

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

All right.

Quick break to tell you about another podcast that we're interested in right now, HubSpot just launched a Shark Tank rewatch podcast called Another Bite.

Every week, the hosts relive the latest and greatest pitches from Shark Tank, from Squatty Potty to the Mench on a Bench to Ring Doorbell, and they break down why these pitches were winners or losers, and each company's go-to-market strategy, branding, pricing, valuation, everything.

Basically all the things you want to know about how to survive the tank and scale your company on your own.

If you want to give it a listen, you can find Another Bite on whatever podcast app you listen to, like Apple or Spotify or whatever you're using right now.

All right.

Back to the show.

Are you aware of what it's like to talk to you?

No.

Yeah.

I feel like I can rule the world, I know I could be what I want to, I put my all in it like no days on, on a road less traveled, never looking back.

We got a good pod and we got a good guest here.

This is probably, all right, before I introduce our guest, I'm going to butter them up a little bit.

I'm going to butter them up because I'm genuinely excited for this.

There's probably like three or four podcasts so far that I'm like, oh yeah, this is one that I wake up in the morning, I'm excited to do.

I know that if we do a good job, this is going to be one of people's favorite podcasts.

Why is that?

Well, this is the podcast.

Well, it's not morning for us, Sean, it's 10, almost 7.30, right?

It's almost, it's going to be midnight soon where it bring you is, yeah, we got up late or we are stayed up late.

Yeah, but that's all right.

It's my birthday, by the way, today.

So this is how I was spending my birthday evening.

Oh, I forgot to tell you, happy birthday.

My wife was like, what do you want to do for your birthday?

I was like, don't worry, it's already planned.

I'm doing a podcast.

I love it.

So anyways, the reason I think this podcast is going to be good, this episode is going to be good is because our podcast is all about ideas.

People listen to this pod, they wake up and they listen to this pod because we get the wheels turning.

We present new and interesting ideas or we talk about spaces or we talk about spaces

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

in ways that you haven't heard too much before.

Now one of the ways that I get a bunch of ideas is from our guest, Bology, who is here and he has been, I don't know what the exact quote was, but I think Mark Andreessen at one point called you like the highest ideas per minute of anybody he's met.

Is there, do you know that quote that I'm talking about?

He sort of gave you this title.

Yeah, it's a pretty kind remark.

He said they were useful ideas too, which is good.

Yeah, we don't get that same credit for our ideas.

People don't usually call them useful, but that's okay, entertaining is okay.

We teach people how to like launch like a porn app.

You teach people how to like, you warn the world of a pandemic.

So like your podcast is actually very popular and I've heard a lot of people say good things about it.

So don't be hard on yourself.

It's good.

Thank you.

And I think that, you know, one of the, like a lot of people ask us like, oh, you know, who do you guys follow?

Who do you guys read?

If you're one of my answers to, if I started a new Twitter account and I had to follow five people to like get that information flowing in, who are the five kind of must follows?

I think you would definitely be in there for me and Sam, I know you've been following as well.

So we'll give kind of like a very quick rundown, but then we have a bunch of topics that I think are exciting.

We're going to talk about a bunch of crypto things because I think you're very forward thinking in the crypto world.

We're going to talk about some non-crypto things as well.

And then we'll all try to steer clear of too much controversy and, you know, let's, let's play ball.

Nobody get canceled.

Here we go.

So, so apologies here.

At one point you were, you're a founder of, I believe, a genetics company or a biogenetic company.

How would you describe your first company?

What was the kind of category you would call that one?

Simple genomics, so basically, you know, one of the first companies to use genomics in medicine.

And basically we took, if you've heard of Tay-Sachs or Sickle Cell, these sort of genetic diseases, Mendelian diseases that you probably learned about in high school, those are simple genetic

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

diseases where they can be predicted by usually just variation in one gene.

And we did as we took all of those at the same time and test them at once with a universal genetic test.

And that was one of the first applications of genomics in the clinic where the scalability of it, the fact that you could assess many different markers, many different variants at the same time, allowed you to cut costs relative to your traditional one gene or one variant at a time blood test.

Which I actually just used it.

Oh, really?

Yeah, my wife and I, for freezing embryos, used you.

What's it called, Myriad?

Yeah, it's now the Myriad Women's Health division, but basically it was called COUNSYL Council as an independent company.

So like I saw the packaging in the trash can and I was like, oh wait, I know this name.

And so yeah, so Sean, that's what we used it for.

Glad that could be of assistance.

I think it's interesting because that's a space which has sort of just evolved in its own way, you know, genomics and biomedicine, it hasn't really linked up with the main body of tech, you know, if like internet technology, consumer technology, it might do so this decade. We'll see.

It hasn't yet.

It's sort of like how, you know, like high frequency trading and all the type of stuff is its own kind of sub area and crypto has now linked it up with the main body of tech, you know, where it's programming, you know, programming on top of blockchains, right? Now that we have on the Earth 30 million sequence genomes and lots of people with genotypes, I forget the latest number, but with 23andMe and Ancestry.com, there's millions of people who have personal genomes, albeit genotypes rather than full sequences, I think we're going to start to see more kind of, you know, computation, because a lot of genomes have been installed in the same sense, like a personal computer's installed.

It's a piece of software, right, or data rather locally on your computer that you can do things with.

That's a whole separate topic.

I'm happy to dive into that if you're interested.

And what did you do after that?

So I was, and that was like a, sorry, actually that was like a 300 million dollar exit or something.

Yeah, yeah.

Like pretty wildly successful.

It was good.

It was good.

Yeah, it was good company.

And I think, you know, so after that, there's a bunch of things.

I was an early investor in cryptocurrencies.

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

So Bitcoin, Ethereum, Zcash, a bunch of other ones you've heard of, I shouldn't say every major coin, every major coin that I think has some technological innovation, you know, I've probably got like something in it, not every single one, but a lot of them.

Early investor in superhuman, Soylent, Cameo, Lambda School, Replet, Mighty, a bunch of others have all done fairly well, you know, a deal.

If you just saw that, just picking me in your corner wherever last week, all things that sort of, I think fit my philosophy because, you know, I sort of invest in things that help to improve quality of life in the future that I envision.

And so, you know, some somebody might with crypto, for example, crypto is built for the apocalypse, but with internet, right, you know, Soylent, you know, that type of stuff, right.

And, you know, there's an apocalypse, and there's a rebirth after that.

And so I kind of think of that as sort of this stack of technologies, you kind of view it from that lens of the unbundling and fracturing of all 20th century, all pre-internet institutions and then the re-bundling of them back together into new internet native forms.

I think very few institutions that pre-internet will survive the internet in the fullness of time.

So I want to ask you, sorry, go ahead.

I think, I think, Sean, that before we like really get into it, though, I did want to call out, I think we want to call his latest project, right, because I want, we might talk for a little bit.

I want to, I want to be able to promote that right away as opposed to in the end.

So you want to, Sean, you want to take it from there?

Yeah.

Well, I'll let you introduce it.

It's a super interesting project, I believe the URL is 1729.com.

So just the numbers 171729.com and it's really simple and I love simple, simple idea, which is it's a newsletter that pays you.

So it's a newsletter that you get that has these little micro tests.

So I got one, I don't know if it was yesterday or the day before, it was basically like, you can get 3,000 bucks in Bitcoin if you create memes that will promote crypto in India or, you know, help, help, help package that idea in a way that's shareable and spreadable. That's what memes are around crypto in India.

And so there are these little tasks that come out.

And so it's a newsletter that you read, not just for like, Sam's got a newsletter, two million subscribers, the hustle, they give information, but it's sort of like a path.

It's like, you know, you just consume it and you move on with your day.

Your newsletter is actually kind of interesting because it gives you an opportunity, a small bite sized opportunity for you to do a thing and build up not only earn from it, but also build up in a way as you do more and more of these, build up some credentials by having accomplished these little micro tasks.

So can you give us the like, I don't know, that's my read from the outside.

Did you hear that slight?

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

He goes, yours is actually interesting.

We should do a collaboration with, I'm sure actually there's a lot with the hustles kind of ethos that I think overlaps, you know, as I was mentioning to Sean beforehand, you know, you guys, like it takes all different kinds to build a company and you guys have sort of the sales, you know, business DNA natively, right?

And for me, that's very much an acquired tongue, you know, where like I, I can emulate, you know, business and I can, I can run that in an emulation layer, but like my core OS is math, you know, and then there's folks who are like the reverse who are fundamentally business men and who can get into the tech and get into the computer science and so on as sort of a way to do business and, you know, one needs both kinds, right?

But I think one area of overlap potentially with the hustle, you know, sort of audience is that, you know, a lot of time online, as we know, is just being wasted, right?

It's being thrown into a meat grinder.

I mean, like the sheer number of hours when you really think about the millions or billions of hours that are used on social networks, look, I think there's a necessary step to get people online.

I think like on balance, it was necessary, but I think one issue is that social networks were invented and scaled 10 years, seven years, issued before cryptocurrency.

And so because of that, you could only transfer status online and not value.

And what that means is that everything basically boiled down to status games, leaderboard, what's the most popular, how many followers, how many faves, et cetera.

And those appear locally non-zero sum, but are globally zero sum.

That's to say, locally it appears, it costs me nothing to give this person a like, but globally it's a zero sum leaderboard, only one can be at the top, right?

And that leads to the status games that you see on Twitter and all these other places that are somewhat ameliorated in places like Reddit where they use pseudonyms, but it's an issue.

Anyway, what's my point?

So 7229, you know, my friend Dan Romero actually a while back was tweeting like, you know, what's the new hacker news?

And I think you guys were talking about that.

And I think the new hacker news for crypto is not just a place where you come to discuss and do things aimlessly, but something which uses crypto so that you can actually earn and learn, you know, and actually the third is burn.

So we actually have a third thing proof of workout, right?

So basically you're pursuing, you know, truth, health and wealth in that order.

And I think that's actually the right priority order, right?

So learn truth, you know, determine what is true, pursue health, you know, because without that you have really nothing else.

And then wealth is important, but it's third.

And it's important to have that third.

You never want to do something that's untrue to make money or, you know, to, to sacrifice your long-term health for wealth.

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

I mean, whatever, losing sleep one day, okay, maybe not the end of the world for a year, it's going to affect your long-term health, you know, and that's actually going to affect even from a pure dollars and cents, you know, it's going to affect your wealth sharing capacity and your capacity to provide value for your employees and your shareholders.

So even if you, if it's the selfless thing to do on a daily basis, on a long-term basis, you want to take care of your health for the health of those around you.

So essentially this was sort of, go ahead.

This true health and wealth thing, is this like a personal saying, or is this like the, is this like the slogan for 1729?

It's a slogan for 1729.

It's basically, I think of as the new Liberté egalité fraternité, okay, you know, I know it sounds ambitious, but basically as a tripartite motto for a new kind of state in the, in the fullness of time.

And the reason is that technology actually allows us to do all three, you know, with crypto in particular, the decentralized ledgers.

We can ask the question in a slightly different way, which is whenever I'm looking at an investment, I think I asked the founders, this is my favorite question to ask the founder is awesome, what is the world?

Let's fast forward three years.

What does the world look like if this has been adopted?

What is my, what does my day look like?

That's different, maybe me as a user, but I would love to hear your version of that because I think there is a really different and a cool new lane that gets opened up as something like this gets more adopted.

So what does the world look like if this, what does my day look like?

What does it look like?

Well, first is, rather than just accumulating karma, you're actually accumulating something of value, right?

So something, a tradeable asset, you're earning cryptocurrency, you're, you're, you're actually leveling up yourself.

Imagine if you didn't just gain, I don't know, a hundred thousand followers, but a hundred thousand dollars in all your posting online, right?

That would actually give material benefit to people right now, you know, for technical reasons, Facebook and Twitter basically capture all the revenue.

And in the early 2000s and mid 2000s, that was actually a great deal because they were giving these free platforms that you could broadcast to anybody in the world.

And they would maintain everything for you, they give all the hosting, you know, the free model was actually a very good deal relative to the alternative at that time.

And so they just take the cut for doing it.

And now today, people realize actually, hey, all this content that I'm producing for them, all this work that I'm putting into it, the hours into your tweets or whatever, you aren't getting, seeing a single dime out of it.

There's zero creator monetization for the most part in these major social networks.

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

I'm not saying, okay, not totally zero, you can put link and bio at Instagram and there's some stuff, but it has lagged, right?

And so now we need a kind of a new social contract, a social smart contract.

And what that means is basically to make money online and not just make money, but to learn things online and not just to make money and learn, but also to become healthy.

And so if this becomes popular, you don't waste time online or not just waste time, you learn things.

You actually gain crypto credentials, not just cryptocurrency, so like badges in your wallet, which are emblematic or reflective of your ability to do certain things.

For example, you complete five Python problems and you get a badge that says, I've completed five Python problems.

And you complete, you know, 10 questions on, I don't know, Russian history, and you get that kind of badge, right?

Or the Russian language.

Now, why that kind of thing is important is it totally destroys the concept of a college diploma.

The reason being college diploma is a very, very coarse grained, you know, kind of illustration of somebody's skills.

If somebody says, oh, I've got a Harvard degree or Stanford degree, right, what does that really mean?

You know, you have some estimate, okay, I kind of know that they, you know, a Stanford degree in computer science.

I kind of know what the curriculum is, but this particular person, you don't know what their skills are.

Actually, all their coursework they did during undergrad has been basically wasted, right?

And if instead what you did was that portfolio that they had, every single problem that they solved was in a folder on GitHub, so that, you know, they have 25 courses in 10, 10 weeks per course and 10 problems per course, all 2,500 problems were organized in folders on GitHub.

You could see their portfolio, you could drill down and see their particular skills.

Okay, this guy knows operating systems, she knows compilers.

This person knows machine learning, and I can see that as evidenced by the 15 problems they've solved with source code online.

And especially for a broad discipline like computer science or electrical engineering or chemical engineering, you can't simply presume that because somebody has a degree that they have that particular skill set, people have strengths in different areas.

The point is, once you unbundle that or you granularize that, once you give individual measurable skills, you can see just how much talent, you know, or background somebody has in an area.

Oh, this person has solved 100 different problems on compilers.

They're actually really an expert in this area.

And I've got the badges to prove it.

Okay.

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

Once those badges are in your crypto wallet, just like you log into a website today and you can load in your cryptocurrency or unload it, right?

I think one of the things we want to do at Sanctuary Island is have this sort of portable crypto diploma or these crypto credentials, so you could log into a job board and just start working because you're automatically qualified on the base of your credentials.

Right.

Right now, the one thing we can declare is our interest, right?

I'm interested in Game of Thrones.

You can't provably declare, I know how to calculate eigenvalues, right?

I know Arnoli-Langso's, you know, I know, you know, methods for large matrices, I know how to do graph layout, that type of stuff, right?

You can't credibly declare that.

You can certainly put the words in your CV, but if you guys have hired, you know that that's an unreliable narrator problem often, right?

You know, people will say so.

How does that?

Jump in and cut me off, by the way, if you, you know, yeah, go ahead.

I think Sean and I might ask this is a similar question, but basically like what I'm understanding with this is like, so right now as it is, it's a much simpler, it's not doing everything you just said.

No.

It's basically, here's a, here's something that is just like silly, funny or actually useful.

Yes.

I'm going to pay you money if you could pull it off.

That's right.

And that's in itself, that's just like interesting and fun and neat.

But the long-term plan here is that basically you're going to have, let's say you're building a company, anyone who meets the requirements, are you saying they're going to be able to log in based off of their task history and just contribute where you can get paid for it?

Exactly.

Now that sounds like, my thing with you is like everything you sound is crazy, but you, you're right.

A fair bit.

So it's like, it's like, it's, so I have to like, I've like,

Life would be easier.

If we could just write you off as crazy, we could just move on with our day.

Yeah.

Damn it.

The guy's right.

So now we have to take each one of these ideas and actually say shit.

So let me, let me speak to a few points here, right?

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

So basically, like the very short version is, Semtitron is a place where you make money, learn things, level up with technological progress as you're interested in building a positive future.

Right?

So it's, you know, on the East Coast, for example, media, media businesses have sort of software engineers as second classes, right?

There's just guys who build the app and the writers are kind of the first class, right?

Traditionally in tech, it's been the opposite.

You know, the software engineers are the, you have pride of place, they're building Dropbox or Google or whatever.

The writers are content marketing.

I think here, another aspect of Semtitron is that they're kind of unified where we have a product roadmap and we also have content calendar and those are really, you know, side by side and basically equal pairs where we have a story that we're telling as we're kind of building this functionality.

And I think one of the things about this, and there's several different angles I can talk about, but one big thing is this sort of reaction against what I think of as the entropic internet, right?

So if you know entropy, right, the concept of entropy, it's like particles flying in every direction.

Okay.

If you go and look at hacker news, for example, or Twitter, there's something that you can't unsee once it's been pointed out, which is those 30 links are like a Jackson Pollock blah on the page, right?

It's just, it's like guaranteed to just fragment your brain into a thousand pieces, right?

And the opposite of that is something like, you know, what Michael Nielsen has been doing with the science of reminding, you know, where you learn something and you don't just learn it, you get, you know, reminders at, you know, one minute and one hour and one day, you know, spaced repetition, right?

Of the same concept.

And with a little bit of spaced repetition, it gets stored in like your permanent memory banks.

You remember quantum computing, for example, right?

So right now what we're doing with the entropic internet is we're just eating all this junk food, which feels good because it's novelty seeking.

Oh, cool.

That's cool.

Oh, that's cool.

Oh, that's cool.

Right.

And, you know, if you have a really good memory, then you don't need the spaced repetition, but most people don't have such a good memory and even people who have a great memory.

I mean, do you remember the thousands of links that you've seen online?

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

No, it's actually more like watching a movie.

It's just, it's just sugar, it's just candy, right?

If instead you could be much more deliberate about a less entropic internet and set essentially a goal for yourself and you make one high level decision, come to 70 to a nine.

And then what we do is we basically serve you content that strengthens you, right?

Sean, I think that we can take this in so many ways.

I want to talk about media eventually, but where do you, because this is so interesting what he's like.

Do you want to?

Yeah.

Yeah.

He just throughout this like meaty thing and we can like chop this up in like a hundred different ways.

There's so like, I want to talk about this anonymous work thing, which is somewhat like this.

I want to talk about this topic and I want to talk about what you just said about East Coast media.

I would love to talk about that.

Where do you want to jump around?

Cause I think that's, if this was, let's do it like we always do.

If this was just us hanging out, having a conversation and then the listeners or flies on the wall.

That's what people like best.

So let's do that.

So, uh, you know, what would you say right now if this is a normal conversation, you'd be like, tell me what the, you know, let's talk about media.

I want to go to this media thing.

Cause you said something that I see that you're doing and I think it's smart, but it's so obvious.

I don't know why you and others haven't done it, which is I do the same thing.

I criticize like East Coast media where like the writers are the stars and a lot of them are like the circle jerk community, um, that I am somewhat part of.

I owned a media company and I've hired a lot of those people.

And in Silicon Valley, the engineers are like the gods and both are circle jerk community.

So like they both can stink and they both can rock, whatever.

So, um, but you're saying that you're paying attention to content now in media.

I was talking with you.

I don't know.

Did we do a call?

We did something where I was teaching, where I was teaching you about email because you're like, this email thing is cool.

And I was like, duh, dude, what the hell?

And I remember we had a call and I remember you had actually some insight.

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

I don't think it was quite like, oh, yeah, I'm teasing you ice.

I criticized your website.

I go, dude, if you want email to be part of your website, just make your website like your personal domain, like just make that an email form and that's it.

Got it.

Yeah.

I understand.

I understand.

So the thing is that, um, I was actually building 1729 at the time, but your suggestion of actually having the subscriber thing on the front page like sub-sac is actually what we did do.

So we did take that suggestion and I think it's good.

Um, so, but what I'm getting at though is like, why are you all of a sudden caring about media?

And, and I, and the reason why I'm asking this is I love media.

I love content.

So does Sean.

It's a pretty shitty business model.

Like it subscript subscriptions, a good business model advertising is a shitty business model.

Another way of putting the question is you built a, you know, a bio, you know, genetic genetics company, you, uh, you know, we're CTO of coinbase, your early in crypto and the current product in its product form is a newsletter, right?

Low tech, but you know, high reach, you know, potentially.

So why did you decide to do that of, you know, why did you decide to kind of go into a space where, uh, you know, we debate this all the time, you know, is media a good space to go into why?

Um, so I think Sam, is that what you're getting at?

Like, why did you decide to launch this product, which is a new sort of, and I want to know what your version of media is going to be.

And like, because I don't ever want to leave this industry, but I think the business model blows.

So like if you have, if you can save me, I would love that.

Well, okay.

So lots of, lots of things there.

So one is that, um, I think let me give it, let me give a story, a history and then maybe we can go from there.

So, um, you know, you can, you can date, let's say the modern era of tech, different starting points.

It's starting at like 1995 with the Netscape IPO.

Okay.

Um, and you know, from 95 to roughly 2008, um, you know, tech and media basically ignored each other or rather media coverage of tech was, was positive, you know, up until the dot com boom.

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

And then after the dot com crash and 9 11 for many years there in the early 2000s, um, you know, tech was happening, but it certainly was not a front page story.

It's actually hard to remember.

But you know, if you go back to even 2008 and you look at like lists of power centers of the U S Silicon Valley, it doesn't actually come up there because Google was just a search engine.

Facebook was just a college social network, you know, it's just growing, but it was just college social network.

And, uh, the iPhone hadn't yet come out.

It was just coming out.

2007 was announced, right?

And, um, so the, so, so media kind of ignored tech during this period is occupied with the Iraq war and, you know, terrorism and all this stuff.

That was a big storyline of the 2000s.

Uh, and it was, you know, obviously there were blogs and stuff like that and people were using it, but it was kind of a, it was a side show is like that thing you kind of, you know, supporting character basically, um, tech also ignored media and the, and that, that reason is different.

That's because Terry Semmel was at Yahoo and he tried to turn Yahoo into a media company and for an entire generation of tech founders, uh, that, that seemed like a very bad model because, you know, Yahoo failed or I shouldn't say failed failed.

It didn't go to zero, of course, but relative to Google it failed.

And all these, this entire generation of tech founders took the lesson that you just build a pipe, right?

You build Facebook.

Yeah.

AOL did it too.

Yeah, exactly.

That's right.

So Facebook, Dropbox, you know, um, you know, YouTube, Twitter, that entire generation of companies basically said, we're a neutral pipe, we're just going to build a technology.

By the way, that was hard enough.

That was pretty freaking hard, you know, like at that time, bandwidth constrained environment before all the modern web development tools, that was actually not trivial, you know.

So they just focused on that completely.

And they said, look, the users bring their own content, user generated content, right?

And um, that kind of, you know, happened for a while and then the financial crisis happened and the iPhone happened.

And after the financial crisis in, you know, 2008, from 2008 to 2012, Facebook, Google, Apple all started going totally vertical.

And there's a graph called print media disruption, which you can see, which was after the financial crisis, you might, you might show that on screen if there's like a video version of this.

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

After the financial crisis, print media dropped the revenue from like someone like 65 billion down to like 17 billion while Google and Facebook were just going vertical like this, right?

And Craigslist, of course, was also a factor here.

It wasn't just, you know, like, like advertising was also classifieds, that was a major factor. Craig Newmark effectively bought them off with the Newmark Foundation stuff with a lot of grants for journalism, like datajournalism.com is sort of, there's like a surveillance handbook at datajournalism.com, by the way, exactly how to surveil a subject of an article, which you can look at to see exactly how these folks kind of think.

But we, when we started the hustle, by the way, we started it out of Craigslist office. There were a bunch of stories in the 2000s that were negative pieces on Craigslist. It wasn't obvious to me whether or not the Craigslist classifieds were actually that much worse than newspaper classifieds.

I never saw any stats on it, but it seemed motivated in part by, you know, Craigslist economic, you know, attacks on media implicit, not intentional, but implicit.

I think in part, some degree of peace was bought with Craig than funding a bunch of journalism.

I have nothing against Craig.

You know, I don't know him.

I'm just saying that that's an observation.

Craigslist, by the way, is a wildly profitable business.

It's just private, so nobody knows how much money it makes, but it's a very big deal.

Okay, what's my point?

Coming back to the stack.

So, from 2008 to 2012, tech suddenly came out of its box, which was, you know, oh, cute gadget manufacturers over there in Palo Alto, just take over all of these segments that were previously the East Coast segments, like Mass Navity was taking a hit, everybody was looking to cut costs after the 2008 crisis.

Entertainment, okay, let's do that online rather than going to the movies.

All of that type of stuff just shifted online.

It's a huge digital shock, right?

Corona's a second one, by the way.

And so what happened is that, you know, tech and media were basically allied through 2012 to get Obama reelected.

And if you look at the late 2012 coverage, for example, like the nerds go marching in, December 2012 was sort of the high water mark of sort of the tech media alliance.

And then in 2013, basically the post-election, the knives came out, right?

And essentially what happened was media was like, okay, you guys are getting way too big for your britches.

We kind of thought of you as like just a part of the coalition, but you're coming for the entire enchilada, you know, to mix metaphors, right?

And this was something where all the negative articles on tech and tech bros, you can date it exactly to like 2013, 2012, there's even articles at, you know, valley wagon or whatever,

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

denying that such a thing as a programmer exists, okay?

The same guy the next year is starting to write, you know, nasty articles on like tech bros and whatnot, right?

So it's a very crisp shift, okay?

And so then what happened basically for the next several years, tech got its head caved in by media with the tech lash, something I've warned against because I could see it as like a, almost like a seed investor.

I could see this thing brewing and going viral in 2013, and I could see even, you know, there's one journal in Slate who's like sort of denounced this thing and said, oh, you know, would you look at all these rich people, this is such a silly view of the world, you know, we can do so much more.

And then five years later, he's calling for abolish billionaires, right?

You can actually see the radicalization pipeline of these folks in real time.

And you know, you can watch this happening because their world is collapsing and they blame it on tech.

And it is certainly true that economically, a lot of that revenue is going to tech tech didn't try to do it, but Google and Facebook and Twitter took away ads, but not just ads, they also took away a lot of influence.

And so you had this sort of battle of the bulge style reaction, you know, from roughly 2013 to 2019 with this tech clash.

And these media corporations, they couldn't build search engines or create social networks.

What they could do is write stories and shape narratives.

And do you know the difference between like a story and, you know, a product announcement?

Well, I mean, one's objective, one isn't?

Yeah, but a story has a bad guy.

Okay.

And a hero.

So go ahead.

I said and a hero.

Yeah.

Yeah.

Yeah.

Yeah.

But like, you know, as people have said, you can build a religion without God, but not without Satan.

And you know, so the, not original to me, you know, that's, that's a saying.

And so what happened basically was, you know, while tech is busy doing these pastel colored product announcements, oh, you know, like Dropbox offers 10 more gigs, yay, and it's just a utility, right?

Media corporations were busy lining up to paint tech as bad as evil.

And you've heard like 500 different lines of argument on this, right?

And every, you know, like journal and academic was jostling to try to find that meme that would like kill these tech companies once and for all, right?

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

And you know, they've been somewhat successful in that, but they also haven't been what's happened is a lot of the older line tech companies that didn't have any ideological defenses, but we're good at making money got sort of mentally colonized, right?

And you know, went woke and that has resulted in, you know, yeah, they could make a lot of money, but they didn't have the, the, the meta level story, they didn't have the meta level narrative.

So it's like that saying about economists, right?

Practical men who believe themselves fully devoid of external influence are often the slaves of some dead economist.

Have you ever heard that?

You know, that's by John, John Maynard Keynes, I think.

So his point being that these ideas float around in the air and people are running on scripts that they don't even realize they're running on because media scripts humans just as code scripts machines, right?

This is something I had in the Ferris Popcast, right?

So take it sort of band and unpack that for a second for somebody who doesn't get it right off the top, you know, just the way that, you know, what is a script in the way that the media scripts humans masks, work, masks, don't work, okay, boomer, every meme, right? For example, okay, you see a bunch of kids when they are the K the Karen thing.

Yeah.

The Karen thing, you know, you see a bunch of kids when they come out of a movie theater, what is the first thing they do?

I haven't seen kids come out of a movie theater.

I don't know.

Okay.

So the first thing they do is they start quoting lines from the movie, right?

They just reenact what they just saw on screen, right?

And so, you know, this is something where the way to get people to do something sometimes it is to tell them to do it, but often it is just show it being done, right?

And that is kind of, you know, Peter Teal's, you know, a citation of Renee Gerard on Mimesis.

I think it's important like humans are memetic.

That's how we acquire language.

That's how we align on objectives, you know?

And I think that whether you want to call it contagious mental illness, I think that's an understudied concept.

By the way, we know that there's contagious physical illnesses.

We know there's viruses, right?

Contagious mental illness.

Well, we've sort of all stuck our brains into Twitter, right?

Like this VAT, right?

Like I mentioned, putting your brain into a VAT with 300 million other people and they're all just sending electromagnetic, you know, their brain states to you.

It feels a little unhygienic if you think about it that way, right?

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

And in an interesting sense, we sort of social distance away from each other offline, but we packed close online, like social networking packed close.

And what that meant was that bad means, you know, crazy means could spread faster than ever.

Wildfire.

Whoosh, like this, right?

Because everybody's brain was connected, everybody's brain, right?

There's, you know, there's a famous cartoon of this, you know, with the stock market where it shows the medic contagion with respect to prices, you know?

And it's like a guy says, okay, I can't have any more of this goodbye and someone overhears and they're like goodbye, bye, bye, bye, bye, bye, you know, like, and then there's somebody else who overhears it and it's like, I think the stock could really excel and then someone's like excel, sell, sell, sell, sell, sell, sell, right?

And it's actually really funny, right?

Because, you know, it just sort of conveys these sort of like traveling waves of means, right?

Right now, we don't have great visuals on this.

We can't, we can't do the molecular neurology of the meme, like we can do the molecular biology of the gene.

Let me explain what I mean by that.

The concept of genetics predated molecular genetics, you know, like Mendel went into these phenomenological experiments where you could see, you know, like the pea plants and so on, big A, little A, if you remember that from high school or what have you, before people understood the biochemistry of, you know, deoxyribonucleic acid and how a gene is actually represented in the double helix and all the type of stuff, that awaited kind of the next century, right?

In the same way, I think Dawkins and kind of our phenomenological understanding of means, right, is something that is ahead of our molecular neurology.

How are ideas represented in the brain, right?

How are they stored?

How are they retrieved?

How are they accessed?

I mean, people have done things on this with like, you know, the so-called Jennifer Aniston neuron, right, where, you know, it appears as actually sites in the brain that would actually store Jennifer Aniston.

Like you see something and it just has, you know, where you see the words Jennifer Aniston, you see the image Jennifer Aniston, you see a video of her, you see Brad Pitt and it would light up next to her and so on and so forth for somebody who follows all this celeb stuff.

It's not my thing.

But this is from that, it's from a paper a while ago when Jennifer Aniston was still,

I think, very much in the news, not as much today, right?

That concept seems to also exist to some extent within neural networks, you know, like the new, you know, like the AI stuff that's being done where you can actually seem to express

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

like an abstract concept where a neuron replicers, I think OpenAI, I forget who, I think it was OpenAI who had a paper on this recently, okay?

So we're starting to actually get at how concepts, abstract concepts could be represented in a quantifiable scientific way.

And you know, we're not yet there, but eventually we'll be able to see things like, okay, here's this traveling wave of ideas, we met a contagion.

Here are ideas that serve as vaccines against those other ideas, right?

They block them out because these ideas are themselves trying to spread.

So yeah, so how does this, so like, I'm going to say, like here's the dumb Sam version of what you said, which is like, I can convince people to believe certain things by making them feel certain emotions.

And I could do that by, by using sticky viral content, which boils down to funny memes.

And that the internet is still on tap and we can all, we're all racing to stake, put our stake in the ground and email is one great empire to build.

Is that kind of what you're getting at?

Well, email is one piece of it, right?

But basically, you know, there's push notifications, that's just a mechanism of how nodes are connected.

Are they on a side note on that, I do think that within five to 10 years, in addition to email and text message, your ENS name will become probably the ENS name or let's say crypto name will become the third most popular communication channel.

Well, I want to talk about that in a second, because that's amazing.

But to wrap up the media thing, so what did Sean say earlier, he was saying that he had a good question, which was like, in three years, what's the world going to look like?

What's your, let's say that you are running, which you kind of are, this small media business, maybe one day it will be a media empire.

What do you think that's going to look like?

And like, how's that going to function?

How's that business model going to work?

Totally.

Yeah.

So, basically, I think, you know, I'm giving long answers because I didn't have the time to write short ones.

I don't know if that makes any sense.

You know, if you've heard that one.

Yeah.

Yeah.

It's a, I didn't have time to write a short thing.

I was too busy doing the long one or something like that.

So excuse my digression, and you know, maybe I can edit this down into soundbites or short thesis statements.

The short version is basically tech ignored media for all the reasons I just described in that story.

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

And over the last six years, we've seen the cost of ignoring media.

The story is told, and you're the bad guy.

Okay.

Now, there's another story to be told, which is, for example, there's a website called Tech Journalism is less diverse than tech.com, okay?

So Nigerian guy basically tried to submit this as an op-ed to a bunch of tech journalism outlets and couldn't get it there.

And I put up a prize and he actually went and did this analysis and it shows that actually tech is like 30 points more diverse than the media outlets that constantly give tech shit about this, right?

And so the, you know, another story is that actually a lot of the owners of these media corporations are like literally inherited wealth, like nepotists that, you know, just got the family business from their father's father's father's father.

And you know, you know, another aspect is they're mostly American as opposed to the mostly immigrant nature of tech, which is very global and has an international purview.

And so on and so forth.

There's actually a number of ways where the narrative of these media corporations where they run billboards that literally they market themselves as truth on a billboard or democracy, like democracy dies in darkness, like that's how they market themselves on a billboard or fairness and balance, right?

That's just corporate propaganda literally by these legacy media corporations to define themselves as the literal truth, you know, and they believe this, you know, the brains have been melted by corporate propaganda to such an extent.

Now, I don't think any tech company would be, you know, people talk about tech arrogance or I think any tech company would be so crazy as to market itself as a little truth.

But now actually we have an answer as to what that literal truth is, which is cryptography. Cryptography and especially how the blockchain actually puts it online is decentralized truth, right?

It's mathematical truth.

It's the truth that anybody has access to.

You know, as I mentioned in a previous podcast, basically, everybody knows exactly how much Bitcoin somebody has, you know, whether you're Palestinian or Israeli, Democrat or Republican, that's not something there's actually contention over, which is amazing because it's this trillion dollar piece of international property that's the kind of thing people usually fight over.

We can use those.

So what are you implying?

Pete, we're going to be we're going to be covering that.

We're going to be covering these transactions and we're going to know, well, I mean, here's what I'm thinking about.

Yeah.

Here's what I'm here.

That's only one.

That's only one niche.

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

That's an interesting one.

Yes.

Okay.

So step two is DeFi, where it's not just who owns what Bitcoin, but who owns what digital property, digital goods, and that's an enormous swath of the economy, right?

Maybe most of the economy over time, all property eventually becomes digital.

Should I clarify why I think that because that's a provocative statement.

Why does all property become digital?

Because much of the physical world becomes printing.

Okay.

So obviously you can print out a piece of paper, right?

If you look at, for example, the supply chain or what's going on in robotics in terms of like getting food to your door, okay?

There's folks who will, obviously the restaurant is now pop up, right?

The delivery, you know, bit, there's folks who are doing autonomous cars, right?

Or sidewalk delivery robots, which are better in some ways.

There's folks who are doing autonomous food prep, right?

And so you could imagine the whole thing being fully automated and it's all robots and it's all this electromechanical process that has no human intervention, in which case it's analogous to just a print, right?

It's like printing something out.

And I think like robotics is something which is sort of, again, sort of happening in our peripheral vision.

We kind of know what's going on, Boston Dynamics and whatnot.

But what I think is going to happen is most of the value will be created online and you'll print it out by essentially invoking robotics.

And I think that's the next, you know, this decade, we're going to see more and more of that.

You're starting to see actually robots in the field, like these robot dogs.

I think we're going to see way more of that and it's going to come pretty quickly because once a robot can do something, you've turned labor into capital because it's all electricity and the value creation.

So I'm installing that premise, okay?

All property becomes digital.

So that's the second phase, right?

You know who owns what Bitcoin and then you know who owns what loans, bonds, stocks, assets, all the type of stuff.

Okay?

But the third phase is the most interesting to me.

And with that is it's related to something called crypto oracles.

So many of these contracts over here in the second phase, you're doing bets on, you know, will this price go up or down?

Or more interestingly, will the temperature go up in, you know, this farmland, so I need

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

to pay out this insurance because there's a drought, okay?

There's like an example of a smart contract which combines a financial aspect and a fact about the world, right?

For something like that to happen, that was kind of similar to the business model of like the climate corporation, like climate.com, if you remember that, right?

For something like that to work, the smart contract needs access to data about the outside world, which is not purely financial, okay?

And that's the crypto oracle problem or basically oracles broadcast data on chain and they sign it and they say, I'm reporting that this is true.

I, the Weather Channel, am saying that it's 82 degrees in Poughkeepsie today at this time, right?

And I give a time stamp like temperature feed.

And this is happening not just for temperature, but it's happening for, you know, crime statistics, for not just individual crimes from which statistics are calculated.

It's happening for medical records, right?

So a hospital wouldn't just say, we have a thousand coronavirus patients, it actually has a feed of this patient at this time, this patient at that time.

Redfin or Zillow doesn't just publish aggregate stats, it actually has a feed of which real estate transactions are happening at what time, okay?

And from this aggregate stats can be computed, but you can also drill down to individual rows and diligence them.

What's the point?

Right now, all of these feeds of data that I'm describing are siloed, you know, the real estate data happens here, the medical data happens here, the price data happens here, the temperature data happens here.

But what I call the ledger of record is essentially the integration of all these crypto oracles. The reason they go on chain is that it's profitable.

You can trade off of that information or you can make money off of that information.

So each individual oracle goes on chain and it's subsidized.

So you've got a micro incentive to put it online that's not some macro, you know, high fluid and, you know, concept, but the macro concept is as all of those individual oracles go into this thing I call the ledger of record, you now have cryptographically verifiable facts about the world.

You have a digital history and unalterable history.

You can tell what happened when and in a sense, this is kind of just the next step in the sense that we've got all these tweets, right, which actually give us a reasonable, I shouldn't say perfect, but some degree of the intellectual history of, you know, the last decade, right?

If the Twitter database was downloadable and eventually, you know, either something like it, either it will be or someone will scrape it or something like that because, you know, storage just keeps improving.

So you could store all of Twitter on a micro drive of 2035 or something like that.

That database could be analyzed in all kinds of ways to determine people's moods, what people talked about, all the memetic contagion stuff that we just talked about.

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

You could actually look at all of that and visualize that.

You can't easily see that right now because the data set isn't open in the future with this ledger of record, it would be and you'd be able to establish what happened at what time.

And so that is the sense, Sam, in which you go simply from just who owns what Bitcoin to who owns what smart contracts to who said what thing at what time, like what facts were asserted.

And that is actually a very powerful thing where we start to actually displace a corporate media corporation as the font of truth with cryptography instead.

All right.

Let me pause there.

I don't want to download, but maybe I can express it better.

I'm going to summarize some of the interesting ideas that you brought up.

So I think, and you can take a drink of water, you deserve it.

So I think one of the interesting things was kind of this observation of first media ignoring tech and then sort of as tech became more powerful, ignoring media and what you're identifying is that technology companies are going to realize the power of media, meaning being able to shape the narrative rather than just being the villain in the narrative.

This is the third swing of the pendulum.

So that's one interesting trend.

If you're building a company right now, that's very much worth considering.

And in order to do that, you're going to have to flex different muscles, storytelling, memes, packaging, you know, different things that you don't have to do.

I've got to meme my memes.

What's that?

I'll give you my meme.

I mean, own a media corporation or be owned by one.

There you go.

So that's one interesting kind of point you brought up.

Second one is this idea of empirical truths enforced by economics.

So today, media companies claim to be the truth.

They market themselves as the truth.

It was just, you know, sort of the corporate propaganda, and there's all kinds of hypocrisy underneath that.

So you identified many of them, let's say criticizing others for diversity, not being diverse yourself.

Criticizing, you know, hating billionaires, yet the media companies owned by billionaire families that are passing it down from one child, you know, one father to the next son.

So there's all these hypocrisies underneath that.

And how do you get away from that while there is this general movement of all things becoming digital?

It's not just software eats the world, sort of, you know, the whole world becomes software.

And as the whole world becomes digital, assets become digital, contracts become digital, data and news reporting becomes digital.

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

And you have this idea of crypto oracles, which are the journalists or media companies of the future, where if we need to know what happened, what is the truth, who won the game, who got elected, you know, in order to enforce these betting markets or these prediction markets or these stock markets, then they will be rewarded through these sort of microeconomic incentives for being accurate or punished if they were.

Very able summary.

But let me offer a few asterisks, please.

I think the vision of the future is oracles and advocates, right?

So redefine a reporter as like a sensor, right, a sensor that essentially writes data on chain, okay, which can literally be like a machine that just takes a temperature sense and writes it on chain, right?

And the thing is, you might think that's trivial, but hey, that would actually inaccurate if you had lots of them, give you a cryptographically provable record that you could use in, for example, discussions about climate change, right?

So the weatherman becomes a sensor.

Who tells you the weatherman becomes a sensor.

That's right.

That's right.

Or but this, this, this is kind of a little, the, okay, so I understand what your, your vision is here, but it's missing a whole lot.

Wait, wait, wait, wait, let me get the second part of it, hon, before you, because you might be right.

So the first layer, that base layer is the raw facts, cryptographical attestations, right?

From sensors and the sensor could be lying to you, of course, it could be saying the temperature is 80 when it's actually 30, but it's got a digital signature so you can see its track record.

You can involve other kinds of things there, right?

You can match it up.

You can audit it.

Other people can audit it.

So you can have a second thing that's auditing, you know, one out of a hundred of the measurements of the first guy, there's a hyper geometric distribution, which is like, you know, auditing things off an assembly line, like pick a ball and see if it's corrupted or not.

But then the second layer is advocates on top of those oracles, okay?

So these are humans and you just assume that a human has an editorial judgment.

You know why?

Because it's not just what they write, it's what they write about, and now the selection function of what specific facts they choose to include is itself visible, right?

Editorial judgment is now quantifiable because you have this layer of the raw facts that are on chain and then narrative becomes tangible because it's which facts you actually cite in your story, okay?

And so the selection function is basically just like a ranking algorithm for a social media site.

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

That selection function actually is now quantifiable, but you can see not just what was included, but crucially what was omitted.

Right.

So that seems like, but this seems like an entire, so, okay, so what you're going to do is, uh, 1729, you're going to hire, uh, two-hundred engineers.

I don't think he's talking about 1729 for this whole thing, right?

Yeah.

I know.

I'm just making that.

I'm just using that.

You're a media empire.

You're going to hire two-hundred engineers to build this, um, um, what did you call it?

The, um, the, um, ledger of record, ledger of record.

And then you're going to hire two-hundred journalists to editorialize, sorry, you're not calling them journalists advocates, uh, to editorialize some of the, the facts, correct?

No.

So I've got a different.

Well, I would call what you just said, like, uh, I don't mean it's a bad way, but sort of like the rearward-looking model, um, here's at least what I'm planning to do, which may well fail, but you know, at least just what I'm thinking about.

So first is it's decentralized media.

So what I want to do is invest in lots of individual, uh, you know, diverse influencers, pseudonymous voices around the world.

Okay.

So basically, you know, everything that's not Brooklyn wakes, you know, all these other voices that are underrepresented in our conversation, ideologically, demographically, internationally,

technologically, you know, like scientific depth being brought to bear, those are the kind of folks that I want to fund.

Number one, right?

Is that chosen by you?

You know, so it's a central, choosing de-central, you know, you know what I mean?

Yes.

Yes.

That's right.

But, but the, like all the tools and stuff that we use for selection and funding, like the YC style, safe, equivalent and so on, um, all those will be public.

So I want people to pick it up and copy it and so on and so forth, right?

So I'm not at all proprietary about that.

I'm just trying to set an example, uh, for it's worth that sort of similar, like, you know, last night, um, you know, I tweeted out like for the COVID relief thing in India and, you know, the Notion CEO and the, um, the, uh, actually the HubSpot founder, uh, Dharmesh actually, um, RT that.

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

So it kind of gave a template that they could then just use.

And that's, that's what I seek to do, right?

Um, and, uh, you know, the goal being to basically bootstrap a bunch of these voices, okay?

Call that one component.

The second component is to bootstrap the technology, which is to say, uh, figure out like what the right version of using crypto oracles in content is.

Okay.

Um, maybe that's going to require a few years of compounding.

Maybe I just write the articles on what that vision of the future is and I'm not smart enough to build it, but one of my, you know, you know, portfolio companies or readers or something like that is, um, because, you know, we all, uh, it's all, it's all a relay race, right?

You know, you hand the baton and maybe someone else can figure out something.

You did it and so on.

Right.

So kind of open sourcing my thinking on how we can get to a better model of, you know, truth, right?

Out there.

And then third is writing a story.

Um, so, so first is, you know, like the, the writers and the, the people who are writing these tasks.

Second is of the technology, technology for kind of creating the task, creating the content.

And third is the story, which is I have a book, uh, the network state, which I've been, I'm a perfectionist, so I edit the chapters and I edit them and edit them.

So I put the first one up at 709.com, you know, how to start a new country.

I think it's done pretty well, you know, like, uh, it's, it's, uh, it's got a lot of good feedback and I think it's stimulated some thinking.

And essentially the idea is, you know, um, how do you start a new country?

Well, when there's no land, the short answer is rather than try to like take over a peninsula or a, you know, piece of territory or, you know, or, or, or declare, or conversely take over like a oil platform

near England and call yourself sea land, right?

Instead you have a community that you build in the cloud and they go and take piece of land all around the world, uh, which are like, you know, cul-de-sacs or apartment complexes and so on.

And you network them together such that it's something which may eventually have a scale of hundreds of thousands or millions of people and the footprint of a contiguous state, but it's discontinuous and it's networked on the internet, right?

So that's the third part, which is a story.

So it is not simply content or technology.

Who's doing that?

Is anybody, do you think that, is there a project out there or do you feel like there's

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

anybody out there who's doing that, taking that approach?

How do you start a new country, create a community in the cloud and then have this like decentralized

Pods or hubs all around the world where those people actually congregate?

I think it's a 20 year project and, you know, basically, uh, my, my one liner on this is 2000s for the tech companies, 2010s, crypto protocols, 2020s startup cities, 2030s network states.

Okay.

So company protocol, city, state, I think that's where we're going.

So we're in the, we are in the startup cities phase right now.

So let's transition to that real quick.

So what is a startup city?

Is this like Sam leaving San Francisco, moving to Austin, you know, the mayor of Miami actively recruiting candidates like a startup CEO would and, and hiring away great talent into Miami.

Is that what a startup city is to you or is it something else?

Yeah.

So what's great about the term is it encompasses kind of three definitions, right?

The first is just a city where startups happen, which is where, what San Francisco used to be.

Um, ha, you know, uh, the, okay, nowadays it's just, you know, like somebody who's choosing San Francisco for a startup, I crinkle my eyebrows, you know, I mentioned it before, before the pandemic, I said it was like choosing Java, you know, proven, but kind of, kind of sucks.

And it's like, okay, you don't know new languages and, you know, I'm not sure about your productivity

in this or whatever.

But now it's like choosing Oracle for a new company, you know, which is like, right, basically you're just getting locked into this horrible cost structure of declining product when far better options are available.

I questioned their judgment, you know.

Um, so the first definition is a city where startups just happen.

Okay.

The second is a city that acts like a startup, which is Miami now under Suarez, which is amazing.

Okay.

And the third definition is a city that's a startup itself, like Prospera.hn or cul-de-sac.com or the various startup cities that Pronomos.vc is investing in.

And um, the, the thing is, I think, uh, you know, obviously when I, when I said 2000s tech companies, 2010s, crypto protocols, 2020 startup cities, 2030s, network states, that's sort of when that exponential starts, right?

What is the analog of Bitcoin in 2010?

It's startup cities in 2021, right?

Okay.

Where, go ahead.

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

Uh, I was going to ask you a different question.

Maybe that's a good one.

It's a good one to drop on your listeners.

Bitcoin in 2010 was a pretty good buy or whatever, you know, yeah, exactly.

And I actually wanted to know, you got into crypto early on, I want to know, actually, what was the, you know, where were you kind of when you first, how did you actually first hear about it?

Was it the white paper that you just stumbled into conversation with a friend?

So how'd you hear about it?

How'd you get hooked?

And then how long did it take you to sort of like, you know, the mind virus infected you completely?

And you're like, Oh wait, this is actually going to work.

So I would love to hear that from you.

Yeah.

So, you know, I have to recollect the exact timeline, but basically it was something where I'd been thinking about economics and money after the financial crisis because everything broke.

And so you start thinking more deeply about, you know, the system that you just thought was functional, just shattered into a million pieces and, or just didn't work.

And I'd been thinking about like how the true definition of money is energy, in a sense of J-O-U-L-E-S, jewels, like visualize like an iPhone, you know, coming together like the rare earth elements and the glass and the aluminum and so on.

And this in the silicon just like this molecular assembly and how much energy would it actually take you to assemble that from its constituent parts, you know, like in chemistry, you can quantify this, you know, with like various chemical processes, how much input energy do you need to catalyze it or to make the reaction run.

And so that was like something I was thinking about because if you could reduce the energy cost of assembling something like a phone over time, you had genuinely reduced the price, right?

That's a genuine reduction because humans were able to do this thing more efficiently today than we were in the past.

And that'd be the kind of deflation that you want, jewel deflation, where because of technology we've actually made this thing cheaper to do than we used to be able to do, right?

Now I've been thinking about this and then, you know, one of my friends, you know, basically like, you know, I've write these essays or whatever, one of, but this is before I was a public, you know, public figure, if it sounds like anything, just, you know, one of my academic friends was like, okay, you should, you know, look at this Bitcoin thing.

And I forget exactly when that was, it was 2010 or 2011.

But basically, I thought it was really interesting because it was also using energy, you know, in a sense, a different way to kind of support value.

But it was doing something I thought was very counterintuitive.

The most counterintuitive thing about Bitcoin at the time to me was that the extra computation

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

was not going into increasing the number of transactions per second, but rather increasing the security of the system.

That was a design decision that was totally foreign to everything we had learned about scaling out systems and going parallel and so on and so forth.

That was, that was something which took me a while to wrap my head around.

Not that I thought it was bad.

I just thought it was like, I just don't understand this.

Or for example, the fact that all blockchain addresses were public, essentially he had stepped out of the box of what I thought a distributed system should be, you know, like had made certain design decisions now in retrospect, these are genius moves, but like having all your transactions out there in public on chain just would have seemed like a, like a feature that you wouldn't be able to give up, right?

But with the student enmity, it's like, okay, and then now with zero knowledge, we figured out with Zcash and other things how to add back that privacy, right?

So I followed Bitcoin, but it was actually only after the 2011 crash and recovery that I was like, okay, this thing really has legs.

And I wrote in late 2012, I actually had a course at Stanford I gave where I talked about Bitcoin and I'm like, I'm not sure if Bitcoin is the one that wins, but it is a very powerful tech that is like something in that class will be a big deal, right?

And I think both were correct statements.

I could find the exact PDF or whatever if you want.

And so that was around the time that Coinbase also got going and actually Brian and Fred and I, I think we first met January 2013, very, very, very early on in the history of Coinbase.

And actually, like I used the Coinbase API in a class that I taught that year and in a MOOC course.

And you know, basically that was kind of my story of getting into Bitcoin and crypto and then 2013 boom, of course, happened.

But it was basically the crash from \$32 down to \$2 in 2011 and the subsequent recovery up to like 10 bucks in 2012 that convinced me the thing had staying power because it's very rare that you have something endure a 90% plus drop and then come back, right?

That's extremely rare.

So you taught, you were a professor, was that correct?

Yeah.

You were a lecturer.

I think there was some article, I have no idea if it's true, that you were considering joining the FDA.

Was that true?

Yeah.

So I was, I was interviewed for a very senior role and I probably could have been at least number two that was on the table.

But I chose not to, I mean, it's now a few years later, I don't usually like kiss and tell or whatever, you know, but the point, the point is, is that you, you have this like academic side of you and which is fascinating.

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

You have this crypto guy part of you as a part, which is part investor, still part academic, but you also have this third part of you is, which is that you've built companies.

So you, you helped build, you, this is like traditional, like this is the most normal part of you, which isn't even nor like, like the most normal part of you helped build like a \$50 billion company called Coinbase.

The most normal part of you I used when I'm freezing my embryos and we just found out that like one of our potential children just had like down syndrome and like, oh, that's the most normal part of you is that you, you built that shit.

Right.

Well, it's funny.

It's funny because I, for your audience, yes, I think that's probably true.

Which is weird because that's not normal, right?

And so I guess on the, what I'm curious about is on the, on the Tim Ferriss podcast, you use one of the more baller phrases to say that you're rich use post economic.

I didn't use that phrase Tim did, but it's a, it's a good phrase.

It was the most baller phrase I'd, I'd have ever heard of like post economic like to the point where money does it like you're beyond that.

And because I care about money and it's interesting to me beyond just like, you can buy a nice shit, but it's like, you can think about stuff that you normally wouldn't be able to think about where has most of your success, financial success come from this weird part of you that is this crypto investor and gotten early or from the traditional part of building companies.

And there's a reason why I'm asking, but I'm curious what the answer is.

I think I'm, you know, I like to think of myself as a pragmatic ideologue where I have a horizon where I have my eyes set on this long-term goal of transhumanism and transcendence, but then I'm willing to be as pragmatic as possible in the short run and execute and go down to do listen and so on for that North Star, right?

Which I'm always conscious of and I wake up in the morning and I go to sleep at night and I think about that.

And I think, I think that's basically, sorry, I was just going to say, I think that's evident.

You kind of drove that when we asked you about 1729 and when you talked about it, you talked about essentially disrupting, you know, education, making it so that when people spend their time online, they're not just frivolously scrolling feeds, they're actually learning and earning and burning calories.

But then if you go to the product, it is the V1 kind of crawl where you say, okay, what's the simple building block that we need to do that?

Let's send a newsletter every day with a micro task that people can do to learn something and earn a little bit of money.

And so I think you have, I think you embodied that exact idea of like, what's the extreme long-term North Star and then what is today's building block in order to move forward?

And that's why I was getting like, what the hell are you up to, man?

Well, it's funny.

It's funny.

Well, so let me talk about that for a second.

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

That is absolutely an acquired language where I have learned that you need, you know, Maritz talks about this half jokingly as, you know, every app needs one of the seven deadly sins, you know, like lust greed, sloth, gluttony, wrath, pride, I forget the other ones, right? But it's things close, right?

And so the, you know, Tinder is lust, right?

And Twitter is wrath and arguably early Google, which is pretty, you know, that's pretty high brow like search, you know, but arguably that's sloth, you know?

And, you know, then Uber Eats or DoorDash is gluttony.

I love those companies, don't get me wrong, I'm not trying to diss any of them, right?

And so, you know, those hooks, basically I think you need to deliver a visceral instant benefit to somebody, right, where in a second you can explain what it is, okay, a newsletter that pays you, right, earn Bitcoin for submitting a form in a minute, right?

So instant benefit, if you can't give that to somebody instantly, then it's too complicated, you know?

Rarely there's exceptions, you know, rarely there's things that have very end-loaded benefit, you know, like things like Ethereum or roamresearch.com, for example, you know, that rewarded an academic mindset at the beginning, there was a very long term, right? But even Ethereum, for example, there was like a speculative upside, you know, which was the visceral short-term thing where you could align the short-term mentality with the long-term mentality.

All right, a quick message from our sponsor.

You know, I was thinking about the shortest day of the year earlier, and while we technically have the same amount of time as every other day of the year, the lack of daylight makes it feel so much shorter, which is exactly the same kind of feeling as working with disconnected tools.

Our workday is the same length as always, but before you know it, we spent three hours just fixing something that was supposed to be automated.

Thankfully, HubSpot's all-in-one CRM platform can serve as a single source of truth for managing your customer relationships across marketing, sales, service operations with multiple hubs and over a thousand integrations and an easy-to-use interface.

HubSpot lets you spend less time managing your software and more time connecting with your customers.

Learn how HubSpot can help you grow your business at [HubSpot.com](https://www.hubspot.com).

But I have to bring you back to the original question.

Go ahead, go ahead.

Call us, bring your best friends.

Go ahead.

Yeah.

Yeah.

I got to bring you back to the original question, which was basically I was asking, I'm like, did you get wealthier from this Bitcoin stuff or from building the company stuff?

And I have a reason for asking.

I don't usually disclose my percentages or something like that, but let's say I've done

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

well from both, I mean fortunate from both.

It's interesting because as an investor, it's 1% or less of the work.

It's 10% to 20% of the return, but it's 0% of the control.

I have never been like a tech guy in the sense of, actually, you know, there's people who talk about, oh, I had a computer 64 really early on as programming and so on.

That was actually never me.

I played video games a lot when I was a kid, but I was a math guy.

That's actually the angle that I came into it from.

I was into math and physics growing up and Feynman lectures and all the type of stuff.

And I thought that I was going to be maybe like a stats professor or applied mathematics professor or something like that.

And so computers were always just a tool and business was always just a tool only later.

The reason I got into genomics or clinical genomics, the reason I did a startup was, and I'll come back to your point.

I know you've got to think.

The reason I did that was in academia, if you raise \$10 million in a grant, it raises the right term.

You get a \$10 million grant and each row of data costs \$1,000 to collect.

You can only do 10,000 rows before you run out of money.

Whereas if you're making even \$10 on a row, you can collect a much larger sample and make a much bigger difference for the world because you can actually do the data analysis on that large sample thing.

The thing is that the 0% control, even though I am an investor and I think I've done fairly well at it and so on, I invest on an ideological basis.

I invest in the world that I'd want to build and there's probably things which are good financial investments that I'm just not interested in something if it's just making money.

I can sort of force myself to be in that headspace, but I have to force myself.

Yeah.

The reason I was just asking was, I just think that you're the stereotype of you is that you have all these odd and unique frameworks that create this brilliant ideas, yada, yada, yada.

That's cool.

I dig that.

But what I was curious about, just what's your life philosophy towards certain things specifically?

How do you think about execution, for example?

Well, it was just like, were you just like, well, I'm just going to go and make this company, sell it, get the bag.

Now, I can do all this crazy wild shit and everything else is upside.

That's why I'm wondering because if that is your strategy, I actually think that's kind of cool because there was some practicality and then genius stuff comes out afterwards.

It's interesting.

That's why I was curious.

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

In that sense, I'm not capable of, I should say not capable of it.

I didn't just do a job for the sake of doing a job to get the money to then do the next thing.

I really believed in both counsel and crypto and earn and Coinbase.

That's how I could put in that level of energy.

Buffett has this concept of, I don't agree with a lot of his stuff nowadays, actually, but this concept is good.

If you're waiting to do what you want, it's like waiting to make love at 70 or something like that.

You're just deferring.

It just doesn't work like that.

You should start working on it now.

TL also has a concept of how do you achieve your 10-year goal in six months?

I think that what I tried to do is advance short-term goals, maybe a sinuous path, maybe a winding path, but I had that long-term vector that I'm going towards.

The short-term stuff was never, oh, let me make the money and move on.

Maybe that might have been smarter to do, like D.E. Shaw did something like that.

D.E. Shaw is the guy who created the hedge fund.

Yeah, the hedge fund, and then he put a ton of the money into protein folding.

Yeah.

Shaw was famous because that's where Bezos worked and was left to join Amazon.

He built out this.

D.E. Shaw was like, hey, are you sure you want to do this?

Yeah, exactly.

There's a lot of effective altruism people who are like this.

I would argue that the effective altruism people miss one very important thing, which is that it is the production by people of goods that actually makes them feel that they deserve things.

If you haven't built, you feel guilt.

I think it's a very powerful concept.

If you haven't built, you feel guilt.

If it's just handed to you, then you don't actually feel like you deserve it, and that leads to a sense that nobody deserves it, and everybody's thing should be taken down.

I think that emergency aid is actually very good, but industrialized aid where it fosters a sense of dependency is bad.

Easterly and Levine have written about things like this, but recursing back at the stack, they do this concept of work hard, make a lot of money, and then spend it on altruism, for example.

I think that's a reasonable strategy, but I find it like holding your breath.

I only worked on those things that had meaning for me along the way, but were leading to a greater meaning thing.

I've been fortunate enough to do that, by the way.

One thing I was just mentioning to Sean is that it's hard for me to necessarily give

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

advice to folks on the very macro sometimes, because in many ways, the world has just become more biology-like.

If you were a person who was a nine to five morning person who liked routine, who liked structure, who wanted to hit the same button every day, who wanted work-life balance and to come home to the family and have dinner at the same time every night, and so on and so forth, the mid-20th century was awesome for you.

That was kind of the peak of centralization, homogeneity, routinization, structure.

It was also, by the way, the peak of mass murder and so on in China and Russia and what not.

Both of those are related to centralization, but in the U.S. at least a decent quality of life.

That was the best centralized model in the world, whereas the rest of the world wasn't doing so well under that degree of centralization.

Now we're kind of in the opposite thing, where it's like favoring night people who are asynchronous rather than hitting a button, the same button for 20 years at a factory, you're hitting a different key every second, like you're just generating different information.

Your day can be extremely varied.

One day, COVID has kind of locked us inside, but your day online can be extremely varied.

Do one thing one day, podcast another day, maybe play a video game, or basically the entire diversity of the human experience is a click away.

Also, you're rewarded now for diversity of thought and opinion in a way that now that everybody's a content producer, the more differentiated your content, the sort of higher the rewards you get versus if you're in the previous era, not everybody was a content producer, everybody was a content consumer.

You just go home, sit down, watch the box.

If you tried to sort of stray out of line, you weren't necessarily going to find other people who had the same convictions as you, and so it's sort of paid to just toe the party line in a bigger way than it does today, we're actually standing out for more today.

It's interesting because I think we are in the middle of a, you know, the Battle of the Bulge, which I thought was, is basically like Germany's counterattack in the beginning days of the war, which is actually a pretty ferocious counterattack, but ultimately in the long sweep of history was just a counterattack and the long sweep was there, right?

And what I think we have now is a strong counterattack in favor of conformity by both, you know, kind

of like the woke contingent and like, you know, CCP, right?

And so I think like actually it's going to be quite a fight because in my model of kind of like these means and things all battling each other in this gigantic continent, this cloud continent, one of the most powerful means is a mean that says there should be no other means before me.

So you said something that I want to, I want to go to you said, the world is becoming more biology like, you know, so what does that mean?

What does that mean?

That means that from nine to five, it is, you know, either like tweets or surges of

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

work, right, from day people, it's like night people are async, you know, from status quo bias to disruption bias, you know, from, you know, sort of the physical world to the informational world, the theoretical world, like ideas matter more, ideas can shape the world more, you know, all those kinds of things.

In many ways, you know, for example, something like Soylent, okay, Soylent itself, like I like the company and, you know, Rob Reinhard, the founder and his friend and so on, I prefer like a keto version of Soylent, of which one of them exists, okay, but as my minus the keto thing, the concept of just not having to think about it, so I can just do more math or more programming or, you know, just more content, that's like, I love that, right?

That's a very biology kind of thing, right?

And now, of course, I recognize that, you know, there's better forms of food like salads and so on.

But of course, there's worse forms of food like candy bars, right?

And so if you compare it against, you know, what's better, then you'll miss the fact that many people who are busy don't eat well and they eat a candy bar rather than a salad, you know?

And so this is actually like, basically, it improves baseline health, you know, in theory, if it was more keto or whatever, right?

And so that kind of thing is something where it fit my preferences.

And because of that, I invested in it, and the world just sort of adopted that.

Or like crypto, you know, fit my preferences for, okay, it should be programmable, should be decentralized, there should be, you know, like you shouldn't have someone be able to do bailouts and so on, and the world became more decentralized.

And so, so in some sense, that prediction of the future is just something where the world is sort of fitting those preferences, you know, and that's something that's hard to kind of clone.

I don't know if that makes any sense.

Yeah, that makes a ton of sense.

If you were, I don't know, 21 today, and I want to give one asterisk, which is in many ways, though, a lot of these businesses do not fit my preferences, like Instagram and, you know, Instagram is a great company, but like going and taking lots of selfies outside or, you know, like, that seems like something you would do, bro.

Yeah, I'm a very private person in that, yeah, yeah, no, no, like, you know, I actually tweeted on this before the pandemic, like, Instagram is for people who go outside, Twitter is for depressed intellectuals, you know, like,

Can I go ahead?

The reason why, can I explain what you look like right now?

Like, I'm in a, I'm in a dungeon here.

You're supposed to be this like big shot crypto entrepreneur guy.

You have what looks like a, like a super, super old camera, zero lighting, just looking down at like, your video setup is so horrible, I thought it was going to be the best.

I need to actually get that set up.

So actually I am solving that.

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

So I've got a studio and so on that I'm doing, but basically like, you know, We caught him in transition.
He hasn't set up the full remote workstation yet.
Yeah, yeah, yeah.
I haven't, I haven't done all that yet.
Probably because I do have the Blue Yeti or whatever.
I did get that.
So people nagged me into doing that.
It's sort of something where I go zero or a hundred, you know, on something.
And you know, so I just use the defaults unless I like actually engage.
And so, you know, I'm just learning acoustics and I'm learning.
I'm just, we're talking a month ago, you're set up and then these guys flew out to our houses and they built us these studios for us because they were fans of the podcast.
So we literally didn't know anything.
We still don't know anything.
We didn't know how to put this together ourselves either.
And now Sam's like, I have to like, we did this.
No, I'm making fun of him because he's like, well, you know, Instagram's great, but it's not really for me.
Yeah.
You can figure that out.
Yeah.
No, it's funny.
A shocker.
Well, it's interesting because I will value something once it has a dot product with like my North Star, right?
So like the dot product, you know, the inner product in linear algebra, it's like, you know, here's a vector.
Here's another vector.
And how much do they align?
Are they, is it just at right angles or is there some alignment, right?
And so the reason that I'm going to be improving, I think dramatically, hopefully audio and video production is I need the content to tell the story to build the future.
Right.
And so I'm going to get good at that hopefully because we need to.
But before then, I just felt a bit of sort of being an exhibitionist and it was like not, you know, not my thing.
Right.
So I was going to ask you if you were 21 today, what would you be like, what would 21-year-old biology today?
Let's say you don't have the tracker.
You don't have the name.
You don't have the funds to be investing and, you know, having a big platform to speak on

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

just, just yet.

What would 21-year-old you be focused on?

How would you be spending your time?

So what would I do?

First skills wise, I'd get really good at computer science and statistics first.

And the reason is that every domain has algorithms and data structures, which means that computer science and stats are valuable anywhere.

You can walk into Walmart and you start writing down code for shopping carts and, you know, baskets and pricing and so on.

You can walk into American Airlines and do that for, you know, flight scheduling.

You can walk into Pfizer and start writing about vats, you know, for drug preparation and, you know, like a pharmaceutical manufacturing, right?

Reaction connects, all that type of stuff.

And of course, each of these areas will have domain knowledge, you know, but computer science and statistics are a universal language.

And I mean CS and stats, I don't mean just like learning programming and, you know, how to invoke library calls.

I mean, actually understanding the concepts and really wrestling with them, okay?

And the reason is it's sort of like what physics was to the early 20th century CS and stats is to this century because physics was awesome for, you know, understanding the natural world.

All these physicists could, you know, in the heyday of physics go and kick in the doors of any discipline and be like, ha, I'm going to write down some equations and just change your life, you know, because you're doing this in a phenomenological way and we can do it way better.

And now today, because so much of the world is a constructed virtual world, you know, because we're interacting with it on screens, you know, something like cryptocurrency is a constructed virtual world, right?

Social networks are constructed virtual worlds, so are video games.

CS and stats becomes, I mean, it was valuable before, but it's even more valuable today.

So that's a foundational kind of thing.

And then, you know, in terms of domains to get good at, I would find something, you know, it sounds funny to put it this way, but like an area that you really care about for some reason, you know, and there's, but that's also a line, you know, the Icky guy concept, because, right?

So like the four things, I may not remember them fully, but it's like what you're good at, what the world needs, what you can make money at, and what you have fun doing, that's right.

Exactly.

That's right.

So Icky guy concept, finding what that is.

So after you build that base of skills, right, the CS and stats, by the way, you can understand finance because it's crypto or it'll all become crypto.

You can understand genomics because the ACs, Gs and Ts on screen, you essentially have

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

a theoretical like foundation in any area you walk into.

And then from that, other concepts can be layered on top, if that makes any sense, right?

So I mean, it's like a general purpose computer, it's a general purpose set of principles.

Then domains, today, genomics, big, robotics, big, crypto, of course, big, I think an under appreciated area is going to be relocation, permanent international migration, and this way I did teleport a while back, digital nomadism is going to be huge, like there's a thousand pieces of the tool chain for allowing people to go more mobile.

Uber and Airbnb, Uber is go down to the coffee shop, but the next step is Uber around the world, right?

How do I just, boom, pick up stakes and just move internationally right now as quickly as I can for as low a cost as I can.

I think that's a big area that people haven't really thought as much about as they will.

And I think post vaccination, post vaccination world, a lot more people value their freedom to exit.

That's why folks are going to Miami and so on.

Like when you're cooped up in a room, you want to burst free, and so the counter reaction of that is going to be this great migration.

In fact, I wrote about this in 2013, there's an article I wrote called Softwares Reorganizing the World, where essentially I said, because the internet is breaking geography, because you're closer to people who are 3,000 miles away than your next door neighbors, the underlying premises of the city and the nation state are being invalidated.

That's a geographical proximity no longer leads to cultural proximity.

And therefore, the assumption that people in the shared geography will share the same law and customs is no longer applicable.

And what it's going to result in is these cloud communities eventually migrating and materializing into the physical world and forming cloud cities and eventually cloud countries.

And that's now, I think with COVID starting to happen, crypto is a big component of it because those cloud communities can actually have their own currencies.

Okay, remind me why I got in this rush.

Go ahead.

You said geographic proximity is no longer linked to cultural proximity.

Is that he said it?

Yes.

Was that the phrase?

Yes.

That's a powerful one, which is, explain that for somebody who's never heard, you say that before.

Sure.

Okay.

So if somebody lives in a city in an apartment building, they often don't know their next door neighbors, may not even recognize the person who's living 50 feet away from them.

Right?

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

Literally, this person is living, eating, sleeping there, but you walk down this hallway, it's all closed doors, right?

It's basically as if you lived in a data center, like with virtual machines, you cut up a server into a bunch of virtual machines and they're all siloed and compartmentalized and isolated from each other.

Right?

So you go and you live in this box.

You don't know who's next door.

You don't know who's above you.

You don't know who's below you.

You don't know who's left to the right of you.

You don't recognize the people in the hallway, but who do you recognize?

You recognize a person from 3,000 miles away who you're laughing with on Snapchat or like video chat or anything like that.

You recognize that guy on the other side of the world who you're arguing with.

Your social network, your friends and your enemies or whatever, your friends and your friend enemies, they're just scattered around the world.

Some of them might be geographically close by, but even that is pointillistic.

It's like, okay, this person in this building, this person in this building, this person in this building, and I don't know anybody in between.

Right?

I mean, I buy into that.

I've got so many friends who I consider actually dear close friends that they're just internet.

I call them my internet friends and I have only met them once or twice.

Soon we'll just drop the whole internet friends part and we'll just be like, yeah, now at this point, the majority of my friends are internet friends.

That's just called my friends now at this point.

By the way, pointillistic, I know that sounds like maybe it's not a word I made up.

It's actually like a reference to art, so whatever.

It's like lots of little points, you know, discrete parts here.

The nitpick here is, I actually agree with you, but I challenge my belief because like all three of us, I think you in particular in your own bubble, but really we're all in this little bubble of like, the future, it's not a filter bubble, it's a future bubble because the way that-

Well, that's a very optimistic, wonderful way to put it and I like that.

I like that term, but like I have, I'm from Missouri, okay?

My family lives in Missouri, one's a teacher and the husband works at a bar.

Their kids go to school and the exciting shit that they do is play softball on Saturdays.

Do you ever ask yourself, the ideas that I'm coming up with or that I'm predicting the future, they really only impacting this small, small, small tip of the iceberg of people, how are they going to impact the random person in Nebraska or Missouri, let alone someone in Kenya or you know what I mean, do you ask yourself this when you're thinking about what the world's going to look like?

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

I absolutely do.

So here, I'm going to put on my pragmatic executive, whatever had, right?

Which is, you know, you have to focus at the beginning, right?

And the way I look at it is the V1 goal is to build a community, at least with 70 to 29, then I'll talk about the V2, is to build a community of technological progressives who are like, I mean, sort of like YC's founders, but not just tech founders, you know, people who are media, media founders, they're influencers, they're writers, they're activists for technological

progress like Isabella Bemke, she's like a pro nuclear activist, or folks who are, you know, for faster approvals of drugs and devices, right?

And I want to build consensus among that group that technology is good and that we can work together across borders to help people achieve a better future.

Not a Pollyanna, you know, kind of, oh, everything's going to be great.

But certainly what I think of as the bright sun to where the West is today, which is Black Mirror, you know, and I think that, you know, that it's sort of like at, you know, in terms of your efforts, how can they scale, right?

So my initial focus is definitely, let's call them founders, but not just company founders, a broader class of founders, including media founders, protocol founders, community founders, influencers, et cetera, and getting, you know, some agreement among this group, among this set of ideas.

And then recognizing that I personally cannot solve all the problems of the world and figuring out how we can build, for lack of a better term, positive some user interfaces for those folks who may not be as interested in the world of ideas and the stuff above, right?

How do we build, not just positive some, but aligning user interfaces, okay?

And user interfaces I use in the broadest sense, you know, where, like, you know, how your house works, how your car works, how your street works, how your community works, how can we actually build things where folks are actually aligned, you know, where the founder or the CEO gains or loses just as the average citizen does, right?

Where they're, it's sort of like, and do you see the guy from Chad who just died on the battlefield?

No?

No.

So I think it's like the prime minister of Chad died on the battlefield, right?

And there are all these memes.

You know why?

Because like, of course he's a Chad.

He died in conflict with his soldiers, right?

Even like some Western leader doing that, they don't have skin in the game, right?

And it was like a joke and it was sarcastic, but it also had like a really penetrating aspect of truth, right?

Which is a degree of disalignment of Western leaders and, you know, they're citizens, right?

Because it used to be that a huge myth, you know, like a aspect of being a king or being a leader was you were willing to go into battle, right?

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

Even in like World War I, there was this concept like, you know, the nobility, the aristocracy was supposed to actually go into battle, right?

Of course, battle, look, we don't want to have wars, right?

Wars are not good.

But the concept of alignment, I think, is a very fundamental one.

And in the communities and in the structures that I want to build in the future, I think that alignment has to be quantifiable.

Now we're actually seeing this in crypto because I do think that, you know, one thing people don't get is that crypto is not just, you know, the next Wall Street, it's also the next Silicon Valley because decentralized social networks and so on are built there.

But even less obviously, it's a next Yale Law and Columbia School of Journalism and Kennedy School of Government.

You know why?

Because Yale Law gets replaced with smart contracts, Columbia School of Journalism with crypto oracles and decentralized truth, and Kennedy School of Government because the next heads of state or heads of networks.

Hmm.

Okay.

So let's talk.

So what I mean by that is, you know, there's that saying, it's apocryphal, but like, you know, give me control over a nation's monetary policy and I care not who makes its laws, right?

It's apocryphal.

I'm not sure exactly who said it, but you've heard around.

And so the people who have founded and run these gigantic crypto networks that are sometimes in the multiple billions or trillions of dollars are essentially like, you know, basically they're like the, you know, a Fed share, right, at least of a state, if not the country.

And they've gotten there by founding something, not by winning this whole popularity process where as a gerontocrat at 70, they've paid all their dues and now they finally actually can actually put their theories into practice when they're 70 something, you know, but instead as actually a founder who is aligned with all of their people and have all opted in to be part of the same kind of thing, right?

So the short answer to your question is, quantifiable alignment is I think the ethical way for those leaders to help, you know, essentially the, the population that's not as interested in ideas, you know, let me pause there.

I think Sean had something.

Yeah, I actually wanted to transition to a topic that I think is a little bit controversial, but also exciting.

And that's the controversial part is that, you know, I'm going to talk about crypto social networks.

We've talked about BitCloud on here and we got a lot of flak.

We talked about it because I said, wow, I think, I think Sean, I gave us flak.

Yeah, we gave each other flak.

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

I was really excited and you were like, dude, you're pumping this thing.

And I'm like, no, I'm not trying to pump this thing.

I'm trying to explain that I'm seeing some very interesting novel things here.

And that's exciting to me.

Like I'm a product person, you see tons of products, you see tons of apps, you see tons of announcements and you don't always see anything, you know, it's sometimes years go by between seeing something really, really interesting.

And the really interesting thing about BitCloud that we talked about was number one, the growth hack.

How do you get valuable people onto a new network?

Well, they loaded up a bunch of people's accounts with a bunch of money and they gave it, you know, they used an economic incentive to bring high status individuals to a new network.

So that was interesting.

And the second interesting thing was that you could, you know, sort of this Robin Hood meets Twitter, you can buy somebody's coin and in doing so, if I identify biology as an interesting person in 2014, as some people did, I get to benefit from the rise.

So a curator would get rewards alongside a creator.

So somebody who's an early, you can invest in somebody whose popularity and reputation is going to rise.

I thought that was interesting.

The third part, and so, you know, there's some interesting parts, but there's also a bunch of controversy.

And I think that the place I want to start is, I think that these decentralized social networks of which BitCloud is one are very interesting because they are like, they took Facebook's most valuable thing, right?

Like the Facebook database, the social graph that Facebook would, you know, defend with its life.

And they basically put it out there, you know, as the, that is the product, here's the social graph with economics built in, and now any social network can be built on top of this.

And I wanted to hear what you see in these social crypto social networks because I think you probably, when you look at your North Star, you also don't see like 30 years from now, it's, you know, Mark Zuckerberg owning the four most powerful social platforms.

And we're all users and consumers and have no economic participation.

I don't think you would be excited about that version of the future.

So tell us what version of the future you see with crypto social networks and then try to maybe, I guess, talk about what you're seeing out there today.

Great.

So I've been writing about this stuff for a long time and just disclosure, by the way, I am an investor in BitCloud, like a small early investor.

I wasn't involved with the project or anything, but I understand why, you know, there's some agitation around it, and, but I also think it's actually a good idea overall.

And I think it's, and let me give a few different thoughts, okay.

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

So first is that a very important concept is that crypto is, in a sense, the sequel to open source, because it's not just open source, it's open state and open execution.

Okay.

So let's say it's not just that you have the source code, you also have the database and you can track every single op code when it's executing, okay.

And one of the consequences is, you know, with Twitter or Facebook, they have the Twitter or Facebook API and they can shut it off one way, right.

And they have, you know, Mircat or gosh, Teespring, Zynga, so many companies that built on top of these APIs have had their access throttled or limited or their business model destroyed overnight because there's some change in that one-sided, you know, relationship, right.

And the thing about that is that's because if those companies had let the API be completely open, Twitter's was for a while, then somebody could clone the entire Twitter functionality and sell ads against it and then Twitter would be reduced to essentially an API provider and they couldn't monetize that successfully enough to prevent that from happening, right.

Because I think, you know, TweetDeck and so on were essentially cloning the entire interface or I don't remember exactly the details, but I think that was it.

So fundamentally, the issue was that the business model for creating an API and a protocol that was totally open that had state was not feasible then, okay.

What I mean by state, by the way, just for your audience, which is maybe less technical, that's like database state, that's stored state, that is information that's not transient, okay.

Like, you know, I do a phone call with you, that's transient.

I mean, maybe it's stored on some NSA server somewhere, but we don't have a copy of it typically, right.

Whereas Facebook has state, there's a huge amount of data that they've got, your photo and your messages and all that type of stuff, right.

The crucial thing that crypto enables and the reason it's not just disrupting Wall Street, but it's disrupting Silicon Valley is that, as I said, it's open state and open execution.

So we're moving into the third model of internet technologies, you know, Web 3.

How much of your day spent doing some of this like crazy thinking and building and working on a lot of the stuff?

I mean, are you do grind real hard on all this stuff or what do you spend your day doing?

It's a good question.

I mean, Dave varies.

Because this is all heavy, heavy stuff.

Everything we've discussed is like pretty heavy and you're, you're just rallying this off like as if you just like, you've like, you've like already said what you're, you've thought through it.

You're like, well, why am I wrong?

And then you've already thought through it again.

Anyway, like what's your, what's your, how much time are you, uh, energy?

Are you devoting to this throughout your day and or like you just go for walks and shoot

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

the shit?

Like what do you, what do you do?

You know what I have to spend energy on?

I have to spend it like, uh, I have to spend energy on small things like remembering calendar appointments and stuff like that.

That is actually what is very mentally taxing for me.

It's sort of like, uh, you know how a sports car is not meant to drive on like normal highways or you, you can do it, but you just have to like, kind of watch out or whatever, right?

Um, what I find hard is stuff that other people find easy at times, like just, oh, remembering that that meeting is in 15 minutes or something like that.

You know, because I get it and get grossed at what I'm doing, you know?

And so what I've just done is built technological workarounds to help with that.

And so I guess the answer to your question is this is just how I rectry or whatever.

I just, I just, I can't stop it.

You know, I just go, like I walk around and think, Oh, that'd be cool.

This would be cool.

And just tap it into my, you know, tweets or my notes.

I'm not, I'm not like, I'm not trying to humble brag or something.

You're asking about my processes.

Um, I think part of it is I do, yeah, just say the truth.

I don't care if you're bragging.

I'm just saying like, um, in terms of how to replicate, I guess what one thing I do do is something, you know, maybe similar, like Feynman had this concept that I think about a lot, which is, um, I have a bunch of active problems at any one time, like how to decentralize social networks, how to build alternatives to media corporations, how to establish decentralized truth, you know, these are sort of like active, how to not miss my dentist appointment.

Exactly.

Very, very.

So, um, the, um, those, those are like active problems and, um, then against them, I matched solutions, you know, so those, um, you know, I've gotten, you know, for example, you read some of your like, okay, this maps to that, right?

Um, and, you know, this maps to that because this was a problem that you had two years ago and now you see some concept and it lights up that this hammer could fit this nail, right?

So that's, that's kind of what I try to do.

I don't know if that makes any sense.

You also kind of help popularize the idea maze concept, right?

Was that you who, uh, kind of coined the idea maze concept?

I coined the term and it was funny because you never know what's going to resonate with people, you know, Dixon actually might go ahead.

I was going to say that not only resonated with me, it made me feel much less stupid as a founder, as I was like wondering around.

So okay, the idea maze, I'll paraphrase kind of just my understanding of it, which was

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

there's this like movie, you know, this, this Steven Spielberg version of startups is founder wakes up, aha, Eureka, I know, you know, this is the future.

I'm a visionary, goes and builds the thing.

It's a straight line.

And yes, there's adversity along the way, but the idea like I, I solved the problem and then I just do the thing.

And then like, you know, reality or at least what my reality was more like was I'm interested in like solving this problem for people or I'm interested in this like kind of new space and it's all kind of foggy.

And then I think, I always think I'm in the Eureka moment and I'm like, yes, and I sprint and then I hit a dead end and I'm like, oh, fuck, this is not how things actually work.

This was this product, this, uh, distribution strategy is not quite right.

Okay.

Let me backtrack three steps and then let me go down this other fork in the road that we didn't take last time.

I know I get a bit further and I hit another dead end and like you're wandering around a maze and eventually you sort of come out the other side and that that is actually quite a normal process for thinking through it as an entrepreneur, trying to, trying to bring something to life and make something successful.

That was my interpretation.

And it made me feel a lot better about hitting those dead ends because it didn't mean you're stupid and not cut from the same cloth.

It's this is the process or this is one version of the process at least that is a common set of problems.

So, you know, carry on, go back to the, go back, go back a few steps and then figure out a new way.

So did I, did I butcher it or is that?

No, it's really, it's quite good.

In fact, you know, now like eight years later or would have you on it, um, I'll give a few other thoughts.

One is it's actually similar to like mining for gold, right?

You know, like how, I don't know if you see that quote that circulated, um, about San Francisco during the gold rush era and how similar it was to startup era, right?

Like, you know, everybody had crazy plans and there was unlimited amounts of financing for any kind of gold mining operation.

Like that culture interestingly has seemingly a through line for a hundred something years, right?

It really sounded like it was describing startup culture where they're mining for gold and they had theories about this river or this mountain or whatever as the best way to get it.

And, uh, you know, of course tech culture is not just like the gold aspects of the technology aspect, but that aspect is similar.

And so the idea maze is like, okay, which thing is going to lead to the pot of gold?

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

It's sort of like that, you know, you're sort of like a physical gold mine.

So that's one interesting bit.

The second bit is that the maze is time varying.

So what's a bad idea today could be a good idea in the future or vice versa.

For example, uh, Pandora, you know, pre iPhone was only an okay idea and post iPhone, it finally became like a billion dollar company.

I'm not sure how it's doing now, but it did.

Like iPhone was a lift that it needed for ubiquitous audio everywhere, right?

Um, another is often that very small seeming permutations can radically change the outcomes of companies.

Like I remember you make, you guys remember this in the early days of Twitter and Facebook,

I remember people saying, why would anybody use Twitter?

It's just the status update function of Facebook, right?

Yeah.

Yeah.

Yeah.

Okay.

That was a common knock on it.

But the fact that Twitter was default public number one and asymmetric number two meant that it just became a completely different experience than sort of the private set of warrens at Facebook is, right?

Basically the fact that for the most part, anybody can link to any other tweet means it's a connected graph.

It's just one graph, right?

Whereas Facebook is something where I probably can't view that Facebook post, so I don't share it with people.

So it's a fundamentally private experience.

So it's, it's actually in a sense less viral.

Now, of course, I think, you know, Facebook, it's a more successful company and I think it gets way more crap than Twitter, even though Facebook is Twitter is probably worse for the world in some ways, is better for the world in some ways and worse for the world in some ways.

It's a gigantic amplifier, both positive and negative.

All the good stuff comes out of Twitter and all the bad stuff is just, it's actually a good comment on this where it's like, the terms are so large that you can't even initially sum them to see like whether it's positive or negative sum overall, right?

Where was I?

I lost my train of thought.

We were talking about the IDMAS and your updates.

That's right.

Okay.

So come back to the big.

That I've grown to appreciate more is the, the specific IDMAS you decide to run really

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

does matter and can be like a thousand X multiplier on the result, right?

So you know, look, genomics was, if I could show you all the good arguments as to why genomics would be a huge deal in the 2000s or 2010s and I could show you the curve of declining sequencing costs and so on.

But basically that generation of companies was, I shouldn't say capped, but it was somewhere between like a few hundred mil to a bill or something.

There wasn't a hundred billion dollar company that to my knowledge came out of that.

And it was sort of like, that was like the zip car era and then there's going to be an Uber era coming up, right?

And it's really hard to know whether you're in the zip car or the Uber era of something, you know?

Right.

And often there's iterations on a theme and it just breaks through like, and sometimes things seem tired and old.

Like Substack two or three years ago may have seemed like, eh, or whatever, just another blog who cares.

But adding those two features of A, monetizability and B, newsletter, so that you've got, you know, because a blog by default, I mean, it's not, I think maybe you can with blog spot to emailing and so on, but it wasn't like set up for that wasn't smack in the face for both the user and writer.

Those two aspects really changed things and, you know, have made Substack a breakout where that was not obvious two years ago or three years ago, right?

Ben Thompson of Stratechery, which Substack was inspired by had been kind of just rattling off in his own thing for a long time, building his own thing when nobody cared.

And then it actually worked, right?

Part of this is also the decline of the existing media environment.

That's what I mean by like, you know, the iPhone came and Pandora went from a bad idea to a great idea.

The decline of the existing East Coast media corporations has led to this exodus where this thing that was an okay idea, you came an amazing idea because there's only a need for it, right?

That all these nails came up, right?

I think insofar as I give advice for people who are thinking about picking the idea, you really want to ask yourself if this is a chance of being an apocleshift like search or social or mobile or crypto now, right?

Or something like that.

And it doesn't have to be, by the way, and that apocleshift, by the way, might be five or 10 years out from when you even start the thing.

Some companies just go like vertical, relatively late in life.

But you ideally want to be part of it, you want to have a thesis on why some huge trend will occur.

Let me give you another example of this, by the way, Teleport, which we set up in 2014.

I was just going to ask you all about Teleport.

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

I'm trying to find the old website.

Was it just.com?

No,.org.

Yeah, that's why.

So the way that I understand it is Teleport was going to crawl, aggregate tons and tons of data and tell you the best place to live.

Yeah, because here's a thought, basically, an extremely valuable search engine.

The most valuable search engine is the one that tells you the economically best place to live.

Well, it wasn't just economically, was it?

It wasn't just economically, but the concept was that every other quality of life metric that you had, to a first approximation, we could have you implicitly put a dollar value on it.

How much more is it worth?

When I say implicitly, it'd be like, OK, this place is \$3,000 a month in expense, but this place is \$3,500.

However, it is warmer.

And so out of millions of choices like that, you could back out the function of how much more people value that extra degree of warmth.

Did you see what I'm saying?

Right?

Yeah, it still gets a fair bit of traffic.

It looks like people are still going to the site.

Yeah, people are still using it.

You sold it to a, what's this, a Topia company?

Yeah, which is like a relocation company, right?

Teleport, I think, is, I think we're completely right about everything that people wanted.

I mean, it was fine.

It was a fine result.

Like, Sten and Silver did fine.

And why did you say, Sten, why did you say they did fine?

Well, I say they did fine, because they basically just did fine in their careers as a function of that.

Like the...

Oh, I got it.

OK.

Those are the two co-founders with me.

Sten and Silver, early Skype employees, and they've done great.

And it was a fine outcome.

But it was also a little too early, you know?

And basically, it's something where if Teleport and NomadList is the other one, by the way, which is also quite good by Skype.

Which I love.

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

I think that guy's awesome.

Yeah.

Yeah, yeah, yeah.

He's actually levels IO on Twitter.

And...

Yeah.

He's good.

And that I think he's probably a little too aggro on is, like, he's anti-investor.

And there's bad investors.

There's also good investors.

So that's something, whatever, you know, probably it might just be a Twitter thing where if I got the second bit or third bit of information, he might agree there's some value-added people or whatever.

But the thing is that NomadList and Teleport, I think, essentially had worked out the theory of this almost a decade ago, you know, that digital nomadism would be valuable, that people would want to relocate.

Because the reason I just say economics, whether it's just, you can put a number on it, right?

And so that's something you can plug into an algorithm.

And do you know what constrained optimization is?

Yes.

Okay.

All right.

So basically...

I mean, is that basically where you put, you very purposely constrained something to be happy?

Yeah.

You know, there's something, constrained optimization is like, I want to optimize my, you know, like the amount of time that I spend delivering packages subject to the following constraints.

A, you know, the car can only hold so many pounds, it can only take so many packages of time.

B, you know, it has to have this many stops, you know, between refueling and so on and so forth.

You have these constraints on the optimization.

Okay.

And what you try to do is you take all those constraints, you try to express the entire thing often in terms of minimizing or maximizing a single number that's called the objective.

Okay.

And so no matter how complicated all the things you are that are putting in the first order, second order, third order things, you're just minimizing one objective.

So you think about the best place in the world to live, you actually want to think, okay, how do I, like, imagine, like, green hills and red valleys, like green is good and red is bad, like a heat map, you know, of good places and bad places to live, right?

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

And so it's a scalar.

And so you can basically, to first order, think of that as the net economic benefit or loss I would have in relocating from here to here.

Okay.

And so you take all of these layers on the world.

So first is cost of living.

Second is how much you'd make in that geography, right?

Third is, like, you know, is there bars or nightlife, if you're interested in that, fourth, if you're older, you know, do they have schools, do they have airports, is there, is it green, what is the, you know, what's the rule set like, you know, like, is X band or is Y legal, you know, and so on and so forth.

All of those you layer on top of each other, and you have actually a very complicated mathematical optimization problem, right, which actually varies for somebody at different times of their life.

There's no place to live when you're, you know, a 20-something college student, you want the bars and nightlife, but if you've got children, you're probably thinking about schools and it's just a different set of considerations.

So the greens and reds change, you know, we could quantify all of that, right?

So here is that it'd be the search engine that would give you the maximum value, right?

It would basically be something where by changing your XY location, you might gain, you know, like \$50,000 hedonically, of which maybe \$20,000 or \$30,000 is economic.

And the other remainder is in quality of life.

Let me pause there.

Could this company, could this had worked?

I mean, I, I think he's saying it was a failure, but it was, it's something like zip card Uber. If it had been an operation or if it had been like the main thing in 20, if we had started in 2019 and 2020 had been the pandemic, right?

Like, or, you know, arguably it's still early.

I think it's still early because post vaccine is when travel truly opens up, you know, and when everybody's fully vaccinated, so it's like mobile phone installs, they'll take a while and hopefully there won't be, you know, variants that present immune escape that can, that can actually get out of the vaccine.

We'll see what happens or the vaccines.

But modular that, I think you will have a ton more, you already are seeing folks who are in Miami and so on, like the, the, the map is becoming mobile, even as states are doing lockdowns, you have the other thing, which is the centralized lockdowns and the decentralized, you know, global migrants, right?

So I think tools for international relocation are still early.

If anybody wants to build like teleport 2.0 or nomadless 2.0 DM me, you know, with a demo and I'll definitely take a look because I think we're still very early in that space.

When, when, by the way, right now, I have, I have no idea where you are right now, but if you were doing it, making your own personal teleport list, which city's most interest you for, for living in longterm?

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

Have you heard the term Entropo?

Maybe I mispronounced that ENTREPOT.

So that's basically like a, like a commercial center, you know, typically a port or, or, or, or, you know, something like that historically, but I think those are waxing in importance. Okay.

So, you know, Dubai, right, Monaco, Singapore, actually Miami, which is pretty interesting. Americans think of Miami as a party destination, you know, with sun and beaches and so on and so forth.

But Antonio Garcia Martinez actually, he was, he, he turned me on to this.

I had not actually been aware of this till his essay, I think in 2019, he's from Miami.

What he said is really interesting, which is Miami is like the Singapore of Latin America, which is to say that if you've got like a, you know, Mexican national and a guy from Paraguay and they want to do a deal, they'll do it in Miami because everybody knows it.

They all respect it.

It's like a decentralized, you know, demilitarized zone.

It's got good banking rule of law because based in the US, at least relatively to South America, Latin America, more stable currency relative to there, we'll see what happens in the future.

And so it's, it's a spot where people from the Latin and South American, you know, diasporas, they all have like communities in Miami, right?

So it's actually this international business capital that many Americans are just not aware of.

They just think of it as a beach place, right?

So it's actually a great spot for all this tech VC.

The fusion there is going to be fascinating.

I think we're going to see way more stuff done, not just South of the border, but in South America.

There's a lot of talent down there, of course.

But now you just kind of have eyes on it, looking at a new life.

And there's actually another aspect, a non-obvious aspect, which COVID is going to increase investment.

You know what that is?

No.

The world has gone remote.

And what that means is that longitude rather than latitude is now the organizing principle.

Basically, what you care about is not where somebody is.

If they're not in the office, then the next question is what time zone are they in?

Right.

Yeah.

Right?

So this is something.

There's a website, I think it's called time.is.

I posted on this, tweeted on this, right?

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

But what that means is longitudinal arbitrage.

Okay.

That's interesting.

I think the Airbnb founders or whatever they did this, where they went and worked in Argentina because it's sort of like low cost of living at the time.

And then also like sort of time zone wise, you're still lined up with the United States.

So it's like, you can go to Bali, but yeah, I don't know if it was a Coinbase.

Is that what it was?

Yeah, Armstrong did that.

Airbnb founders did too, but yeah, Brian Armstrong of Coinbase was in Argentina at a time, before Coinbase.

How interesting.

Are you aware of what it's like to talk to you?

No.

I would say it is like some kind of, it's like an amusement park ride, but it's the one, it's the one that's like, you know, the bungee and it's the bungee, only two people can go on it at any one time and they basically, so they swing and they're like super high up and then they hit the ground and then they like spring forward and go to the other way and they just keep going back and forth.

And that's what it feels like because you're like, it's like exhilarating.

There's really interesting topics, but you get so high up, you know, as the, as the sparring partner, you're like, I'm out of my depth and then you come back to root and you say something that's like, oh, that speaks to my life experience.

And then it goes back up to like, well, we're too far in the future again.

I can't see anymore and then we're back there and so I meant that as a, I mean that as a compliment, but I also, I was just curious, like, you know, when you're you, your, your brain is completely normal too.

You live there all the time, you know, and for me and Sam, I don't know, I can't speak for Sam, but I know for me, I love talking to you and I love listening to you and you know, any conversation we've had or whether through DMs, phone call or whatever has always been great, but I'm, you're the only person I've, I talk to frequently that that makes you feel out of, out of my depth where I'm like, you know what, I kind of wish you had a better sparring partner in here who knew what the hell you're talking about and can actually like push this even further.

Whereas what I'm trying to do almost is bring it back down to like, and who do you feel that way?

Yeah, that's kind of, I mean, it's certainly not my intention.

Basically, go ahead.

Sorry, Sam.

Who, who do you feel that way with?

Oh, I mean, like Feynman, Ramanujan, like, you know, there's like, genius, you know, geniuses have walked the earth, right?

Or have walked the earth.

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

Like, I talked to a guy who's good friends with, what's his name?

What's the VC ball, Andreessen, Mark Andreessen, and they're like, they're like, when I talk to him, I just, I can't keep up.

Do you feel that it is?

Well, I think, I think what you're saying is sort of like, is that a good sparring partner for you?

Who do you have good thought spars with?

And those might be other people that people should go follow or listen to because if they like what they're getting from you, maybe that's another person.

I think, I think, you know, Mark and I have kept up a high band with conversation for almost a decade now, Mark and Ben, for sure, Novel Rovi Khan, you know, who's a very good friend of mine, and Armstrong, Fred Ersem, these are really smart guys who like, basically folks who I get a bounce from every single day, you know, and I think, you know, I just play tennis with them, but it's also something where they're not exactly playing the same sport, you know, like racquetball versus tennis.

So as I learned something, you know, I know, I mean, like, I, I, I try to learn, I mean, you actually, Sergey Brayn had a good one liner on this a long, long time ago, which is, you know, every interview he did, he wanted that person to teach them something, right, which did a few things.

It meant even if the interview didn't hire them, he gained something out of it, right.

But second is, it's also sort of got their, their teaching abilities out on, on, you know, and that's actually useful because you often have to do something with them, come in and teach other people what you did, right, coming back up, you know, think of, you know, when I do these podcasts, I'm, they're so, they're totally off the cuff, right.

So it's totally, you know, just freestyle and so in the edited version, I think I would try to map the points such that it's bullet, bullet, bullet, specific, specific, specific, specific, general, specific, specific, general, like more disciplined in terms of how I accumulate to a thesis, right.

And I think, you know, I think maybe to a few good examples of that, if you look at the biologias.com posts on India, you know, like why India should buy Bitcoin, how India legalizes crypto, add crypto to India stack, I think that's sort of more of this sort of workman like, you know, set up this, this and this premise conclusion, you know, over and over again, I think it's reasonably well written, okay, at least it's comprehensible. But that's like the install software in the most effort, install intellectual software in the most efficacious way, but do you know what I mean by that, install intellectual software.

Yeah, exactly.

Yeah.

That makes sense to me when you say it.

Yes.

Yeah, you get it, right?

Like what?

Go ahead.

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

Sam, you're going to say something.

So you, you've been blogging on there for a while, I've been reading it.

You've been doing, you did teleport like in what 2014, which was right or ish, which was about like kind of making, making predictions.

You've been all about predictions.

I mean, it seems like that's been part of your, your, your personality for a very long time.

What predictions did you make 10 years ago about the year 2020 that were wildly wrong and that, and you would have bet a lot of money that they were going to be correct.

Like you're really bought in on them and they, and they've proven to be wrong.

It's a good question.

Um, I mean, there's lots of things, so many things that have gotten wrong.

I mean, one thing that's kind of interesting.

You know, I only really became a public figure in 2013, you know, public figure, I don't know if I didn't call myself that now, but like, I only actually have wrote publicly in 2013.

Before that, I was sort of, you know, cloistered in academia or in genomics.

It's like, it's like an enterprise founder who just doesn't ever take the mic or whatever, you know, so to speak, right?

And I had plenty that I was thinking and I was writing about, but I wasn't speaking publicly on it, and, um, I think that one big thing I got wrong was, um, I, I was just never like, I'm the personality for cryptocurrency.

I'm not really the personality for early social networks, which were all about exhibitionism and remember zombies that game, you know, like people wasting time online, all that type of stuff.

That's like, totally not me.

And, uh, so I, I actually, you know, there's people who dismiss crypto as, oh, it's, you know, it costs too much or it's, it's just a scam, you know, they just didn't get it, you know, for a long time.

And then there was eventually a lipo moment.

Um, social networks, like, I, I sort of got the appeal of it being like a Facebook online.

You remember the concept of Facebook?

I don't know if you guys are old enough.

Actually, Sam, you're actually relatively younger, but something's almost impossible to Google.

This is funny.

Google the Stanford Facebook.

Haha.

You know, that's like three proper nouns.

But, um, back in the late nineties and early 2000s, a Facebook was a noun, which was, it was something that was given out to freshmen, um, when you came, you're aware of that?

Well, yeah.

And I mean, I had my brother's, you're probably 10 years older than me.

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

I have brothers at all.

Yeah.

I know you're talking about.

Okay.

Well, so that's something which, um, was a physical Facebook and I understood the appeal of like putting that online.

But I only actually understood like the power of social networks, uh, when there was a friend of mine who was live-tweeting a genomics conference.

Okay.

And I was like, Oh, that saved me a flight.

Nobody would have written up the material as well as this scientist would have because it would have just, you know, messed up the terminology or made it confusing.

It certainly wouldn't have gone into as much depth.

And I was just able to like just slurp in and download like five hours of presentations without a plane flight, you know, um, at my laptop in 10 minutes and get the important bits.

And I was like, that, I really like a lot.

Okay.

I actually understand the value of that.

I did not understand the value of tweeting your breakfast.

Right.

That seemed to me the stupidest, most exhibitionist, like waste of time thing in the world. So what did you predict that it just, I'm like, it might say, it might say small and small.

Yeah.

Yeah.

I underestimated when social networks were basically voyeurism and exhibitionism and time wasting and zombies and so on, I, I did not really think through their social impact.

Right.

It was only after, and the thing is that the reason that genomics thing really piqued my interest is because I realized that that was something that would only be feasible when the thing is that she's such massive scale that even this very niche, niche, niche, niche application was feasible.

You know, it's like, like you have gigantic scale thing, Google, and then you can Google like, I don't know, Belgian cooking recipes or something like that or a French cooking recipes.

Maybe that's not that niche, but you know what I'm saying, right?

So social networks, I, only after I, uh, I understood that, that they weren't just time wasters or distractions that you could actually learn things with them.

So I, I very much underestimated social, um, and, um, I think that I probably overestimated genomics, you know, uh, what I, what I got wrong with that was I saw, I think all the technology and the computer science and all of that, you know, there's a curve by the way that your, your audience can Google, which is like cost of sequencing a human genome

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

like NHGRI, National Human Genome Research Institute.

And that like was just dropping through a cliff in, in the late 2000s and it was clear that this looked like a Moore's law like thing and Moore's law catalyzed quite a lot of stuff. So get into that.

What I didn't understand as an academic and I only understood as an entrepreneur is what the FDA really was.

You know, I didn't understand that like basically the FDA is like the primary blocker of like medical innovation, not just in the US, but in the world.

People are now, by the way, catching up to this, you know, because of the disaster of the FDA holding back authorization on COVID testing, then doing things like holding back the Johnson and Johnson vaccine because like one out of a million people literally are getting blood clots, you know, this type of stuff, people are understanding that their degree of risk aversion is not actually optimal.

There's both type one and type two errors, both false positives and false negatives.

And if you are rejecting good drugs or good vaccines or good tests, you are potentially doing as much or even more damage than bad one than, than approving bad ones.

And people are only focused on the PR downside of approving a bad thing and not on the unseen of not approving a good thing, right?

You basically wanted to be the Ron Swanson of the FDA, you know, you wanted to, you wanted to get elected of the tear down.

Well, no, no, actually that's why I didn't take the position.

And in fact, it was a surprise to me because I, the paradox of that is obvious, right?

Like Google didn't reform Microsoft by becoming, you know, Bill Gates, Google reformed it by building a parallel system.

And then once it had made billions of dollars and after 10 years of Microsoft throwing everything in the book, then they replaced their leader, bomber with Satya, and then they reformed and embraced open source, right?

So I don't believe that one can abolish the FDA any more than one can abolish the Fed, but I do think you can exit the FDA like we exit the Fed.

And you exit the Fed with Bitcoin required like basically, you know, this, this, this development of both technical and cultural and economic breakthroughs to build a parallel financial system, which started off as just a crazy person's, you know, vision of the future, right?

But some people got the potential very early on like Halifany was speculating that could be like one to \$10 million per coin, very, very, very early on, I think in like one of the first threads, like if Bitcoin took over, right?

I wonder if he was Satoshi's friend or a colleague or something like that that was just sort of lending his name to this anonymous project to give people, you know, a second look at it, right?

He actually, this, this pseudonymous guy is actually maybe better than he seems.

It's possible, right?

Point is though, that parallel system was built outside the existing system and it's completely ethical because everybody who is engaged in it opted into it, right?

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

He's not forced on anybody and all the bugs, every hack, every loss of funds, every drop or surge in the price, every technical difficulty, every UX difficulty, all of that was opted into completely ethical opt-in experiment, right?

At the broad scale, which is the opposite, by the way, of monetary policies that are foisted on you top down from above, you had no ability to take the non-inflated USD after 2008, right?

But if you disagree enough with the cryptocurrencies monetary policy, you can fork the entire economy,

go your own way, right?

That minority report does exist.

It may not be successful, but then, you know, that's in the execution.

So one thing I think about a great deal is what is to our existing institutions, what crypto was to finance, right?

So you can see already a crypto law, it's smart contracts for big chunks of law.

You can start to see crypto media in the sense of decentralized cryptographic truth and the crypto oracles, things I was talking about, where the foundational assertions are not human beings thumping their chests and saying, science, capital S, you know, or with quotations, right?

But rather, cryptographic facts, by the way, can I dive into that for a second on quote unquote science versus science is a very important issue?

Yes.

Okay?

Let's do it.

We're like, masks don't work because of science, masks work because of science, right?

And essentially, what they actually are saying is some authority figure has told me that this is true and therefore it is true.

It's not actually science is not about peer review, it's about independent replication.

That's a fundamental difference, right?

Peer review is at best a proxy for independent replication.

There's a premise that that guy who reviewed it as a peer actually went and grabbed the bubbling beakers and did the experiment themselves.

That's less and less the case today.

Most of the time it is, or maybe it's less the case forever, most of the time it's like a few emailed comments and like make a new figure.

Okay?

Right.

So the actual, you know, like independent replication is download the code and run it on my machine.

Okay?

Now, there's only one thing which has, now, first let me back up for a second.

Science is actually the ostensible basis of our civilization, you know?

It's no longer religion, right?

You don't cite God or the Ten Commandments as why have this law.

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

It is science says that there's a certain amount of emissions, so therefore this policy is there, right?

Science says there's certain amount of viral particles, so therefore we wear masks versus not and so on and so forth, right?

So upstream of everything is a scientific premise which is then coming in often from peer review as opposed to independent replication, which is subject to institutional capture, which is what's happened and you start to get scientists saying more and more ludicrous things that are, you know, like all the public health people just completely own themselves during the pandemic in many different respects.

Like they admitted that saying that masks don't work was a noble lie, right?

Which wasn't even that noble, it was just stupid, it was obvious at the time, you know?

And you can't do that too many times and there's many more examples of that but that's a particularly egregious one.

You can't do that too many times before people just don't trust it, right?

So what's the alternative?

What's the alternative?

Because, you know, the answer isn't, in my view, to go to astrology or Wu or stuff like that.

What do we have?

Not science.

There's only one thing that's more prestigious than science.

What is that?

More prestigious than science?

It's not usually thought of as being an opposition.

What is it?

Math.

Okay.

What do I mean by that?

When I say math greater than science, okay?

It's like kind of a one-liner, it's like a funny headline or whatever but let me expand what I mean by that.

Every scientific paper is based on the collection of data and the generation of like figures and tables and so on, right?

There's a concept called the open access movement which is about putting research online and taking it out from behind these publisher payables.

There's also a concept called reproducible research which says that that scientific paper should be fully reproducible from the underlying data and code.

Like you should be able to hit enter and just like you can template a web page with parameters from a database, you can template a scientific paper with calculated parameters from that data set, okay?

There's sites like distil.pub or if you look at what OpenAI does, like a lot of their papers are basically like interactive websites which operate in this fashion where the underlying

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

data set is like templating the page, okay?

What's the point?

The point is that it is, when I talk about science as being independent replication, yes, it is impractical for everybody around the world to have their own inclined planes and cloud chambers to try and replicate all these experiments.

We don't have those but what does everybody around the world have?

Computers.

Yes, that's right.

They have computers, they have phones, they can't necessarily do science at home but they can do math on the computer.

The more of that independent replication process that you can turn into math, the more that people who do not trust a central authority can check the claims, okay?

Now, we've already seen a huge victory of this, right?

Which is scientific economics has been defeated by mathematical economics that say all these Nobel laureates, winners of the Nobel Prize in Economic Sciences all went and denounced Bitcoin in different ways.

It can't work, it won't work, it shouldn't work, it should be banned and mathematical economics defeated like these quote scientists and I put them as quote unquote scientists because they're not, you know, one of the big things by the way is it's like Scott Alexander calls it the skin suit, you know, like science is like Newton and Maxwell and the crucial thing is like Maxwell's equations have trillions of independent replications.

Every single time you pick up a cell phone, you're doing an independent replication of the equations for the E and the B field for the electrical and magnetic field, right?

And a thousand other things, there's equations for quantum mechanics that you're effectively replicating independently confirming because the engineering wouldn't work if the science doesn't, right?

So those things have trillions of independent replications and it's a total category error to compare them to a study that came out last week that has basically zero replications, right?

Calling them both science means you're taking things, the only similarity is like they're coming out of universities, but the axis on which to compare is the number of independent replications, not the number of citations, number of independent replications.

And what's awesome about this is this is actually where crypto is.

If you think about what does it mean to have a transaction confirmed on chain?

I don't know if you've ever seen blockchain.com, have you ever sent any cryptocurrency and refreshed blockchain?

Sean, maybe?

I've sent it a whole bunch of times, but I never sort of tracked and traced the transaction before, you know, it's sort of a log.

I never looked at the log of the transaction.

Look at the log.

For example, yesterday when I went and said I was donating, you know, money for Indian COVID relief, I was able to post the link on chain so people could see the funds flowing

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

and see that I donated exactly as much as I said to the address that I said I was going to donate at the time that I said I was going to do it, right?

And the critical thing there is there's a thing that says number of independent confirmations. How many different miners, right, have confirmed that A did B at Z time, okay?

Independent confirmations are very similar to independent replications.

That's cool.

They're actually doing calculations, all of them are doing mathematical calculations to confirm that this fact, this assertion actually happened, that you had the digital signature that owned the script.

That seems like a very limited scope, but as I said, we can expand it to property.

We can expand it to lots of other things, right, and to crypto oracles.

What's the point?

The point is if you take the concepts of open access, the concepts of reproducible research, the concept of independent replication, and its proximity to the multiple confirmations of on-chain data, right, you can think about something where, oh, actually all these people have computers.

So if the code and the data set for every paper were actually on-chain, not only could I independently replicate at least their post-upload conclusions, right, they may have still falsified the data, by the way, that's still possible, okay?

But post-upload, every calculation they're making, I can check.

Moreover, if all of that is on-chain, it's an open-state database going back to our previous point, right?

So every paper can be compared against every other paper.

We can have common formats rather than every paper using a different format, right?

We can import a library from a previous paper, just like you can import a library from GitHub, because again, it's all open-state, right?

And so now you actually start to make science far more checkable and cumulative because it is only the uploading process, which now is in doubt, everything that's on-chain, at least given this data, I can check their calculations, I can check their figures, I can check their tables, I can also check their citations because I go back a few hops, and they're importing this paper, importing that paper, and I can actually see that their premises, I can check their premises as well, I can map the trail of citations all the way back, right?

All of which is actually quite difficult to do today, you know, only Google can build like Google Scholar because they have access to all these journals, it's all behind paywalls, right?

Some of it is being broken out there, like PubMed Central and so on, but a lot of it is still behind paywalls, or it's like a thousand different formats, right?

And this is similar to how, you know, banking before crypto was a thousand different formats, it's like, you know, this wire transfer and this address and so on, and crypto unifies it, or like, it unifies it in a uniform address, right?

A dress format that's universal and global.

Point being, this is actually a way that you can decentralize science by actually realizing that math is actually more powerful than simple assertion and using math and all the computers

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

that we have to independent replications of every post upload plan.

All right, I know that I just threw a ton at you there.

You threw a ton.

Yeah.

But that's like a recipe for like what crypto science or decentralized science might look like.

And just like a quick question, you were a partner at A16Z, is that what you were doing?

Yeah.

A general partner for a while and then a board partner was part-time versus, you know, operating a company.

You're just, you're just a weirdo and I love it.

You're just so interesting.

You're just so odd and like who, like you're just sitting here talking about math and science and we did crypto, we did starting traditional tech companies.

We did.

Where to live.

Battle the bulls.

I don't think about where to live.

Yeah.

But you're eclectic.

Well, we can go deep on a specific topic if you want.

Actually, I'd love you to teach me something about newsletters because you built a large one.

So maybe, you know, like I can ask you, you know, what would you like, given that I've got, you know, a newsletter that pays you, maybe you can teach me something about that and I can learn.

I could teach you.

Yeah.

I mean, I could teach you everything about newsletters.

I don't know if I could do it today.

It's 1 a.m.

Right.

Sure.

Sure.

Sure.

I mean, I can't imagine there's that many people in the whole world that know more about me than newsletters.

You know, like what you are to crypto, I am to newsletters.

It's unfortunate.

It's unfortunate that crypto is far more lucrative, but you're okay, you're quite well.

And, you know, the thing is, as you know, if you, one of the funny things about this whole space, just this tech thing is if you just stay in the game long enough and you take enough swings, ones that you just don't expect will just connect much harder.

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

I mean, like, you know, there's investments that I've made, which I spent five minutes on that have returned more than like five months of work.
Of course, you're still taking capital risk.
You know, it's not like free money or anything like that, right?
But no, I mean, you're like, you're a very successful entrepreneur and you're in the game.
And so just put some of that newsletter money into crypto or other things or media factors.
I did, and I actually, there was like a famous story that I retell over and over and over again, but the short of it is I was friends, friendly with Ross Albright and, and when he was arrested, I didn't know that that's who he was.
And I was sitting next to my coworker and I go, Billy, my guy Ross just got arrested.
You heard of this thing called Silk Road and Billy is not the same as Billy Draper.
And he was like, and he was like, yeah, my dad said that Bitcoin is like going to be the coolest thing ever.
And I said, sounds good to me.
I'll go and buy it.
So I bought it.
I don't know what it is, but your dad is smart.
I'll do what he says.
So that's like my story.
I'm glad you got me.
I mean, poor Ross, I didn't actually know his name was Albright.
I thought it was all bricked, but I'll break actually, I don't know how it's pronounced.
But yeah, poor Ross, definitely.
Yeah, we weren't like crazy close friends.
We've hung a couple of times and I lived in Glen Park where he lived and I was at like in front of the library the day he got arrested.
On that topic, it is surprising to me, given all the malfeasance that came out afterwards that there hasn't been a retrial, literally like agents falsifying information and so on.
And that's just what's come out to the public.
Like who the heck knows if it was all like, I haven't gotten into the details on this, but I do understand that like the supposed hits that he ordered were all faked.
And it was just all entrapment or something like that.
And well, they were faked whether that was entrapment or he meant to murder someone.
That's not for debate.
Yeah, I said, I haven't gotten into the guts of it.
I like that you, I like that you try to like, and everybody knows the right thing to do.
And then most of us don't always do the right thing, whether it's food or it's consuming information.
And it's like, ah, maybe this is bullshit, but it's entertaining.
So I'm going to, I'm going to do it.
I'm going to read it, watch it anyways, and it's sort of like, you know, Warren Buffett,

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

he's brilliant in one thing.

And then he, you know, drinks like whatever six weeks a day and he's McDonald's every day.

You know, he's McDonald's breakfast every day.

He's living till 90.

So his constitution manages to keep up with some hour area, but yeah, I think he's, he's pretty stressed for you.

I think it works for him.

Do you have something like that where you're like, yeah, I'm super smart, but this is the dumb thing I do.

And I know it's dumb, but I do it anyways.

Watches the challenge on MTV by me and Sam.

We both watch shitty reality TV and we're like, yeah, we know, there's better things to do, but we do this anyways.

Big Kardashian fan.

A big Kardashian fan.

Um, you see basically asking like what, you know, creature comfort type stuff.

Um, I mean, I just, you know, like, you know, like things, you know, us normal humans do.

No, I mean, I like, I'm on, I'm on Twitter or whatever, you know, and that's like certainly a huge waste of my time.

Um, it's, it's both good and bad.

It's one of those things where, you know, every time you, you, you get out, they pull you back in, you know, like Godfather, right?

Um, I, uh, I once watched a movie.

Yeah.

I've watched tons of movies, tons and tons of movies basically like less so recently though, it's interesting.

I, you know, actually one of the things I've found, you know, just on the like the biology like preferences becoming the future kind of thing, right?

Let me give you some.

This is not the answer to your question, uh, but let me riff on this and then come back to your question.

Okay.

Um, there's, for example, in 2005, uh, when Google Maps was out before the iPhone came out, when I wanted directions to something, what I'd do is I would use Google Maps on my laptop.

I would screenshot it.

I would charge up the laptop.

I'd also print out the screenshots in the event that there was a power outage and then to keep the laptop and the screenshots on the passenger side of the car as I drove.

Okay.

And that's like, that's what, why I knew the iPhone with maps would be a success because I had this crude, jury rigged version of it in that interim period when Google Maps existed

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

but the iPhone didn't.

Okay.

It's like a small example, right?

Um, certain things that I've been noticing actually as I just talked to you, I was like, you know, I really haven't watched that many movies recently.

And why is that?

It's like, well, so many of them are woke that I kind of just roll my eyes and I know exactly what it's going to be like Hollywood has gone so woke.

And uh, and that's just like being preached to, right?

Even if you might agree or disagree with some of the like, you know, principles there, it's just like, all right, again, blah, blah, blah, right?

And uh, it's very predictable.

It means the characters are hacknied.

It means the messaging is, is, is just so on the nose, you know, there isn't any of the humor and so on that used to characterize it.

There's so many areas that are off bounds that like it's just all so edited and I just found the quality of Hollywood has been dropping off a lot.

And everything I've realized is I don't hire actually from Stanford or Harvard or MIT or whatever anymore.

You know where I hire from?

Twitter.

Hmm.

Me too.

Okay.

Because basically, uh, it's first it's international.

Second is you can kind of tell that these folks can write, you can see what they're, you can see what they're about.

You can see what they're about.

And actually it's like a V1 of this concept of like, um, it's a comp, you know, my thing about how you didn't get like too much signal on them from their diploma, right?

Yeah.

You get way more signal from their writing and interests and so on on Twitter, not just their skills, but their values and character, right?

And you know, there's like super smart guys in, you know, Nigeria, you know, smart women in like the Middle East and so on who you could, they shine through.

I'm like, okay, that person, right?

And you've now got like an index on, on the world that you didn't have before rather than just buying this, this degree, right?

In fact, actually, I'm not, I don't quite say they're guilty till proven innocent.

But unlike, you know, five or 10 years ago, a lot of these graduates of woke schools, I mean, I think of them as like, uh, you know, like religious education now, because that's what they're prioritizing.

I don't know if you see this thing, like they're abolishing accelerated math in Virginia

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

and so on and so forth, right?

And so, so it's actually something where these folks are coming out of higher ed with, uh, a religious education that basically means that they are not necessarily all that technically good anymore.

And a set of priorities and entitlements that is very much often adverse to what is needed to build a business, you know?

And so I think there's been like the college flipping for me at least in terms of hiring from these places and said, you know, you want to hire the guy from the Midwest or the Middle East who just has like, you know, just a different set of values and is just more hungry, you know?

What's up?

Yeah, exactly.

Right, exactly.

What's your Hollywood, what's your Hollywood replacement in that same way?

So that's your hiring replacement.

You said your Hollywood consumption goes down.

What'd you replace it with?

Um, old books, math textbooks.

Um, I thought it was something what like normal people do or whatever, you know, that that's like a fridge.

Uh, so, you know, before I started my first company, I was actually about as jacked as as possible to be with my South Asian physiognomy.

Um, and, uh, so like lifted and ran all the time.

I worked out all the time and it was very difficult to do that while operating startup because, you know, your first priority is like, there's always the temptation to make that short term sacrifice of stay up late or skip the workout to take the sales call.

And frankly, your employees, like, uh, you're at least what I told myself all the time, the employees, you know, you have your responsibility to them, which, um, your small health or your hour of sleep isn't as important as they're, you know, because you have a fiduciary responsibility to them.

You have to put them jobs, move across the country.

Oh, I didn't do that deal because I went for a run.

Oh, okay.

Well, you know, and it took me a while to realize that actually that was a false economy.

And, um, that, you know, like spending down your physical fitness or your health is actually something that will also impoverish them in the medium to long run because you won't be, you know, you can only tap into that, uh, in your youth.

You can push harder, of course, right?

But as you, as you get older, um, the, uh, you just don't have the energy to do that in quite the same way, right?

You can't tolerate as much.

Are you yo, are you, are you, are you fit now?

I'm fitter than I was.

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

Um, I basically, one of the things that actually I did at 7029 is, uh, you know, we're doing the same proof of workout, right?

Where you can submit like proof of work, haha, get a proof of workout, right?

Where you submit, um, a proof of workout, we give you 10 bucks in VTC if it's one of the top 100 of that day.

Okay.

And it was kind of cool and it's got extremely good response.

And basically what I realized that for the next thing that I did, I actually had to make that part of like the job and the business such that everybody expected me, uh, just like I expected all our employees to go and exercise.

And because it was actually something that advanced the company as a whole, and I just had, you know, whatever, just, I can only do one thing at a time.

So I needed to actually make that a front page priority in sort of the same way that people, um, have learned that spaghetti code is a short-term optimization.

And actually you're taking on technical debt, you're taking on physical debt if you are not like working out and eating right each day, you know, so I wanted to kind of put that in the top of my consciousness for the next thing, um, and I actually think that that daily fitness, eating properly, et cetera, is on a straight line with transhumanism and with a versing aging and so on and so forth.

And whether we'll be successful in that, I don't know, but at least I want to at least set that direction vector.

Hmm.

I like it.

I think we lost Sam to a bathroom break because we've, we've broke the, my first million record of longest podcast.

So we should, we should wrap it up.

Um, where, where can people find you?

So I know Twitter is where I kind of get the most, uh, so shout out kind of where people can get more.

Yeah.

Go to 1729.com.

Um, that's the free newsletter newsletter that pays you in fact, where it's got these regular Bitcoin bounties for tasks and tutorials.

And, um, you know, I kind of spoke about what our long-term goal is for what we're doing there.

Short-term.

It's extremely easy to understand, which is read a post, do a task, earn some crypto.

And then, you know, like, for example, what we had yesterday, uh, is, um, you know, learning about how to register a domain name that was very valuable in the early nineties, uh, well, learning how to register a crypto domain name is probably going to be very valuable.

And we basically have a tutorial on that.

And if you, uh, go and do it and you tweet about your experience, then we'll give you 250.

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

If you write a good set of tweets, right, like educational and formative set of tweets, right?

Right.

So that's like a cool, I think a way to incentivize you to learn something that you should already learn.

And, uh, so we're giving out like \$5,000 in Ethereum for that, right?

And can others sponsor, uh, could others people sponsor like, could, could we put up \$5,000 for something?

Absolutely.

So we have 7029.com front-slash create, okay.

And one thing that I want to have eventually is something, you know, just like companies have Twitter accounts, have them have 7029 accounts where every task that they can outsource to the public at large, they do.

And maybe they pay them in their corporate cryptocurrency.

Yeah.

I love that.

I love this sort of mini X prize.

We've been talking about this on the pod for a while as like, I love that the X prize was this kind of big pinata that got a bunch of people to innovate and step up and actually more investment than the prize that happened because of it.

Uh, and I wondered, I know, I, I've now experienced a big company.

We got acquired and I'm like, Oh, I understand why it's so hard for bigger companies to innovate. I wish we were just putting more of things on our company's roadmap just out there and say, Hey, if anyone can, whoever builds the best version of X, we will like sort of state up front what we will acquire it for, what we will pay for that bounty to be complete as one of the sort of startup ideas I'm most passionate about.

Absolutely.

So if you're interested in trying out some experiments on this, like one big thing is, you know, I think you're mentioning like startup ideas that you had.

So one thing I want to do is do prizes for startup ideas, you know, 25 K for the best one in 30 days.

And you know, we have the right to put in a safe or something like that, you know, like, um, but, you know, we can, we can, we could figure out all those things, but if you, if you just want to try something, go to 1729.com front slash create and just submit a task and instructions are there.

And if it's good, we may even fund it.

Okay.

So that's to say, like the process of creating a task, meaning drafting the copy and the process of sponsoring a task are actually separable things.

So you could have a lot of people create unfunded tasks and just like a VC goes and invest in a startup.

It's like a, a sponsor invest in a task and then boom, makes it go mainstream, right?

So that itself is like an interesting concept where, you know, you don't just have, uh,

[Transcript] My First Million / #178 with Balaji - Balaji on How to Fix the Media, Cloud Communities & Crypto

like, um, let's say HubSpot having a feed of tasks.

It also has a queue where people can propose things that would be interesting for HubSpot to try on its audience.

You know, great.

That is sick, man.

We're, all right.

So thank you for everything.

Yeah.

Thanks for, uh, thanks for coming on.

You know, it's great to have a smart guy come and chat with a couple of bullshitters like us.

So, uh, we, we enjoyed the conversation.

Thanks.

Speak for yourself.

You guys are too self deprecating.

You've done a great job.

You know, your, your, your show is great and, uh, your, your feed is often insightful and, uh, you know, uh, you know, mutual admiration, so great job.