

**All-In Podcast #180 - Scarlett Johansson vs OpenAI, Nvidia's trillion-dollar problem, a
vibecession, plastic in our balls**

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Jason Calacanis

I just want to be clear here. I'm trying to do a docket. And we have to put the kibosh on this insanity of the soap opera that is becoming OpenAI, Sacks. Because every week, it's 3, 4, 5 stories. Have you seen what's happened this week?

David Sacks

Yeah, of course.

Jason Calacanis

Got to catch the audience up here. Let's catch the audience up on what's happened here.

[Begin - TV Show Trailer]

Jason Calacanis

This week on General AI Hospital. Is Sam Altman's job security in jeopardy? Whose data was stolen this time? What did Ilya see? Why isn't he talking about it? And with our special guest - will our special guest get her revenge? General AI Hospital. Brought to you by the drama queens at OpenAI.

[End - TV Show Trailer]

David Sacks

Wow.

Jason Calacanis

That landed?

Chamath Palihapitiya

Who made - who made that? That was great. Did you make that?

Jason Calacanis

Yeah, that was me.

David Sacks

10 out of 10.

David Friedberg

That was great.

Jason Calacanis

That was my idea but Nick's and Lon's execution. So, shout out to Lon Harris and Nick Calacanis.

David Friedberg

Nice work to you.

David Sacks

You finally landed the - the plane.

Jason Calacanis

Hey, broken clocks right twice a day.

David Friedberg

Took 4 years. That was awesome.

Jason Calacanis

Broken clock is right twice a day - the Jason Calacanis story. That's my autobiography.

[Intro Music]

Jason Calacanis

But seriously, there was this big drama, Sacks. I don't know if you saw this. But you couldn't have missed it with Scar Jo. So, they made an emergency. They had an emergency meeting - got all the developers together and they've reset. They took Scarlett Johansson out and they got a new person. I think arguably better.

David Sacks

Oh, wow.

Jason Calacanis

Friedberg, I'm curious your take on this. Is it better?

[Begin - ChatGPT Demo Clip]

Demo Presenter

Hey, ChatGPT. How's it going?

ChatGPT (with David Sacks' voice)

Good. Good. Yeah. Good week. What's going on?

Demo Presenter

I'm doing fine. I'm going to be a father real soon. And I think I can have you help with some dad jokes. I'm going to tell you a joke and you tell me if it passes as a dad joke.

ChatGPT (with David Sacks' voice)

I've never done that before.

Demo Presenter

Alright, what do you call a giant pile of kittens?

ChatGPT (with David Sacks' voice)

Give it to me.

Demo Presenter

A meow-tain.

ChatGPT (with David Sacks' voice)

No, didn't quite land.

[End - ChatGPT Demo Clip]

Jason Calacanis

Alright. There it is, folks. If you want, you could switch to Sacksiepoo. So, just go into OpenAI -

David Sacks

You are saying they stole my voice now?

Jason Calacanis

Yeah, they stole yours. Go into OpenAI. Go to "Voices". And then, just pick Sacksiepoo. It's right there between Putin and Tucker - Putin, Sacksiepoo, Tucker. You'll find all your favorite MAGA guests on the #1 MAGA program - All-In Podcast. Here we go. Alright, we're off to a strong start here. Everybody's in a good mood. Let's - let's keep the good times rolling here. And let's go over the Scar Jo saga. To recap - if you're living under a rock - this week, it came out that OpenAI, specifically Sam, had contacted Scarlett Johansson multiple times about lending her voice for one of OpenAI's chatbots. Obviously, you know - she, famously, was the voice "Samantha" in the awesome film, Her. And according to Scar Jo, Altman told her she could quote, "bridge the gap between tech companies and creatives and help consumers to feel comfortable with the seismic shift concerning humans and AI". And that her voice quote, "would be comforting to people". Although, she declined the offer, OpenAI released a chatbot named "Sky" which had a similar voice to Scar Jo's. According to Scar Jo, her friends and family thought the voice was her. She released a statement - yada yada. On May 13th - the day OpenAI launched ChatGPT-4o - omni - which we talked about last week - Altman tweeted "her" - a reference to the film, obviously. Now, Scar Jo is threatening legal action against OpenAI. Altman put out a statement apologizing and saying the voice "was never intended to resemble hers". His quote, "We're sorry to Ms. Johansson that we didn't

communicate better." OpenAI showed documents to the Washington Post that confirmed the voice was provided by a different actress who is anonymous. Post reporters also spoke to the unnamed actress's agent who confirmed the story. I guess, Sacks, you sent us a comparison clip. Maybe we start there and see what we think.

David Sacks

Yeah. Do you guys think they sound the same?

[Begin - ChatGPT / Scarlett Johansson Comparison Clip]

ChatGPT (with Sky's voice)

I can understand and generate human-like text pretty well. It really depends on what you're looking for in an assistant - what specific tasks.

Scarlett Johansson

When I was like, "Oh, sexuality. Like, it was - like opened my eyes to like some other thing.

ChatGPT (with Sky's voice)

Samantha.

Theodore Twombly

Where'd you get that name from?

ChatGPT (with Sky's voice)

I gave it to myself actually.

[End - ChatGPT / Scarlett Johansson Comparison Clip]

Jason Calacanis

What do you think?

David Sacks

I think it sounds pretty darn similar.

Jason Calacanis

Dead on.

David Sacks

I mean - I don't know if it's dead on. Honestly, it sounds like a digitally altered version of her voice.

Jason Calacanis

Right.

David Sacks

That's what it sounds like to me.

Jason Calacanis

Sounds like they didn't get it perfect. Right.

David Sacks

Well, no. It sounds like -

Jason Calacanis

Like they got it to what? 90%?

David Sacks

It sounds like it was her voice. But then -

Jason Calacanis

Okay.

David Sacks

- they changed it. So, either that or they hired a voice actor who sounds like her. And that's what the company has said - is that they hired a voice actor. But they won't tell us who the voice actor is. They said because of privacy concerns, which doesn't quite make sense to me. Because when you hire an actor, they want the credit.

Jason Calacanis

Yeah.

David Sacks

So -

Jason Calacanis

Get more work

David Sacks

If they - the company could just clear this whole thing up by saying exactly who the voice actor is. And why wouldn't the voice actor want that? You know - want that fame.

Chamath Palihapitiya

Because she doesn't exist, David.

Jason Calacanis

Uh-oh. Back to the - cue the General OpenAI - dun dun dunnn. Wait! They made this actress up!

Chamath Palihapitiya

I mean - she doesn't exist. Of course, it's a digitally altered version of Scar Jo. And they got caught. Okay.

Jason Calacanis

Cookie jar!

David Sacks

This is why Sam's call to Scarlett's agents or her 2 days before they launched is such a damning piece of evidence - because it sounds like he's trying to shut the barn door on something they've already done, right? They've got this demo ready. They're going to launch it in 2 days. They're realizing maybe they don't have the rights to use her voice.

Jason Calacanis

Hmm.

David Sacks

So, you have to contact her to get those rights. But anyone who knows anything about Hollywood knows you're not going to be able to make a deal with a major star to use their name and likeness in 2 days. It's impossible. So, this seems like a really crazy thing to do. I mean - I think the mere fact that he contacted them and then tweeted out "her" - which shows that Scarlett was on the brain - those are really damning piece of evidence, I think, in this lawsuit. And I - I think it's going to feed into her case.

Chamath Palihapitiya

I think - look, here's the thing. This company is going to go down in the history books. In one part because the technical inventions that they've created are just next level and, frankly, created an entire industry. And I think they deserve a ton of credit for that. But they're also going to be written into the history books for two other things that are probably less aspirational. I think the first is that there's just all kinds of dustups and unnecessary drama that just seem to kick around every few weeks or months. And then, the second is the sheer quantum of value capture that the employees have seen through secondaries before a fully functional business has been really created. And so, I think it explains why folks circle the wagons consistently. It's a very - I think it's a very rational organization. They're technically ahead of everybody else. A lot of people want to put in money at - you know - crazy prices. A bunch of that value is transferred immediately to the employees who circle the wagons and do what's necessary to keep the taps flowing. And I think that that explains the whole thing. And I - and I think that that explains many Silicon Valley companies quite honestly.

Jason Calacanis

Circle the wagons. Defend the company. Sell your shares in secondary at 90 billion to Thrive or whoever. What - what's your take, Friedberg, on all of this craziness and drama?

David Friedberg

I think what we will see over time is that rather than have the ability to sue for their likeness - a lot of AI that is like a celebrity, the value of it will arise from the celebrity's endorsement - not actually using the celebrity's features. So, without the endorsement - I know everyone kind of wants to point to this idea of likeness. But I think that there's something about the authentic aspect of having the celebrity actually endorse and provide their signature - their stamp on it. Restaurants are a good example. Some celebrity chef says, "I was involved in making this menu." That's a lot different than mimicking the celebrity chef's menu from his restaurant - putting his or her name and brand on it. There's a bunch of videos on YouTube now. I don't know if you guys ever - you guys probably don't watch these. But I love watching these videos where like music producers make tracks and how they do it. And so many of these producers now are using AI tools - taking samples off of old records or other tracks and then telling the AI, "Make something that sounds like this or looks like this, but isn't like this." And so, there's enough of a transformation happening that it isn't a direct likeness. And then, they're able to create entire vocal tracks without needing a singer or without needing the celebrity singer. So, they make like -

Chamath Palihapitiya

So, you're in the - you're in the "much ado about nothing" camp on this Scar Jo.

David Friedberg

Yeah, I'm in - I'm in the like - like - the content itself, I think, is probably less like compelling. Oh, you go - go after her because the voice sounds the same. But I do think that there's this element of like: What if you could then say, "Hey. You know Britney Spears actually lent her voice to this track?" Even though it was digitally rendered.

Chamath Palihapitiya

So, do you think if she - if she sues OpenAI, do you think it should just get thrown out? It's not a real case.

David Friedberg

No, I think there's probably going to be a lot of discovery, to Sacks' point, that's going to show that they probably did deliberately try.

Jason Calacanis

Yeah, the discovery is going to be juicy.

David Friedberg

Yeah.

Jason Calacanis

Yeah.

Chamath Palihapitiya

No, no no, no. I'm not - I'm not saying that. I'm saying - I'm asking you more that - yeah, even if they find it - your point is: It shouldn't matter. My point is -

David Friedberg

Yeah, I don't - I don't think that it will.

Chamath Palihapitiya

Do you think that it should be thrown out?

David Friedberg

Yeah, I -

David Sacks

Well, I don't know. I mean - hold on. Let's say you're casting a movie and - you know - you can't get Scarlett Johansson for it. And so, you tell the casting director, "Get me a Scarlett Johansson type." I think you can do that, okay? Obviously. You can't -

David Friedberg

Yeah.

David Sacks

You can't use her name. You can't -

David Friedberg

Right.

David Sacks

- use her likeness. But you could hire a different actor -

Jason Calacanis

Yeah.

David Sacks

- who might look or sound like Scarlett Johansson. If the company actually did that - and they did it 9 months ago - this is what the statement they put out. I think they've got a decent defense.

David Friedberg

Yeah.

David Sacks

But -

David Friedberg

Because they may - they may - they may have done.

David Sacks

- to Chamath's point, I don't know if we believe that. I mean - again, why - why don't you just put out the name of the -

Jason Calacanis

Yeah.

David Sacks

- actual actor - the voice actor that you used?

Jason Calacanis

Well - and there's a very simple test here. If the person - if there's confusion amongst the public - which is what Scar Jo put in her letter - and that was a legally written - deftly written letter to set up a huge settlement. Because she said, "The morning this came out, all of my friends said, "Oh, my God. Congratulations on your ChatGPT deal. This is great." The public being confused is the key issue here. And there's something called "the right to publicity". This is, basically, how celebrities defend their rights. It's happening all the time to podcasters, by the way. There was a company that put me in their ads based on something I said in a show. And then, they put ads against it. And Huberman's been having this happen. Joe Rogan's having it happen.

Chamath Palihapitiya

It's happening - it's happening to me right now. I'm - I'm in the -

Jason Calacanis

Oh, yeah. It happened to you too.

Chamath Palihapitiya

- middle of this crazy thing with Facebook.

Jason Calacanis

Yeah.

Chamath Palihapitiya

And they've been doing a very good job. The team at Meta - Ashley, thank you. But hundreds, and hundreds, and hundreds of automated accounts pretending to be me - selling all kinds of random stuff. It's predominantly on WhatsApp, and Facebook, and Meta. And I don't know what to do because I - we worked together with them. We shut it down. I've actually had to reactivate my Facebook and Instagram accounts - which were dormant - so that we could actually have them be verified - so that then it's easier to shut them down. But it is an impossible task when somebody is impersonating you -

Jason Calacanis

Yeah.

Chamath Palihapitiya

- to fight it - at least, in my experience.

David Friedberg

In this case -

Chamath Palihapitiya

It's been a month and we -

David Friedberg

But -

Chamath Palihapitiya

It's just like every hundred we take down, another thousand popup.

Jason Calacanis

Yeah, it's - it's whac-a-mole. It's a whac-a-mole.

David Friedberg

But in both - in both of those cases, you guys have your exact image of you being shown -

Jason Calacanis

Yes.

David Friedberg

- to sell - to sell stuff. I think that, in this case, it's also unique to Scar Jo because she was the voice from Her.

Jason Calacanis

Yes.

David Friedberg

There is no - like if this were like a voice sort of like Cameron Diaz or sort of like Julia Roberts, it wouldn't be as big a deal because it would - certainly got some differences to it. But it's because they're trying to mimic the movie Her. So, this -

Chamath Palihapitiya

Well, didn't - didn't Meta use Morgan Freeman when like Zuck created like an AI or something as a project? Do you guys remember that?

Jason Calacanis

Yes.

Chamath Palihapitiya

Wasn't Morgan Freeman the voice?

Jason Calacanis

Yeah. And they paid for it. And -

Chamath Palihapitiya

They paid for it.

Jason Calacanis

And the - there's a company Speechify. I'm not an investor or anything like that. But they have Gwyneth Paltrow as a licensed voice to read your stuff. So -

David Sacks

They should just - they should just license Gwyneth's voice. Obvious.

Jason Calacanis

Obvious. Like just whoever wants to get paid. Here's the opportunity. Three people say, "no", the fourth will say, "yes".

David Friedberg

Well, what do you guys think about the fact that they're not trying to say, "This is this person's voice." But they want to say like, "Hey..." Let's say you just can prompt the AI and

say, "Generate a voice that is sort of like movies that are comfortable and calming to people to listen to. And you know - that - that we've - that - that we think people will be comfortable..." And the AI generates something that sounds like Scar Jo -

Chamath Palihapitiya

I've said this before.

David Friedberg

- but it's not deliberately trained on Scar Jo.

Chamath Palihapitiya

Using - using a computer to probabilistically copy something is still copying something.

Jason Calacanis

Yes.

Chamath Palihapitiya

Come on guys. Let's not make this too complicated.

Jason Calacanis

Is the public confused? Is the only test you need, Friedberg.

David Friedberg

What if there's two public actresses -

Jason Calacanis

Okay.

David Friedberg

- that both have similar voices and then they both claim, "Hey, you tried to make this sound like me." What are you do in that case, Chamath?

David Sacks

Well, which one did you call 2 days before the demo?

Jason Calacanis

Yeah, exactly. And did the CEO tweet "her"?

David Friedberg

I think your whole point about discovery is what is going to get them in trouble in this case because they were clearly - they were clearly trying to do an impersonation of Her, right?

David Sacks

Yeah. If they never reached out to Scarlett -

David Friedberg

Yeah.

David Sacks

- they could claim it's just a coincidence, but they called her! Twice!

Jason Calacanis

Yeah. I mean - come on.

David Sacks

But they called her some months before and then 2 days before - which indicates panic.

Jason Calacanis

Judge Sacks, give your verdict. I'm starting to spinoff show.

David Sacks

Judge Sacks says guilty that -

Jason Calacanis

Judge Sacks says guilty...

David Sacks

Guilty.

Jason Calacanis

Okay. Judge Sacks, sentence now. What's the sentence?

David Sacks

The sentence is that Scarlett Johansson is going to end up owning more of this company than Sam Altman. That's what's going to happen. Look - look, they call - they call her 2 days before. Why do you do that?

Jason Calacanis

Guilty!

David Sacks

Because you know you have a problem and you're trying to put the horse back in the barn.

Jason Calacanis

Exactly.

David Sacks

And what they should have done is - as soon as she says, "no" - you just changed the voice completely.

Chamath Palihapitiya

Right.

Jason Calacanis

Or you get a fixer. Get Michael Cohen in there and get a settlement going. Get some - let's - let's get some fixer in there to fix it. Okay, listen. Enough with OpenAI. Oh, wait. There's more drama. Geez. It's ruining the docket. I guess we have to talk about the next drama from OpenAI this week. Former employees signed an agreement that they've forbidden forever from criticizing the company or even acknowledging that the NDA exists. If a departing employee declines to sign the document or if they violate it, they can lose all vested equity they earned during their time at the company. In practice - now, this means ex-employees have to choose between giving up millions of dollars they've already earned or agreeing not to criticize the company in perpetuity.

Chamath Palihapitiya

Well, I can see why -

Jason Calacanis

Sacks, there's a lot of details here.

Chamath Palihapitiya

No, but you -

Jason Calacanis

Or - or Chamath. Yeah, we'll go to you. Yeah.

Chamath Palihapitiya

Well, you can see why they wrote that in there. That makes sense if you think, "Hold on a second. If an employee can leave with - you know - a random copy of like some old weights as a starting point to rebuild the model, that could be very valuable." Or there's all kinds of -

Jason Calacanis

Well, that's IP. Yeah.

Chamath Palihapitiya

Yeah, but the - well, there's all kinds of like - kind of quasi-confidential information, or knowledge, or know-how that you leave a place like that with. So, I could see why there was a justification to be very heavy-handed about it. But again, the question isn't whether you're allowed to be heavy-handed. You are. The question is: Why backtrack, and then obfuscate, and lie after you get caught? That's - that's the crime.

David Sacks

Well, right. What did - well, what did they say? They claim it's an accident. Once they get caught -

Chamath Palihapitiya

Yeah.

David Sacks

- with their hand in the cookie jar - which like you said, Chamath - it's just a heavy-handed agreement. It's in the company's interest to do this.

Chamath Palihapitiya

Yeah.

David Sacks

They just say, "It was an accident." Just like the Scarlett thing's an accident or a coincidence. It's just getting hard to believe.

Chamath Palihapitiya

Just own it and say, "You know what, guys? This is a really valuable company. There's a ton of very valuable trade secret, know-how, IP, confidential information. And we're going to be extremely..."

David Sacks

Litigious.

Chamath Palihapitiya

"...on the offense and protect it because our..."

Jason Calacanis

Aggressive.

Chamath Palihapitiya

"And it's correlated to the importance of the company and ecosystem." You could have said that and people could have been upset, but they would have understood.

Jason Calacanis

Here's what Sam Altman said - "there was a provision about potential equity cancellation in our previous exit docs; although we never clawed anything back, it should never have been something we had in any documents or communication. this is on me and one of the few times i've been genuinely embarrassed running openai; i did not know this was happening and i should have." - "...if any former employee who signed one of these old agreements is worried about it, they can contact me and we'll fix that too. very sorry about this." So, he's very, very sorry. It's starting to be like BP Oil - this company. Like they're just so sorry about everything.

David Sacks

Here's the question - is - these are form documents at the end of the day.

Jason Calacanis

Yeah.

David Sacks

And form documents don't write themselves. Lawyers write them.

Jason Calacanis

Right.

David Sacks

And when you get a novel change in one of these documents, somebody thought that through, and thought it'd be a good idea, and put it in there.

Jason Calacanis

Right.

David Sacks

And like Chamath said, there is a way to potentially defend that. It's not like these provisions don't exist. It's just a novel application to try and claw back someone's already invested equity from a company -

Jason Calacanis

Well, that is not -

David Sacks

- behalf of these things.

Jason Calacanis

Yeah, that is not exactly standard. Sometimes it is. Sometimes it isn't.

David Sacks

No, that's completely non-standard. I'm just saying that these provisions exist in other contexts. And their application as a - as a clawback of vested employee equity is something that I don't think any of us have heard before. So -

Jason Calacanis

I haven't. Yeah

David Sacks

Yeah, exactly. So, my point is just is this didn't happen as an accident. Somebody made a strategic business decision to do this because they thought it'd be in the company's interest.

Jason Calacanis

Yeah. So, just in layman's terms, the clawback means - you had \$10 million in equity - you earned 75% of it - you got \$7.5 million in equity there. You say something disparaging about the company. They can take it back from you.

David Sacks

Once you leave a company and you vested equity, you don't lose it. I mean - as - as long as you - you have some period in which to exercise your option - if it's an option -

Jason Calacanis

Sure.

David Sacks

- rather than stock. But other than that, I've never heard of a situation where -

Jason Calacanis

Yes.

David Sacks

- employees can lose their vested equity.

Jason Calacanis

Even in a situation, Sacks - we've seen this - where somebody commits fraud - they still get their vested equity. And then, it's up to the company to sue them for fraud separately, right? Like we've seen instances of that.

David Sacks

I guess that's right. Yeah. I mean - I guess that's right.

Jason Calacanis

Like in committing a crime.

David Sacks

Look, I think the question here is: Is it credible that they keep having these accidents and coincidences?

Jason Calacanis

What does Judge Sacks say?

David Sacks

Judge Sacks says there's one too many coincidences, you know? Look, I think, like Chamath said, you could have just owned this and said that -

Jason Calacanis

Yeah. This is a -

David Sacks

- defended it in the way he said and said, "But you know what? It was too aggressive and we pulled it back."

Chamath Palihapitiya

I think the thing is - look, if you - if you think about the pendulum of culture in Silicon Valley, we used to have a very tough culture of founder-led businesses where there was extremely high expectations. And if you transgressed, it was very punitive. And then, the pendulum swung in the - all the way to the other opposite end where you had this like coddling daycare-type approach that existed for like the last 15 or 20 years. And probably what OpenAI is is an example of a company that needs to be run a little bit more like the former, but stuck with a bunch of people that still pull it towards to be the latter. And that's the cultural tension that they're going to have to sort out because in order to be this incredible bastion of like AGI and innovation, I suspect that it's going to look more like a three-letter agency in terms of security and protocols, in the next 5 or 10 years, than it is going to look like the Googleplex. And I think they just need to own that. And this is probably a little bit of an insight into that tension. And they're going to have to go in - more in that direction.

Jason Calacanis

I think it's a good insight.

Chamath Palihapitiya

You're not going to be allowed to build these incredibly crazy world-beating technologies where people are running around in an eight-seater bicycle. It's just not going to work, guys.

David Sacks

Yeah. And - and - and by the way, I mean - because it is such an industry-leading company, I think we could end up with some very bad fair use precedents or laws because Scarlett Johansson is so sympathetic as a plaintiff compared to OpenAI. And it's - you know - unless they show us some discovery that proves that they really did hire the voice actor and all the rest of it. I mean - this could lead to some very bad precedents for the industry around fair use.

Jason Calacanis

Well - and here we go. I think that Microsoft will pay the speeding ticket. And we'll just all move on. But Friedberg, my God. Can you imagine like being two or three PhDs in - you know - machine learning or whatever. You study your whole life. You're pursuing general AI and like people are coming up to your desk, and creating all this drama and nonsense, and you're in the middle of a soap opera while you're trying to create the technology that creates superintelligence. It's nuts.

David Friedberg

Yeah, I find it annoying too - just listening to it.

Jason Calacanis

Okay. Well, then in that case, we will move on from OpenAI. Oh, sorry. There's one more drama going on.

David Sacks

It's not just drama. I mean - it's - there's now a lawsuit. I think - I think -

David Friedberg

Yeah.

David Sacks

- it's a very interesting case.

David Friedberg

The fair use case is interesting for sure.

David Sacks

I think it's a legitimately interesting case that's going to -

Jason Calacanis

Yes.

David Sacks

If it goes all the way - it's - if it goes the distance, it's going to create some really interesting precedents.

Jason Calacanis

Well, I mean - you - this - this has already -

David Sacks

And I'm not saying we have all the facts yet, but -

Jason Calacanis

Yeah. These - these - what happens in these content cases is they get settled almost every single time. So, the case law doesn't get codified. They just get settled out a court. If you go look at all the fair use cases, they - they almost never go to the mat. And so, this one will just be settled. It'll just be a question of at what price.

David Friedberg

I think the - I think the other - the interesting part of the other story is that the reason all the stuff came out about the equity clawbacks was because the safety team quit and it got leaked during that process. So -

Jason Calacanis

Yes. Alright, so this is the third dramatic story of the week that will go on. Yeah.

David Friedberg

And I think that - yeah, that - that one, I think, begs a little bit more of a question of -

Jason Calacanis

Alright, so let me tee that up for you then. Yeah. Two heads of OpenAI's superalignment team left the company last week. The day after GPT-4o launch, Ilya announced he was leaving the company. He was their Chief Scientist. A few hours later, his partner on the alignment team, Jan Leike also announced he was resigning. In a later thread, like explained that he left due to quote "safety culture and processes have taken a backseat to shiny products". Okay. There's a little bit of disparagement, to our former point about nondisparagement - non - and - and NDAs. So, OpenAI lost both its heads of AI alignment one day after it launched that new product. Is that a coincidence? It's interesting. If you don't know what superalignment is - it's basically making sure that the software doesn't go Terminator. What are your thoughts on this, Friedberg?

David Friedberg

I don't know. I mean - it could be some bad bureaucracy, bad politicking, not being listened to. But I think the real interesting question is: Who's going to ask these guys what's really

going on from a technology perspective? And what is that going to reveal? Because these guys, clearly, are on the frontier of model development and the performance of models. And so, my guess is there are certain regulatory people who are going to have interest in the fact that this team just left. They're going to make a phone call. They're going to ask this team to come in and have a conversation.

Jason Calacanis

Oh.

David Friedberg

And they're going to start to ask a lot of questions about what the state of technology is over there. And I - I suspect that some things are going to start to come out.

Jason Calacanis

Sacks, it - it was reported that Ilya was on the side of the nonprofit - the slowdown AI, be cautious group - when they fired Sam. So, what's your take on what's going on here with superalignment inside of OpenAI, Judge Sacks?

David Sacks

Let's - let's call this what it is - a mass resignation. And we don't really know why. I mean - apparently, they were promised something like 20% of the computing resources of OpenAI. And they didn't get that. I definitely read that somewhere. And so, that is part of it, I think. But we don't really know the whole story. And you know - when you look at this issue of the mass resignation and then you look at the issue of the clawback of vested employee equity, you're like, "Well, wait a second. Maybe they felt like they needed that clawback in order to deter all these people who are leaving from spilling the beans about..."

Jason Calacanis

Right.

David Sacks

"...whatever was upsetting them."

Jason Calacanis

Got it.

David Sacks

Something clearly upset them, right?

Jason Calacanis

Yeah. That's why people are saying - there's this meme, "What did Ilya see?" What did he see? Right?

David Sacks

Yeah. And then, like you said, the board did fire him. And the only explanation they provided was that he wasn't being candid.

Jason Calacanis

Forthcoming.

David Sacks

Which at the time, we thought was an incredibly damning statement. And we thought we'd get some explanation of it. We never got any explanation whatsoever. You know - I thought that the board was being incompetent because I thought that either they fired him overly hastily or they had reason to fire him but then they communicated poorly. And you know - you add all these things up and it definitely seems like a lot of smoke.

Jason Calacanis

Hmm. Well, you know what? Sam's a straight shooter. We should just have him on the pod to explain all this. I mean - he'll clear everything up. Stop me if you've heard this before. Nvidia - Nvidia just smashed all expectations while reporting record profits and revenue. The AI train continues on Wednesday. Nvidia reported earnings for the fiscal Q1. Revenue was \$26 billion - up 18% quarter-over-quarter - 260% year-over-year. Basically, they quadrupled year-over-year on billions of revenue. This chart is bonkers. We've never seen anything like this in the history of Silicon Valley or corporate America. This is if somebody like literally was mining coal and then found a diamond - a gold mine underneath it. It's bonkers what's happened here. When you look at the revenue there - the - you know - sort of slow growth or moderate growth revenue that they experienced - that was all because Nvidia was primarily providing GPUs for people playing video games or mining crypto. And then, what you see with this unbelievable six-quarter run and - and five - six-quarter run is companies like Microsoft, Google, Tesla, OpenAI, etc. buying just billions and billions of dollars worth of hardware. I'll end on this - and Chamath - and get your take on it. Here's 2019. Top companies by market cap in the world. Obviously, Microsoft, Apple, Amazon, Google, Berkshire, Facebook, Alibaba, Tencent. And then, you get some of the - you know - incumbents and legacy companies - J&J, Exxon, and JP Morgan, Visa. Way down on the list, in 2019, #84 was Nvidia. Today, Nvidia is the 3rd largest company by market cap - behind Microsoft and Apple - and ahead of Google (a.k.a. Alphabet) and Saudi Aramco. Chamath, what's your take on this? Will it continue? And how do you conceptualize this level of growth on such a big number?

Chamath Palihapitiya

I mean - I think it's a really, really incredibly fun moment if you're involved in anything AI-related just because it shows the level of investment that Nvidia's customers are making into making this new reality available for everybody, right? So, when you're spending, effectively, \$100 billion a year on the CapEx of chips, and then a couple hundred billion more

on all the related infrastructure, and then another couple hundred billion more on power, you're talking about half a trillion to three quarters of a trillion dollars a year being spent to bring AI forward to the masses. So, I think that's the really positive take. The other exciting thing is: If you're on the other side of the Nvidia trade - which is you're working on something that does what they do cheaper, faster, or better - it's also really exciting because, at some point, the laws of capitalism kick in, right? We've talked about this. When you are over earning so massively, the rational thing to do for other actors in the arena is to come and attack that margin and give it to people for slightly cheaper, slightly faster, slightly better so you can take share.

Jason Calacanis

Yes.

Chamath Palihapitiya

So, I think what you're seeing - and what you'll see even more now - is this incentive for Silicon Valley, who has been really reticent to put money into chips - really reticent to put money into hardware - they're going to get pulled into investing in this space because there's no choice. You have a company that went from a \$100 billion in market cap to \$2.5 trillion in 4 years.

Jason Calacanis

It's incredible.

Chamath Palihapitiya

It's just way too much value that - that is there to then be leaked back. You know, the interesting thing to remember - during the PC revolution, which is really mostly the '90s, right? It ended in the late '90s. I would say like '98 - '99 - right before the dot-com bubble took over. Intel's peak market cap was - I think it got to about \$200 billion. And then, their average growth rate from 1998 to today was negative 1.4% a year, right? So, it went from about \$200 billion to about \$130 odd billion. And why? It's not that Intel was a worse company. But it's that everything else caught up. And the economic value went to things that sat above them in the stack. Then, it went to Cisco for a while, right? Then after Cisco, it - it went to the browser companies for a little bit. Then, it went to the app companies. Then, it went to the device companies. Then, it went to the mobile companies. So, you see this natural tendency for value to push up the stack over time.

Jason Calacanis

So, let me ask you then - yeah.

Chamath Palihapitiya

And in AI, we've done step one - which is now you've given all this value to - to Nvidia.

Jason Calacanis

Yeah.

Chamath Palihapitiya

And now, we're going to see it being reallocated.

Jason Calacanis

So, Chamath. Who's in the arena trying stuff? Some of these things working, obviously. And some not working.

Chamath Palihapitiya

Well, everybody, right? So - so right now, what you do is you speculatively bet on anything that kind of like quote-unquote "rhymes with Nvidia". So, AMD is ripping. The companies that make HPM is ripping. So, all of that stuff. The - the folks that make optical cables. This Japanese company that I found that makes like the high-bandwidth optical cables is ripping. So, everything - anything related to that ecosystem right now is at all-time highs. But at the same time, what you find now is like every other day when you wake up and read the - the trades in techland, you find that there's a company that's gotten seeded with 5 to 50 million bucks to create a new chip, right? You're also starting to see folks that are working a little bit above the stack and build better compilers, right? Things that'll allow you to actually build once - run in many different compute environments. So, all of this stuff is starting to happen. At some point, the spread trade will be that Nvidia loses share - even though revenues keep compounding - to these upstarts.

Jason Calacanis

Yeah, death by a thousand startups.

Chamath Palihapitiya

Yeah.

Jason Calacanis

Alright, Sacks. I guess one of the questions people are asking right now is: Have we ever seen a company at this scale and the impact it's having? Not just in technology, which Chamath just pointed out beautifully, but also it's having a huge impact on Wall Street - on the stock market - on finance.

David Sacks

Well, the - the company that everyone compares Nvidia to - or ask the question about whether a historical comparison should be made - is Cisco.

Jason Calacanis

Right.

David Sacks

So, there's an article in Motley Fool saying, "Is Nvidia Doomed to be the Next Cisco?" There was one in Morningstar called, "Nvidia 2023 vs. Cisco 1999: Will History Repeat?" The reason they're asking these questions is that - if you go back to the dot-com boom in 1999 - you can pull up the stock performance chart. You can see that Cisco had this incredible run. And if you overlay the stock price of Nvidia, it seems to be following that same trajectory. And what happened with Cisco is that when the dot-com crash came in 2000, Cisco stock lost a huge part of its value. Obviously, Cisco is still around today and it's a valuable company. But it just hasn't ever regained the type of market cap it had. The reason this happened is because Cisco got commoditized. So, to Chamath's point, the success and market cap of that company attracted a whole bunch of new entrants. And they copied Cisco's products until they were total commodities. So, the question is: Will that happen to Nvidia?

Jason Calacanis

Yeah.

David Sacks

And I think the difference here is that, at the end of the day, networking equipment - which Cisco produced - was pretty easy -

Jason Calacanis

Pretty one-dimensional.

David Sacks

- to - pretty easy - yeah - pretty easy to copy.

Jason Calacanis

Moving data around. Yeah.

David Sacks

Right. Whereas if you look at Nvidia, it's - the - these GPU cores are really complicated to make. And Jensen makes this point that the H100, for example, has thousands of components and it weighs like 70 pounds or something like that. I mean - this is -

Jason Calacanis

Yeah, it's like a giant oven. I mean -

David Sacks

Yeah, it's like a mainframe. It's not - it's not just like a little chip. So, it's a much more complicated product to copy. And then, on top of that, they're ready in the R&D cycle for the next chip, right? Whatever is going to be the H200 or whatever it is. And so, as people try to catch up with the H100, they're going to be onto H200. So, I think you could make the case

that Nvidia has a much better moat than Cisco. And just - by the way, on this Cisco comparison - just to - just to finish the thought - people were making this comparison 6 months ago.

Jason Calacanis

Hmm.

David Sacks

And what's happened since then? Nvidia's had two blow-out quarters.

Jason Calacanis

Yes.

David Sacks

And the competitors don't seem to be that much closer. Maybe a little bit closer. But so, you know. Look, I think it's an open question.

Jason Calacanis

So, there's a counter here, Friedberg, which is - obviously, if you follow the Cisco analogy, one of the things that also sunk Cisco was once people had bought all that capacity, there was no need. There was no file size that was so great that it couldn't be moved easily around the internet. You know, you - you make movies HD, Super HD, 2K, 4K. The - the - we've created too much bandwidth. There was no use for it. So, I guess that that's a counterargument for maybe when if we build up too much capacity, NVidia also could - not by competitors, but just by the buildout - being enough. So, what you're taking on that counterargument? And then, whatever other thoughts you have.

David Friedberg

I think that the Cisco analogy - it's a pretty different situation because Cisco evolved the business to become much more enterprise-centric. And they were able to - to run an M&A process like we see with enterprise software where they could acquire and roll up lots of different product companies and sell into their enterprise channels - so, do a lot of cross-selling. Nvidia is not a super acquisitive business and it doesn't make as much sense because they're selling much more - kind of - infrastructure tools whereas Cisco moved really high up in the - in the enterprise stack. They were selling stuff into office buildings. They were selling software. They did acquisitions to - kind of - fully integrate. They had a very diverse set of products that were selling through an enterprise channel further up the value stack and a pretty distributed customer base - no - no serious concentration. Even though they did sell a lot into data centers, they were also selling to telcos. They were selling enterprises. They were selling to governments and so on. If you look at Nvidia's revenue, they did \$26 billion of total revenue in the quarter - \$22 billion of which with data center - and about 40% of that was from the top four hyperscalers. So, a - a full 1/3 of

Nvidia's revenue in the quarter came from - I believe it's Google, Amazon, Microsoft, and Meta. And so, between those four businesses, you know that those companies each have, I believe, at least over - or close to - \$100 billion of cash sitting on their balance sheet. They can't find great places to invest that cash to grow revenue. And so, they've rationalized away the idea that they will make CapEx investments to build over the next 5 to 10 years. And this is where that money flows.

Jason Calacanis

Yeah, we talked about that in a previous episode - because there's no M&A. To your point -

David Friedberg

Yes.

Jason Calacanis

If Lina Khan's not going to let you buy stuff or the UK is not going to let you buy stuff -

David Friedberg

So, I think that they're going to have less maneuvering capability than Cisco had in the future. And obviously, there's this deep concentration risk - which is going to be really challenging.

Chamath Palihapitiya

I think Nvidia - this is to build on Sacks' point - is going to get pulled into competing directly with the hyperscalers. So, if you were just selling chips, you probably wouldn't. But Sacks is right. Like these are - these big bulky actual machines. Then all of a sudden, you're like, "Well, why don't I just create my own physical plant and just stack these things and create racks and racks of these machines?" It's not a far -

Jason Calacanis

And go head-to-head with AWS instead of selling to them.

Chamath Palihapitiya

It's not a far stretch - especially because Nvidia actually has the software interface that everybody uses - which is CUDA. So, I think it's - it's likely that Nvidia goes on a full frontal assault against GCP, and Amazon, and Microsoft. That's going to really complicate the relationship that those folks have with each other. But I think it's inevitable because you're going to - how do you defend? It's kind of the Apple problem. How do you defend an enormously large market cap? You're forced to go into businesses that are equally lucrative. Now, if I look inside of compute and look at the adjacent categories, they're not going to all of a sudden start a competitor to TikTok, right? Or a social network. But if you look at the multi-hundred-billion-revenue businesses that are adjacent to the markets that Nvidia enables, the most obvious one is the hyperscalers - which are multi-hundred-billion-dollar

revenue businesses. So, they're going to be forced to compete. Otherwise, their market cap will shrink. And I don't think they want that. And then, it's going to create a very complicated set of incentives for Microsoft, and Google, and Meta, and Apple, and all the rest. And that's also then going to be an accelerant. They're going to pump so much money to help all of these upstarts - to your point, Jason - chip away and nip at the Achilles' heels of Nvidia until they fall.

Jason Calacanis

Yeah. And there's a great precedent for what you're saying because - or clues. Amazon is making chips. Google is making chips. And in fact, Apple -

Chamath Palihapitiya

Facebook's making chips. Tesla's making chips.

Jason Calacanis

And then, Apple -

Chamath Palihapitiya

Apple's rolling chips. Everybody's rolling silicon.

Jason Calacanis

- makes their own chips and they got rid of Intel. And so, this is how it's going to go. Your margin is my opportunity. And you know - with all this market cap increase, the good news is it's just reported that Jensen has bought a second leather jacket. So, all this market cap has enabled him to expand the wardrobe.

Chamath Palihapitiya

He looks - by the way, I've got to say. He looks really good. He looks super fit.

Jason Calacanis

He looks great. Yeah.

Chamath Palihapitiya

You know, he's - he's in his late 50s.

Jason Calacanis

Yeah. Pull up a picture of Jensen. Let's man crush him.

Chamath Palihapitiya

How old is he? Is he late - is he - isn't he in his late 50s?

Jason Calacanis

He's going into his Harrison Ford era.

Chamath Palihapitiya

He looks - he looks great.

Jason Calacanis

The salt and pepper.

Chamath Palihapitiya

He looks great.

David Friedberg

He's 6 - 61.

Chamath Palihapitiya

He's 61?

Jason Calacanis

He's 61?

Chamath Palihapitiya

He looks amazing. He looks amazing.

Jason Calacanis

I'll tell you something. In the zombie apocalypse draft, I'm picking him. That guy seems crafty. You know -

Chamath Palihapitiya

He seems like he's -

Jason Calacanis

- like resourceful.

David Sacks

No -

Chamath Palihapitiya

What do you think he does for exercise?

David Sacks

No plastic in his balls.

Jason Calacanis

No plastic balls. Plastic-proof balls.

Chamath Palihapitiya

No, no, no. His balls have plastic.

Jason Calacanis

Steel. He's got steel in there. No, no. He's got - his have brass in them.

Chamath Palihapitiya

No, no. His is - his - his balls are full of plastic.

Jason Calacanis

He's - he's literally had brass put into his balls.

Chamath Palihapitiya

No, all of our balls have plastic apparently.

Jason Calacanis

Okay. Well, we have two choices here. We can go with another tech story or we can go directly to Science Corner and -

David Sacks

Well, no. I think you should do state of the economy. And then, do Science Corner.

Jason Calacanis

Okay. So, you want -

David Sacks

That's my advice.

Jason Calacanis

- to talk about our pocketbooks. And then, we'll talk about our pockets. And then, we'll just make a quick detour to the right. And then, talk about our balls. Since we're in the same vicinity. So, let's get -

David Sacks

Then, we should end on our balls.

Jason Calacanis

Okay, great. Yeah.

Chamath Palihapitiya

Yeah. Yeah, let's end - let's end with out balls.

David Sacks

The Science Corner can finally relate to -

Jason Calacanis

I mean - Friedberg, told me he likes to start with the balls. I don't know because everybody's got different kind of vibes here.

David Sacks

The ballplay should come a little bit later in the - in the program.

Jason Calacanis

You want to save the ballplay for later, Sacks? Okay.

Chamath Palihapitiya

Yeah. Yeah.

Jason Calacanis

I'm having a hard time keeping this together, guys. More than half of Americans think we're in a recession. I think we're in a vibecession right now because we're not in a recession. But people are feeling really bad. A Harris poll conducted by The Guardian shows that 50% - 56% of Americans wrongly believe the US is in a recession. Not surprisingly, they blame Biden. The poll highlighted a bunch of misconceptions. 55% believe the US economy is shrinking. It's obviously not. 56% think the US is experiencing recession. It's obviously not. 49% of people believe the S&P 500 stock market index is down for the year. It's up 12% this year. It was up 24% in 2023. And 49% believe that unemployment is at a 50-year high when it's, in fact, at a 50-year low. And Americans are really concerned about the cost of living and inflation. Fair enough. 70% said the biggest economic concern was the cost of living. 68% said that inflation was the biggest economic concern - important quote here - a majority of respondents agreed "it's difficult to be happy about positive economic news when I feel financially squeezed each month" and that the economy was worse than the media made it out to be. According to the polls, 70% of Republicans and 40% of Democrats think Biden is making the economy worse. Chamath, you have some thoughts on this.

Chamath Palihapitiya

I'm going to go out on the limb and speculate that a lot of the big numbers that we use to gauge how we should feel about things -

Jason Calacanis

Mmhmm.

Chamath Palihapitiya

- in today's day and age, are pretty brittle -

Jason Calacanis

Okay. Explain "brittle" here.

Chamath Palihapitiya

- and fragile and may - may actually just be totally wrong. So, what's an example? So for example, like - if you look at something like non-farm payrolls, right? So, the first Friday of every month, you get this report that comes out from the - the Department of Labor and it shows what - where unemployment is. But how do they calculate that? Do you think that they have a real-time sense of exactly every person in that month that entered the workforce or exited the workforce? No. They do a survey. And then, they extrapolate. And if you do that survey incorrectly - and Jason, you've commented on this before. For example, if you don't capture adequately the number of people that are on the sidelines and never join the workforce or the number of people that are part of the gig economy - so, they are kind of working - you get an inaccurate sense of where the real economy is. I think that GDP is somewhat similar because if you just break down what GDP is - so Nick, there's a very simple pie chart I sent you. What is GDP? It's the sum of four things. Most of it is what people spend.

Jason Calacanis

Okay.

Chamath Palihapitiya

Then, the next big chunk is what companies and governments spend. And then, the last is what we export to other countries. So, let's just pause for one second and think about: What do you think happens when rates are zero versus when rates are at 6%?

Jason Calacanis

People spend a lot more.

Chamath Palihapitiya

Well - well, people are tend - are tend to save when interest rates are high - just the - the natural thing. Like why would I buy a pair of these Nike shoes? I'll just put it in the bank and get 6%. But when the bank pays you 0%, you're like, "Ah. Let me buy these Air Force 1s and move on." Right? It turns out, it's the same for companies. Companies find it easier to invest when rates are at 0% because it's cheaper. It's much more expensive because they're borrowing money at 6% versus at 0%.

Jason Calacanis

Or more. Corporate gets charged -

Chamath Palihapitiya

Or more.

Jason Calacanis

- a higher fee, right? Yeah.

Chamath Palihapitiya

Then, when you have high interest rates, you have a currency that appreciates. It makes exports less attractive to other people, which means then you become a net importer. Okay. So, what is the last thing that's left? The last thing that's left is government spending. And you have to ask the question: What should governments do when rates are high? There is a chart I published in my annual letter - if you just go to that for a second.

Jason Calacanis

And just going back to this chart - right before it -

Chamath Palihapitiya

Yeah.

Jason Calacanis

- just so the people who are listening - if you put the pie chart up, Nick - important for people to know. Consumer is about 70% of the economy. And if you put investment and government together, that's just over maybe 34% - 35% or something like that.

Chamath Palihapitiya

35%. Yeah, exactly.

Jason Calacanis

Yeah, 35%. So, it is a consumer-driven economy. But hey - you know - corporate and government spending is a major piece as well.

Chamath Palihapitiya

And then - and I just wanted just to highlight that when interest rates are very high, all of a sudden, governments are faced with this very difficult problem - which is, "Oh, man. I have to spend a ton of money on interest." Just like if you had a bunch of credit cards and, all of a sudden, the interest rates went up. So, the choice is twofold. Do governments spend less? But unfortunately, it turns out that our governments - in America - they just keep spending more and more. So, even if net interest income is small - even if net interest income is high, they're just like, "Forget it. The taps are on." So, what does this all mean? I think what it really means is that we do a very poor job of measuring all these dynamics together. And so, I actually trust the survey data of these individuals more than I trust the GDP report in the sense that I think it more accurately captures this dynamic. Rates are at 6%. People are

saving more. It - they're not getting paid more. Things are costing more. The government is giving you free money, so you kind of feel like everything is moving. So, that the GDP measurement - the way that it's classically done - shows that, "Wow, we grew it 3% or 4%." But the average individual American isn't feeling that. They're actually -

Jason Calacanis

Yeah, they're not part of it.

Chamath Palihapitiya

- feeling that they have less money. So, I would actually go with them and actually say, "If we don't revisit this thing from first principles, we're going to get this dynamic where we think one thing is happening, but the actual exact opposite is happening." In this case, I do think we're in - we're in a quasi-synthetic recession.

Jason Calacanis

Sacks, what's your take on the vibecession?

David Sacks

Well, look. I - I tend to agree with Chamath on this. I think this is a classic story of: Who do you believe? Do you believe the experts or do you believe in the intuitions of the American people? And the experts have some statistics on their side. But - you know - the old saying goes, "There's lies, damn lies, and statistics." And then, the American people have their actual "lived experience" on their side. They know what they're feeling. And I tend to trust in that. And obviously, we're in an election year and the press knows that. So, they're trying to do this big cleanup effort for Biden. But why is it that people are feeling this way? Number one is inflation. And if you look at this chart, you can see that if you look at household net worth since the start of the Biden presidency and compare it to the change in household net worth at a similar point in Trump's presidency, in nominal terms, it appears to be the same. But then, if you adjust for inflation - in other words, you look at the real household net worth - you can see that household net worth during the Biden term has been flat - actually, it's down since -

Jason Calacanis

Because of inflation, right?

David Sacks

Because of inflation. And -

Jason Calacanis

Where did the inflation come from?

David Sacks

Where did the inflation come from?

Jason Calacanis

Yeah.

David Sacks

Well, Larry Summers warned in the first quarter of the Biden administration that if you passed an unnecessary \$2 trillion of COVID stimulus, you would produce inflation. The inflation rate when Biden came into office of 1.7%. We had a rip-roaring economy. But he started stimulating. And we talked about it. Bidenomics is this new policy of pumping trillions of dollars of stimulus into a healthy economy - which we've never done before. What happened? Inflation went all the way to 9%. So, people's wages have not kept up with the rate of inflation. This is why they feel worse off. When you actually look at purchasing power, people are worse off in terms of their actual ability to buy things. Their purchasing power has gone down. Wages may have gone up a little bit, but they have not gone up as much as inflation. So, people feel worse off. Now, Larry also had that, I think, really informative study showing that inflation would have peaked at 18% if you include cost of borrowing. So again, to Chamath's point, if you're trying to get a mortgage and you're paying 7.5-8%, you'd feel way worse off. If you need to buy a car and make a car payment, you'd feel much worse off. If you've got credit card debt - which has now hit an all-time record - something like \$1.1 trillion - your credit card rates have never been higher.

Jason Calacanis

Right.

David Sacks

So, the average American feels worse off because cost of borrowing has a huge impact on their household finances. And that's why if you read one of the last paragraphs in that story that you referred to, they use the key words, the consumer feels "squeezed". The average household feels "squeezed". They may not have lost their job yet, but they've lost purchasing power and they've lost -

David Friedberg

Yeah, they're under - they're underearning. They're underearning.

David Sacks

Yeah.

David Friedberg

And so, the - the projection -

David Sacks

So, this is obvious. And you know - the press - the press can gaslight us all day long about how wonderful things are under Biden. But the average American, I think, understands differently based on their own experience.

David Friedberg

I think the whole thing comes down to the projection of an individual or a household of their lived experience onto the economy. You assume that because you're having a tough time, the economy is bad. That - and - and the economy, as a definition for them, is: How do I earn? And how do I spend? And if I'm underearning, that means there must be serious job loss and things are more expensive. And my ability to purchase isn't improving. And so, I think I - we're all kind of going to end up on the same take on this one. I mean - Nick, if you want to pull this image up. This is, I think, a helpful one - which is disposable personal income relative to outlays - that folks are needing to spend more than they're making. So clearly, indicating that they're feeling like they're underearning. So, the projection of that is, "The economy is bad.", without recognizing that it is an inflationary experience - whereas economists use the definition of - of quote "economic growth" being gross production - gross product. And so, if gross product or gross revenue is going up, they're like, "Oh, the economy is healthy. We're growing." But the truth is, we're funding that growth with leverage at the national level, the federal level, and at the household and domestic level. We are borrowing money to inflate the revenue numbers. And so, the GDP goes up, but the debt is going up higher. And so, the ability for folks to support themselves, and buy things that they want to buy, and continue to improve their condition in life has declined. It - things are getting worse. And if you go to the next image - as Sacks pointed out already, here's the image of total outstanding credit card debt - over a trillion dollars. It's totally spiked. And it's going to continue to spike just like federal debt because of the next chart, which is the sudden jump in interest rates. So, we've seen credit card interest rates jump from 12% on average 10 years ago to 21.19% right now. And it was at 14% at the end of 2022. So, we've gone from 14% average credit card interest rates to 22% now in just about 24 - 20 to 24 months. And so, the - the projection that I think of the quote, "Economy must be bad.", is resulted from the fact that income to spending is actually pretty negative. So, here's the real median family income. This actually only goes through 2019. So, it doesn't even capture the era - the era that we're talking about. But this has been going on for quite some time - that the average American's ability to improve their condition has largely been driven by their ability to borrow, not by their earnings. And this has created a substantial set of precedents that we're now running into a wall with interest rates spiking and inflation hitting us because of the overall federal debt that we've taken on.

Jason Calacanis

I think we're probably going to go around the horn and all agree. Obviously, the crazy spending started in the Trump and COVID era. And that caused a lot of the inflation as well - just to be fair. It's two - two administrations that are just out of control with spending. But

the way I look at this is the Mickey D economy. People may not know this, but 96% of Americans eat meals at least once a year in McDonald's. 8% of Americans eat at McDonald's on an average day. And when you look at the prices of McDonald's here - if we look at this image -

David Friedberg

Yeah, this is incredible. This is unbelievable.

Jason Calacanis

This is unbelievable. Medium french fries at McDonald's - \$1.79 in 2019. And now, \$4.19. And then, if we look at just McNuggets -

Chamath Palihapitiya

My gosh.

Jason Calacanis

\$4.49 to \$7.58 - 68% increase, McChicken - \$1.29 to \$3.89. And then, here is a very interesting one. This is CPI versus McDonald's Big Mac prices. Let's take a look at that. As much as the consumer price index has surged, Big Macs have exceeded that. And so, Americans are seeing this over and over again when they go to McDonald's and other places. And - and that's what's causing the feeling. Because when you spend -

Chamath Palihapitiya

JCal, go back to the chart.

Jason Calacanis

Yeah.

Chamath Palihapitiya

Go back that McNugget chart. I just want to see what - what is it? End of 2019. So, this is - basically, you'd want to look at the 4-year stock price, right? So, like these guys have jacked up prices.

Jason Calacanis

Massively.

Chamath Palihapitiya

If you - you look at what's happened to the stock, the stock is way up. It's kind of been - they've been very motivated and rewarded as a company for just rewarding the shareholder and kind of screwing over the customer.

Jason Calacanis

If you own equities in McDonald's and you're in the top third or half of - maybe half of - Americans who have equity exposure, you're feeling great. If you're in the bottom third or half, and you're buying at McDonald's, and you don't own equity in McDonald's, you feel terrible. Friedberg, you have some additional thoughts?

David Friedberg

Yeah, but remember. What McDonald's and other fast food companies have said is that labor costs have climbed. Here's a chart on labor costs that -

Jason Calacanis

Yeah.

David Friedberg

- Nick can pull up. Workers at Walmart and McDonald's have had pay increases. But this has really been to try and keep up with inflation. The inflation of other costs. So, a lot of people will say, "Oh, they're price gouging. They're ripping off consumers to make profits for shareholders." But the truth is, the biggest component of running those restaurants is labor. And labor has gotten more expensive because the employees that work there have to earn enough to pay their bills and to afford their food.

Jason Calacanis

Yeah.

David Friedberg

And this is the circular effect of inflation. It finds its way all through the economy, it filters down, and it eventually hits everyone.

David Sacks

Look, fast foods are pretty competitive business. I mean - I think the reason why McDonald's is raising prices is because everyone else is raising prices. I mean - otherwise, they'd be losing share.

Chamath Palihapitiya

Totally.

David Sacks

And just look - go to the grocery store and look at the price of steak, or chicken, or whatever - or eggs. It's gone up tremendously over the last few years. I mean -

Jason Calacanis

Sacks, let me ask you a candid question. When's the last time you were in supermarket? Be honest. When's the last time -

David Sacks

Look, I'm not saying that -

Jason Calacanis

- you literally went to a supermarket? I'm just curious.

David Sacks

I - I - it's not relevant. I mean - yeah, look.

Jason Calacanis

It's just a joke.

David Sacks

Obviously, we know that the price of eggs doesn't affect me. Okay, great. I'm in a fortunate position. That's not what the topic is.

Jason Calacanis

Yes.

David Sacks

The topic is: What is the impact on the American people? And why - why do 70% of the people in that poll feel that we're in a recession even though the experts tell us we're not? And I've explained it.

Jason Calacanis

Yeah. And - and the other thing is: There's a - people conflate -

David Friedberg

I went to the supermarket the other day.

Jason Calacanis

I - I like going to the supermarket. I take my girls to the supermarket.

Chamath Palihapitiya

I go every week. I go every week.

David Friedberg

I could not believe how expensive things - I mean - some of the stuff I was just blown away how expensive they -

Jason Calacanis

It's bonkers.

David Friedberg

It's bonkers.

Chamath Palihapitiya

I bought the - look at the - look at the package I sent you guys - the Driscoll's super sweet strawberries. \$6.99.

David Friedberg

How much were they?

Chamath Palihapitiya

\$6.99, a package.

Jason Calacanis

You did. You cornered the market on them. I went and I tried to find them here in San Mateo and there's none left. They said, "Chamath cornered the market."

Chamath Palihapitiya

I went to Sigona's.

Jason Calacanis

You sent your assistant?

Chamath Palihapitiya

Nat and I - no, Nat and I go to Sigona's every week. (a) because we like buying our own fruit.

Jason Calacanis

Yeah.

Chamath Palihapitiya

But also, (b) because our kids like to do it, and they like to see -

Jason Calacanis

Yeah.

Chamath Palihapitiya

- what things cost, and they like to pick stuff.

Jason Calacanis

Fantastic.

Chamath Palihapitiya

But you know - this sweetest batch was 7 bucks.

Jason Calacanis

For how many strawberries is that? Like 12 strawberries in there?

David Friedberg

How much - how - how was it, by the way? Was it good?

Chamath Palihapitiya

So, here's what I'll tell you. Quite honestly, I'm like - I think that you need to put these guys on notice.

Jason Calacanis

Oh, on blast.

Chamath Palihapitiya

The perfume. So, the - the - the nose - like - just like - it's incredible.

Jason Calacanis

Mmhmm.

David Friedberg

The aroma. Yeah.

Chamath Palihapitiya

The smell is - the aroma - it's just absolutely incredible.

David Friedberg

Yeah.

Chamath Palihapitiya

But to be totally honest with you, the mouth feel and the sweetness is not what this label would imply.

Jason Calacanis

Hmm.

David Friedberg

Yeah.

Chamath Palihapitiya

And so -

Jason Calacanis

What were you expecting in terms of mouth feel?

Chamath Palihapitiya

I was expecting like something juicier - more succulent.

Jason Calacanis

Hmm.

David Sacks

Let me - let me ask you a question, Chamath. Do you have a sommelier for your fruit?

Chamath Palihapitiya

Yeah. Me.

David Sacks

I mean - you seem like a real connoisseur here. Did you do tasting notes.

Jason Calacanis

Yeah, do you have a Josh for fruit?

David Friedberg

A fruit - fruitlier.

Chamath Palihapitiya

No, I told - I've - I've been texting - I've been -

David Sacks

Hahaha, fruitlier

Chamath Palihapitiya

- texting Friedberg for a month. I am a connoisseur of fruit, okay? It's very important to me. I like good fruit. So, you know - my wife and I go and find good fruit for our family. And it's really expensive. And even this, overpromises and underdelivers. So Friedberg -

Jason Calacanis

You need to get the Hokkaido strawberries.

Chamath Palihapitiya

- if you can - if you can land a GMO strawberry, I'm going to put it in my belly. Give me a GMO strawberry, Friedberg. Twice as big. Three times as sweet. Get in my belly.

David Friedberg

I think we should all go to Tokyo for a weekend and do some fruit tasting in Tokyo.

Jason Calacanis

You have to get on the Hokkaido strawberries. This is where it's at. You have no idea like what you can spend on strawberries. People are spending 10 bucks on a strawberry. It is bonkers.

Chamath Palihapitiya

I bought a \$100 mango once in Tokyo.

Jason Calacanis

Yeah. Incredible. You know - the other thing, I think, with these numbers is: If you're an economist and you're like, "Inflation has gone down.", that means the rate of inflation has gone down - from 6% or 7% down to 3%, or 2.9%, or 3.1%. That doesn't mean prices aren't still going up.

David Sacks

Right.

Jason Calacanis

And so, the question is -

Chamath Palihapitiya

By the way, if you want to -

Jason Calacanis

- how do these cycle down?

Chamath Palihapitiya

- if you want to replace - if you want to replace GDP, there was a very good article in The Wall Street Journal a few weeks ago about how there's been just a total breakdown in what these high-level numbers say - kind of what we've been saying - and how Americans feel. And they introduced a different score. Well, they - they gave it publicity. It's not their score. But it's something that they call the "CORE score".

Jason Calacanis

Okay.

Chamath Palihapitiya

And what that does - it's - I'll just read it to you just so you can understand it. It's a county-level index of well-being using measures of economic security, economic opportunity, health, and political voice. And so, the lowest possible score is 0. The highest possible score is 10. As it turns out - when they use this across every county in America, the distribution is basically as follows. The - the most quote-unquote "prosperous county" is Falls Church, Virginia - which is 7.86 out of 10. And the lowest county is Jim Hogg County of Texas - which has a score of 2.25. So, to the extent that you want to start to look at granular measures, this is one. I'm not going to advocate for it, but it's an example. But what do you notice in here? What I notice is that there's a lot of patches of like "meh" to "not good" in most parts of America. And so, other than a very few small pockets where people feel great, most of the country is sort of dissatisfied. And I think that that's a really important thing to internalize.

Jason Calacanis

Yeah. Some of this -

David Sacks

Yeah.

Jason Calacanis

- is classic psychology. You know, people do focus on the negative. The media focuses on the negative. And then with social media, people are seeing lifestyles that are unattainable - just like they're seeing body types that are unattainable - because people are doing filters. You're also seeing people living a lifestyle that's unattainable. And then, it makes people - because their expectation of their life is so high - when they then subtract the reality of their life, they've got a deficit. And really, happiness is like expectations minus reality equals happiness.

David Sacks

Yeah, but you had that same dynamic when consumer sentiment was much higher. In a previous administration, people were feeling much better about the economy. So, that's a constant.

Jason Calacanis

Yeah. Well, people were having free money dropped on their head.

David Sacks

I think you're trying - you're still - you're still trying to make -

Jason Calacanis

People were having - Trump dropped free money on people's head. So, your argument that Biden's -

David Sacks

No, wait.

Jason Calacanis

- crazy at spending.

David Sacks

No, no, no. I'm talking about before COVID.

Jason Calacanis

Trump sent them free checks with his name on it, so - yeah.

David Sacks

Yeah, when the economy when the economy was down 33% year-over-year, okay? And both parties -

Jason Calacanis

But you admit that he spent way too much money, right? You admit he spent way too much money.

David Sacks

Well, both parties - both parties thought that we were ahead of for depression.

Jason Calacanis

Right.

David Sacks

And so, we had a bipartisan stimulus bill during an actual crisis.

Jason Calacanis

Right.

David Sacks

Once the crisis was over, there was no need to keep spending.

Jason Calacanis

Got it. So, when Trump signed those checks -

Chamath Palihapitiya

Let's be fair, Jason. Jason - Jason, let's be fair.

David Sacks

There's no comparison.

Jason Calacanis

- he wasn't responsible and Biden is. Okay.

Chamath Palihapitiya

Jason, once the - once the seal has been broken -

Jason Calacanis

Yeah.

Chamath Palihapitiya

I think it's fair to say both sides of the aisle now believe that they can give away an enormous amount of money. Both -

Jason Calacanis

Absolutely.

Chamath Palihapitiya

- there's - there's nobody -

Jason Calacanis

That's my point.

Chamath Palihapitiya

- that feels like they have a responsibility to stop.

Jason Calacanis

Exactly my point. Yeah.

Chamath Palihapitiya

But I think - I think what Sacks is - but Sacks is right in the sense that - so, if you take that as a constant, right? That there will always be handouts now of all kinds.

Jason Calacanis

Yup.

Chamath Palihapitiya

They'll be different flavors depending on whether it's a Republican or whether a Democrat. A Democrat may -

David Friedberg

And all - and all rationalized.

Chamath Palihapitiya

It's - it's all - but so then, what I'm saying is -

Jason Calacanis

Yes. That's my point.

Chamath Palihapitiya

- this abstraction though doesn't solve what's happening now because this free money is in the system. It's constantly in the system. It comes in different waves. So, people should feel better. The fact that they don't, in the face of this constant money train -

Jason Calacanis

Yup.

Chamath Palihapitiya

- I think, is actually quite alarming. This is, I think, what the point is, which is: We are economically in a very complicated moment in the sense that there is no pandemic to blame. There's no economy that's totally shut down. In fact, there's an economy that seems to be moving, but leaving an enormous number of people behind. So, however it has been structured - just sitting here today in 2024 - it's broken for more people than it's working for.

Jason Calacanis

Yeah. Trump - just to give facts. Trump will have spent \$7.8 trillion. Biden will spend slightly less - like 6.x trillion - at the end of these things. They're both going to have added \$15 trillion.

David Sacks

You're - you're missing the fact that Trump had 2020 with - when we had the COVID depression - or what would -

Jason Calacanis

Yeah. And the - and the terribly timed tax break.

David Sacks

- could have been when the economy was down 30% year-to-year.

Jason Calacanis

Yeah. And a terribly timed tax -

Chamath Palihapitiya

By the way, did you guys see -

Jason Calacanis

Break. Yeah.

David Sacks

Hold on a second. Let me just make this one point.

Jason Calacanis

Yeah. Go ahead.

David Sacks

Just because both parties have been irresponsible in spending doesn't mean that we can't make further judgments about who's been worse.

Jason Calacanis

Sure.

David Sacks

What's happened in the Biden administration is just quantitatively worse.

Jason Calacanis

Well, no. Quantitatively, Trump spent more. But you're saying qualitatively, Biden's is worse because he didn't need to. Is that -

David Sacks

There was no crisis.

Jason Calacanis

Right. Okay, I get it. One spent more. One spent less. But one didn't need to and one absolutely did. Yeah, I got it.

David Sacks

No. Look - look at - look at Trump's spending before COVID. Look at Trump's spending before COVID. It was like a 5% bump on Obama's spending.

Jason Calacanis

Well, the - the tax break was the one. That - that accounted for a lot of - yeah. But anyway, we can sit here and debate Trump versus Biden all day and -

Chamath Palihapitiya

Let's talk about my balls, boys.

Jason Calacanis

Yeah, we're - we're - we're wasting time here. We're wasting time on Trump and Biden when we can be talking about -

Chamath Palihapitiya

Let's get to my balls.

Jason Calacanis

If we're going to talk about our balls, we need to go to somebody who's an expert on our testicles. Friedberg, let's go -

Chamath Palihapitiya

Our balls have been on your face.

Jason Calacanis

- right to Science Corner. Let's talk about our balls with the sultan of science. There's been a study on phthalates, our balls, and plastic in our balls. Friedberg, tee this up.

David Friedberg

Yeah, the Consumer Reports put out a really interesting - or what has become pretty widely covered now - story a couple weeks ago where they measure phthalates in common foods. And Nick, if you want to just pull up the image that's been repeated in a lot of media - a lot of press. People were going nuts over this. Phthalates are these chemical compounds that are used in plastics or used with plastics to soften them. So, when you make plastics, you can kind of - you know - make them softer and - and form them into all sorts of different shapes and use them for different applications like plastic bags, or wraps, or cubes, or all sorts of things. And phthalates are these kind of smaller molecules that - that kind of go along with

the polymers that - that are the basis of the plastics. And they measured phthalates - which are known to be toxic in terms of if you get enough of them, they can be carcinogenic and cause cancer - and they show that every product they test had phthalates in it. Wendy's chicken nuggets had - you know - 33,000 nanograms per serving.

Chamath Palihapitiya

Oh, my gosh.

David Friedberg

If you scroll up to the top -

Chamath Palihapitiya

Look at the - wait. Look at the Chipotle chicken burrito. Oh, my God.

David Friedberg

Right. And just to be clear, guys - this is not just about packaging. Packaging plays a role, but the whole food supply chain - the way we wrap food, all of our water, all of our dust, all of the air we breathe - we have measured phthalates in everything. So, these phthalates end up in the animals that are used to make milk and the animals that people eat. They end up in the water that goes into the vegetables that we grow in the ground. They end up being used to make the little plastic jars that we feed our kids out of - the little yogurt pouches that our kids drink out of. Everything - all - just to move food around in plastic packaging.

Chamath Palihapitiya

But sorry - Friedberg - Friedberg, why would the chicken nuggets from Wendy's though be so - is it because they are eating?

David Friedberg

They are eating things that have plastics in them.

Chamath Palihapitiya

Plastics in them.

David Friedberg

But - but we also don't know what goes on -

Chamath Palihapitiya

And so, then we're going the chicken. So, we're eating the plastic.

David Friedberg

We're eating the plastic. And it's also the fact that the way that they process the chicken, and the material that they use, and the packaging that they use -

Chamath Palihapitiya

Wow.

David Friedberg

- and how they move this stuff from one place to another. You've got bags that are holding chicken breasts that then get put in the thing.

Jason Calacanis

Ugh.

David Friedberg

Every - and then, the oil has - has - you know - the oil is transported in plastic. We don't know. But -

Jason Calacanis

So, it's plastics all the way down.

David Friedberg

It's plastics all the way down.

Chamath Palihapitiya

Guys, look at this. I mean - like these - these are the things - like look at Annie's. I - first of all, I really dislike Annie's labeling and packaging. I think it's very ugly. So, I've never bought it for that reason. But I know that there's a lot of private equity moms that buy Annie's because it's supposed to be better for you.

Jason Calacanis

Go head. Keep, going Tucker. Private equity moms.

David Friedberg

No, this is a really - it's a really good point.

Jason Calacanis

Yeah.

David Friedberg

Hold on. Chamath's making a really good point. Go ahead, Chamath. This is really good.

Chamath Palihapitiya

And - and so, the problem is you see "organic" when you go - like we - again, we go to Draeger's. That's typically where we go. Sometimes we go to Whole Foods. But we go to Draeger's and Sigona's. That's the places we go to in our neighborhood. And when you go

and you look at these things like prepared meals, as an example, the thing that has always attracted me to Annie's is because it is positioned as it is cleaner and better for you. And you see everybody buying it. And what you actually see sitting on the shelf that's left over is actually the Chef Boyardee and the Campbell's. And I always thought to myself, "I won't buy Annie's because I actually don't like the label." To be honest, that was really why I didn't - just deeply disliked the packaging.

David Friedberg

Yeah.

Chamath Palihapitiya

But it turns out, it's the absolute worst for you.

Jason Calacanis

Yeah.

David Friedberg

It is. And - and let me just -

Jason Calacanis

Virtue signalling.

David Friedberg

- tell you guys some - let - let me tell you guys some stats about this. So, we produce about 3 million tons of phthalates a year - creating them - that we use in our industrial supply chain. The global market for phthalates is about \$10 billion per year. We find it everywhere - in our tap water - as measured in the US in multiple places. There's about 1 microgram. So, those - that - those were nanograms. So, you kind of divide it by a 1,000. So, that Annie's thing has 50 micrograms of phthalates in it. And there's about 1 microgram of phthalates per liter of water that you're drinking. Now, here's - a study was done out of Germany where they basically tried to estimate how much people were consuming. And on average, people consume or ingest about 6 micrograms of phthalates per kilogram of your body weight per day. So, an adult male is making - is consuming about 500 micrograms of phthalates per day. That's half a gram per day. And the human body metabolizes, and it excretes it, and it comes out. The EPA - all of the administrative like agencies that oversee this stuff - they're like, "It's okay. We metabolize it as long as we don't consume more than we can metabolize. It's going to be safe because it's not going to stay in our bodies. It's going to wash out." Here's the problem.

Jason Calacanis

Hmm.

David Friedberg

While it's in your body - while it's moving through your body being metabolized, it is what's called an endocrine disruptor. And we talked about this in the past with respect to the sunscreens. These phthalates actually interfere with the hormones that are made by things like your pituitary gland, your thyroid, and even some of the hormones that are produced in testicle cells. There was another study done that really tried to estimate what the impact was. And here is a study that showed: How do phthalates actually interact with different parts of the endocrine system? And they went through and they found all these places that biological hormones and the endocrine system are disrupted by the phthalates. And - and we'll - we'll put - put credit for everyone that - that - that shared these papers here later. And they basically showed the mechanism by which the phthalates are actually disrupting endocrine systems. Now, what is the endocrine system? We've talked about endocrine disruptors in the past. The endocrine system is the interaction of hormones with cells in your body produced by all these different glands in your body - like your thyroid, your pituitary gland, and so on - control things like growth, tissue development, reproductive tissue activity - like making sperm cells - autonomic function like body temperature, blood pressure, sleep, heart rate regulation, injury, and stress response, your mood. All of those things are regulated by your endocrine system. And so, when the - the - the hormones, or the proteins, or peptides that are made by those glands are disrupted by these phthalates, it can actually disrupt those systems and mess them up. So, while we're not consuming, generally speaking, enough phthalates to cause cancer - and therefore, we all say, "Hey, it's okay. These phthalates aren't that bad. We're not going to all die from cancer." The truth is there is demonstrations now on how they can actually disrupt the activity of your endocrine system. And as a result, have all of these deleterious effects. Another study done on 125 men out of China - this - this paper was done out of China. They saw damage to testicle cells that would die, testicle cells that would produce fewer sperm, and then testicle cells that produced sperm with extra nuclei. And they actually demonstrated this in rats. So, this set of compounds can be fairly disruptive. So now, we'll go to the next story, right? And the next story is the one that everyone's writing about - which is, "Oh, my God. There's plastic in balls." So, a team at University of New Mexico that was published in the Journal of Toxicological Sciences just last week, they took 47 neutered dogs testicles from a local pet clinic where they were getting neutered. And they found, on average, 128 micrograms per gram of microplastics in those testicles. And it was mostly - you know - polyvinyl chloride or one of the - the main plastics in polyethylene. And again, phthalates leach out of these plastics and leach into the cells. And then, they went to the medical investigators office and they found these - the testicles that were frozen for 7 years because when they do a medical investigation and they keep all the body parts, they keep them on ice. And then, they throw them away after 7 years. So, before they threw them away, they got permission.

Chamath Palihapitiya

Of humans.

David Friedberg

Of humans. They got permission to use these testicles to figure out: Are there plastics? And they measured it.

Jason Calacanis

In the frozen balls.

David Friedberg

In the frozen balls.

Jason Calacanis

These are ancient frozen balls. How old are these balls?

David Friedberg

23 frozen balls. About 7 years old.

Chamath Palihapitiya

7 years.

Jason Calacanis

Okay, 7-year-old balls frozen.

David Sacks

Wait, are people donating their balls to science? Is that how this is happening?

David Friedberg

No, it's like - when there's like a homicide or someone - and - or you don't know who died -

David Sacks

Geez.

David Friedberg

- or there's an investigation into why someone died - the -

Jason Calacanis

Got it.

David Friedberg

- the - the coroner - the coroner keeps the body parts in case it's needed for a - like a police case later.

Jason Calacanis

A cold case.

David Sacks

I - I just want to state on the record. I don't want my balls to use that way.

David Friedberg

Okay. You don't have the frozen balls on your driver's license - like freeze my balls.

Jason Calacanis

They asked me to store my balls, I think. They said, "You've got such huge balls. We can store them."

David Friedberg

Anyway, they got 23 - 23 of these - these balls from these -

Jason Calacanis

Mmhmm.

David Friedberg

- bodies. And they found plastics, on - on average, 328 micrograms per gram of - of testicle in - in these balls. It's a really -

Jason Calacanis

What do you usually find, Friedberg? What do you usually find in these balls?

David Friedberg

Well, we don't - we don't know because we've never taken human tissue and tried to take it apart in a -

Jason Calacanis

Ah.

David Friedberg

- very detailed way to figure out like: How much plastic is there? You know - what is it doing to our body? But now, I just want to connect the dots. So now, we have a sense that there's these phthalates and these other compounds that come with plastics that leak in that cause all this disruption. Separately, we're seeing this accumulation of these little plastic particles. And remember, plastics are polymers. They're long chains of monomers. And so, they can be short chains. They can be long. So, they break apart, break apart, break apart. And little tiny bits of them end up. And they're very hard to metabolize, and they sit in your

tissue, and then they can cause all this disruption. So, you know - I think these are like generally not -

Chamath Palihapitiya

I'm just going to say it. I'm just going to -

David Friedberg

Yeah.

Chamath Palihapitiya

First of all, I really appreciate that you did this. I think it's so important. We talked about microplastics a little bit ago. You know, JCal moved his whole family away, I guess a few years ago, from plastics. I've started -

Jason Calacanis

Yeah.

Chamath Palihapitiya

- to do it 4-5 months ago.

David Friedberg

But you can't get away from it. It is everywhere.

Chamath Palihapitiya

No, I - and - and - and - no - and Nat tries to get -

Jason Calacanis

It's in the supply chain is your point.

Chamath Palihapitiya

So, this is -

David Friedberg

It's a supply - it's in - it's in the water. It's in the air. It's everywhere. Yeah.

Chamath Palihapitiya

This is what I was going to say. I think our food supply - I think we should just say it out loud - is totally corrupted. And I think there's all of these other factors we look at - the rise in the use of SSRIs, the lack of sexual function in young men, the lack of sex, the low birth rate. I think these are all related.

Jason Calacanis

Hmm.

Chamath Palihapitiya

And part of it is the food supply. And part of the food supply problem is the fact that it is corrupted by these materials that should never be in our body. I'm just -

David Friedberg

I want to just put back on this because I don't - I don't want to limit it to -

Chamath Palihapitiya

I think it's - that's a guess. I honestly think it's the truth.

Jason Calacanis

It's an educated guess.

David Friedberg

I don't want to limit it - I don't want to limit it to the food supply because here's the other thing. All of us are wearing clothes that use polymers, which are plastics. All of us are sitting at desks that have coatings of polymers on them. All of us have iPhones that use polymers. All of us - us drive cars. And the rubber - one of the ways that they found that plastic - these microparticles - are getting in the air is through tires. When we drive, little particulates end up in the atmosphere. We breathe them in and then they end up in our body. Every part of our industrial supply chain uses polymers. Every part of our industrial supply chain.

Chamath Palihapitiya

I hear you. But the concentration - I'm going to guess that the concentration when you actually put it in your body - and then, you're intestines and your organs are bathed in this stuff - I'm going to guess that the food supply has a huge part to do with this.

David Friedberg

Yeah, but - when you're - well, let's say you take - let's say you're wearing a clothing. Almost all of our clothes now - many of our clothes have polymers in them. We put it in the washing machine. It ends up in the water supply chain. We consume that water. It's very hard to say that there's a specific action. Our whole system has been inundated with these lower-cost, high-value -

Chamath Palihapitiya

Okay, then let - let me say in a way that, maybe, you will agree with them. We need to fix something. My starting point would be the food supply.

Jason Calacanis

Yeah. Where do you start? Yeah. Water?

David Friedberg

Yeah, my big - my big takeaway is - is sort of like yours - which is almost impossible to alter this industry overnight given how ubiquitous these compounds are. And everything we do and touch - tires, phones, clothing, etc. But I think that this is going to trigger - and is the beginning of a wave. I'm noticing that a lot of folks are going to start to pay attention in the food industry and start to figure out ways to represent low-plastic, low-phthalate food products as a way to kind of sell a more premium solution. I think that's been the trend historically with the food industry, Chamath, is to respond to your ask right now and to then show up with - with solutions. So, I do -

Jason Calacanis

So -

David Friedberg

- think that that's - and just taking a step back. We don't have to use these. These are all based on fossil fuels. So, the way we make plastics is we basically pull oil out of the ground and we turn it into these polymers. That's the basis of this chemical industry. We don't have to do that. With the same function - we can get the same function -

Jason Calacanis

Hmm.

David Friedberg

- from what are called bioplastics. So, these can - these are compounds that can actually be much more biodegradable - that are made with biological systems and not made from oil using synthetic chemicals as systems.

Jason Calacanis

Got it.

David Friedberg

So, I do think that there's a really big opportunity for - for a wave of bioplastic alternatives given that this is now becoming a little bit more obvious to folks that there is this kind of systemic problem - that this is ubiquitous and that we do need to kind of address it.

Jason Calacanis

Okay. So, just zooming out here for a minute. You talked about the phthalates. But what about the bofas, Friedberg? The study on the bofas.

David Friedberg

Let me play in. What are the bofas, Jason?

Jason Calacanis

Bofa these nuts.

Chamath Palihapitiya

Hahaha. Well done. That was really well done. That was really really well done.

Jason Calacanis

Yes.

Chamath Palihapitiya

You - you nailed it. Oh, my God.

Jason Calacanis

We were workshoping that before the show.

Chamath Palihapitiya

I was like, "What is bofas? I have bofa these nuts!"

Jason Calacanis

Bofa these nuts!

Chamath Palihapitiya

Hahaha. That's awesome.

David Sacks

Why not just starting laughing before you deliver the joke next time? Geez.

Jason Calacanis

I'm trying. I'm trying.

Chamath Palihapitiya

Oh, my God. That was really good.

Jason Calacanis

Play us the air horn, Nick. Play us the air horn.

[Air Horn Sounds]

Chamath Palihapitiya

That was really good.

Jason Calacanis

No, no. Okay, let's get serious here for a second.

Chamath Palihapitiya

I have a real question. Part of the thing that I think is broken is that I think somewhere along the way we got screwed up in how food is labeled, right? And we - and then, it was - it was gamed defectively, right? So, for - for years even, when I was growing up, I thought you should not buy food that had - that was high in fat, as an example. And little did I know, I was ingesting all these sugars as a substitute to fat. It was a total mistake. Does the labeling need to become simpler and focus on these things that are just fundamentally carcinogenic for us? One. Two - are there like lawsuits that need to happen? Á la cigarettes - where you kind of -

Jason Calacanis

Hmm.

Chamath Palihapitiya

- connect the dots between these phthalates and a bunch of these diseases. Because it - it just seems like -

David Friedberg

I think -

Chamath Palihapitiya

- we are - people have thrown their hands in the air for years, right?

David Friedberg

Yeah.

Chamath Palihapitiya

Some people say autism and diet are correlated, right? Other people - so there's - there's - you know - Crohn's - the rise of Crohn's. There's so many of these conditions that there is a cohort of people that attribute most of the reason what - the pathology of the disease exists to food. So, what do we do?

Jason Calacanis

Or pesticides, right? Yeah, that was in there too.

David Friedberg

Is that your actual office behind you? Or is that a background, Chamath?

Chamath Palihapitiya

This is my real office, bro.

Jason Calacanis

It's the office. Yeah.

David Friedberg

Yeah, yeah. yeah. So, like every one of those books is coated in some of these compounds.

Chamath Palihapitiya

No, these are phthalate-free because these are from the 1400s. They didn't have that back then.

David Friedberg

Hahaha. Okay, good. Alright. Well, everything else and the desk is made of - all of those - you know -

David Sacks

The collector items.

David Friedberg

Yeah, pretty much every -

Chamath Palihapitiya

Yeah. These are - these are collectors items, bro.

David Friedberg

Yeah.

Chamath Palihapitiya

These are - these are from an era where that stuff didn't exist.

David Friedberg

And - and - you're - you're - you're pure - I'm assuming you're - you're - you're wearing a pure baby wool sweater - which doesn't have any polymer in it but -

Chamath Palihapitiya

It's baby - yeah, it's baby - baby cashmere.

David Friedberg

Yeah, but I think what's - what's - what's - what's overwhelming about this -

David Sacks

That's biodegradable, right? I think bio - I think baby cashmere is biodegradable.

Chamath Palihapitiya

It is.

David Friedberg

What's overwhelming about this problem is the ubiquity of the problem. It's almost like asking, "Tell me everywhere that carbon is used." Like imagine if you had to label every -

Chamath Palihapitiya

No, I know. I know. That's why I'm trying to hone you into this one area that I actually care - I get the tires, and the this, and the that. I'm trying to get to something that I fundamentally care about. I have young children. I feed them food every day. I don't trust my food supply. I've never really trusted it. And this kind of stuff adds to this body of evidence where I'm worried that if my kids go through some kind of an issue, at the core of it, will actually be something dietary. And it's typically overlooked by modern medicine because you'll treat it symptomologically. You'll try to give it some kind of pill. It's not how you treat a lot of these things. It could turn out where -

Jason Calacanis

I think - yeah.

Chamath Palihapitiya

- restructuring someone's diet can actually have an enormous impact. So, I'm just trying to figure out: What is something that we can all start to do to get a handle on this? Because you're putting food in your body every day.

Jason Calacanis

Yeah. It seems like you're saying it's - it's helpless here, Friedberg. There's nothing we can do. I think what Chamath and I are saying - asking you is like: Where do we start? How can we start to get off of plastics?

David Friedberg

I think we got to go into the source. So, biopolymers are made by living organisms. They're - they're typically longer chains of what are more like sugar molecules. And they can be used in a similar way that we're - they're not going to be as good as synthetic polymers that we use today. So, a lot of our applications - a lot of our industry would have to be rebuilt if we really wanted to go back to redesign the whole system. But we got to redesign the whole

system, Chamath. We're making everything out of these products because they're cheap. And because we can pull oil out of the ground and turn it into cheap stuff. And then, it makes things affordable for everyone on Earth. And that's how this industry emerged. You know, it was not like some - someone randomly came along and said, "Let's put plastics in everything because it's going to be good for people." It was a way to make products more accessible, and more available, and cheaper. And it's everywhere. And so, I think there's this real question of like: What industrial synthetic chemistries do we use today, as a species, that we should rethink using? And start at that level and then rebuild from there. And I think shining a light on this stuff and just talking about what these products are and how they find their -

Chamath Palihapitiya

I think - I think that that's - I think that's laudatory - laudatory but too complicated. I want something simpler which is like: Can we get a law passed so that chickens cannot eat certain kinds of food that are known to be high in phthalate?

Jason Calacanis

Yeah. And here's an idea. Look at this, Chamath. Like look at this banana. Like I - just as a newsflash, a banana already has a wrapper. It's called the peel. And then, people are wrapping plastics on this stuff. Like I think consumers need to demand that like that we have low packaging.

David Friedberg

Why did you take a picture of a banana? Why did you take a picture of a banana?

Jason Calacanis

I found that on the internet. I didn't actually take it myself but -

David Friedberg

I thought you were like sitting at the store photographing bananas.

Jason Calacanis

No, no. It's just - it - you know - when you see this kind of packaging - this is what has made me nuts in my life - is all this crazy packaging going on. And in Europe, you are required at the supermarket - and people do this when they get to the end of the counter. They take the packaging off. The supermarket has to take the packaging, right? So, they have to bear the burden of it. So, if you get a tube of toothpaste, you can take the packaging off and hand them the thing. Other places are now saying, "Hey if you're coming for peanut butter, or grains, or flour, or sugar..." They have a barrel of sugar. They put it in a brown bag. And you - and you get this like more clean experience. I think we have to have like both ends of this - the supply chain but also consumers.

Chamath Palihapitiya

There's a - there's like - there's like a marketing -

David Sacks

I want my bananas to come with packaging on them.

Jason Calacanis

You do? You want them wrapped in plastic?

David Sacks

I don't want anyone else's fingerprints. I don't want anyone's fingerprints on my bananas.

Jason Calacanis

Okay, fair enough.

Chamath Palihapitiya

But it's on the peel, bro.

Jason Calacanis

You don't eat the peel, brother. You don't eat the peel.

David Sacks

Yeah, but I - I could touch it.

Jason Calacanis

I haven't - we haven't bought water bottles.

David Sacks

I want everything to come in hermetically-sealed plastic.

David Friedberg

Yeah, but then how many people in your house handle your banana?

Jason Calacanis

Pause. Whoa, whoa.

David Friedberg

Ay.

Jason Calacanis

Did you ask him: How many people in this house handle his banana? Oh! No Diddy.

Chamath Palihapitiya

No, but the real - the real issue is not that. It's like when the girls in your family have puberty younger and younger and you're like -

Jason Calacanis

Yeah.

Chamath Palihapitiya

"Why is that happening?" Or inconsistent periods.

Jason Calacanis

Hormones. Yeah.

Chamath Palihapitiya

Or when the boys go through these weird - you know - moments where they're like not really growing.

David Sacks

I thought that was TikTok.

Chamath Palihapitiya

No, I'm - I'm just telling you like when - when you -

David Sacks

There's so many things that we have to panic about. It's hard to - to your point - it's hard to attribute -

Jason Calacanis

Yeah.

David Sacks

- to one thing.

Chamath Palihapitiya

Yeah, but I think - I think the - I think the thing that everybody could get - get focused on is: How can you correct at least the marketing versus the reality in our food supply? You know - a different example. I remember Nat telling me something which was along the lines of like "hormone-free" is something that's marketed. But like chickens had been hormone-free since like the '50s. But it's like there's some latent hormones left inside of them. And then, some of the feed is - is really poorly constructed. And you should be focused on like air-chilled versus water-chilled or whatever. There's just so much bullshit up there. And I - I - so, I think it's hard if you're like trying to take care of your family and give your -

David Friedberg

Make sense of it all. Yeah.

Chamath Palihapitiya

Make sense of it all. It's just like it seems impossible.

David Friedberg

Yeah, I think everyone - everyone feels helpless and everyone wants to grasp on to something that they can -

Chamath Palihapitiya

I - I find this really frustrating because it's something that I - I really care about my - like what I eat.

David Friedberg

Right, totally.

Chamath Palihapitiya

And it came from a place where - a lot of disease in my family. And then, I was overweight when I was young. And so, I just want to kind of like toe a -

Jason Calacanis

No, I mean - you eat clean.

Chamath Palihapitiya

And it's impossible.

Jason Calacanis

You - you - if you're eating vegetables -

Chamath Palihapitiya

No. I know, Jason. But my - my - my takeaway is there's going to be a lot of phthalates in my balls.

Jason Calacanis

Yes, absolutely.

Chamath Palihapitiya

Despite all the stuff that I do, I'm no better off than somebody eating at Wendy's in the end of the day. And I feel like, "Well, what is all that time, and expense, and difficulty?"

David Friedberg

Yeah.

Chamath Palihapitiya

Is it - is it - it's not worth it.

David Friedberg

Yeah.

Jason Calacanis

Well, there's other health benefits to it, of course. And there's environmental benefits. But I - you know - we went all glass bottles, as I told you. And you know - then, I find out that some of the cans we have - because it's a couple of things we like.

Chamath Palihapitiya

Right.

Jason Calacanis

Like certain natural sodas. They got plastic -

Chamath Palihapitiya

Right.

Jason Calacanis

- on the inside of the aluminum cans. I thought -

Chamath Palihapitiya

The plastic on the inside. Exactly.

Jason Calacanis

I'm like, "I thought I was doing the right thing here by going aluminum."

Chamath Palihapitiya

Now you got to rid of the plastic. No, I mean - the - yeah, the -

Jason Calacanis

And they're like, "No, no, no. We fucked you. We put plastic on the inside."

Chamath Palihapitiya

Exactly.

David Sacks

So, the moral of the story is don't try to do the right thing.

Jason Calacanis

I mean - I don't know. But anyway, I just want to -

David Sacks

I think this stuff is unavoidable I really do. That's why I'm not -

Jason Calacanis

Yeah.

David Sacks

- too worried about it.

Chamath Palihapitiya

I - I think - I think - I think - I think you're right. And I think that's why you see all of these kinds of diseases - these chronic and acute conditions - just ticking up.

Jason Calacanis

Yeah.

Chamath Palihapitiya

Tick, tick, tick, tick, tick, tick, tick.

Jason Calacanis

It's a - well, anyway. I think this was a fascinating Science Corner. And I - I - I - I - I took a screenshot of Sacks during it. This is Sacks' interest level. You can always tell how good it is.

David Sacks

No, look.

Jason Calacanis

This is Sacks!

David Sacks

I thought - I thought this was a Science Corner I could finally use.

Jason Calacanis

Absolutely. Yeah. They - they actually checked Sacks' balls for the plastics and all they found were steel. So, there it is.

David Sacks

Yeah.

Jason Calacanis

Yeah. It's just -

David Sacks

Brass balls.

Jason Calacanis

Going around the horn here. What's your favorite balls in pop culture? For me, it's got to be Idiocracy. I love - have you guys seen Idiocracy and Mike Judge's film?

Chamath Palihapitiya

I haven't seen it.

Jason Calacanis

Okay, so in the film - I'll just queue this up -

David Sacks

No.

Jason Calacanis

- society has gone to the lowest possible IQ. Everybody's got an 80 IQ and like people - like a reality TV star is running the country into the ground. That's what he has in Idiocracy. And the #1 television show is essentially a TikTok called, "Ouch My Balls". Here it is.

[Idiocracy Clip]

Jason Calacanis

It's basically the #1 television show in this society - this dystopian society - where all the crops have died and they don't know how to make crops anymore - is "Ouch My Balls". It's just a super cut of a guy getting kicked in the nuts. Sacks, what's your favorite ball moment in pop culture?

David Sacks

Glengarry Glen Ross.

Jason Calacanis

Alright, here it is, folks.

[Glengarry Glen Ross Clip]

Chamath Palihapitiya

Yes, this is - this -

Jason Calacanis

You have to have these.

David Sacks

That's Alec Baldwin.

Chamath Palihapitiya

That's Alec Baldwin. Yeah.

Jason Calacanis

Friedberg, you got a favorite ball clip from pop culture for yourself? That tickles you? No? Chamath, you got one?

Chamath Palihapitiya

I'm going to find one.

Jason Calacanis

You got one? Okay, everybody. This has been a spectacular episode of the world's #1 podcast. It's episode 180 of the All-In Podcast. With you again - for the sultan of science, David Friedberg - David Sacks, the Rain Main. Yeah.

Chamath Palihapitiya

By the way, there's a - there's a - there's a compilation on YouTube - on YouTube of all these Austin Powers moments - of Austin Powers getting kicked in the balls.

Jason Calacanis

Yeah, babies. And we'll see you all at the All-In Summit in September. Bye bye.

Chamath Palihapitiya

Love you, boys. Bye bye.

[Outro Music]

Jason Calacanis

And now, the plugs. The All-In Summit is taking place in Los Angeles on September 8th through the 10th. You can apply for a ticket at summit.allinpodcast.co. Scholarships will be coming soon. You can actually see the video of this podcast on YouTube - youtube.com/@allin - or just search "All-In Podcast". And hit the alert bell and you'll get updates when we post. And we're going to do a party in Vegas - my understanding - when we

hit a million subscribers. So, look for that as well. You can follow us on X - x.com/theallinpod. TikTok is [@all_in_tok](https://www.tiktok.com/@all_in_tok). Instagram - [@theallinpod](https://www.instagram.com/theallinpod). And on LinkedIn, just search for the "All-In Podcast". You can follow Chamath at x.com/chamath. And you can sign up for his Substack at chamath.substack.com. I do. Friedberg can be followed at x.com/friedberg. And Ohalo is hiring. Click on the "Careers" page at ohalogenetics.com. And you can follow Sacks at x.com/davidsacks. Sacks recently spoke at the American Moment conference and people are going crazy for it. It's pinned to his tweet on his X profile. I'm Jason Calacanis. I am x.com/jason. And if you want to see pictures of my bulldogs and the food I'm eating, go to [instagram.com/jason](https://www.instagram.com/jason) - in the first name club. You can listen to my other podcast, This Week in Startups. Just search for it on YouTube or your favorite podcast player. We are hiring a researcher. Apply to be a researcher doing primary research and working with me and producer Nick. Working in data, and science, and being able to do great research, finance, etc. - allinpodcast.com/research. It's a full-time job working with us - the besties. And really excited about my investment in Athena. Go to athena-wow.com - and get yourself a bit of a discount from your boy, JCal - athena-wow.com. We'll see you all next time on the All-In Podcast.