to \$750. And now, we're getting a 40% discount to buy back in." So, I think it's a really interesting moment to just contrast and compare what sharps look at and then what the media breathlessly exaggerates. And I think what they wanted was to lionize the Meta earnings story. But the sharps rejected it. And they wanted to dump on Elon. And the sharps rejected that - in size in both cases. And it's just a reminder to all of us. Be very careful what you're reading. Because if you just took the headlines, you would have expected the two reactions to be exactly opposite. But when you vote with money, it's very clear and unambiguous because you actually move in the direction of accuracy. And that's what the stock market allows you to see. And I think this is a really interesting contrast and compare of sharps versus squares here.

### **Jason Calacanis**

Yeah, just well recapped. For those who don't know, "sharps" in gambling are people like Haralabos - friend of the pod - who are just the sharpest bettors in gambling. Vicissitude - that's an unpleasant change in circumstances - for those of you who don't know the word. Sacks, I don't know if you want to comment. I mean - you and I are biased in this with the relationship with Elon. Any - any thoughts on Chamath's take?

### **David Sacks**

Well, I'm not going to comment on the stock per se. I mean - Tesla's products are amazing. They seem to be really executing well there. And I think that Elon foreshadowed on that earnings call what's coming in the future. I'm personally really curious about the Optimus robot. I mean - that has the potential to create an entirely new market and bring about something that we've only seen in science fiction. So to me, that's very interesting. I think, in terms of the company's problems, I think they're mostly dealing with some macro forces. So first of all, the GDP growth rate has slowed to 1.6% in Q1. So, this just came out. And that was a notable slowdown relative to expectations. So first of all, you're dealing with the slowing economy it seems like. Second, high interest rates mean that car payments are higher. If you want to finance the purchase of a car, your - your car payments is going to be a lot higher when interest rates are above 5%. And I think that has been a pretty big headwind for Tesla and really all the car companies over the last year or so. But I would say that I think both of those things are ultimately cyclical and what matters is Tesla's products. I would say the only issue they have that's a real long-term issue is just the - the Chinese competition. Companies like BYD are ramping up production of knockoff products at low prices. And so, managing the competition with China is probably the only one of these issues that's, I think, probably a long-term issue for them to deal with.

**Jason Calacanis**

Let me ask a question here. How do you rank these businesses? Energy, Optimus, trucking, ride sharing. Energy, Optimus - the robot, trucking, ride hailing. Rank those your #1 or #2 in terms of potential for Tesla, Chamath. Around the horn.

**David Friedberg**

It's a good question.

**Chamath Palihapitiya**

Ride sharing.

**Jason Calacanis**

Is #1?

**Chamath Palihapitiya**

And the absolute - probably by an order of magnitude.

**Jason Calacanis**

Oh, interesting.

**Chamath Palihapitiya**

The reason I say that is in order for ride sharing and ride hailing to really work the way that they envision it, you will have level five autonomy supported in jurisdictions where - again, if you just look at Part Deux - the whole point is you can summon a car from your app. And if you don't have access to a mobile phone, you can go to these bus stop equivalents, and just press a button, and the car comes to you. And so, in that world, there's just so much value add in terms of passenger safety, and sustainability for the environment, and less traffic. It's a gargantuan game changer. Meanwhile -

**Jason Calacanis**

What's your #2?

**Chamath Palihapitiya**

Sorry - meanwhile - and sorry, just to contrast and compare - Uber and Lyft, seemingly, are profitable because they find pricing power to raise prices. So, if Tesla enters in as a third player in that field and just gut pricing - which I think would make sense for them to do.

**David Sacks**

Ooh, yeah.

**Jason Calacanis**

I think this thing is just gangbusters nuclear.

**David Sacks**

That's a really interesting point.

**Jason Calacanis**

What do you got, Sacks? Going around the horn here.

**David Sacks**

Well, I already said Optimus. But that's based on a long-term view.

**Jason Calacanis**

Yeah, look. This is a long-term question. Based on the long-term, #1 and #2.

**David Sacks**

In the long term, in terms of option value, I am the most intrigued by the robot play. And Elon has pointed out that once you have robots that are capable of doing lots of different jobs - pretty much any job you point them at - that we can have more robots on Earth than humans. So, it's a - it's a big future market.

**Jason Calacanis**

So, you got Optimus #1. And who's #2?

**David Sacks**

I agree with Chamath in the short term that ride sharing could really reach its - its logical conclusion with - with robotaxis. Remember when Uber first gained steam and people were speculating about how big the market could be. There was a lot of giddy talk about how car ownership would change and you wouldn't need to buy a car anymore because you would just like use Uber all the time.

**Jason Calacanis**

We called it going full-Uber. Yeah, back in the day.

**David Sacks**

Yeah. And I actually - I went full-Uber - or I shouldn't say full - I went mostly-Uber like within a couple of years of discovering that product.

**Jason Calacanis**

Yeah, you were one of the first.

**David Sacks**

Yeah. So, I thought the potential was there. But the problem is it was just too expensive. I mean - Uber is still quite expensive. And the most expensive piece of it is the human driving the car. It's all that labor cost. So, if you're able to charge for the ride purely based on



fractionalizing the CapEx. And that CapEx isn't even that high because they're making these robotaxis pretty cheaply now. And you're able to get so much more utilization out of a car, right?

**Chamath Palihapitiya**

Exactly.

**David Sacks**

Because, I mean - how many hours a day do you drive your own car? Like an hour maybe?

**Chamath Palihapitiya**

Less.

**David Sacks**

But a robo taxi -

**Jason Calacanis**

90%, I think, is the number on average that they're not used. Friedberg, who's your #1 and #2?

**David Friedberg**

I think the Optimus has the highest alpha but the highest beta. So, you know - more upside than anything else. Just unclear how you get there - what the path is and the capital requirements and I think there's going to be a lot of commoditization in this space. But the ride sharing is built in. It's low beta and significant alpha, so.

**Jason Calacanis**

So, you're #1 and #2 - Optimus / rideshare.

**David Friedberg**

Yeah, Optimus / rideshare.

**Jason Calacanis**

Chamath, what was your #2 again? Just so I can recap here.

**Chamath Palihapitiya**

I would actually probably pick energy.

**Jason Calacanis**

And why would you pick energy as your #2 after ride hailing?

**Chamath Palihapitiya**

I think it's a pretty obvious disruption if - so, today in America, if you look at the energy infrastructure, the utilities keep raising rates. And they keep raising rates independent of what it costs to generate energy. There are 1,700 utilities in America. They are, by law, obligated to spend, I think in the next 10 years, about \$2 trillion on CapEx. They will pass all of those costs plus a margin to consumers, even though in these next 10 years, the cost of generating an incremental unit of energy will be essentially free. So, I think the very disruptive play is to take 100 million homes and make them mini utilities and -

**Jason Calacanis**

Say more. What does it mean - make them utilities?

**Chamath Palihapitiya**

You go to a website. Again, the biggest investment I've made is in a company called Palmetto. They are close to now the largest residential solar business in the United States - if not the largest already. Now, what - what do they do? You're a consumer? You can go and lease or buy. It doesn't really matter. And we give you a super cheap system that goes on top of your roof, plus a battery system. And all of a sudden, you're totally resilient and independent of the utilities. And we help change the laws so that every time you have excess energy, you can put it back into the grid and get paid - which is called net metering. So, if you have 100 millions of these mini utilities competing against 1,700 incumbents that are forced to make huge investments and are mispriced, that's a - an upheaval of an enormous amount of market cap, but also an enormous amount of debt. There's like trillions of dollars of debt. So, I've always thought a ginormous directional bet to make would be to go along the disruptor. The person that helps arm the rebels, in this case, would be the person that arms the 100 million homes. And then eventually, at some point, just short the debt of these utilities because they won't be able to service them if enough people quit and don't need PG&E and everybody else. It'll be just massively, massively disruptive. So, that's why I think that that market could be big. I like the Optimus market. The only thing that I'll say is, in my experience, when I've looked at these generalized robots, the conclusion that I came to - and I could be totally wrong - is I suspect instead of having a generalized robot, you have very specific use case robots that look differently. So, for example - there's an example, Nick. You can throw a picture. But there's something called Intuitive Surgical, which is essentially a robot that operates on you. And if you look at that, it doesn't look anything like what you would think a robot would look like. It look - just looks like a ginormous machine. And so, I suspect that there will be people that become experts in these vertical use cases. And that will limit the TAM for a generalized approach. I could be totally wrong, but that's sort of why I rank them the way I rank them. But I'm pretty convinced that robotaxi are #1. And then, this energy thing that upends these 1,700 utilities in America is #1.

**David Sacks**

Alright, JCal. You were the third investor in Uber. Are you worried about your investment? As I understand it, you still haven't sold. Have you?

**Jason Calacanis**

I've sold slightly more than the majority of my holdings over the years. Two private transactions and then I held everything post going public. And I'm still long Uber. I - I give #1 to Optimus by far and away because I think the build of materials on Optimus could be \$10k or less. I looked at some of these other startups that are in the space and I've been studying it a little bit - just out of curiosity. And so, at a \$10k bomb, I think they could rent you one of these for \$300 a month or something like that - a subscription. I think every human on planet Earth, eventually, will have a robot. So, I know that's crazy, but I think Optimus will dwarf the entire - entirety of Tesla's other businesses. #2 is energy, clearly - I think. And #3 is ride hailing. #2 energy - fairly obvious what's happening here. If you look at what's happening with data centers, it's spiked, I think, from like 3 or 4% of energy now to like - is it 15%, Chamath? I think we had a discussion -

**Chamath Palihapitiya**

Yeah, it's almost - it's almost - it's almost - I think it's 18%. It's almost 20%. It's a huge number now. Huge.

**Jason Calacanis**

Okay. So, we - we dovetail the two stories together. These H100s are beasts.

**Chamath Palihapitiya**

Beasts.

**Jason Calacanis**

Cooling beasts. This is like you can't even - Phil Deutch was telling us in the group chat like you can't even cool some of these places. And what that means is there's going to be demand for energy. To Chamath's point, if each home becomes a little provider - you know - it's going to create some regulation change I believe. I'm no expert on the regulations. We should definitely have Deutch on the pod at some point to talk about this. But imagine these - like in Texas. They keep having the grids go down. And in Australia, they have the grids go down. It - it's going to be so annoying for consumers to have the grids go down while demand spikes for data centers. All the regulations are going to get opened up to put batteries and solar everywhere.

**Chamath Palihapitiya**

It's also dangerous. I mean - people die when these blackouts -

**Jason Calacanis**

Yes!

**Chamath Palihapitiya**

- and outages occur. And also, like we saw in San Carlos here in the Bay Area, nat gas lines explode. PG&E is responsible for forest fires. I mean - if you can do your part to basically get off these grids - use somebody like Palmetto or somebody else and just get solar - Tesla - and be done with it. And at least, you're not contributing to some of these downstream errors.

**Jason Calacanis**

Yeah. And so, I agree 100%. And by the way, if you can make money from your solar, and your batteries, and somebody else picks up the cost of installation, I think there are some arbitrage here, Chamath, to be had. And I think that's like what you discovered when you did your first principled approach to this. So, I think those two businesses will be far bigger than anything else they're doing. Now on ride hailing, I'm using FSD 12. I have been using Autopilot. I was one of the first users of Autopilot. You know, from the beginning - like literally. And FSD 12 is a significant improvement. That being said, all of these systems work really well in a controlled grid like we've seen with Waymo in Arizona and in - you know - limited parts of Los Angeles and San Francisco. I think that vision is 5, 6, 7 years out from having low single-digit percentages. And you may have seen Uber has incorporated Waymo and the taxis in London into their system. I think Uber is ultimately going to be the place people go to call up 1 of 20 different self-driving. I think a lot of people are going to get there at the same time. Wouldn't be surprised if Elon gets there first. But I think that's 5 or 10 years out, if I'm being totally honest - you know - in terms of getting to scale. So, I would never, ever bet against Elon seeing what he's done watching. Watching the -

**David Sacks**

Wait a second. When - when are you saying that self-driving will be good enough to power just one robotaxi. Let's just forget about the scale. Just like when will it be good enough to have like a steering-wheel-free car?

**Jason Calacanis**

Yeah. So, if you - you can just look at Cruise and Waymo and you can have your answer - which is, today, in a contained environment with remote drivers intervening on some regular basis, it works. So, people are taking Waymo in San Francisco / LA on a pretty regular basis. Cruise, I think, got kicked out of San Francisco. But in - in the Cruise data there was a lot of interventions going on. I suspect Waymo is doing a lot of interventions. So, I think -

**Chamath Palihapitiya**

I don't want to be a proponent of this, by the way. But [bleep] - bleep out his name - was saying that, Jason, with FSD, they're very strict that you have to be holding the steering wheel and stuff.

**Jason Calacanis**

Yes.

**Chamath Palihapitiya**

But you can go to Alibaba and buy something that hacks that, right?

**Jason Calacanis**

It's a weight. A lot of people are doing this.

**Chamath Palihapitiya**

I'm not promoting that. I'm not promoting.

**Jason Calacanis**

No, no, no, no, no, no.

**Chamath Palihapitiya**

I'm not promoting this. I'm just saying that it exists.

**Jason Calacanis**

So anyways, to answer your question, I think today - or let's just say by the end of this year - an FSD 12 could be operating in a constrained space, just like Waymo is. Now, to get it to all regions, back roads - you know, weather - there's a lot of edge cases here. So, I think to - the more important question is: When can automated be 5% or 10% of rides? And I think that's 5 or 10 years from now. I do think a couple of people will reach that moment at the same time.

**David Sacks**

Well, let me show you a video. This is - one of my coworkers at Craft took this. This wasn't me, but he was riding in the back of one of these robotaxis. I think this is San Francisco or New York. I'm not sure which one. But there is no one in -

**Jason Calacanis**

Yeah.

**David Sacks**

- the driver's seat.

**Jason Calacanis**

Yeah, but there's a safety driver watching this remote, I believe - which is what Cruise was doing. And then, when they get to a point where they can't figure it out, the human comes in - intervenes.

**David Sacks**

I don't see a safety driver. Where's a safety driver?

**Jason Calacanis**

No, no. A remote safety driver.

**Chamath Palihapitiya**

No, it's remote - remote - remote. But I have to say, watching this video, that is the coolest bloody thing. I mean -

**Jason Calacanis**

Yeah.

**Chamath Palihapitiya**

This is amazing. I'll be honest, like I -

**David Sacks**

I think it's like - I think it's underrated in terms of how significant this is going to be.

**Chamath Palihapitiya**

Me too. Me too. Yeah, I totally agree with you.

**David Sacks**

And look, if this is a Jaguar - look at that. It's a Jaguar.

**Chamath Palihapitiya**

Yeah.

**David Sacks**

So, you're telling me that Tesla is not going to have something at least as good as this soon?

**Chamath Palihapitiya**

Better.

**David Sacks**

Soon?

**Chamath Palihapitiya**

Yeah, exactly.

**Jason Calacanis**

Yeah. No, I think - I think they have it already if you drive FSD 12. I believe FSD 12 probably could be working today in San Francisco under a controlled grid with the remote drivers like the other people have. If somebody knows about this, by the way, can they send us information? I'm jason@calacanis.com for life. Just send me a picture - I'll - I'll keep it on the DL - I won't reveal sources - of who these remote drivers are or what their setup looks like. I'm very curious to understand how the remote drivers work for Waymo and Cruise.

**Chamath Palihapitiya**

Can they park the car?

**Jason Calacanis**

They can take the car with a joystick, is my understanding, and move it around a garbage can in the middle of the street.

**Chamath Palihapitiya**

Wow.

**Jason Calacanis**

And that might be the future of this. Like let's say 10 or 15% - let's say 10% of the time it needs an intervention - one an hour - two an hour. Having some remote person in Manila or wherever watching 10 videos concurrently and looking for moments to do this.

**Chamath Palihapitiya**

That's incredible.

**Jason Calacanis**

Cruise workers intervened to help the company's cars every 2.5 to 5 miles, according to a New York Times article. Alright, and just if we score everybody's rating here. I give 2 points for first place - 1 point for second place. Optimus got 6 points. Ride hailing 4, energy 2, trucking 0. There you have it, folks. There's your scores from the besties.

**Chamath Palihapitiya**

What is Waymo? What is that? Is that like Uber and Lyft?

**Jason Calacanis**

That's Google's self-driving. They spun it out.

**Chamath Palihapitiya**

But what - what is it? Is it like -

**Jason Calacanis**

Lidar \$150,000 cars.

**Chamath Palihapitiya**

But is it - it competes with Cruise?

**Jason Calacanis**

Yeah. They're doing what Cruise did.

**David Friedberg**

It was the original self-driving car company that Google set up. And then, they've - they set up Google X around it and -

**Chamath Palihapitiya**

No, no. Just explain to me the market, guys, I'm not sure I get it. So, there's Waymo and Cruise.

**David Friedberg**

It's Uber.

**Chamath Palihapitiya**

But there's Waymo and Cruise which are like there's no drivers. And then, there's Uber and Lyft, where there are drivers.

**David Friedberg**

Yeah.

**Chamath Palihapitiya**

That's the basic, right? Is that?

**David Friedberg**

Yeah.

**Chamath Palihapitiya**

That's right?

**David Friedberg**

Yeah.



**Chamath Palihapitiya**

Yeah. Okay.

**Jason Calacanis**

And there's also Aurora. I don't know - I don't know if Uber has and owns a percentage of that or not. But I think you know about Aurora.

**David Friedberg**

Aurora was set up by Chris Urmson. He was the original engineering lead on Waymo inside of Google. When they did a management changeover, there was a big falling out. A lot of people ended up leaving the Waymo program. Chris left, took a bunch of people with him, and started Aurora - which was basically software to do autonomous driving that they were then going to license into OEMs. So, that company got backed by a bunch of VCs and ended up going public via SPAC. And it's publicly traded today.

**Jason Calacanis**

Ah, I see. Uber owns 26% of Aurora - or actually, now it's down to 20%. There's also Zoox.

**David Friedberg**

They made an investment in it. Yeah.

**Jason Calacanis**

Yeah. There's also Zoox, which is part of Amazon. So, I think there's about 10 people who are going to get to the finish line at the same time. I think it's going to be a very crowded space.

**David Friedberg**

But again, some of these guys are trying to make software for OEMs so that -

**Jason Calacanis**

Yes.

**David Friedberg**

- the OEMs don't have to build their own autonomous platform. And some of them are trying to make a - a - a driving service like Waymo. And then, some of them are - like Tesla has a driving car. They actually sell cars. So, different models.

**David Sacks**

Yeah -

**David Friedberg**

But they're all - they're all going to converge. Yeah.

**David Sacks**

I actually disagree that there's going to be 20 or 30 of these because I actually think that self-driving is really, really hard. And we know that Tesla has been spending years getting to this point. And then, Google as well. So, I'm not sure why there'd be more than 2 or 3 companies that can do self-driving.

**Jason Calacanis**

Well, there are 10. There are 10 or more pursuing it. I do agree it goes down to 4 or 5. And then, it's a question of does any - is it a winner take all? Winner take most? And that's what remains to be seen.

**David Sacks**

But I mean - you need a ton of data to make it work.

**Jason Calacanis**

Yup.

**David Sacks**

And you need a lot of data around edge cases. And so, the advantage Tesla has is they actually have real -

**Jason Calacanis**

Yeah, they have so many cars on the road. Yeah.

**David Sacks**

They have real cars on the road with real driver minutes and with drivers using the previous version of FSD and making interventions. So, they're constantly getting better. I think Google seems to be putting enough resources into this to get somewhere, but I don't think a lot of companies are going to figure this out. I think it's going to be somewhere between 1 and 3 companies figure this out.

**Jason Calacanis**

Well, Waymo has the most on the road right now. I think Cruise is second to them in terms of in market. So, the question is how quickly can Elon get this out.

**Chamath Palihapitiya**

Have you guys - any of you guys taken one of these robotaxis?

**Jason Calacanis**

I haven't taken one.

**David Sacks**

No, that was one of my coworkers.

**Jason Calacanis**

Yeah. We - we got to do that. Yeah.

**Chamath Palihapitiya**

Friedberg, have you taken one?

**David Friedberg**

Yeah. They're cool. They just move around.

**Jason Calacanis**

You did take one?

**Jason Calacanis**

Yeah.

**Chamath Palihapitiya**

You have to download the Waymo app?

**David Friedberg**

Yeah. And there's like a wait list. And then, you get on it and - you know - they're letting people on. And then, you just get on it and go for a ride. Pretty cool.

**David Sacks**

By the way, someone tweeted something kind of funny. They said, "You know, it took Uber years and years and like \$1 trillion to finally get to profitability. And now, they're about to get disrupted by robotaxis." This is brutal. Yeah.

**Jason Calacanis**

Yeah, unlikely. I think unlikely. I think it's going to be a very slow rollout. You know, 1 or 2% a year. So - but you know, it compounds. And so, we'll see. Alright, everybody. Is this a big win for Lina Khan? The FTC just banned noncompetes. Three of three people voted this up of the three besties who decided to vote on the docket. Federal Trade Commission, this week, voted by 3 to 2 margin to ban noncompetes. To give you a sense of the impact here, an estimated of 18% of the total US workforce are covered in some way by noncompetes - 30 million people. The ruling bans agreements entirely and requires companies to let their staff know that noncompetes are non-enforceable. There are a few exceptions, like existing noncompetes for senior level executives. I'm guessing when you buy a company, you can get somebody to non-compete for buying their company. The Democratic FTC Commissioner Rebecca Slaughter called noncompetes unfree and unfair. One of the dissenting

commissioners, Republican Andrew Ferguson, said the FTC lacked authority from Congress to make this ruling - without specifying whether or not he agreed with it. Theoretically, the new rule takes effect in 120 days. Wow. We're on a fast timeline - after which, the vast majority of existing noncompetes will be unenforceable. Here in California, they're not enforceable, as we know - except under certain circumstances. So, this is really an East Coast thing. People in Boston / New York, they're really affected by this. And people will actually enforce these for things as silly as hairdressers. There was a big lawsuit by hairdressers who had to sign like 50 mile noncompetes with their beauty salons. The US Chamber of Commerce says it plans to follow suit over the ruling. FTC says the rule will create 8,500 new startups a year because people can leave and compete. Friedberg, your thoughts?

### **David Friedberg**

In California, noncompetes are not enforceable. But outside of California, they are. And they're often used like in the agriculture industry - in the ag inputs industry - where folks are developing new technology - mostly in companies based in the Midwest and East Coast. As you guys know, in financial services as well, they're often used. That if you work for one company, because you have a lot of trade secrets, you can't carry them over to others. But in Silicon Valley, we're very used to engineers, product managers, executives taking all of the knowledge and capabilities that they've developed at one business and leveraging that into a new role. It creates a dynamically competitive marketplace. It also inflates, obviously, costs because you're willing to pay more for someone who's worked directly at a competitor and has deep knowledge. But they are bringing IP often and there is - you know - a real risk that they take something from your company that you've invested in them to understand. Then, they take it to your competitor. So, I - I see both sides of this. I think noncompetes give companies the ability to invest in employees and feel confident that the knowledge, and information, and support they're providing to those employees doesn't ultimately find its way over to a competitor. And it gives you a rationale for paying more to your employees. It actually inflates salaries. If I'm fearful that someone might leave and take knowledge with them, I'm going to share less with the employee. I'm going to pay them less. So, I could see this going both ways. I'm really fairly torn on this issue, to be honest. I don't know what the right answer is or if there really is a strong kind of ethical case one way or the other. I think that noncompetes can both benefit and hurt employees and benefit and hurt companies.

### **Jason Calacanis**

Yes, there are unintended consequences. Chamath, where do you stand on this? Is this a huge win for Lina Khan? Neutral or a loss?

### **Chamath Palihapitiya**

I don't see noncompetes having any value in any market except East Coast financial markets. I've heard of folks getting something called beach leave. Typically, in finance. These are Wall Street jobs - hedge fund jobs. So, I know it exists there.

**Jason Calacanis**

What does it mean "beach leave"?

**Chamath Palihapitiya**

Like if you leave hedge fund A and you're going to go to hedge fund B, they make you sit on ice for 6 months or 9 months. Garden leave - I think maybe they call it. And the whole idea is that you don't take any active market thoughts to your next job for what - for what Friedberg said. I just think the whole thing doesn't make much sense. I mean - like intellectual property is the least valuable that's ever been, right? More people develop things now via trade secret than patents. The whole patent system has become a little bit of a game.

**Jason Calacanis**

We just talked about open-source, right?

**Chamath Palihapitiya**

They have less and less value. So, innovation is happening in plain sight. And so, I don't think companies are actually thinking about this issue at all anymore. They're paying people because they need to pay more to get the best and brightest. So, I think if you're hoping to rely on one of these agreements - if you're an employer - I think that you should just forget about them and just hire the best people. Pay them the best. And if they suck, fire them.

**David Friedberg**

Did you ever see that movie Spanish Prisoner, starring Steve Martin?

**Jason Calacanis**

Oh, yeah. Great film. God. Wow, that's a deep pull.

**David Friedberg**

Steve Martin plays the con man that goes to this guy. And the guy is like a chemical engineer. Campbell Scott is the guy's name - the actor. And he has like a process for making a chemical. And it's worth so much money. And the whole movie is Steve Martin conning him into telling him the chemical process. And eventually, he took it. He was going to give him all this money - hire him. And then, he disappeared once he got the knowledge and that was the end of it. It's a great - great film.

**Jason Calacanis**

Shout out, David Mamet.

**David Friedberg**

David Mamet. Exactly.

**Jason Calacanis**

Yeah, fantastic.

**David Friedberg**

But I think there's a lot of investment that goes into intellectual property businesses that include things like chemical engineering - obviously, financial services - trading companies, algos in hedge funds, and a lot in software - that if you can access that intellectual property without stealing it, but actually hiring an employee that has it in their head, you gain quite a lot.

**Chamath Palihapitiya**

But you can do that now. I don't see it actually doing anything bad.

**David Friedberg**

Yeah. So, I have had a lot of folks that I know in other industries outside of tech or software - where California noncompetes are not enforceable - that aren't allowed to go work at a competitor for 1 year, 2 years, 3 years.

**Chamath Palihapitiya**

No, no, no, I'm not disputing that it doesn't exist. I'm saying: Where do you see it actually having negative repercussions in California? The point of the fact that it doesn't exist here is also, seemingly, that it doesn't mean anything otherwise.

**David Friedberg**

But the rate of change here is crazy. Like the - the rate at which software changes, I think, is quite distinct from the rate at which, for example, a chemical engineering process might change. Where you learn that process, you spend \$200 million building a system, and then that - that employee can go and tell it to someone else, and suddenly changes everything about that other business. So, I - I don't know. I feel like there's something about California - software - that gives us this this point of view that maybe it doesn't matter. But in other industries, it might.

**Chamath Palihapitiya**

In that example, you'd still need to have - come up with hundreds of millions of CapEx to implement it - whatever you know, so.

**Jason Calacanis**

Sacks, any thoughts?

**Chamath Palihapitiya**

I just don't think these things mean anything.

**David Friedberg**

Yeah. Do you care about noncompetes, Sacks?

**David Sacks**

I think one of the reasons why the tech industry moves so fast and innovates so well is because of the happy coincidence that California doesn't allow noncompetes. And so, the industry has never had them. And as a result of that, like you're saying, the talent just flows freely to wherever the opportunity is. And you have this dynamic in tech where the VCs and the talent all swarm the biggest and best opportunities and the newest platforms in a completely decentralized way. And there's no - little or no friction in doing that. If you were to impose noncompetes on all of the talent, there's going to be enormous delays and friction in them moving around to pursue opportunities. And so, I think it's been very beneficial to the industry as a whole that we don't have that now. It's hard for me to speak to other industries, but I think that if you're looking to maximize the pace of innovation, you wouldn't have these employee noncompetes. So, on that level, I kind of agree with what Lina Khan's done. That being said, I do think the Republicans' point was well taken in the sense that this was very aggressive rulemaking. I mean - I think you could legitimately argue that a change this big should be made by Congress. But I tend to think this is probably a positive change.

**Jason Calacanis**

I think this is great what Lina Khan is doing. And this is two for two. I think her Apple action was great. I think this is great. I would love to have her at the Summit. That would be an amazing fireside chat. So, if anybody knows her, invite her to the Summit. It really is three-way. Oh, and by the way, Chamath, media business on the East Coast also does this. And that's why, friend of the pod, Tucker Carlson - and Don Lemon - both of them started shows on the internet, not other networks, because they have very tight noncompetes. And it's pay to play. They got paid out their full contracts, according to reports. And so, there is something, I think, in a middle ground here, Chamath, where if you do want somebody to not compete, you got to pay to play. In other words, they're getting paid.

**Chamath Palihapitiya**

This is what I'm saying. It just tends to be examples, Jason, over and over of markets that don't really matter that much relying on these things and markets that are dynamic and add value in humanity just moving past them. So, it probably makes sense for all of us to just go move past them.

**Jason Calacanis**

Absolutely. 100%. This is going to be great for the economy. Sacks, you were going to say something?

**David Sacks**

Well, just because these agreements are no longer enforceable doesn't mean that businesses don't have moats. It just means you have to look in other places. I mean - you have to - you have to find network effects. You have to find data scale effects. There's other ways of building a moat -

**Jason Calacanis**

Product.

**David Sacks**

- besides just trade secrets or - or - you know - patents is another category where - you know - in the tech industry, patents have never really mattered that much. And the only people who are seeking to litigate patents are basically patent trolls.

**Jason Calacanis**

Losers.

**David Sacks**

So, you want to find real durable moats, not these like legal arrangements that try to protect your business through - you know - these - these types of contracts.

**Chamath Palihapitiya**

That's well said. That's really well said. That's exactly what I was trying to say. That's well said.

**Jason Calacanis**

Well said. Team, product, brand. These are the ways to build a great business, not legal shenanigans.

**David Sacks**

And - and by the way, one of the reasons why the industry moves so fast is because best practices get shared very quickly.

**Jason Calacanis**

Yes!

**David Sacks**

And one of the ways that happens is that everybody is moving around to different companies.

**Jason Calacanis**

Ah, such a good point.



**David Sacks**

I mean - what's the average term of employment? 1 or 2 years?

**Jason Calacanis**

18 to 36 months.

**David Sacks**

Right. And you don't have to worry that if you've got some knowledge in your head that - you don't have to worry that if you use it at some new company, you're going to violate some trade secret. But the one thing everyone knows not to do is take anything with them in terms of - you know - IP -

**Chamath Palihapitiya**

Not everybody.

**Jason Calacanis**

Not everybody. Landowski. Was that his name?

**David Friedberg**

Levandowski.

**Jason Calacanis**

What an idiot.

**David Sacks**

Well, that's why it's really stupid.

**Jason Calacanis**

Oh, my God.

**David Sacks**

I mean - sometimes people do break the rules. I mean - the rule is you don't take any work product with you. You don't take any documents.

**Jason Calacanis**

No thumb drives, dipshits.

**David Sacks**

Don't bring your old computer to the new -

**Jason Calacanis**

No.

**David Sacks**

- to the new job. Don't bring any old code.

**Jason Calacanis**

No docs.

**David Sacks**

And there are people who violate those rules. And that is definitely breaking the rules. But you're allowed to take with you anything in your head. And it is one of the ways that best practices sort of become more common.

**Chamath Palihapitiya**

You guys know the story, right? Like Steve Chen, before he started YouTube, was an engineer at Facebook. And there was like, at one point, I remember being in some meeting where I was like, "Oh, I think we found an early version of the YouTube code on an old..."

**Jason Calacanis**

Uh-oh.

**Chamath Palihapitiya**

"...on an old laptop that was a Facebook laptop that Steve owned." So, I remember like the GC was like, "I think we technically own YouTube." I was like, "I don't think we own - I don't think we own YouTube."

**Jason Calacanis**

That's - that's a good general counsel.

**Chamath Palihapitiya**

Could you have imagined if Facebook sued Google to get YouTube?

**Jason Calacanis**

Speaking of startups, this is critically important for founders listening. If you're working at a company, the best practice is, if you're going to do a side hustle, is to get permission and a waiver from your boss that you're working on that. And also -

**Chamath Palihapitiya**

And get a clean machine. And get a clean machine.

**Jason Calacanis**

And you got to go on a clean machine. Your machine is being monitored.

**Chamath Palihapitiya**

Cannot use your work computer. Oh, my God.

**Jason Calacanis**

Your work machine, I'm telling you right now, is being monitored every step of the way I had a -

**David Sacks**

Well, it's not just monitoring. It's about who owns that IP.

**Chamath Palihapitiya**

It's not just monitoring. It's - it's their property. It's their property.

**Jason Calacanis**

Absolutely. And if you type on it, especially in this work-from-home era and - you know. Anyway, I had a situation - I wouldn't say at which company - where a sales executive left the company, went into the CRM system, downloaded it. And he was so dumb. He had written plans for his next employer on his computer. And then, in his corporate email, emailed the database and his plans for the new employer to his Yahoo or Outlook email.

**Chamath Palihapitiya**

Oh, my God. Oh, my God. Oh, my God.

**Jason Calacanis**

They busted him.

**Chamath Palihapitiya**

Of course.

**Jason Calacanis**

They dropped a legal letter on him. They put a legal letter on the person who was hiring him.

**Chamath Palihapitiya**

Of course.

**Jason Calacanis**

The person who hires him rescinds the offer. Obviously, they don't want some toxic nonsense. And. Yeah, the person you know, I have no idea what happened to him.

**Chamath Palihapitiya**

You know, there's that very famous email that Steve Jobs sent to Bruce Chizen. Which goes something along the lines of, "Dear Bruce, it's come to my attention that..."

**Jason Calacanis**

Oh.

**Chamath Palihapitiya**

"Apple never recruits from Adobe, but it seems that Adobe is actively recruiting Apple employees. One of our practices have to change." It's so strong.

**Jason Calacanis**

Steve Jobs is such a gangster.

**Chamath Palihapitiya**

You know, "Please let me know who.", or something like that. It's just a phenomenal email.

**Jason Calacanis**

Yeah, and they - they - this actually resulted in a bunch of legal action - a settlement - because I think Eric Schmidt and Steve Jobs - correct me if I'm wrong, producers - or there was something between Google and Apple where they agreed - and I think Sergey or somebody was -

**David Friedberg**

This is correct. Yeah.

**Jason Calacanis**

Sergey got in on it and says, "I don't know if this is legal, but they didn't want to piss Steve off because it's not the kind of guy you want to piss off because he can execute. And Eric Schmidt was on the board of Apple at the time. There's a very famous picture of them at the Palo - the Sand Hill Road or Stanford Mall having coffee. And Steve is lit. He's not happy about this. And I think they agreed to not poach a certain level or something like that. Oh, there's the famous picture where they were breaking bread. And then, Eric Schmidt did Android. Steve felt very betrayed by this and Eric Schmidt left the board of Apple shortly thereafter because Steve reportedly felt like he was double crossed. But you know - all that is speculation. So, check your own facts. Any - any - and you have any other details on that, Friedberg? Do you remember that case? It was after your time, right?

**David Friedberg**

I'll tell you a funny story. We had a meeting with the exec team from Apple when I was at Google. And Marissa Mayer, and Sergey, and myself, and one other person went to the meeting. And Marissa's idea was, "Why don't we pitch Apple that we could put a cache of the internet in 200MB - like the most important 200MB of the internet - cache it and put it on the iPod so you could access the internet on the iPod."

**Chamath Palihapitiya**

Surf the web, right.

**David Friedberg**

So, basically search - search a cached version of the web. And that was the pitch. And they kind of were like radio silent. They didn't respond to the pitch. And then, they kind of blank-faced stared at us. Two years later, the iPhone came out.

**Jason Calacanis**

I have three amazing Steve Jobs stories. I'll tell you one of them right now. I was the co-founder of a website called Engadget, which was a large blog in the world. We wound up selling the collection of those blogs to AOL. I was at a conference. Steve Jobs was there. He sees my badge. It says "Engadget". He goes, "Oh, Jason. Engadget. My favorite tech blog in the world. I read it every day." - yadda, yadda. And I said, "Oh, that's great." And you know - dah, dah, dah. And I said, "Hey, can I ask you a question?" He said, "Yeah, sure. Anything." And we're out there - beautiful view of the Pacific Ocean - and I said, "You know - Steve, I'm - I have the iPod." I pulled that out of my pocket and it had a color screen. And I said to him - I said, "You know, it seems to me that I could download short video clips like of the Chappelle Show." And I used that as an example. "And they could sell them to me like you're selling mp3s and you could just buy like a Chappelle Show issue - episode." It's pretty obvious idea. "And then, I could play it when I'm on the subway, or something, or got some downtime in a cafe - I could watch the Chappelle Show clips. Could you make a video version of this since it's already got the - you know - storage and the - and the screen?" He looked at me and said, "Jason, do you want to watch a thumbnail size video?" I said, "Yeah, totally fine." He said, "All of our research says nobody wants to watch a tiny video like that. It's the worst idea ever." And I had this moment of like self-doubt because he had that reality distortion field. I go back. I tell my guys what he said. And, "Hey, should we write a story about it?" And 30 days later, he releases the video version and the ability to watch videos on it. He had the greatest poker face ever. It was just an incredible moment. Man, I really missed that guy. What an incredible - what an incredible -

**Chamath Palihapitiya**

Are we doing a walk down memory lane of our Steve Jobs stories?

**Jason Calacanis**

Do you have one?

**Chamath Palihapitiya**

I have two but I - I'm -

**Jason Calacanis**

Give us one. Come on. These are great. People loved, by the way, the segment when we went on a -

**Chamath Palihapitiya**

When I - when I worked at Winamp, my boss - when - when it was merged into AOL to create AOL Music - was this guy Kevin Conroy - great guy - mentor of mine.

**Jason Calacanis**

I remember Kevin.

**Chamath Palihapitiya**

And Kevin basically got us runway to launch a 99-cent music download store. And we were able to use AOL's cards on file. So, there was like 25 or 30 million credit cards. And we were able to use Warner Bros.' music library because AOL had merged with Time Warner. And so, we launched this 99 cent music store and it performed phenomenally. And I went and I did demos for Walt Mossberg - Takara. I went to Apple. I showed James Higa, Eddy Cue, Steve Jobs - all these guys. And AOL just couldn't do anything with the data. We kept pushing. Kevin kept pushing, but they were just so tied up in their own political nonsense they wouldn't greenlight it becoming more than a beta. And then, 9 months later, the 99-cent download store launched on iTunes. And I was just like, "Oh my God. This is execution." And they had all the labels and it was a thousand times better experience than we created. But it was the first time where I stumbled into something relatively accidentally and just got, frankly, owned by an organization that's just a thousand times better.

**Jason Calacanis**

Sacks, you ever meet Steve Jobs in person? No? Friedberg?

**David Friedberg**

Yeah, I met him at Macworld in 2003. He was walking the floor. It was at Moscone. I remember it because I've been a Mac user since 1984. First Mac Original. I still have it in my office. Die hard - die hard Mac fan. I read every edition of Macworld, MacUser, MacWEEK. And so, to meet him on the floor, walking around, I was just like - like a 22-year-old kid. I was freaking out. It was awesome. The only time I met him.

**Jason Calacanis**

He was the greatest. He was the absolute greatest.

**Chamath Palihapitiya**

I have one other story, but I'm not going to share it.

**Jason Calacanis**

I - you know - you know what segment people loved last week?

**Chamath Palihapitiya**

I interviewed with him for a job.

**Jason Calacanis**

What? Oh, come on. You can't not tell that story.

**Chamath Palihapitiya**

Right when I left Facebook.

**Jason Calacanis**

People loved the stories last week when we did our childhood businesses and gifts.

**David Friedberg**

Hold on. I want to hear the story, Chamath,

**Jason Calacanis**

Come on, Chamath. You - you give us one more, I'll give you one that's recorded on video.

**Chamath Palihapitiya**

It's like so littered with my failures and my insecurities. But okay.

**David Friedberg**

Good. That's why we want to hear it.

**Jason Calacanis**

Yeah. That's why we want to hear it.

**David Friedberg**

Get it out. Get it out.

**Jason Calacanis**

When you start getting successful, be self-deprecating.

**David Friedberg**

Share with your brothers.

**Chamath Palihapitiya**

There was basically somebody at a well-known recruiting firm who pinged me and said, "Hey, there could be a..." This is right when I was leaving Facebook. And I had a pretty large

project that never saw the light of day, which was this Facebook phone. Although, people in the ecosystem knew that we were working on it. So, you know - Samsung and Intel were our partners - and AT&T and all this stuff. Anyways, long story short, there was a rumor that they wanted to consolidate iPhone into one business unit, right? And at the time, it was kind of like very balkanized or whatever. And I got approached by a recruiter saying they're thinking of creating a role which is kind of like "Head of iPhone". And at that point, I was like - this is in 2011 - and I was adamant that I would never work for anybody until I heard it was Steve Jobs. And I was like, "I will do whatever he says. Whatever job."

**Jason Calacanis**

Wow. You were ready to bend the knee.

**Chamath Palihapitiya**

Dude, I would have driven his car. I would have been, "Yes, sir." I would have driven that car. I was like -

**Jason Calacanis**

You'd be Driving Miss Daisy. "Oh, Steve Jobs. You're my best friend."

**Chamath Palihapitiya**

And I went through a couple of interviews. I'm not going to get into those details. And at the end of it, it was like, "Well, he's not going to become - he's not going to be the CEO." You know, "He's going to become executive chairman. And so, you'll be reporting to Tim Cook." And that's where that process died. They said, "I wasn't a good cultural fit for Apple in the new era." Now - and then it turned out - what happened?

**Jason Calacanis**

Yeah, you would not have been.

**Chamath Palihapitiya**

Scott Forstall left and I was not a good culture - I would not have been a good cultural fit for that.

**Jason Calacanis**

No, he wanted radicals. And Tim Cook wanted - you know - optimizers.

**Chamath Palihapitiya**

Yeah, so then I went and I started Social Capital. But that was my only job interview that I had when I was leaving Facebook. And it was, for me, I had the same reaction as Friedberg. I was like a kid meeting his - I don't even want to call it idol. Like I think I was like a believer meeting Jesus. That's how it felt.



**Jason Calacanis**

I will - I will save my - just to get this - we got to get through two more stories on the docket. I'm going to leave my other Steve Jobs stories for another time. We got time - it's time -

**Chamath Palihapitiya**

Well, you got to have that famous clip of you asking him that question where he basically was looking at you like - that's a very famous one because that - that you really got the better of him, I thought - which is pretty good here.

**Jason Calacanis**

Alright. Alright.

Jason Calacanis (video)

Will you help companies like ours sell podcasts? You know, be an Audible. So, if we wanted to sell a podcast through your service, would you help us do the fulfillment?

Steve Jobs (video)

You know, we're planning on having all the podcasts be free at first. But zing me an email with what you've got in mind and we're open to anything.

Jason Calacanis (video)

Same - same email I always send it to you on?

Steve Jobs (video)

**Yup.**

Jason Calacanis (video)

Okay, you got it.

**Chamath Palihapitiya**

It's so strong! I mean - I've got to give it to you, JCal. You have fucking balls. I mean - man -

**Jason Calacanis**

The truth is, I traded emails with Steve many times. He was - was - with the press, he was full contact, as you know. Alright, it's time -

**Chamath Palihapitiya**

Full contact.

**Jason Calacanis**

It's time for Sacks' red meat. And we've got a double serving for Sacks. Sacks Stans are going to be really happy right now. TikTok's divest or ban bill has been signed into law. Senate passed the bill 79 to 18. We've talked about this here over, and over, and over again. President signed it. This thing's on the fast track. Divest or shut down TikTok bill was packaged - bundled - with \$95 billion in foreign aid - \$61 billion for the Ukraine, Ukraine, Ukraine - \$26.4 billion for Israel and humanitarian aid for civilians in Gaza - and about \$8

billion for the Indo-Pacific region, a.k.a. Taiwan. House added a provision to the bill that would require the president to seek a \$10 billion repayment from Ukraine's government. Finally, they're talking about the leaseback. We'll see if that ever happens. I'm curious what Sacks thinks there. Last year, CNBC reported that ByteDance was buying back \$5 billion worth of stock. And early Thursday morning, it was reported that ByteDance is exploring selling a majority stake in TikTok's US business - looks like gun to the head is working - to a non-tech company without the algorithm. In other words, maybe they sell it to a Walmart. Somebody who they don't consider super competitive. I'm not sure who the non-tech company is here. Could be Disney - would come to mind as well. And remember, Disney did look at buying Twitter but they didn't want the toxicity of an open platform. TikTok is obviously heavily scrubbed of anything that is aggressive. You can't show a movie clip with somebody getting attacked violently. It's very PG-13. But this is the key part, Sacks. No algorithm in the package deal. Your thoughts on this? And you can take it either way you like because I know your fans want to hear about everything. Do you want to talk the budget bundling? Or the TikTok ban which - and the divestiture - which seems to be happening?

### **David Sacks**

Well, the overall theme is just that the national security state got everything it wanted. It got \$100 billion for - to support forever wars. It got a TikTok ban. And this divestiture thing's a total fig leaf because it's not clear that China is going to allow TikTok to divest because it would set a horrible precedent where the US could just pass a law and then essentially steal the value of a Chinese company. So, I don't think they're going to be able to divest. I think they're just going to get shut down. So, the security state's getting its wish there. And then, another bill that you didn't mention - which they just passed - is they approved the warrantless spying on Americans. So, the federal government can now spy on you and your - you know - communications without even getting a warrant.

### **Jason Calacanis**

Ridiculous. Disgusting.

### **David Sacks**

So, the national security state just seems to get whatever it wants. And there was large bipartisan majorities for all of this. And the way they do it is they conjure all these fears to try and fear us into, "Well, if we don't agree to warrantless spying, then you could get a terrorist attack." Well, when has a warrant requirement ever gotten in the way of actually doing what we need to do to stop terrorism? Never. But that fear was enough to get Congress to authorize that legislation. They're keeping us involved in this forever war in Ukraine by this fear that Putin's somehow going to conquer all of Europe - which I think is total threat inflation. And this TikTok fear that somehow what videos we like is like precious data that's being shared with the CCP. Look, I'm willing to believe it's possible, but they never proved that.

**Jason Calacanis**

Oh, no. They just proved that data - it's been proved that they spied on journalists.

**David Sacks**

No, you only showed up - when we debated this - when we debated this -

**Jason Calacanis**

Yeah.

**David Sacks**

You showed one article from The New York Times -

**Jason Calacanis**

Yeah.

**David Sacks**

- about how - yeah, that's not proof, JCal. Those were two rogue employees who shared some data with - with some New York Times employees.

**Jason Calacanis**

I - I spoke to a TikTok - yeah - yeah, I spoke - I spoke to - I spoke to multiple TikTok employees, myself, personally. And they told me that the Chinese representatives are all over the company and inside of it. Friedberg, your thoughts?

**David Sacks**

But what was the - what was the judicial process or legislative process to prove that? Did they have hearings? Did they prove that? I understand that - yeah - you know - your hearsay, in your view, is good enough to ban it. But I'd actually like to see proof.

**Jason Calacanis**

No. No, my - my position on banning - thanks for asking - is based on reciprocity and the potential damage it could do based on how influential and powerful the product is and how they could change sentiment and censorship. And the Chinese government is fantastic at censorship and they're doing massive censorship inside the app.

**David Sacks**

Yeah. We - we debated this. You could put all of that - handle it in a trade bill then. Handle it in a trade bill because what we've authorized here is not a TikTok ban. It is a sweeping new federal power to ban foreign-adversary-controlled applications. That's the new category. So, we have a new category of foreign-controlled apps - whatever that means - and the government can now use it to shut down apps they don't like. And I guarantee you, I think here's where this goes next. I think Telegram is next on the hit list. You have a Russian

founder, okay? You have rumors for years, I'd say unproven, that somehow Telegram has been backdoored by the Russian government. You know, we've all heard those - those rumors. It's kind of like the CCP.

**Jason Calacanis**

Where is this based though? Isn't it - isn't he out of there? He's in Monaco or something? He doesn't live there.

**David Sacks**

Who cares? Do you think that matters?

**Chamath Palihapitiya**

No, he doesn't Dubai. Pavel -

**Jason Calacanis**

He lives in Dubai. Yeah.

**Chamath Palihapitiya**

Pavel lives in Dubai.

**David Sacks**

Here's what - here's what you're going to see. You're going to see, at - at some point, you'll see a media campaign that will be promoting the idea that Telegram is used by Hamas, by terrorists, by groups that the US doesn't like, and that it's backdoored by Russia, and that it's got some shady investors on its cap table. And no politician is going to want to stand up and defend Telegram. And all the industry money that flows into Washington will be promoting this idea that we have to ban it because think about the market share gains that all of Telegram's competitors will make.

**Jason Calacanis**

**Yup.**

**David Sacks**

And they're the ones wired into DC. So, this is a foregone conclusion, I think.

**Jason Calacanis**

But you also said on Twitter you thought this would come to X and to Rumble. You actually think they'll take this to American companies?

**David Sacks**

I think that that -

**Jason Calacanis**

That seems like a stretch.

**David Sacks**

Not really. I think that the first step is you go get Telegram because that's easy, you know? This guy is an agent of Putin, obviously. And anyone who says differently is themselves an agent of the Kremlin. That's how -

**Jason Calacanis**

How does it jump to X and Rumble?

**David Sacks**

That's how - that's how - that's how this rhetoric works. So, first they'll - they'll whack Telegram. And by the way, we all know the companies that are going to benefit enormously by slurping up that market share. And then, if Biden wins a second term, they will eventually set their gun sights on X. But look, that's a battle. Because in - in X you have a billionaire who has resources - who's willing to stand on his hind legs and fight.

**Jason Calacanis**

Yeah. I mean -

**David Sacks**

And so, they're not going to do that before the election. But look, if we continue to see more weaponization and more censorship, I believe that eventually what they will do is try and push Elon to divest X. And look, all they got - all they got to do - listen, JCal. This - this act empowers the attorney general to open an investigation. So, I think that in a second Biden term, they will open an investigation and just start ratcheting up the pressure on Elon to get rid of X because that's clearly what they want.

**Jason Calacanis**

Yeah. And the TikTok guys bought off Trump already. So, he's gonna fight for it. Friedberg, your thoughts?

**David Friedberg**

I don't agree that the Chinese government will shut it down. I - I certainly don't have any insight into what the Chinese government is discussing or thinking about doing, but there's a lot of money to be made here. So if I'm ByteDance, I'm very likely going to hire a bunch of bankers, run an auction process, and sell this thing. And I have a year to do it. This is a business that did \$14 billion in revenue last year according to a published report. 170 million Americans are active users of TikTok. Their revenue grew 40% plus last year. So, I don't know how they would just say, "Hey, let's write this thing off and - and shut it down.", when we could probably generate -

**David Sacks**

Well, I'm basing that statement on published reports that China has said they're opposed to the forced sale of TikTok in the US.

**David Friedberg**

Yeah, maybe. Maybe, but I - I -

**David Sacks**

And look - look. I agree with you that that it might change.

**David Friedberg**

But I think like - let's just -

**David Sacks**

But think about it if you're the Chinese government. You're adamantly opposed to this.

**David Friedberg**

I get it. I don't - yeah.

**David Sacks**

You don't like the precedent. And you don't really care - you don't really care about tech entrepreneurs getting rich. I mean -

**David Friedberg**

So, let's assume -

**David Sacks**

The founder - the - the founder/CEO of TikTok lives in Singapore, right?

**David Friedberg**

Right.

**David Sacks**

So, why would they give a shit?

**David Friedberg**

But now, let's assume that they let it go through. Think about the implications. Morgan Stanley and Goldman Sachs get hired to run a - a - a joint process to auction this thing off, right? They're going to run this process for a period of months. There's only a certain number of folks that could actually make a bid to buy this thing. Maybe some of the big guys in private equity - Silver Lake and others - try and pull some capital together to buy it. But I think it's more likely a big company tries to buy it. CFIUS and antitrust will probably not be as

- as relevant here as it normally would be. Certainly, CFIUS wouldn't be because it's being completely divested. Antitrust - there's a real question on whether they're going to be given some leeway. But even if - if antitrust does apply, who could buy TikTok in the US? There's only a handful of companies that could or - or would. Oracle? Maybe Microsoft?

**Jason Calacanis**

They said it's not a tech - is the report.

**David Friedberg**

That it's not a what?

**Jason Calacanis**

Not a tech company. So, that would be Walmart, Disney - you start to get to over -

**David Friedberg**

Maybe a media company, right? Yeah, so -

**Jason Calacanis**

Absolutely.

**David Friedberg**

I do - I do think that there's a really interesting -

**Jason Calacanis**

Netflix?

**David Friedberg**

Maybe Netflix? So, I think that there's a really interesting rewrite of the landscape a little bit here - where some of the traditional Big Tech companies - Meta, Google - have really had total control over the consumer media consumption on the internet - that there's going to be a real difference here that might be triggered in how the industry kind of is sorted based on the TikTok auction, if it does happen. And I think it's probably - look, we could argue all day about what The Chinese are going to do. But if it does go through, there's - next story you're going to see in the Wall Street Journal is how much money the bankers are going to make on fees running the auction here. And - and then, the next story you'll see after that is going to be about how the tech and media landscape has been reshuffled and rewritten by the TikTok deal.

**Jason Calacanis**

Chamath Palihapitiya, our chairman/dictator, can't wait to see you at poker tonight. What are your thoughts on this, if any?

### **Chamath Palihapitiya**

I think the thing to keep in mind is that the reason why the government is banning TikTok - and I'm totally speculating and guessing - has nothing to do with these silly little videos, but it is that the overwhelming majority of the people that download TikTok keep the microphone on and it is an ambient, passive surveillance device. And I think to the extent that a foreign government has access to whatever you hear - ambiently and randomly while the app is not even being used - is the real problem here. And so, I think that that's effectively what this is - is a listening device into enough Americans. And I think that that's pretty scary to folks. The second thing is, with respect to the actual product itself, in the absence of that algorithm - which I think is just incredible as somebody who was a voracious user of that app until I deleted it - I don't think the product is much of anything. It's probably no better or no worse than Shorts, or Reels, or some of these other alternatives. So, I don't see the economic justification for anybody who already has one of these assets to buy these things because the content is roughly the same now. It - it is - the thing that makes that app is the algo. But the videos are everywhere. They're on YouTube. They're on Instagram. They're everywhere. So, I don't see why anybody would pay a lot of money for this - especially in the absence of the algorithm - is - is my honest thoughts. What do you think, JCal?

### **Jason Calacanis**

I think this is a security risk. I've made that clear here before. And I don't think we would ever allow Iran, North Korea, Russia to run any of these companies inside of America - nor would they allow us to run Facebook, X, etc. in their countries. So, I think reciprocity is the key. But I am running a little test right now. I posted this video to my TikTok today. And it's under review. They won't let it publish and the video is very simple. It quotes a study from Reuters. You don't have to play it. I'll - I'll explain what I said in it. But I just took a video of the Reuters study. What this Reuters study shows you - pull up the chart there, Nick - is that in this Rutgers study, the CCP is censoring sensitive topics related to China. And so, if you want to understand why the CEO - who I think you may have worked with before, Chamath - at Facebook - the CEO is saying it's a ban when, in fact, it's a divestiture. If you want to understand why they care about this, it's because they want to be able to influence things in America. They want to have data on Americans. It's spyware. That's my position. And it's the most censored platform, I think, in America - which I know you feel passionately about, Sacks. So, I - I did this video. And just like COVID-19 was blocked on X here in America. In the US, if you talked about Wuhan - if you talked about any of these topics, our government banned it. Well, if you talk about Hong Kong, if you talk about Uyghurs, if you talk about Tiananmen Square, your video will not be posted. And in fact, my video is held right now. So, if you're hearing my voice right now, I'm doing a little experiment. I want everybody to post that chart and just read the Wikipedia page, maybe talk about Tank Man, talk about the Hong Kong riots. And then, use the hashtag #DontBanTikTok as a little bit of a cheeky way for us all to track each others. And I want to see if a 100 or a 1,000 All-In fans post one of these, if they all get banned or if we can see any of them. So, we can do a live censorship



test here in America. Are Americans allowed to talk about Tiananmen Square, the Hong Kong riots, Uyghurs, or any of those things? And you can also, if you want, @ / mention me. I'm @JasonCalacanis on TikTok.

**Chamath Palihapitiya**

Can I say one -

**Jason Calacanis**

So, that's my position on it. I want to - I want to see this thing banned immediately or divest. I would prefer it be divested -

**Chamath Palihapitiya**

One -

**Jason Calacanis**

- because I think people love it.

**Chamath Palihapitiya**

One quick thing. I - I think what Sacks said is really interesting about them then going after Telegram. The - the big issue that I think Telegram has always had is that it is encrypted, but it's - it has its own form of encryption that they rolled themselves, right? Like typically - I think WhatsApp and a lot of these other folks - just use pretty standard - Signal, I think as well - use SHA-256 encryption, which like pretty standard. But there's always a fear that the US government actually can unencrypt that and has some kind of a backdoor. That was always the fear of SHA-256. And so, Pavel Durov and his team basically rolled his own - which is also 256-bit asymmetric encryption, but different standard altogether. And what people would say is, "Hold on. He has the backdoor.", to Sacks' point. So, that was always the claim/counterclaim between these things of - of why Telegram was always painted in more of a sketchy corner. I'm not saying that it's true. And I think that if they go after it, I think it's because this underlying encryption model is something that we can't get access to. And so, they'd rather just eliminate it - to your - to Sacks' point.

**Jason Calacanis**

Alright.

**David Sacks**

I think Telegram can stick its head between its legs and kiss its ass goodbye because they're - they're next on the hit list.

**Jason Calacanis**

Alright, we're going to see. What do you think of my #DontBanTikTok challenge?

**David Sacks**

And the - the national security state has used fears, like the one that JCal explained, to get a new power. And it's not a power to ban TikTok. It's a power to ban any foreign-controlled app. So, goodbye Telegram.

**Jason Calacanis**

What - what do you think of my #DontBanTikTok challenge, Sacks? The censorship challenge?

**David Sacks**

Yeah, I mean - fine. Whatever.

**Jason Calacanis**

Wow, you're - you're so passionate about the censorship.

**David Sacks**

It's done. It's over. It's over.

**Jason Calacanis**

Yeah, okay.

**David Sacks**

Look, the - the national security state gets whatever it wants. It's pretty clear.

**Jason Calacanis**

Not if we stay vigilant. I mean - if we keep talking about things then -

**David Sacks**

Well, how did this warrantless spying thing happen? I mean, look. I think the warrantless spying is actually even worse than the TikTok ban.

**Chamath Palihapitiya**

Yeah, that's insane. Me too. 100%. 100%

**David Sacks**

I mean - how do they - how are they not required to go to court to get a warrant? It's so easy by the way. It's -

**Chamath Palihapitiya**

No due process. No rule of law. Ridiculous.

**Jason Calacanis**

Ridiculous.

**Chamath Palihapitiya**

Have we - have we eliminated the FISA courts entirely? We don't need those anymore either? They can just do whatever they want?

**David Sacks**

Well, I think we still have FISA, but you don't have to go to the court to get a warrant. They can just do whatever they want.

**Chamath Palihapitiya**

That's insane.

**Jason Calacanis**

We need to - let's take a deep dive on that in a - in a future episode because we're running out of time. We have one more story to get to.

**Chamath Palihapitiya**

We really should.

**Jason Calacanis**

Yeah, let's - let's deep dive it. You know - listen, there's - there's a lot of topics people want us to talk about. And this one I think people are talking about a whole bunch. It's kind of breaking. I - I haven't - couldn't find a Wall Street Journal or a Washington Post covering this, but a lot of people were covering - talking about it on X. Biden's 2025 budget includes some serious capital gains hikes. There are three proposals in the 2025 budget - we'll put all the links in the show notes - to increase cap gains rates - as opposed to income, cap gains. If all three are passed - big "if" - it would more than double the long-term capital gains tax to almost 45%. Important to note this only covers those making \$1 million or more a year, which is like - you know - less than 1% of the country. Way less. And so, this is definitely a Tax the Rich idea here. Currently, the highest long-term capital gains rate is 20% - which is really about 24% if you earn more than \$200k per year because you have to pay an extra small tax. If these proposals become law - big "if" - it would create the highest cap gains rate in 100 years. Here's the chart. This comes from Americans for Tax Reform, which was done by a Reagan-era - an NGO, I think - that was formed by a former Reagan administration. They basically make politicians sign that they won't increase taxes. The budget also proposes a 25% unrealized cap gain tax. This would be a tax on total income, including unrealized cap gains for all taxpayers worth over \$100 million. Okay, Sacks. I know this is your red meat. There's a lot of pieces here. But, gosh. This is crushing for those folks who want to vote for Biden but are moderates because this is like the #1 thing you can do to

stop innovation and investment in the country - which we desperately need. This is a head scratcher.

**David Sacks**

Biden is playing a game of chicken with the tech industry and with, I'd say, suburban voters, in general. I mean - is this what you want? At some point, you're going to have to say that, "This is not okay." I mean - first of all, you've got this 25% unrealized gains tax, which is a wealth tax. If you're somebody who's created a small business, or a family farm, or you're a tech founder - if you get to qualify for the amount, then you've got to pay 25%. And in order to raise the money for that 25%, you're going to get taxed on - let's say you try to sell 25% of the company - you're now going to get taxed 45% of that plus 13.3% California. So really, you're going to have to sell more like 40% of the company just to pay off this unrealized gains tax. And by the way, you haven't made a dime yet. You haven't put a dollar in your bank account. This is pure confiscation.

**Chamath Palihapitiya**

And that's year 1. That's year 1. What - what - what happens the following year to the actual business?

**Jason Calacanis**

I mean - this is insane. Insane.

**Chamath Palihapitiya**

Ah, this is - this is ridiculous. These things will never pass.

**David Sacks**

Yeah. I mean - let me - let me tell you. I mean - so, this is in Biden's budget for next year. And this idea, this is not the first time we've seen this. It was in his original Build Back Better proposal. And the only reason that failed is because Manchin and Sinema voted against it. So, Manchin and Sinema are not going to be in the Senate next year, okay? They're not running for reelection. So, if the Democrats have the trifecta - if Biden wins reelection and holds on to the Senate and House, but without Manchin and Sinema, I think you have to price in the strong possibility that this passes. I don't think you can just shrug it off.

**Jason Calacanis**

Friedberg, your thoughts? Well, we're talking about it here. We're not shrugging it off. This is like five-alarm fire here on X. Everybody's talking about it. Friedberg, your thoughts?

**David Friedberg**

There was a poll published yesterday. Bloomberg News Morning Consult surveyed 4,900 registered voters in seven swing states. And the poll showed that 77% of registered voters in those states support, basically, an asset tax on ultra-high-net-worth people - people

worth over \$100 million - to keep Social Security intact. So, I think that's a strong indication of where things are headed, generally. We can debate the tactics and the nuance of this election cycle. But as we all have talked about and know, Social Security becomes de facto bankrupt by 2033 - perhaps earlier. So, we have a few years to figure out whether we cut Social Security benefits in this country or find alternative ways to fund it. And it's pretty evident from this poll that Americans are not in support of raising the minimum age from 67 to 69, which was one of the questions in here. Only 25% of Americans support raising the minimum age for Social Security from 67 to 69. Meanwhile, 77% strongly support a tax on ultra-high-net-worth to fund the gap - the funding need. So - so, play this out -

**David Sacks**

Well, yeah. I mean - that's a loaded - that's a loaded question because you're basically positioning this tax - which is really complicated in the details and the person getting asked the question doesn't understand it - compare it to the most popular program that the federal government has -

**David Friedberg**

Yup.

**David Sacks**

- which is Social Security. So obviously, it's going to poll that way. I mean, look. You can - you can ask a question in a way on a poll to get whatever answer you want to get to. I can basically prove to you that a majority of the American public is either for Ukraine funding or against Ukraine funding, depending on how you ask the question. And look. Yeah, obviously, taxing people with \$100 million of paper wealth is going to be more popular than sacrificing your Social Security. Obviously, but that doesn't mean that this is a good proposal, economically, at all.

**David Friedberg**

No, it doesn't. And I don't think that that's what really matters. I think most folks are voting for themselves - their particular needs. And the majority of people need more support. And they're -

**David Sacks**

This is not even going to save Social Security. I mean - you know - what - what is this - this tax going to get us? It's going to destroy the startup ecosystem. It's not going to balance the budget. We're still spending way too much for that. It doesn't pay down the debt. It doesn't save Social Security. It's just more and more taxes.

**David Friedberg**

Yeah, I think that's the inevitable trend. I'm just saying I don't know how it's going to manifest, but I think it's inevitable that we're going to raise federal revenue through some form of taxation that's going to feel deeply uncomfortable and inappropriate. And it's going to have negative economic consequences. And this is where the economic spiraling - that Malay has talked about, right - in these social -

**David Sacks**

Look, I - I - Balaji - Balaji actually had a brilliant blog post about this called "All It Takes Is All You Got". And what he pointed out is he was talking about the federal government's runaway deficits, and debt, and borrowing. And somebody responded to him with this chart that shows assets versus liabilities. This guy Brent - who, I guess, is a foil on X for Balaji sometimes - said, "Oops you only showed one side of the balance sheet. Common mistake tho". Basically saying that Balaji didn't know what he was talking about because Balaji was only showing the red, which is the government liabilities - the government debt. And he showed that, "Well, no. You have to include all the green bars." But what are the green bars? Those are private assets. And Balaji pointed it out that, "No, actually, you're proving my point. Because people like you just see all of the private assets of citizens of the United States as belonging to the government."

**Jason Calacanis**

Yeah.

**David Sacks**

And if you actually extend the red bars to the present value of all the long-term liabilities that this government has, it's more like \$175 billion. So, you know - people like this see the \$160 trillion of private wealth as being on the balance sheet of the federal government and being used to offset the \$175 trillion of liabilities. In other words, all it takes is all you got. That's the trajectory we're on - is we have a -

**Jason Calacanis**

Yeah, your home / your 401(k) is the government's. And we're going to seize it.

**David Sacks**

They're going to go after your - they're going to absolutely go after your retirement accounts because that's the only way they're going to pay off these liabilities -

**Jason Calacanis**

It's gross.

**David Sacks**

- unless you were to stop it now.

**Jason Calacanis**

Here's another idea: Cut spending. Cut spending.

**David Sacks**

Well, there's another - there's another great tweet by a guy who said - Laptop Mercenary - I don't know this account - but he said something funny. He said, "Imagine being a California high earner. Options: either vote for your own financial liquidation, or vote for the orange man."

**Jason Calacanis**

Yeah, it's brutal.

**David Sacks**

Checkmate, dude. Checkmate.

**Jason Calacanis**

That's brutal.

**David Sacks**

You guys got to put on the red MAGA hat. It's happening.

**Jason Calacanis**

Here's a thing. I mean - I read that. I read - I read that you're - you're all-in, so to speak.

**David Sacks**

You don't have to - you don't have to wear the - look, you don't have to wear the red MAGA hat. When you go into that polling booth, nobody knows the button you're pushing.

**Jason Calacanis**

Yeah, okay. There it is. I mean - these two - these are the two worst candidates in the history -

**David Sacks**

Jason, Biden has had - Biden has had 4 years to prove that he's a moderate. He's had 4 years to prove that he represents the normalcy that he promised to us -

**Jason Calacanis**

Yup.

**David Sacks**

- when he first got elected.

**Jason Calacanis**

I agree 100%.

**David Sacks**

That's been refuted. I mean - how much more does it take for you to understand that his policy is radical?

**Jason Calacanis**

Yeah, I mean -

**David Sacks**

He combines the foreign policy of Dick Cheney with the economic policy of Elizabeth Warren. How much more does it take? Are you going to vote for your own financial liquidation? Because that's what we're talking about.

**Jason Calacanis**

It's the worst two candidates. And I think I'm voting for the third.

**Chamath Palihapitiya**

Ooh, an RFK endorsement. Wow. I didn't - I didn't see that.

**Jason Calacanis**

I think I just have to put in the protest vote of RFK or writing because -

**David Sacks**

I love RFK. I think he's a great vote -

**Jason Calacanis**

Yeah.

**David Sacks**

- for Democrats.

**Jason Calacanis**

I mean - crazy. I think maybe I go after The Rock. But yeah. Congratulations on Biden on making this easy for Trump with his Build Back Broke plan. So dumb. Alright, everybody. This is the world's greatest podcast.

**Chamath Palihapitiya**

By the way, Jason. If you do decide, in the end, to vote for Biden, I'll send you some luxury tents that you and your kids could sleep in. You can tell them stories about how you voted for him.



**Jason Calacanis**

It's so brutal. I mean - the worst two candidates of our lifetime.

**David Sacks**

JCal, here - here are your choices, okay? You can vote for Trump or you can give up this - the ski lodge. What's it gonna be?

**Jason Calacanis**

I mean - at this point, I think I'm RFK all the way. I think I got to go for - just try to support independents. I just think we got to balance the budget - shout out, David Friedberg. For the Rain Man himself, David Sacks - yeah - David Friedberg, the sultan of science. We didn't get to Science Corner this week. We're going to start with it next week. And the chairman/dictator Chamath Palihapitiya. I am world's greatest moderator of the #1 podcast in the world. I'm manifesting. Can we get the Spielberg "I'm Manifesting" track in here. And take us out, Spielberg. Yung Spielberg, baby. Coming at you. Z100 morning -

**Chamath Palihapitiya**

Love you boys. Bye bye.

**Jason Calacanis**

Love you, besties.