

## [Transcript] All-In with Chamath, Jason, Sacks & Friedberg / E110: 2023 Bestie Predictions!

All right, everybody, welcome to 2023.  
Everybody's well rested and ready to take on 2023.  
Yes, Chamath, how was your break?  
Amazing.  
Okay.  
Saxy poo.  
I know you don't go to temperatures that are under 57 degrees anymore.  
Chef, a nice break.  
Did you go somewhere warm?  
Yes.  
Okay, that's a confirmation.  
Wow, man of so many words.  
And freeberg.  
I'm over cold weather vacations.  
Yeah, that does happen at a certain point.  
Actually, we went to Florida.  
We went to the free state of Florida.  
Oh, really?  
What's going on in Florida at the turn of the new year,  
I wonder, that drew you down to the great state of Florida.  
We're just freeing it up in the free state of Florida.  
Ha, ha, ha, ha.  
Go let your winter slide.  
Rain man, David Sagan.  
I'm going, I'm going, I'm going.  
And it said we open sources to the fans,  
and they've just gone crazy with it.  
I'll be back as queen of Kinoa.  
I'm going, I'm going, I'm going.  
We have our 2023 predictions now.  
Play some music and all that kind of stuff.  
Producer Nick, at this point, let's get to it.  
Last year, we did our biggest.  
Do you guys notice that every time we talk about something,  
somewhere between sort of two months to a year later,  
the Wall Street Journal ends up writing a big think piece  
about it?  
Think piece about it, yes.  
So I tweeted into the group chat.  
Like last year, we all talked about Sequoia  
and distributing public equities and how it's  
very fraught and difficult.

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And then today, they write this big article about how people have just burned enormous amounts of billions of dollars that they could have returned to LPs, like these venture investors, by not distributing.

Makes sense.

Three weeks ago, when we did our end of the year wrap up, my big winner for 2022 were the pot shops, right, Citadel.

And today, in Wall Street Journal, an article lands that these guys with \$56 billion of AUM over the last two years have made almost \$45 billion of revenues.

Isn't that incredible?

And this is what happens, Chamath.

Usually.

These guys are just crushing it, and Citadel securities did like almost \$7.5 billion of revenue.

I mean, it's unbelievable, these businesses, how good they are.

Yes.

So let's get into, and this is typical.

Chamath, if you think about journalists, they're trying to get into the conversations that are occurring at the bar after the event, the late night conversation, the group chats.

Well, and that's what this podcast is.

It's the exposed back channel, right?

And so if you listen to this pod, you got the back channel of Silicon Valley, politics, tech, science, et cetera.

So let's do our predictions.

In 2020, we said our biggest political winner would be, Sax and I both said to Santos, Chamath said Xi Jinping, and Freiburg said Putin.

Who do we think is our biggest political winner going forward?

Who do you pick, Sax, biggest political winner for 2023?

Who will be your biggest political winner for 2023?

Well, I went a little bit outside the box here because I think we're going to have gridlock in Washington. So I'm not expecting a ton to be coming out of Washington over the next year.

My pick for biggest political winner is Asian-American college applicants.

There are two Supreme Court decisions that the court heard on Halloween last year.

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There was a lawsuit against Harvard and another lawsuit against UNC by a group called Students for Fair Admissions. And they maintained that Harvard and UNC violate Title VI the Civil Rights Act because Asian-American applicants are far less likely to be admitted than similarly qualified applicants from other groups.

And the federal courts in Boston and North Carolina rejected this argument, but the Supreme Court took up the cases.

So they kind of went out of their way to hear this.

And I think that they are going to find.

They're going to repeal a permit of action.

I think the majority will rule to strike down these policies that really discriminate against Asian-Americans.

And I think they're the last group in America where it seems to be OK to discriminate against.

And I think the Supreme Court is going to find that unconstitutional.

Tramoth, any thoughts there?

You have brought this up multiple times on the podcast over the last two years.

I have said that this was unfortunately affirmative action when it started, I think, had very, very good intentions.

And I still think that there's a place for it.

The problem is that these very liberal institutions decided to play judge, jury, and executioner on which minorities counted in affirmative action.

And that's not what the intention was.

The intention was to look at the establishment and their ability to get their progeny into these incredible schools even when they didn't deserve to be there.

And so I think this was always an issue of classism that was disguised as racism.

And people who were in the upper classes of society have always had an edge.

You had the legacy admissions into Harvard.

You had people, the Kushners, very famously, right?

Like the \$5 million check from the father that got the son into the school, all of this stuff.

It's been well written about.

And whether or not those things are right isn't the point.

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I think the point is that there are folks in emerging lower middle classes who have the potential to crush. And those kids should have a chance. And you can't just decide who those kids are based on the color of their skin. And in this case, what happened was some blacks were still allowed in, some Hispanics were allowed in. But Asian-Americans broadly were discriminated. And that was a really stupid outcome. You cannot punish kids for willing to work their ass off. And I think that that was the unfortunate outcome of what affirmative action has become by 2022. So it is going to get repealed. The reason it's going to get repealed is that we have case law that very clearly states that any institution that accepts federal funds cannot have any form of discrimination. And this is how these folks who have tried to repeal affirmative action have taken up this lawsuit. And hopefully the outcome is a more meritocratic system that also tries to create a plurality of different people from different backgrounds. Free bargaining thoughts? If not, your biggest political winner for 2023. My biggest political winner for 2023 is MBS, Mohamed bin Salman. I think that Saudi Arabia will have the most important year in kind of the modern era in terms of their role. I don't know if you guys saw this Reuters report from a few weeks ago, but there is kind of a deepening discussion about the oil yuan trade in that Saudi would sell oil to China and they would get paid in yuan. Saudi Arabia sits at the intersection of the United States, Russia, and China. They have relationships with all three nations. And in the kind of conflict and power struggle that is underway, I think that ultimately the direction of where global currency reserves will be taken and the importance of these great nations and who sits atop whom can actually be dictated and significantly influenced by MBS this year by some of the deals and trades he might put in place

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and the kind of partnerships he might forge.  
I think as a result, you will see him kind of rise  
in terms of influence, not in terms of, you know,  
hey, the world has accolades for this guy.  
But I think in terms of global influence,  
he will rock a chip to kind of the top  
because of this kind of jockeying  
he can now do between these three great nation states  
and defining what's going to happen with the US  
and what's going to happen with China  
and what's going to happen with the currency reserves.  
It's a great selection, I mean.  
It's a great selection.  
The shitty thing, by the way, about your selection  
is that Biden, our explicit stance is, unfortunately,  
quite confrontational with MBS.  
And you saw that play out in Q4.  
We asked them to ease up on OPEC Plus  
to introduce supply cuts.  
And they did some nominal 100,000 barrel per day cut.  
Didn't do much of anything.  
There was an article to your point, Freeberg, just recently  
about Saudi really doubling down on getting the oil out  
of the ground and monetizing their petrochemicals.  
So there's just going to be a glut  
of supply in the market.  
And we have the least amount of influence with Saudi Arabia  
than we've ever had.  
And it seems like we could change that if we decided to.  
But I think Biden has taken this very confrontational approach,  
which doesn't seem to make.  
And remember, a lot of sense.  
Their stated intent is to diversify away from oil  
and into technology and other emerging growth economies.  
That's why they funded the Vision Fund.  
That's why MBS made that big visit to Silicon Valley  
a few years ago.  
And there is technology that may want to import  
into Saudi Arabia, may want to have ownership in around the world.  
And if the US is creating a barrier for them  
to import US tech into Saudi or for Saudi  
to kind of invest in the US,  
but China and Russia have open arms

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and all they want is for Saudi to start doing trades in Yuan, it's going to happen.  
And I think that's where this guy has kind of a real opportunity to shift the global economic dynamic.  
Say what you will about Trump.  
He had open dialogue with North Korea, China, Russia, MBS.  
Keep your enemies close.  
Sure.  
You'd want to be able to talk to anybody and he was able to talk to anybody.  
Now you also want to be able to say, hey, listen, you can't dismember a journalist like Khashoggi and you need to be able to have both of those ideas in your head.  
You can't be rigid in foreign policy.  
You have to be fluid and keep people at the table talking.  
Chamath, who is your big political, who do you predict will be the big political winner of 2023?  
Chamath's prediction, everybody, go ahead.  
I really like spread trades, right?  
Where you go long something and short another.  
So I'd like to pair my biggest political winner with my biggest political loser for 2023.  
Okay.  
And I am going to focus on the Republican nomination and I am going to go long, Nikki Haley and I am going to go short, Ron DeSantis.  
Now let me explain.  
Sax hat, if you're not watching Sax right now, he is ready to interject.  
Go, Chamath.  
So I think that all of this nonsense, for example, in the house speaker race, all of the midterm results, what it really speaks to are as people are getting exhausted with the lunatic fringes of both parties.  
That's point number one.  
And point, so that favors moderates as an emergent class.  
And point number two is that if you look back through many, many cycles of Republican

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and Democratic nominations,  
it is a very negative thing to be in the lead  
so early going into the Iowa caucuses in January.  
And so if you put those two things together,  
the risk is that DeSantis decays,  
things emerge, people attack him  
because he's the clear front runner.  
And the opportunity, just like it was for Trump in 16,  
or for Clinton, or for George Bush,  
not Herbert Walker, but you know, W,  
is to emerge from the back.  
And so if I think about a moderate person  
who can emerge from the back,  
who can consolidate the ranks,  
they should probably be from the South.  
They will have a lot of these purple compromises  
that Sacks mentioned in their policy program.  
And they will have a history of winning  
and a history of normalcy.  
And so I think that of all of the places  
where you could ever elect a woman  
as president of the United States,  
I think it will come from the Republicans  
before it comes from the Democrats.  
I think the Democrats are unfortunately  
increasingly judgmental.  
And I think it's very difficult for a woman  
to emerge there.  
But I do think that Nikki Haley has a shot.  
So I'm gonna go long Nikki Haley,  
and I'm gonna short Ron DeSantis.  
Okay, I like it, a spread trade  
for his prediction, well done,  
before Sacks you interject, let me just do mine,  
and then you'll have two to interject to.  
I was looking at Biden and Trump and thinking,  
hmm, which one of these is gonna have the big win in 2023?  
So they're two biggest, I think, players.  
I have a prediction for Trump.  
I think he's gonna lose 50 pounds on the Osempic.  
Everybody loves a weight loss story.  
I think he is going to be indicted by Garland.  
Is he on, wait a minute, sorry, he's on Osempic?

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No, I'm predicting an Osempic run,  
and he's gonna drop 40, 50 pounds.  
Then we're gonna have a Schveldt,  
Trump get indicted by Garland.  
And the debates and the rigmarole with DeSantis.  
I think he's gonna go after DeSantis  
based on weight and height.  
And then he's gonna win the nomination in 24,  
and we're gonna have Trump versus Biden,  
but this is a crazy prediction here.  
I think we're gonna have a settlement.  
I think he's gonna agree to not run and get the pardon.  
This is a crazy prediction, I know,  
but I think he loses the weight.  
He wins the nom, he gets indicted,  
and then he gets to Richard Nixon pardon,  
global pardon for all of the shit he's done.  
Saks, you can reply now to these two crazy predictions,  
the spread trade of mine.  
I mean, this is like proof positive  
that everything you have to say about Trump  
is an act of projection.  
Go ahead.  
I mean, like, Osempic, I mean, like.  
I mean, are you talking about yourself or Trump?  
I strike, boom, boom.  
Yeah, don't do Osempic, sorry, I do.  
My last journey has been Osempic and Supergood,  
yes, both of those things and fasting.  
Have you sacks done any, Osempic?  
Yeah, I've tried it.  
Yeah, I think everybody should be looking into this  
if you have weight issues, it's a great new,  
we'll go over it in some time.  
I would say it even more broadly,  
I've been reading a lot about these GLP ones  
and I gotta tell you, statins are a clear wonder drug.  
Yes.  
Okay, I think that the 50 year longitudinal data  
on its value is pretty unimpeachable.  
Metformin, even taken prophylactically,  
has shown incredible benefits for cell regeneration,  
longevity and glucose management.



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And the reality is, let's just take a step back.  
The American diet, we're all pre-diabetic, okay?  
So let's just not beat around the bush.  
The way that Americans eat and our food supply  
and also probably in Western Europe  
is pre-diabetic by definition.  
It's shit, it's trash.  
So Metformin makes a lot of sense  
and again, its longitudinal data is incredible.  
But I gotta tell you, the early data on these GLP ones  
are unbelievable.  
It's extraordinary.  
It's extraordinary.  
From first hand experience,  
I would lose half a pound a week when I would diet.  
No, but what I'm saying is just drop 10.  
It's beyond that.  
I'm what I'm talking about is insulin response,  
it's cardiac health.  
And so if this data tracks like this,  
man, you just can wanna put everybody on these GLP.  
Well, I just wanna also put a disclaimer out here.  
Do your own research, work with your doctors,  
whether it's for Metformin or isympic,  
but I had great results on it.  
I recommend if you're struggling with weight loss,  
like I did for many years,  
you talk to your doctor about it, that's it.  
It's not a commercial for wagovia or isympic,  
but I do think these things are gonna change the world.  
Or munjara.  
Well, and they're getting better.  
And it seems like people with diabetes  
are on them for life.  
So if your question is like,  
if I could do this for a year to lose weight,  
I think diabetics are on it for life.  
So when I made my decision again,  
work with your doctors,  
not random podcasts or adventure capitalists  
for your health advice.  
I was like, well, all of these people who have diabetes  
are gonna on it for years.

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Unless it's non-toxic, go get a prenuvo scan.  
Just make sure you got no high-risk answers.  
All right, so there you have it.  
Here are our predictions.  
You want to respond to any of those?  
I want the sacks to react to my spread trade.  
Yeah, so look, I think, you know,  
if you're going on a betting site,  
I think that you could place that bet  
that Chamath made pretty cheaply  
and probably it's like has some good upside to it.  
So I don't criticize it as a bet.  
Do I think it's actually gonna happen?  
No, and I think the reason is this,  
that if you look at what's happening right now  
with the speaker's race,  
there's two very clear wings in the Republican party.  
There's the establishment wing,  
and then there's kind of this populist MAGA wing.  
And the candidate, whoever it is in 24,  
needs to unite those two wings.  
And I think this is really the best argument  
for DeSantis is he's widely accepted by both.  
I think Nikki Haley's problem is that she's very well regarded  
within the establishment wing of the Republican party,  
but she has no meaningful support  
within the populist wing.  
And so I don't think she's capable  
of bringing the party together,  
at least at this point in time.  
She would have to prove, let's call it populist,  
bona fides that she just doesn't have right now.  
So this is why I think, DeSantis,  
he does have front runner risks, you're right,  
that people are gonna keep taking shots at him  
as long as he's the front runner.  
But he's capable of uniting the party  
in a way that it desperately needs right now,  
as we're seeing with the Kevin McCarthy thing playing out.  
Yeah, okay, let's go for our biggest losers.  
We'll rip through this.  
Last year, I said Biden and Trump in the extremes.  
Chumat said the progressive left,

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again, the extreme, Sack said Pelosi, who just wrapped up her tenure, and Freeberg said US influence globally was the biggest political loser. Let's get our predictions for the biggest political loser of 2023. Freeberg, who do you think would be the biggest political loser of 2023? The world wants to know, Freeberg. I would continue my US influence, but I am gonna shift. Here's what I think's gonna happen this year. My big prediction is based on, I think the world has too much debt. I think that the economic slowdown coupled with rising interest rates globally and a dearth of kind of asset capital inflows means that there's gonna be a lot of issues with a number of debt markets around the world, particularly kind of emerging sovereign debt. Just to give you guys a sense, global debt is about \$235 trillion in public and private. That's somewhere between \$5 and \$15 trillion of interest payments a year, depending on what the net rate is on \$96 trillion global GDP. And there's another trillion and a half of unfunded liabilities in the US and pensions and social security and all this other stuff. I think this is the year where a lot of the debt markets start to unravel. The primary entity that steps in. Or a political loser. I'm gonna tell it in one second. This is the political, yeah. So the political ramifications, so the political ramifications for me, I think that the entity that steps in to try and support these unwinding moments is the IMF. And I think that no matter what the IMF does, they're gonna look bad. I think that the, you know,

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it's sort of like Jerome Powell, this past year, right?

Like you raise rates too late,

you raise rates too quickly.

No matter what you do,

it has some adverse effect and impact.

It's either inflationary or it impacts growth.

And so I think the IMF is gonna get a lot of heat

for either acting not too soon,

sorry, not fast enough or acting too aggressively

and causing inflation as a bunch of these markets

face credit risk this year.

So my big bet is the IMF is gonna play a major role

and we're gonna be talking a lot about the IMF later

this year.

I think as a result, the IMF will get a lot of heat

and you'll end up seeing a lot of pressure and political,

just like we blame NATO,

just like we blame Jerome Powell and the Fed,

will end up blaming the IMF for a bunch of problems

that'll arise.

But the natural physics of what's going on

is the world has too much debt and not enough growth

to cover the debt, the cost of debt.

That's it.

Okay.

And the IMF will be the political kind of hit

that'll result complicated of a point of view,

but I think, yeah.

And who do you have as your biggest political loser

prediction for 2023, Mr. David Sacks?

Well, I mean, Kevin McCarthy may not survive the week.

So let me go in a different direction.

I think California is my big political loser.

And I would say in particular the city of San Francisco,

both are gonna have gigantic budget shortfalls.

You may remember that this was back in 2021

when we had that asset bubble.

California had a surplus of 76 billion.

And then insane.

And then 2022 happened,

and now the state is looking at a \$24 billion deficit.

Well, if we had taken say a third of that surplus from 21

and put it in a rainy day fund,

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we wouldn't have to worry about this deficit,  
but that was never done.  
Newsom started handing that money out like candy  
to the electorate to Goose's reelect numbers  
and to get him past that recall, remember.  
So the state never got a fiscal outlook in order.  
And now I think it's gonna be even worse in 2023.  
And San Francisco, the city,  
very similar kind of problem where its tax base  
is heavily dependent on commercial real estate,  
which is really suffering.  
So the city of San Francisco and the state of California,  
they've moved their tax base to highly volatile capital gains  
and with a really lousy stock market,  
I don't know how these guys are gonna meet their budgets.  
So a lot of pain coming.  
It's gonna be a lot of austerity and pain coming.  
That's for sure.  
And these people do not know how to manage a budget.  
They're incompetent.  
So you say California, Freeberg says IMF.  
Chamath, who do you think the biggest political loser  
for 2023 will be?  
I already gave it your prediction.  
DeSantis, remember, it's part of this picture.  
I'm in alignment with you.  
I think DeSantis peaked a little too early  
and the forever Trumpers and the chaos  
is gonna be a little too much for him to handle.  
Okay, now we get into what everybody wants.  
Business, business, business.  
Biggest business winner for 2023.  
Who do you have, Chamath,  
for your biggest business winner of 2023?  
I'm gonna pick something out of my portfolio.  
I think I'm the only non-trivially large investor  
in both SpaceX and Relativity Space.  
Relativity Space has a huge,  
SpaceX is clearly just crushing on all cylinders.  
And they're really the only game in town  
with respect to launch capability.  
And if you just Google it, you'll see that the Europeans  
have a hit or miss capability on launch.

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The Russians are completely unable to do launch now because of all of these sanctions.

The private companies in New Zealand or the United States have also had fits and storage. They've also had fits and starts really incapable. Relativity, which is now the second most highly valued space business, is about to do a launch in the third week of January. And the big difference between it and SpaceX, which is sort of why we did it. This is an early YC company. I did the series A and kind of went along the whole way. They have 3D printed everything. And the reason why 3D printing is interesting is you take a, so if you think a rocket costs \$5 billion if built by NASA, Elon was able to take that to 100 to 500 million. And if you 3D print everything, you can take that cost to like five to 50 million. And so it allows you to just have this repeatability and manufacturability. Now, SpaceX also has a lot of 3D printed parts, but Relativity is entirely 3D printed. It has a launch in three weeks at Cape Canaveral, I think. And we have like a \$10 billion order book that gets unlocked. So I don't know how to see beyond a lot of these market forecasts right now. So I'd rather pick a company. I'll pick something in my portfolio. If the rocket does not blow up, there's a \$10 billion order book. And this company is now on a trajectory to be as valued as SpaceX. And it's talking his book times two. And if it doesn't, it goes to zero. Freeberg, go ahead and talk your book times two or three. Let's see if you can one up Chamath. Which one of your investments will be the biggest business winner of 2023, Freeberg? I'm not an investor. My big bet is open AI. It's just way too obvious to be anything else this year.

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As you guys know, there are dozens of startups that are being started right now based on an open AI demonstration of Dolly and ChatGPT. I think we're seeing this in the enterprise and consumer markets. I think open AI will become, to some degree, maybe they could be, there's many paths they could take, the AWS providing tooling and infrastructure to all these startups that are building applications for consumers and business users. Or they will end up doing a massive deal with Microsoft. I think it's inevitable they're gonna get a billion dollar plus investment this year. They could power AI driven Bing search and voice driven search. They could build their own products and their own tools. And they're becoming great investors. They invested in Descript, which is a product company we use here for our podcast, which is an incredible product. And I think that Sam Altman is a very smart and shrewd investor as well. So for a lot of reasons, I think open AI could end up having an amazing year this year and a lot of different paths they could walk. And we're gonna come out of this year and say they're one of the top tech companies in the Valley. Okay. Saks, open AI has, of course, increased your ability to talk to other humans. So you're seeing a lot of big wins there, I know. He's, how do I talk to a child about their college and aspirations? No, no, no. How do I talk to a child about their day? It literally is for... Hello progeny of mine. How are you faring today in this complicated... Chat GPT, write me a script of talking to a 12 year old about their hopes and dreams. Say it in the polls. That's interesting, using GPT for talking points on different topics.

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We should try that for the pod, you know.  
Oh, okay, here we go.  
We should have done the GPT predictions.  
The GPT answer for each of these categories.  
Saks, as a person on the spectrum,  
yeah, how delightful is this Chat GPT  
and your treatment of your condition?  
That's great, let me get to my answer here.  
So my answer for the big business winner of the year  
is America's natural gas industry.  
And I have to admit, this is an aspect of the Ukraine war  
that I didn't fully appreciate  
until I read this New York Times article the other day  
about how natural gas prices in Europe  
have now fallen to the level they're at before the war.  
And everyone thought that there'd be this huge shortage  
and they wouldn't be able to heat their homes.  
Well, what happened?  
The answer is that Europe completely cut off  
their dependence on Russian gas.  
And in fact, the Nord Stream pipelines were blown up.  
So physically, they separated.  
But then on top of it, they basically  
started importing liquefied natural gas from the US.  
And here's the key paragraph in this article  
from the New York Times is that Europe rapidly built terminals  
to receive liquefied gas, sweeping away  
many of the usual bureaucratic obstacles  
and environmental objections.  
So in other words, what normally would have taken decades  
to get approvals now was all put on a fast track.  
And Europe is now completely dependent  
on American natural gas.  
And I think this is, again, the thing  
maybe I underestimated, the cold, hard American interest  
in this war is to basically turn Europe  
into a vassal of America's natural gas industry.  
Previously, they were about to be dependent on Russia.  
And Nord Stream was going to make that situation permanent.  
Somebody blew up Nord Stream.  
Now they're dependent on American LNG.  
They're going to pay higher prices for that.  
But it's been a pretty impressive win



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for the American natural gas industry.  
And I think Biden has really pulled a 180 here.  
Because you remember, when he first came into office,  
he canceled Keystone.  
He canceled drilling.  
He was very tough on the oil and gas industry.  
I think after he then delivered the hundreds of billions  
for the climate special interest and the Inflation  
Production Act, now he is taking care of the oil and gas  
industry.  
I love it.  
Here we go.  
180 flip by Biden.  
Yeah.  
And so what you're saying is Biden dynamically changed  
course based on inputs like a great leader would.  
OK, well done, Sacks.  
Well, I don't listen.  
I don't know if this.  
I'm joking with you.  
Well, no, listen.  
I think Biden has done something politically smart here.  
There's no question about it.  
I am giving him credit.  
Does it mean that this war was worth it?  
No, I don't think we should be engaging in oil wars  
like we did in the Middle East.  
So I'm not justifying this war.  
But I am saying that there is a cold hard American interest  
undergirding our position, which is it's about LNG.  
It's not it's not just about moral platitudes.  
Yeah, strong start to 2023 vassal and undergirding.  
My biggest predictions, I'm working backwards from two here.  
I think the door dashes, Airbnb's, Ubers,  
Etsy's of the world who need entrepreneurs,  
they need workers, they need supply.  
They've always been supply constrained.  
As unemployment becomes, let's call it what it is, sticky,  
you're going to see a lot more people participating  
in gig platforms or entrepreneurial platforms  
that enable them to make money.  
So I think they will be huge beneficiaries,  
especially if they continue to lay off employees

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like DoorDash and Airbnb did to right size their businesses. But my first one, my number one is laid off tech workers. I think laid off tech workers who get together in groups of two, three or four developers, product managers, people who actually build stuff and start companies together are going to become extremely successful and they're going to make incredible lemonade from these lemons of these big tech layoffs. So I think the startup space is going to, and these laid off tech workers who choose to take control of the destiny and starts companies are going to be the true big winners. If you do it, do it with two or three friends because you're going to need developers, you're going to need those talented people in the startups that have three founders get funded faster than the ones with one. So those are my two winners. All right.

Oh yeah, and last year our biggest business winners were Chumat said SMBs, Saq said Rise of the Rest, Freedberg said Stripe and I said Disney Millennials and Gen Z. Let's go on to biggest business loser for 2023, Freedberg. Who do you think will be the biggest business loser in 23 this year, in fact?

Okay, so my biggest loser is the general category of capital intensive Series B through D growth businesses in the startup landscape, private companies. As you guys know, there's been a big shift in capital allocation.

A lot of the folks who were writing big checks into growth rounds are retreating back to writing smaller checks in seed and A rounds. They don't want to write the \$20 million Series B. They want to write the \$5 million seed and A round. No one wants to kind of follow the valuation. No one wants to set the valuation for these growth businesses. Particularly if after this round, you know you need another big round of capital and no one's sure if someone's gonna be waiting on the other end.

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As a result, we're seeing tons of these businesses run into capital infusion walls. They can't pivot. I think we'll see what we saw in the dot com bubble where 99.5% of these companies actually die. The half percent that we are gonna emerge as the next \$100 billion enterprises, the Googles and the Amazons of the world. So there will be light at the end of the tunnel for the winners. But generally there are hundreds of companies in hardware, in SinBio, in biotech, in high growth, enterprise software that require significant sales investment expense. A lot of these businesses where the capital intensive nature of the business just doesn't have the market for it right now. And investors are all retreating and they're gonna be selective. So that's where I think there's gonna be more pain. Capital intensive storage. By the way, seed and A investing, hot as a button. B plus. Chef's kiss. That's it. Okay, sacks. Biggest business loser for 2023. Well, just by the way, 100% agree with what FreeWorks said. But my biggest loser for business in 2023 is the consumer. I just don't understand how the consumer isn't gonna finally tap out in this economy. I mean, they have a mountain of personal debt, credit card debts at all time highs. I think the average credit card rate hit 19.6% last week and is expected to rise even further. The mortgage rates are above 7% now. So forget about trying to buy a new home or sell your home. And your stock portfolio is down too. And now layoffs are starting to pile up. So I just don't understand how we're gonna avoid a recession. And you saw, you know, Kashkari saying that the Fed's gonna keep raising 5.4% his prediction.

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You know, I don't understand how if rates are at 5.5%, that doesn't finally break the back of this economy.

And we go into recession.

Do you think sacks that the economy is actually broken right now?

We just don't have the data because the data lags 60 days in most people's minds.

Because it does feel like the consumer is just, and real estate has just broken at this very moment.

It seems like it.

I mean, the pain is very unequal, right?

But in the tech industry, we've been in a recession for a year.

I mean, like the growth stocks are down 80%.

What Friedberg said is true.

No one's gonna fund these high-burning companies.

There's an enormous amount of retooling that has to happen.

Look, I think the recession is here.

It's just very unequally distributed.

Distributed, exactly.

Yeah, well, I mean, if you look at it, buy now, pay later.

That's a category starting to break credit card debt, as you're saying, hitting big bad records in terms of how much people have spending.

Also, people's savings are going down.

So the consumer's back has been broken.

I think we're just gonna feel it in the first and second quarter.

Chamath, who's your biggest business loser prediction for 2023?

The world wants to know.

Let me just build on what Friedberg and Sack said for a second before I give you my pick.

Sure.

This is the conversation you and I had when we just got on.

Guys, what I was telling Jcal is at the end of Q4, I did five deals.

And four were pro radas, one was a new deal.

And they were all clean markups.

So the four deals that other people put money into.

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And I was looking at them and I was trying to figure out, okay, what differentiates these things?

And Friedberg, to your point, these were super clean startups with very clean cap tables that had clear progress.

And then conversely, I had seven converts showed to me for companies whose valuations were anywhere between three and I would say 12 billion.

And I did none of them.

And not only did I do none of them, nobody else did any of them.

And the problem was the real market clearing price was 80 to 90% down.

And so I was like, what is going on here?

So, Friedberg, to your point, I don't even think it's just cash intensive startups.

I think it's like all growth companies are in a really bad place.

I thought that this growth stuff would get sorted out in two to three months

and now I'm worried it's two to three years.

I think it's toxic.

Here's the definition, Chamath.

What I think has happened and where I think the cutoff is is when the value, the implied market valuation of the company based on where public comps are trading is less than the total capital preference in the company.

The total preferred stock.

And there's so many companies now that raised 400 million or 2 billion valuation.

But the company is actually worth 300 million now based on public market comps.

So they're worth less than their preference stack.

So how do you sort through that math with investors?

No, this is why I think all these converts are getting done.

That's where the rubber meets the road on all these deals.

Yeah, that's right.

Who does the convert benefit?

The convert benefits the VCs who want to maintain the illusory valuation that they had before.

They do that.

They do that to assuage the limited partner

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who gave the money that the marks aren't as bad as they thought.  
But the people that really get screwed, as Jason said, are the common shareholders. Because eventually those converts deals that do get done, those people will end up owning the company. The cap table gets completely flushed and reset. And the employees get wiped up. Yeah, and then you gotta basically take all the employees who were there previously who now hate the founder and you gotta start over and give everybody all, yeah, they're wiped. The people that do all the work get fucked and the people who do none of the work and who just want to maintain this shell game gets to basically live another day. Basically, people are investing, as you gave in the example earlier, like, hey, if it's a \$3 billion company, but it's actually worth \$750, people instead of taking the valuation from \$3 billion to \$750 will say, okay, buy one share at the \$3 billion price and we'll give you three or four shares for free or for a penny, warrants, they're called, typically, or just different ways to structure this. And then all of a sudden, nobody knows the actual denominator. They may own 10,000 shares, but they don't know how many shares are actually issued because the warrants are not on the cap table. They're in some side document in a folder in a lawyer or CFO's office. So let me tell you my biggest business loser. Yes, please. I think that the biggest potential business loser this year is Google search as measured by pure profitability and engagement. I think it's easier for me to see where the usage comes from as opposed to picking open AI or chat GPT in terms of where the usage goes to. And the reason is because I think a lot of people don't still fully understand how machine learning and AI work, but just 30 second primer.

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There's two big buckets of work.  
There is what's called learning,  
which is how you learn how to make predictions.  
And then there's what's called inference,  
which is when you actually type something  
into the search box, you get the answer.  
The thing with learning and what chat GPT is showing  
is that they have learned by crawling  
the entirety of the web.  
There are five or six other organizations  
that are capable of crawling the entire web  
in terms of cost, in terms of compute,  
in terms of the quality of the transformers  
and the quality of the AI.  
And so I find it easier to predict  
the decay in the quality of Google search  
as that much better than everybody else  
than I find it is to predict who will win  
because I think that with enough time and money,  
Oracle, Microsoft, Google, the Chinese internet companies  
can all compete, Facebook.  
And so I think that you'll converge on the same training,  
which will lead to the same inference.  
And so I think consumers end up getting confused  
and will end up being able to get high-quality search results  
from many places versus today,  
you would only think that Google  
is the only game in town, quite honestly, for most people.  
So I think that if Google could lose 10 or 15% of usage  
to all these other sites,  
and that may not make any of those sites that relevant,  
but it'll have a material measurable impact  
to Google and Google's body.  
Fantastic prediction.  
And I think chat GPT or these other ones  
are gonna have a very interesting marketing attack  
that they can do on Google is why search  
when you can get an answer, right?  
Hey, we'll just give you the answer.  
You don't have to search.  
I had so many losers that I went through here.  
I'm just gonna run backwards through them.  
Number five, I thought founders who refused to downsize

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in 2022 could be big losers in 2023, obviously.  
How do you get to have five in the rest of us  
or just we all have to-  
I'm just telling you my thought process.  
It just was the one I had a long for.  
I don't care your thought process.  
Number four, I thought VC funds founded in 2020.  
Then I thought crypto,  
because Gary Gensler says it's all stock,  
then I went with you, Chamath.  
Number four, Google, my God.  
They got so many headwinds against them with this chat GPT,  
but I wound up on white collar workers  
with no hard skills, Twitter going down to,  
I think Elon said a couple of hundred people  
is all you need to run Twitter.  
And I think he said he has 2,000 employees  
or something like that.  
He has shown everybody, you know, hey, listen,  
these more can be done with less  
or these things are overstaffed in a massive way.  
I think white collar workers now,  
the idea that you're gonna have four offers  
and you're gonna be able to play them off each other  
is over when we take the show.  
Surplus elites, you're saying surplus elites.  
Sure, white collar workers, AKA surplus elites,  
people who are actually, you know,  
are mid managers who don't actually code  
or don't actually build a product or sell a product,  
don't actually do real work,  
as I think many people would frame it  
in the managerial class or the CEO class.  
Man, they're gonna have a hard time.  
And this week, Andy, Amazon Andy cut 18,000  
white collar workers, not the blue collar,  
the white collar workers in Amazon.  
That was a big turning point.  
And Benny off, you know, he's Ohana, he is Mahalo,  
he is Aloha, he does not like to lay people off,  
he considers sales force or family, he laid off 8,000.  
I predicted that.  
Yeah, and I mean, that is to me.



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I had a tweet about that.

Well, I mean, the reason's pretty simple, right?

Their growth slowed down by two thirds

in the most recent quarter,

but they're still spending the same amount

on sales and marketing.

So when that happens, your CAC payback explodes, right?

You go from three years, payback to like 10 years.

So they have to cut costs

in order to rationalize your unique economics.

So, and now it cascades, right?

Because all of sales forces vendors

are gonna be getting less money from Salesforce

because they're tightening their belts.

So then those companies are gonna have to cut

and the cycle just keeps going and going.

Right.

And everybody tightens their belts at the same time,

freezes the economy, AKA recession,

and possibly worse.

So that's a nice little quartet.

In 2022, just so you know, I picked crypto,

FreeBurg also picked crypto,

Chomath said Visa MasterCard and SAC said,

asset classes that benefit from government,

dumps and pumps.

Liquidity.

Yeah.

All right, let's go to biggest business deal of 2023.

It's a prediction.

What do we think could be the biggest business deal?

Easy, easy.

This one is easy.

Okay, Chomath, go.

Let's go right around here.

Go ahead, Chomath, quickly.

Starlink will go public.

SpaceX will cut and paste the cap table

and we will take that.

Yum, yum, yum.

Yum, it'll be yummy and delicious.

And my prediction is that the Starlink valuation

will be at least half of SpaceX's current private markets.

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75 billion.

Just for Starlink.

75 billion.

It will be phenomenal.

And I think the reason why is that I think in order for Elon to have complete financial flexibility and do what he needs to do.

And you know, he talked about this on our pod about the difficulties and the dangers of margin loans and all of that stuff.

Yes.

He's going to create breathing room for himself.

Ah.

This is the simplest and most obvious way for him to do it. It'll give him a ton of more dry powder.

Sure.

So I think that this is an obvious outcome in 2020.

They already have a million subscribers in there, better than nothing beta as they call it.

I have two of them.

I think this is a great, great prediction.

I was the first one to get it for the Global 7500.

So I can tell you.

I got it for, yeah.

Ta-ha, so, yeah, similar.

So, there it is.

My Clayton and your house are the same size.

Yes, exactly.

So there you go.

But there is a point here.

People are underestimating the TAM, I think, of this product.

The TAM is not existing broadband connections.

It's second connections.

It's connections where connections didn't exist.

By the way, just so you know, the best in class, the best in class broadband connection for a plane is called KA-Band.

And it costs 500 grand a year.

That's ridiculous.

And you can replace it for a tenth of the cost and Starlink on a plane is dramatically better, bidirectionally.

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So I think Starlink is going to go public.  
And I think it's going to be the best chance  
that we have of opening up the capital markets in 2023.  
There's another way of saying people who own private jets,  
if they are flying 250 hours a year, which will probably  
be a reasonable number, 200, 300 hours a year,  
they're paying \$2,000 an hour for their internet service.  
That is bonkers.  
OK, Saks, who is your big deal?  
Biggest business deal prediction for 2023.  
Biggest business deal, 23 prediction,  
is there will be a deal between Putin and Xi.  
And they met by satellite late last week  
to discuss ways to further help each other in 2023.  
Putin characterizes as a no-limits partnership.  
You may remember that the two of them  
inked a \$175 billion gas deal in early February last year.  
That was three weeks before Putin invaded Ukraine.  
I think now Russia is even more dependent on China.  
We've really driven Russia into China's arms.  
And I think there will be a big deal not just on energy,  
but on agricultural products, mineral products,  
and rare earth minerals that Tramotheos likes to talk about.  
I think there could be a trillion-dollar deal  
between Russia and China this year.  
If I was going to go out in a limb and make a prediction.  
OK, so there is your 2023 prediction of the biggest deal.  
The Legion of Dictators is forming.  
I do think it's like the axis of evil.  
This is more Legion of Dictators like, hey, let's do business together.  
Freeberg, you got a prediction for the biggest business deal of 2023.  
This is really going out on limb here.  
I'll do two real quick.  
The first was the similar to what Saks said,  
but it's kind of echoing what I said earlier,  
which is the Petro-Yuan trade.  
I think that's the Saudi-China trade.  
If this happens and oil is sold in Yuan,  
it marks the beginning of, I think,  
the end of the assumption that the US dollar is the global reserve  
and the risk-free currency in reserve for the world.  
So I think the Petro-Yuan trade, if you guys here's the Reuters article  
covering Xi's visit to Saudi Arabia last month for a second week in December.

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Once this gets inked and signed, it's a real shift globally.  
I think the other one that I'm going to point out that I think is a bit of a out of left field one, maybe, and maybe I'm just going to look like a total idiot at the end of the year.  
Oh, do a wild card.  
This is my wild card.  
So my wild card is I think Apple ends up buying something completely out of the ordinary.  
And here's why.  
I think Apple's core business, they're facing significant pressure with respect to their relationship and ties to China.  
As you guys may have seen last week, Foxconn announced that they're actually going further downstream in terms of their production model and they're trying to diversify away from being this sole service provider to Apple.  
Apple, as you know, is under such pressure to get out of China politically that they've started to try and invigorate activity in Vietnam and elsewhere.  
So a lot of pressure on their relationship with their low cost producer and low cost production partner.  
They're also under a lot of political pressure because of the app store revenues.  
You guys know this 30% app store they take.  
A lot of people are calling it monopolistic and antitrust is getting involved.  
So they're feeling that pressure.  
There's also the pressure with respect to the.  
You know, waning consumer demand for high end electronics.  
Samsung last yesterday or last week or yesterday, I think, announced significant declines in consumer demand for electronics or their forecast as such that has to impact Apple as well.  
So when you put all of this together, right, they're being pressured to get out of their low cost manufacturing center.  
They're being pressured to stop making money on the app store.  
They're being pressured because the demand may be waning.  
They have to do something big to kind of diversify the business.  
So I think they might end up doing something like buying a real content company.  
Maybe they do something like buy a Disney.  
Maybe they do something like buy an automotive company like Fiat Chrysler.  
I think there are a number of these kind of like what may seem today outrageous deals that Apple might end up kind of being pressured into doing so that they can get ahead of their forecast of the impact that all these pressures are going to have on their core business.  
And so I think this is something interesting to kind of think may happen this year.  
I certainly have no insight or intel on anything or I could be completely wrong on this one, but it feels like they've got to do something this year.  
I mean, I think this is I think I love your wild card

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because the MBS China trade and that relationship.

Sure, Legion of Dictators, but this one is really good.

It's hard to buy Disney monopolistic issues, but buying a car company pretty easy because that's a fragmented market.

I love this prediction.

I mean, now with Tesla, with this depressed stock price, Apple can make a run at Tesla to have they could almost buy it with cash, let alone BMW, Volvo, one of those brands they could buy easily.

What a great prediction for me.

The prediction is Amazon's three legged stool grows into a sturdy chair with a fourth pillar for those folks who are not familiar with how Amazon has built their businesses.

There are three pillars in their stool.

E-commerce, obviously, when you buy stuff, prime memberships, which is kind of considered a separate revenue stream.

And of course, AWS cloud computing.

I think the fourth is going to be this continuation of following the health stream, not advertising, because that's not a consumer-based product.

That's just a way they make money.

Health is going to be a big one for them.

They obviously acquired one medical, which was a small purchase.

I think they're going to buy Roman hymns.

They're going to buy Peloton.

They could buy a whoop.

And they're going to go all in on health.

And that three legged stool becomes a very sturdy chair.

And my runner up is TikTok is going to divest under duress.

I think that it's going to have to go public and the Chinese are going to divest their interest in it and just take their chips because they're going to be faced with the existential threat during the political debates of the next two years.

There will be unanimous support from Democrats and Republicans to get TikTok out of the US.

Therefore, they divest.

Can I just test that with you guys?

Because we've talked about this a lot, that, hey, we're going to ban TikTok.

How many of your friends, kids, or your kids, do you guys know, spend hours a week on TikTok?

A hundred percent.

It's a lot.

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Ninety percent.

How do you get over the political mountain of trying to ban TikTok?

If you try and ban TikTok, whoever raises their hand and says we should ban TikTok and actually gets it done, they're out of office.

There is going to be so much pressure and backlash because people are hooked and love that app and use it all the time.

To take that away from people will feel like this kind of. Young kids that don't have phones actually get everything that TikTok has on YouTube Shorts.

I don't think TikTok is that important because there is no sticky network effect inside that app. So there isn't usage that's dependent on people you know or a graph that you build.

It's a lot of passively consumed content.

And so you're getting pushed a lot of algorithmically defined content.

You can do that on YouTube.

And so I actually don't think it's that meaningfully important if TikTok goes away.

I think the content creators stay.

It's harder for them to build a business on YouTube Shorts.

But if you look at the measure, the density of content inside TikTok, it exists almost one-to-one on YouTube.

That's interesting.

It's an interesting question.

You think it'll be okay if we cancel TikTok in the US and we say that's it.

You can't have TikTok anymore.

Everybody boasts to YouTube and Instagram.

It'll be disruptive, but people will just go to YouTube and Instagram.

It's not that big of a deal.

In fact, a lot of my favorites.

If there is a network effect inside, if there was a network effect inside there, then I think people would have a reason to complain to somebody, whether it's your representative or whether it's somebody else to say, hey, don't do this.

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This would have a deleterious impact on my quality of life or my quality of experience. And you could make that clear claim on Instagram, Facebook, Google, YouTube. But TikTok is much more brittle that way. And that's why they need to get public sooner and monetize this bloody thing. Because I think that it's very easy actually to deconstruct TikTok's value into these other places. I can tell you, my favorite TikTok is Chef's Reactions, and I consume him now on Instagram because he posts, we just copies one to the other. And so Chef's Reactions is a great example where he actually got banned by TikTok and then diversified on his own. And now what he does is he publishes across multiple streams. And if you look at all the big creators, they all do that because it makes no sense to actually give the power to any one of these things. Why have a dependency? Why have a dependency? All right, let's keep the trains moving. Most contrarian belief, this is the Peter Teal Award, your chess partner, Sax. Who's winning in 2022 in chess? How many chess games do you have going with Peter Teal right now? And who's higher rated? You demolished me with your Queens gambit. I played one game, I got killed in seven moves. I'm ranked at 800, 900 right now. Sax is at 1800, he just walloped me. Who's higher rated right now? You accepted the Queens gambit. Well, you know, I just, I didn't even know what it was. I was like, what opening is this? You're like, Queens gambit, you're dead. Boom. Queens gambit accepted. You don't want to accept the Queens gambit. Very pleasant game for white. I'm going to go on a limb here and risk being wrong. My prediction or most contrarian belief

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is that the bromance between Biden and Zelensky comes to an end at some point in 2023. And let me state the part that I think is conventional wisdom and everyone agrees with, which is there's going to be a massive Ukrainian counter offensive in the spring. And I think that could go one of two ways. Either it could make limited gains, basically the Russians fight them to a stalemate, or it could be successful. And they could basically push the Russians back to the February 23rd lines and then make it pay for Crimea. I predict that in either one of those circumstances, Zelensky's interests and Biden's interests will start to diverge. So in the case of a stalemate, which I think is probably 50-50 here, Biden's got to start going into election mode for 2024. And I think we're saying that we're going to be in a recession. So I think that if there's a stalemate, I think Biden's going to tell Zelensky, wrap this thing up, it's time to negotiate. We need to get this over with. By the same token, if the counteroffensive is successful, I think that the administration, hopefully cooler heads, will prevail and not let them take Crimea. That's basically what they're gunning for, is they not only want to get back to the February 23rd lines, they want to go all the way back to the 2014 lines of retaking Crimea. I think that's extremely dangerous. I think that could precipitate a nuclear war. And I think that the cooler heads of the administration will tell Zelensky to stand down, and that's the right time to make a deal. So I think in either one of these scenarios, I think you will start to see a divergence between the Ukrainian and the American interests, and that could create a rift. And I think no one's really predicting that. I think this is great. This is kind of what I thought the plan all along was, which was to deplete Putin of resources,



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distract him, and then get the West off of his oil, and try to do regime change, but do it by bleeding him. This would be proof positive of that strategy, which is bleed him to the end, and then sell Zelensky out. I think that's actually, I know it's cynical, but I think that's what we're doing. I think Ukraine is a tool to deplete Putin and then maybe get to regime change. I'm as cynical as it gets with this. Shamath, what's your most contrarian belief of 2023? I will go and pick that inflation, which people expect to fall off a cliff, doesn't fall off a cliff as fast or as meaningfully as people want. And so I will explain inflation as three different chapters, and we've seen the first two chapters play out. So 2021, chapter one, was all about energy inflation. We all talked about having almost \$10 gas at the pump, and what does it mean for everybody? It caused that initial spike in inflation. And then we had it come off, and Sax called this. He said, we're going to have this sort of double hump. And 2022 was really the story of goods inflation, right? All these prices and all of these things went up because the input costs went up, and we all had to bear the implications of that. But then that started to ebb. And now, if you looked at the tail end of 2022, what I found super interesting was the number of articles I saw about wage inflation, whether that was Biden using an 1800s era law to prevent a railroad strike, like the number of states that increased minimum wage, the trend around unionization. So in general, my thought is that the pendulum is swinging very markedly away from capital and towards labor. And as the labor participation rate stays low and continues to go down, and also it's compounded by an unemployment rate that may go up, right? People are, it's going to be harder and harder to get people to do the work you need at the company you have unless you pay them more. And if that gets exaggerated, then inflation will stay where it is.

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It won't be as muted and it won't fall off a cliff as people want.

It'll be persistent.

That's my big contrarian wager for this year is that we...

That is quite contrarian.

We see wage inflation that keeps inflation

not going down as much as people want.

This is contrarian because everybody's saying,

hey, it's over.

The consumer's back has been broken,

the credit card debt is high,

and everybody's being laid off, yada, yada, yada.

Therefore, goods and services,

there'll be more supply than demand

and the prices will lower.

Very contrarian.

Free break.

Do you have a contrarian belief for 2023?

I think it follows my earlier points

about the

Saudi, China, Russian, Russia trade.

This year exiting 2023, it may be the case that

there's historically been this belief

and this continuing belief that the US dollar

will always be the de facto global reserve currency.

And the current mantra is that it's better than the rest.

Everyone else is worse off than the US.

Western Europe is in trouble.

Japan is in trouble.

China is in trouble.

Everyone's in trouble.

But if there is a coalition,

an economic coalition, a scaled economic coalition

that starts to shift the balance of power a little bit,

and the US meanwhile is taking on extraordinary debt load,

spending \$1.7 trillion in an omnibus bill,

you know, has this massive unfunded

social security problem coming down the pipe,

and are trying to manage multiple

funded conflicts around the world,

it could be that the US dollar coming out of 2023

starts to trade more like a risk asset

and less like a risk-free asset.

And so I think that that's my big contrarian

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bet is that maybe this year marks the beginning of the end of the US dollar as the kind of global de facto reserve currency based on some of these big trades that I talked about happening.

So that would be my big kind of contrarian.

Perfectly said, that's your contrarian bet.

The legion of dictators, the MBSs, et cetera, they become, they form a new global currency.

Yeah.

My term not yours yet.

Yeah, I'm not calling it,

yeah, I wouldn't say legion of dictators,

and I wouldn't say form a new global currency,

but I do think that the fact that large economic trading models start to be done in non-dollar denominated form.

Got it.

You know, weakens the kind of reserve status of the dollar to some degree, not fully, right?

It doesn't happen in a binary way.

And then the dollar starts to trade

more like a risk asset like other currencies due to some degree, not fully.

So maybe this year we start to see that shift.

Once again, I take the exact opposite of your contrarian belief.

I believe American exceptionalism continues to soar as Russia, China, Saudi Arabia, to a lesser extent, continue to self-sabotage themselves with insane wars like Putin has done or cutting off the heads of entrepreneurs in China, figuratively I'm saying here.

I think you cannot have exceptionalism without entrepreneurs, without people having freedom.

And I think that means American exceptionalism

based on freedom is going to continue

and the legion of dictators, I believe,

are going to stab each other in the back

before they change the world or move the currency.

You can't trust them.

They'll snip at each other.

And or their self-sabotage.

So what do you fall out on these two?

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What do you fall on our opposites here?  
I think that America is really  
feeling its weedies right now.  
I think that American power is immense.  
I think that the superiority of our weapons in Ukraine  
has been one of the big surprises of the war.  
Let's go palm of lucky.  
I don't see the world in the simplistic good guys  
versus bad guys frame that Jacob does.  
However, America is on turbo right now.  
And yes, it is true that the BRICS would love to get off of the dollar  
because we are now using the dollar  
and the financial system and Swift  
as a geopolitical tool and a weapon.  
And they would very much like to be  
off of our dependence on our currency.  
But I don't think they're anywhere close  
to being able to do that yet.  
And like I said, America is on turbo right now.  
Now, one thing I want to mention,  
this just came out White House correspondent  
named Jennifer Jacobs just reported  
that the U.S. has agreed to send Bradley armored vehicles,  
basically our best tanks to Ukraine.  
Previously, U.S. officials had balked  
at sending armored vehicles saying  
heavier weapons would be too difficult  
for Ukraine to operate and maintain,  
bad allies are moving to provide such weapons.  
So we keep providing the Ukrainians  
with more and more sophisticated weapons,  
more and more support.  
Like I said, this is leading up  
to a huge Ukrainian counter offensive in the spring.  
And I really don't know what's going to happen at that point.  
I do think that the Russians will escalate.  
I don't think they can afford to lose this war.  
They view it as existential.  
And like I said, I hope cooler heads will prevail.  
And if the Ukrainians are successful at breaking through,  
I hope that the Biden administration will shut this down  
before they try to retake Crimea.  
Because, you know, we've discussed this before.

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I think the Russians confronted with a choice between a total defeat that includes losing Crimea and their naval base at Sevastopol and sees the Ukrainian flag flying over their base at Sevastopol. If that's a choice between that or potentially using a tactical nuke, maybe at the mouth of the Crimean Peninsula as a firewall, I think they could choose the nuke option. So it's a very dangerous situation. And, you know, very, very dynamic. There's a lot of possibilities. All right. Let's go on to best performing asset of 2023. I'm going with seed stage investing again. I don't think people want to get into these toxic cap tables at the late stage, as Chemoff pointed out. So I go with seed stage and, you know, end up to Series A. The people brave enough to place bets. The founders brave enough to start companies. I believe it's the best performing asset class of 2023. Chemoff, who do you got? I think that there's still a lot of uncertainty in the world and in the markets. And so I'm generally concerned that there's a lot of chop. And so I picked something that's pretty conservative, but I would have a combination of cash and the front end of the yield curve. So T-bills all the way up to two-year bonds. So you can generate four and a half, probably by the end of this year, 5%, pretty safely owning this stuff while you wait for things to become more certain. And the way that I think about it is that I would rather miss the first 10 or 15% of a rally once we're really done with this stuff than try to overcorrect and try to pick a bottom, just because I think that you could lose a lot of money. So I think the goal for this year is to stay resilient and in the game. And so owning, having a bunch of cash on the sideline, it's ready to pound it in. Meanwhile, a portion of it collecting 5% is not such a bad thing while you wait for the bottom. Fantastic. My answer was actually very, very similar,

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which is if CashGarry is right,  
that rates are going to 5.4% in Q1,  
why wouldn't you just put all your money in short-term T-bills?  
You earn 5, 5.5% risk-free.  
Like set it and forget it.  
And that's why capital flows are moving hugely right now  
from equities into bonds, especially if we're going  
to recession, which is inherently deflationary.  
Where do you got, Freeberg?  
Forming asset class of 2023.  
One of the things, so I think it's inevitable  
that we continue to have significant infrastructure  
spending from both the stimulus and security point of view.  
So we kind of want to continue to stimulate the economy  
and support growth.  
We want to continue to create jobs  
and support this transition.  
And if the recession predictions play out true  
and the job market does loosen, it's very tight right now,  
there's going to be even more of an impetus  
to continue to do infrastructure investment.  
But I think there's also these big economic transitions  
happening underway right now with pharmaceuticals,  
with semiconductors, with energy.  
There's a lot that we've talked about  
where there's a security problem and a redundancy problem.  
And so there are a couple of ways to kind of play  
this infrastructure is spending pieces  
in each of those areas.  
I've kind of highlighted four of them.  
One is in semiconductor capital equipment,  
so K-10 core applied materials, that range of businesses  
that provide and sell the equipment  
into the fabs and the organizations  
that build semiconductor manufacturing facilities.  
The second is kind of an oil and gas services,  
so similar to what Sachs said earlier,  
Schlumberger, Baker Hughes,  
that class of businesses I think benefit  
in this environment.  
And this is independent of kind of economic conditions,  
certainly, because these are big multi-year  
spending projects.

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The third is in the equipment to support them, so Deer and Caterpillar. And then the fourth, I think is an important one, I'll talk about this in a minute with respect to my biggest kind of anticipated thing for next year, which is in pharmaceutical infrastructure, so Thermo Fisher, and there's some company and others like them, because there's a lot of buildout happening to support these big transitions happening in the modalities that are being used in pharmaceutical drugs and diagnostics. And then I think that there's also a couple of these businesses that are diversified, like Danaher, Honeywell, Thermo Fisher is a good example that play across multiple of these opportunities. So those are all great businesses to own, and you don't need to worry about, they're growing cash flow positive, dividend paying companies, and you don't need to worry about, am I getting 5% or 5.5% based on the equity price this year? These are long range businesses that are building real value, growing their top line, and compounding value from within. And then they're acquiring a lot of smaller businesses, very cheap. I'll say it's an important trend I've seen across these companies, Danaher, Honeywell, Thermo Fisher, they buy small companies, they pay very little, and they immediately get massive return on invested capital, like they're in the high teens. So why get 5% on T-Bills when you can get high teens, ROIC, on the management teams running these incredible platforms? So that's where I'm most excited for this year. Okay, now let's move on. That was like my mad money segment. I've never done the mad money segment before, but there you guys go. Worst performing asset, I went with energy because not that I think it's not important,

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but it just feels like everybody rushed into it in 2022.  
So it feels like it's overheated.  
And if we are in a recession,  
people might lower consumption in terms of energy  
and be looking for cheaper alternatives.  
So it could be overheated.  
So I went with energy.  
Shamath, worst performing asset, you got one?  
I think that if we've learned anything  
from the last three years,  
you have to separate the valuation of a company  
and how it performs in the stock market  
with its value in society.  
So for example, if you look at Zoom,  
Zoom's valuation has cratered,  
but its value in society has probably continued to go up.  
It's still a massively relied upon tool.  
The point is that markets do not give you credit  
for the value in society.  
They will give you credit when you are about to over-earn,  
but then they'll pull it all back  
when they think that you're going to under-earn.  
So in that lens, I think that tech will have a tough year.  
I think energy will have a really shit year.  
And probably the biggest asset class  
that is going to get pressured is going to be junk debt.  
And the reason is a bunch of these variable rate loans,  
when rates are at 5% and 6%,  
that all of a sudden are like 11, 12, 13, 14% coupons,  
a bunch of companies will have trouble meeting  
their debt obligations and will have to restructure the debt  
or will have to file some tech energy and jet debt.  
For 2023.  
Some category of what Jamath just said,  
I think office towers in San Francisco  
are that is some serious toxic debt,  
27% vacancy rates and growing as Lisa's role.  
I think that a lot of these buildings,  
maybe virtually all of the San Francisco downtown  
is going to be owned by the bank soon,  
because no one can eat there.  
Commercial real estate in San Francisco?  
Well, specifically the office towers,



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because no one wants to be in those skyscrapers, buildings south of market, mired in homelessness. So, yeah, I think that a lot of those buildings are going to be owned by the banks, there's going to be some major fire sales. Remember, this is the hottest commercial real estate market in the country, a few years ago, and now it's the worst. Well, look what happened to Be-Reet. What do you think about that crazy thing that happened with the Blackstone Reet? I mean, that's nuts. Explain what happened? Blackstone has a product called Be-Reet. It's like a \$70 billion exchange traded fund effectively. And what it is, is the ability for individual investors to own access to Blackstone's commercial real estate portfolio. And they had such a massive amount of redemptions that they had to close redemptions at the end of Q4, and they were worried that the redemptions were going to continue to go up. These are individual investors who basically seize the writing on the wall, as David said, and wants their money out. And so, they went to the University of California pension system, and they essentially got a huge infusion of capital. I think it was about \$4 billion, where they guaranteed 11.5% interest to these guys for the \$4 billion. And they also posted \$1 billion of their own equity in the actual REET to backstop it. So, what does it show you? I think what Saks is saying is really right. It may not just be in San Francisco, but with all of these people either getting laid off, with all of these people now working remotely, we may finally start to see the beginning of the reckoning in commercial real estate, which has been an unbelievably performant asset class up until right about now. And on top of that, you have to factor in these much higher rates. And so, these building owners, if they financed it, which they invariably have always financed,

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they have huge variable rate payments that are due on these buildings.

The rent rolls are lower, even people like Twitter, as you're refusing to pay the rent.

So, you have to take them to court.

So, it elongates when they have to pay.

And so, you could miss a bunch of rent payments, and all of a sudden, the banks could just go crazy and take ownership of these things.

Okay.

Okay.

Do you have a worse performing asset class for 2023 prediction?

Sultan of Science, Queen of Kenwa, David Freiberg.

It's really simple.

I've mentioned it before.

It's consumer credit.

We assume that rising rates and inflation would taper down consumer demand, meaning consumers buying goods and stuff.

And that certainly hasn't happened.

I'm in Vegas right now.

I was in the car yesterday, and the driver grew up in Vegas.

He's like, I've lived my whole life in Vegas.

He's like, I've never seen a December like we just had.

It was packed the entire month.

He's like, normally in Vegas,

it's dead up until Christmas, and then New Year's people come in for town, but it's normally dead.

He's like, I've never seen such a busy month.

And I think we see this in the numbers.

Consumers are still spending like it's 2021.

They're still spending like interest rates are zero.

As we talked about, consumer credit is skyrocketing.

Wall rates are skyrocketing.

And so, I think we're going to run into a real wall with respect to consumer credit in some time this year.

And you're going to see, as you guys know, this is such a complicated interwoven market of assets, that the way that this can be traded, there's a lot of different ways to trade it.

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But I think it's going to be,  
in general, consumers are not going to be able  
to meet their debt obligations.  
And it's going to be really ugly.  
So defaults.  
Could be mortgages.  
Could be credit card debt.  
Defaults are coming.  
Yeah, and I think the market has priced in a bunch of this stuff.  
Obviously, companies like Affirm,  
and what are they called?  
Buy now, pay later companies.  
But credit card companies, mortgages.  
There's a lot of assets that you can start  
to kind of pick apart.  
Where do you think this unravels first?  
How does it, what gets hit hardest?  
What's underpriced and overpriced?  
Probably a lot of good pair trading to do,  
as Jamath kind of loves to talk about with respect  
to which of these are more likely or less likely  
to be sensitive to this dynamic.  
But there's, I think it's going to be a pretty ugly scene.  
Consumers just have way too much debt  
relative to their earnings right now.  
And it's pretty nasty.  
And they have some confidence  
that they'll always have a job or some way to pay there  
for easy payments for their biggest trade.  
I'll say it's hard, it's muscle memory is serious.  
You know, you come out of 2021 when you had,  
it's not just stimulus checks.  
It was the low interest rate  
and easy credit availability everywhere.  
And it's just easy to jump into getting new stuff and cool stuff.  
And then when you get used to getting new stuff  
every week or every month, you kind of stick with it.  
And you're like, I don't want to give it up just yet.  
I just, not just yet, not just yet.  
You know, and so it's hard to kind of step back  
from spending when you have a new type of lifestyle.  
And I think that's what's going on.  
I think this is an incredible observation.

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Yeah.

There's a great TikTok of this guy that runs car dealerships and he sent them out on like how much incredible money, like what a significant percentage of people's income they are spending on their monthly car payments.

And people buy these cars that are well beyond what should be kind of a reasonable budget.

If you were to go to Susie Orman for advice.

They stretch, they stretch.

We should not buy that freaking car, they stretch.

And the stretching is going to snap this year.

Yeah.

Absolutely, which brings us to the most anticipated, I love it, great one, most anticipated trend of 2023.

Related to yours, I went with austerity.

I have a friend who sometimes flies private often.

And I was talking to him about his Christmas vacation.

This friend of mine, Shermoth, instead of flying private to his vacation, he had to pick up his kids.

He had to go back and forth.

He was driving his car.

That was me.

Three hour, that was you.

Oh, okay, I didn't want to, I didn't want to declug you.

Yeah.

But I had a friend.

It was so great.

He would normally fly private to Lake Tahoe.

And he's like, no, I can't go out with you.

I'm skiing on Friday.

I got to pick up my kids.

And then I'm driving back.

I said, wait a second, how are you doing that?

He's like, I'm driving a car.

I said, what?

Who's driving the car?

He said, I'm driving the car.

And that's why I say austerity is my anticipated trend of 2023.

I agree with you.

I actually think this is a really good opportunity

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to pull back on so much waste.

I haven't really looked at my household budget in probably two or three years.

Didn't even bother.

Why?

And then when I looked at it, I was like, wow, this is really inflated to a level that I didn't expect.

Yes.

But it makes a lot of sense to live in a more heads down, austere way.

I don't know, yeah.

Well, I mean, look at tonight's menu.

You went with duck.

I guess the olive, fed, wagyu, everything's off the menu now.

No black truffles, we're having duck.

We're down to poultry.

That's just for me.

Next week, we're going to have pasta.

It's OK, Chamatha.

Austerity measures for everybody.

They call it foul for a reason, right?

Oh, god.

Sacks, do you buy into austerity?

Chamatha and I are austerity belt tightening as our trends.

Well, where are you?

What's your trend for?

I think that's a pretty good trend.

The trend that I am going to suggest will be to your great disappointment, J. Cal, which is Trump's influence in the GOP continues to wane.

You're seeing it in real time right now.

The headline is, Trump's endorsement proves worthless.

To Kevin McCarthy and the Speaker bid, even the MAGA faithful, like Matt Gaetz, like Lauren Boebert, they are ignoring Trump's pleas to get behind my Kevin.

And in fact, they're kind of not just defying him, but making fun of him.

Matt Gaetz had a repost to Trump saying, sad exclamation point.

And Boebert was saying that Trump needed to get behind her movement.

So we have now a level of open defiance to Trump and the GOP.

His endorsements are not what they once were.

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And even if somehow Kevin McCarthy pulls us off, I think all that means is that Trump gets blamed for every swampy, rhino compromise that McCarthy has to make to keep the government running over the next two years.

So it's a lose-lose.

Does that mean that populism is on the wane, do you think?

Like, because it's the electorate that got him elected in the first place.

He was not very popular with politicians.

He was kind of an outcast when he got elected the first time.

And that may be the case now, but he still got elected because the population loved him.

People loved him.

Is that going to happen?

Do you think that means that the populism is kind of waning or the interest of the voters is waning on him?

Or is it just the political party's alignment with him?

Boebert only won by a few thousand votes.

He didn't exactly crush it in Colorado.

I think a lot of this has to do with Trump's personal standing after the midterms.

The candidates that he personally picked that were all in tough races, they all basically lost.

It was about the distraction he caused by making the 2020 election such a big deal, constantly looking backwards.

So I think the Republican party doesn't like the antics.

It's not about the policies, I don't think.

I think it's 100% about Trump's electability and about his ability to get things done.

And it's not really about the positions, per se.

So I think, Boebert, to answer your question,

I think that the future of the GOP

will incorporate this populism,

but it's going to find a better integration

with the establishment wing of the Republican party.

And future candidates will have to basically satisfy both of those wings of the party.

Sacks, was it, was the straw that, or maybe the two straws that broke the camel's back for Republicans and Trump in that relationship?

Was it January 6th and the election denial?

Like for Republicans, is it just like, come on, those are the two things?

This constant focusing on the 2020 election.

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First, it cost them, the cost of Republicans that Georgia runoff seat with Purdue against Warnock, Purdue won on election night, didn't clear 50%, had to go to the runoff.

This happened the day before January 6th.

This happened on January 5th of 2021.

That was the first race where Trump's antics cost them.

Then you had this midterm election where all the candidates who had to appease Trump by talking about, again, the last election, instead of looking to the future, they got punished by the voters.

I think Republicans want to win.

I mean, they're tired of losing.

That's simple.

It's that simple.

Yeah.

The job of a politician is to win.

Freeberg, you got an anticipated trend of 2023.

I am excited about and want to share the point of view that I think cell and gene therapies are becoming more mainstream.

So these are pharmaceutical modalities where we use gene editing systems where you can actually go in and change or add genetic material to cells in your body to resolve things like genetic diseases or change protein deficiencies or introduce new proteins.

And then cell therapies where we engineer cells, put them in the body, and those cells go and do things like attack and destroy cancer cells, for example.

There are currently 27 FDA-approved cell and gene therapies on the market.

There are over 1,000 in clinical trials, many of which are already showing extraordinary efficacy and benefit.

Today, these therapies cost upwards of a million dollars.

So I think there's a massive and talking about the infrastructure investment conversation earlier because of the number of diseases and the number of conditions and the number of people that these therapies can treat.

I think there's massive infrastructure investment opportunity coming forward this year.

But also seeing these come to market, come out of the clinical trials, get FDA-approved, we have to ramp up and build up the infrastructure needed

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because it's not traditional.

We make a drug and a factory and send it to people and they get it injected.

These are much more complex.

They require a much more complicated delivery mechanism.

You have to have systems to engineer cells and edit them and put them back in your body.

Those systems today take days or weeks and cost, as a result, a million dollars plus per treatment.

So I think that the cell and gene therapy opportunity, the JPMorgan Healthcare Conference starts this week.

It's the biggest biotech and healthcare conference in the world, starts in San Francisco on Monday.

This is one of the biggest areas of interest and one that everyone's investing against.

But as these come to market,

we talked about this last week,

genetic diseases, types of cancer that are going to be addressed.

And I'm really excited about seeing more of these products

come to market and seeing the whole infrastructure and delivery system change.

All right, sorry to interrupt,

trying to keep the trains moving, gene editing.

Very good choice.

All right, we end with this.

It's a little bit fun.

Most anticipated media for 2023, these are things.

We like to talk about the media here sometimes.

We talked about white lotus season two.

Amazing season and maybe what you're looking forward to next year.

I am really looking forward to in film, Oppenheimer, Christopher Nolan's movie about the Manhattan Project.

That should be extraordinary.

I loved, it was Dunkirk his as well.

I love Dunkirk.

I like everything he does.

And when he, this is him becoming like a history uncle.

I'm here for it.

I'm here for Nolan becoming our history uncle instead of Batman.

What was the one after inception though that was really confusing?

The one with Denzel Washington's son.

With John Washington.

Yes, it was, I couldn't finish it, I tried twice.



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I gotta go with third shot on that one.

Oh yeah, it was his worst film.

It was really difficult.

It was called Tenant.

Tenant.

Yes, about like time and reverse and this.

Tenant.

It was impossible to follow.

Did you guys see his original film, which was incredible, Memento?

Of course.

Memento was fantastic.

Yeah, Memento was great.

And it was like, it was enough mind-bending enough that you're like, oh my God, incredible.

And then I think they took it too far, Tenant.

I tried to watch it three times.

I'm generally pretty good with these sorts of films and love them, but oh my God, it was impossible to follow.

He took it too far.

Okay.

So hopefully he goes back to his roots.

In terms of TV series, I'm looking forward to Secession coming back, Ashoka, who is Anakin Skywalker aka Darth Vader's Padawan,

Ted Lasso season three coming up.

Those are for me incredible.

And then on the book front,

man, the Michael Lewis book about SBF is going to be next level.

I cannot wait for that.

Sax, you're a media junkie.

What do you got on your list of things you're looking forward to?

Or I should say, what is Tucker's writers?

What did they put down for you?

Well, Jacob, I thought you were going to pick...

I can't, I can't.

I thought for movie, you're going to pick Cocaine Bear.

I can't wait for Cocaine Bear.

Cocaine Bear does look really amazing.

It does look great.

The process of Cocaine Bear is extraordinary.

A bear is in the woods.

And I guess people who are trafficking in Cocaine drop their or crashes and the bear eats the Cocaine and then goes on a rampage.

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It's kind of like a genre film, like in the crocodile way.  
By the way, I'm listening to Quentin Tarantino's book,  
by the way, of criticism.  
Get the audio book.  
You'll like it, Sax.  
He talks about all the films in the 70s.  
Very good.  
Shout out to Quentin.  
What do you got?  
What do you got on your short list?  
A history uncle.  
Me?  
Yeah.  
What do you got?  
I just gave you one.  
The Cocaine Bear top of your list.  
We'll watch it together.  
Oppenheimer was on my list.  
And I think Marvel is doing a good job  
developing a new villain to rival Thanos with King.  
I don't know what phase they're on now, but  
Flokey season two and then the new Ant-Man movie.  
You know, I thought after Thanos,  
he wouldn't really be able to top that.  
But they've come up with a really good concept, I think,  
for the next 20 Marvel movies.  
Well, and then it will eventually become Galactus.  
You guys have completely fucked up.  
You have missed the most obvious slam dunk.  
Here we go.  
Shaday's new album, go.  
Dune, part two.  
I haven't watched number one yet.  
I gotta do what?  
You know, what happened was-  
It was kind of boring, wasn't it?  
My wife wants to watch it.  
It is so stylistically beautiful.  
It is a little boring.  
There's not a lot going on.  
It is slow.  
But it's so well shot.  
It's visually just stunning.

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I mean, if you need to watch it on a big screen with big speakers and-

But part two comes out November this year.

Absolutely.

That's great.

Freeberg, tell us what documentary on veganism

you recommend and you're anticipating for 2023.

What vegan documentary or animal abuse documentary?

I am excited about the generative AI based media

that I think is going to start to kind of rocket this year.

We could see, for example, the first, you know, AI written symphony,

the first kind of AI written published novel.

How interesting would that be?

Like a full novel published by AI.

And more, maybe short films based on AI driven script.

And maybe even what I'm really excited about

is these AI based interactive video games

or kind of experiences where you, the user,

kind of get to create and live your own world

through some sort of video game type modality.

So I think AI driven media-

All right.

There you have it, folks.

There are-

Speaking of pop culture chaos.

I guess Prince Harry has a book coming out

that's called Spare.

Despair?

Despair.

Despair.

Like pick up a spare when you're playing bowling?

No, but you know, like in the English monarchy,

there's the air and the spare.

So he's calling himself Spare.

But to me, that's like a weird self-description.

Yeah, like that's how you see yourself is just-

It's being self-deprecating.

He didn't pick that.

They paid him so much money.

I heard they have to sell 1.7 million dollars.

7 million books to break even.

But you know what it reminds me of is

when Leonard Nimoy wrote a book,

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I think he wrote a book called I Am Spock  
and then he wrote a book called I Am Not Spock.

Nice.

He could never get comfortable with the fact  
that he was just Spock.

Yeah.

And there's something weird about calling yourself Spare.

Like, you know, you're clearly not comfortable with-

It's like-

The role you're in.

Yeah, everything they taught you,  
everything I learned at Harvard Business School  
and everything they don't teach at Harvard Business School,  
you can do both books.

All right, listen, this has been great.

Breaking news as we're talking here,  
chat, GPT, open AI, doing a tender offer at \$29 billion  
with no revenue losing \$3 billion a day.

Oh my God, who is buying at \$29 billion?

Well, it's Founders Fund, or reportedly according to the journal,  
it's Founders Fund Thrive Capital.

So Founders Fund does not generally do super overpriced deals.

Yeah.

Yeah, I would buy that.

That's a silly bet, I mean, come on.

Dude, are you kidding me?

That could be a \$300 billion company.

That's a 10X.

Right, but that-

Do you think it's a 10X from here?

I wouldn't, I would not.

Totally could be.

By the way, you guys remember that the origin of open AI,  
I don't know what the current situation is,  
but it was a non-profit where they said investors put money in,  
but the investor's maximum return was 100X on the dollar invested.  
So it's a non-profit, but it's a profit up to 100X.

No, no, that happened afterwards.

It's when they converted to it.

That was the original model.

Yeah.

No, the original model was a pure non-profit where there was no cap  
because there was no concept of equity.

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Yeah.

When they flipped, they capped everybody to 100X on the return.

So the original money-

100X, but not anymore or still.

But no, the original money, which was like Elon's money, who else put in money?

Reed.

Yeah, all that money came in as pure non-profit.

So I don't know how it converted, but that's when they-

Or did it convert?

Did those people who funded it originally get any shares in the for-profit?

We could find out.

Probably they did.

I mean, it would make sense that they would.

I don't know.

We'll find out.

We'll cap it.

We'll just wrap it.

I mean, wait, if this is a tender offer from 1% of the company-

Sima, you wouldn't buy \$27 billion?

You wouldn't buy shares at \$27 billion?

At \$30 billion.

So again, the thing that I want to impress upon you is like,

there is an enormous amount of work that they do

that their biggest gap to monetizing this will be finding unique content that they learn on that nobody has access to.

And this is why I really think it's important to understand.

If you have enough compute, all of these unsupervised learning models,

if you run them on the same training set, will converge to the same answer.

So you're just getting there first.

So in order to be really defensible, you have to get there in a unique way.

And so either you're going to hand tune or you're going to have inputs that are different.

So I don't know the answer.

That's why-

Right.

Like they have to answer that question in their fundraising.

And I'm sure that they did because these are smart investors.

But that's the big idea that you have to overcome.

And again, you have to think like,

you think Google is sitting on their hands?

No.

Google is sitting on a competitor to have them launch.

Why \$29 billion?

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Like what fundamentals is that based on?

Like why not \$5 billion?

Why not \$3 billion?

I mean, like why not \$10 billion?

Like what makes it \$29 billion?

They double their last valuation.

That's what it is.

It's all momentum.

Said nothing to do with reality, right?

I mean, this would imply at a \$30 billion

at the public comps of the Google trades at what?

\$25 or \$30 times EBITDA.

So this would imply a billion dollars in EBITDA.

A billion dollars in EBITDA, \$3 million a day.

They're losing \$3 million a day on computer for reportedly \$3 million a day in profit on what product?

I don't know.

If they have a-

That's not the issue.

I mean, my point was if these guys open up a set of tools

that support all these applications and services to emerge on top of what they've built and they're getting RedShare or getting payments out of that,

it's going to very quickly turn into a real scalable infrastructure business.

This is why that can't happen.

They don't have the rights to the data they built the training set on.

And the second they commercialize it,

the second anybody pays them, whoever they base this on,

they're going to get sued into oblivion.

I predict sued into oblivion.

Let's talk about that in the next show.

Because I think that's the way that AI works,

and we should probably bring someone like Sam on to talk about it.

But the way that AI works on training data,

and now people are making claims that the training data is copyright,

therefore the model output protects that copyright,

is I think worthy of a good conversation.

Well, what's interesting is the early version of the internet was very simple.

It's like you had this file called robux.txt,

and you would basically be open to a crawl or not.

And that's what would allow Google to basically go and spider your pages.

Right.

And so we have to replace this concept of that with this.

AI.txt.

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Well, you could make a claim that this is no different than a spider crawling a web page, except that in the search case, it was much cleaner, which is we're just going to index your page and redirect people to you. Here, we're actually going to create a derivative work because of you in part. And I do think that that's going to be a very interesting legal threshold that has to get figured out.

Well, here it is, Chamath. You're nailing it exactly.

It's a derivative work, and they did not have permission to use it.

And it impedes upon the original authors, whether it's a photo, it's a song, it's a piece of code.

It impedes upon their ability to do commerce in the world.

You are interfering with their ability to monetize their content, and the percentage you're using is 100%.

So when you get to fair use, non-commercial use is very protected.

Parity is protected.

Education is protected.

But when you dip into using the entirety of the work, which they're doing, and you impede upon the person's ability to do commerce, and you confuse the public, these are the tests that they will fail, fail, fail.

This is why I think that most people don't understand what AI is.

They don't even understand the difference between training and inference.

So hopefully, there is some more understanding of this.

But if you use the same data set, you will eventually converge to the same outputs.

Absent of hand-tuning weights, which has its own issues, and absent any asymmetrically different data that you have that nobody else has.

Absolutely, yes.

So if you are Apple and you have the watch data, or you're Google, and you have the search data, or you're a weather company, you have the weather data, and you're a proprietary, of course.

There's a very easy solution to this, Chamath.

Number one, citations.

When the algorithm gives you an answer, it should say, what were the top percentage sources of this information?

How did the AI...

No, but Jason, tell your people.

Look, if you look inside of a transformer, the problem is, okay, that you're going to have trillions of ranks, trillions of weights, trillions.

And so how are you going to decide how to basically draw a line under a threshold?

This was actually a useful input, and this was not.

So again, I just think that...

It's hard.

Very few small class of people actually understand this.

Like, the great person to actually bring in to talk about this would be Andre Karpefi, not.

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And I think, because Andre was there.

Sure.

And at Tesla, but he can say it in a very dispassionate way to explain this to people, I think, would be useful.

We should ask him to come on.

Yeah, for sure.

I mean...

I can ask him.

I can ask him.

I mean, this is brand...

The law, Saks, you're an attorney.

You understand fair use, copyright, all this stuff.

The law, correct me if I'm wrong here, Saks, does not anticipate this.

Look, this is a highly specialized area.

I don't want to pretend like I understand the law in this area.

You know, I'd want to talk to a specialist.

Yeah, okay.

So anybody...

Let's have this conversation, because I think...

Yeah.

This is a great juicy discussion.

I think there's more work for us to talk about, because...

All right.

This is probably why, by the way, they started as open source, because it was like a slam dunk thing to make this a non-profit and open source everything, maybe in part because of these issues.

But if you just let the code run free, you probably don't have to even deal with these issues, right?

Well, they closed it.

Remember, their claim, the claim was, this is too dangerous.

Their original claim was, it's too dangerous for people to not see the code.

Then Sam flipped on that, and he said, it's too dangerous for people to see the code.

And it started out as a non-profit, where the idea was, the way to keep this safe is for everybody to see the code.

But they didn't make any money.

Whatever it is.

And they went private, and they flipped the decision.

So keep that in mind as well.

He's a very, very, very clever business person.

He's savvy.

You know, Paul Graham, when Paul Graham picked Sam to run YC,

Paul Graham said that this is the most impressive person I've met since Steve Jobs.

Yeah.



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Remember that?

Come on the pot.

I do remember that.

He said something similar about Gary Tan is now running YC starting this week.

Sam Altman, friend of the pot, come on all in anytime.

And has played in our poker game several times.

Nice.

Yes, we had a tough situation there where you interfered in a hand, if you remember.

All right, listen.

What happened?

What happened?

There was a, Sam and I were in a hand of poker.

He raised, I had two pair, and I'm trying to figure out does he have a set, or is he bluffing me?

I think he's got top pair.

And you were like, oh, look at this.

And you started commenting on the hand.

Oh my God, I remember this.

And I hadn't made the call or not yet.

Oh my God, I remember this.

And I'm like, Chamath, for my Labouche.

Let's stop talking here because I'm trying to play hand.

And I'm like, okay, Sam would get, and I basically came to the conclusion, Sam would get the light, great delight, bluffing me off a hand.

And he's a risk taker.

He knows I'm conservative.

He knows he's a risk taker.

I'm going to call here with my, I had bottom two.

I'm like, does he have a set?

And there was also a straight on the board.

I'm like, fuck it.

At best, I'm, you know, even money here.

And there was a lot in the pot.

So I was just doing the pot odds.

While I'm doing the pot odds, you were like, which is usually me.

I'm usually the one being reprimanded.

Different talk, but it was notable.

All right, listen.

Love you, besties.

Why don't you tell people that there's no comments?

And just as a programming note, we turned off comments for a couple of weeks on the YouTube just to see how it psychologically affects me and for Chamath to just f with

**[Transcript] All-In with Chamath, Jason, Saks & Friedberg / E110: 2023 Bestie Predictions!**

all you Brigadooners.

We love you besties.

This has been in a great episode.

Commenters.

Too great.

And his Twitter is at Chamath and he doesn't read it.

Just so everyone listening knows, Saks, Saks and I voted against turning off comments.

I voted in favor of whatever got Chamath's vote for the all-in-summit 23.

So that's how I vote.

This is horse trading now, but the podcast has never been better.

Besties spending time together on the slopes is the cure to all evils.

We'll see you next time.

Love you besties.

Bye-bye.

Love you guys.

Bye-bye.

Oh man.

We should all just get a room and just have one big huge orgy because they're all just useless.

It's like this like sexual tension that they just need to release somehow.

What?

You're a bee.

Bee.

What?

You're a bee.

Bee.

What?

You're a bee.

We need to get merchies.

I'm going all in.