

[Transcript] All-In with Chamath, Jason, Sacks & Friedberg / E111: Microsoft to invest \$10B in OpenAI, generative AI hype, America's over-classification problem

Is anybody else seeing a half a second lag with jakel like a second line test test test one two one two for me like the way
His mouth moves well that always happens. Oh god here. It comes
Black sacks relax sacks
Are we going recording?
This is a plus material
Let's go. This is Chappelle at the punchline. Let's go
All right, everybody welcome to episode
111 of the world's greatest podcasts according to
Slate the podcast that shall not be mentioned by the press apparently don't even they just did a profile on us
Well, they did this is the conundrum
It's so much of a phenomenon that we're the number one business and the number one tech podcast in the world hands down
that the press has a hard time
giving us any oxygen because
They want to hate us
They want to cover it. You're saying they take the ideas, but not them. They don't want to cite it
They don't want to cite it. They don't want to cite it, but anyway shout out to Slate
Yeah, what I thought was interesting was the guy pointed out that
We don't want to subject ourselves to independent journalists asking us independent questions therefore we go direct and that that's kind of the
The thing nowadays when everyone says they want to go direct
It's because they don't want to be subject to independent journalists one might ask themselves why? Subjects don't want to go direct. Yeah, exactly. You mean what don't want to go to journalists
Yeah, because it there's a specific reason why principles the subject of stories do not want to have the press
Interpret what they're saying is because they don't feel they're getting a fair shake
They feel like the word the challenge is that then we avoid independent scrutiny
Of our points of view and our decision. They're constantly writing hit pieces about us
The the question is when we want to present our side of it
Do we need to go through their filter or not? Why would you go through their filter when it's always going to be a hit piece?
right well, they have a class hatred of
Basically of technology entrepreneurs and investors sex
You're right J. Cal they don't hate you because you genuflect to their political biases you see if
If you do what SPF did which is basically
Agree with all of their biases, then yes, they'll treat you better. That's the deal. That's how it works
Specific large media outlets, right?
Referring to Fox
Okay, you can name one I'll trade you I'll tell you what I'll trade you Fox for
MSNBC and CNN and the New York Times the Washington Post and the Atlantic magazine and on
and on and on

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You get a lot of mileage out of being able to name Fox the fact the matter is Megan Kelly. Mm-hmm That's a podcaster. She's independent now. That's true. You can name one. I mean literally one outlet

That is not part of this, you know mainstream media and they all think the same way

There are very small differences in the way they think it's all about clicks

It's all about clicks at this point and it's all about just about legs and advocacy. It's it's a combination

Well, you're calling advocacy is bias and activism. It's activism. It's that's what I'm talking about activism journalism

Yes, I think the Dreymon also highlights a really important point, which is you know, he started his podcast

It's become one of the most popular forms of sports media

And he can speak directly without the filtering and you know classification. That's done by the you know

Journalist and it seems to be a really powerful trend. The audience really wants to hear direct and they want to hear unfiltered raw

Points of view and there and maybe there's still a role for I think the journalism

Separate from that which is to then scrutinize and analyze and question and it's not journalism is activism. They're just activists

They're also journalists after sex, right? So actually well, it depends what the topic isn't what the outlet is, right?

But I actually I would argue that most of these journalists are doing what they're doing for the same reason that we're doing what we're doing

Which is they want to have some kind of influence because they don't get paid very much, right?

But the way they have influence is to push a specific political agenda. I mean, they're activists

They're basically advocacy journalism. Yes, that's the term I coined for it. It's advocacy. You guys see this brouhaha

Where Matt Iglesias wrote this article about the Fed and about the debt ceiling and

Through this whole multi hundred word thousand word

Tom

He didn't understand the difference between a percentage point and the basis point and yeah, I did see that

Wow, so wait a second. You're saying the feds raising 25%

That's a huge difference between

Principle and an outside analyst right like a principle has a better grasp typically of the topics and the material

But you know the argument journalist

The argument is considered within the journalist circle

He's considered the conventional wisdom

I get it

But the argument from a journalist is that by having that direct access that person is also biased

Because they're an agent because they're a player on the field

They do have a point of view and they do have a direction they want to take things

So it is a fair commentary that

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Journalists can theoretically play a role which is they're an off-field Analyst and that don't necessarily bring I would argue they're less educated and more biased than we are that may or may not be true

What the two of you guys are debating which is a very subjective take

But the thing that is categorical and you can't deny is that there is zero checks and balances when Something as simple as the basis point percentage point difference isn't caught in proofreading Isn't caught by any editor isn't caught by the people that you know help them review this and so what that says is

All kinds of trash must get through because there's no way for the average person on Twitter To police all of this nonsensical content

This one was easy because it was so numerically illiterate that it just stood out

But can you imagine the the number of Unforced errors

Journalists make today in their search for clicks that don't get caught out that may actually tip somebody to think a versus B

That's I think the thing that's kind of undeniable

Right. Yeah, you only need to an article. There's a very simple test for this if you read the

Journalists writing about a topic you are an expert on whatever the topic happens to be you start to understand. Okay

Well on that story I'm reading

That they understand about 10 or 20 or 30 percent of what's going on

But then when you read stories that you're not involved in you know you read a story about Hollywood or I don't know

Pick an industry or a region you're not super aware of you're like, okay

Well, that must be a hundred percent correct and the truth is journalists have access

There's a name for that one. There is a name for it. Yeah, it's called the Joe man amnesia effect

You just yes, Michael Crichton who came up with that. Yeah, so you yeah, no, it's exactly right but I think it's worse than that it's because that now the

Now the mistakes aren't being driven just by sloppiness or laziness or just a lack of expertise

I think it's being driven by an agenda

So just to give you an example on the slate thing the slate article actually wasn't bad

It kind of made us seem, you know, cool. The sub headline was a close listen to all in the infuriating fascinating safe space

For Silicon Valley's money man. Okay, but that the headline changed

So I don't know if you guys noticed this the headline now is

Elon Musk inner circles telling us exactly what it thinks first of all like they're trying for clicks

It's yeah, so they're trying way too hard to like describe us in terms of Elon

Which you know is maybe two episodes out of 110 but before inner circle the word they use was cronies

And then somebody edited it because I saw cronies in like one of those tweet, you know

Summaries mm-hmm, you know where like it does a capsule or whatever. Yeah, and those get frozen in time

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So, you know, they were trying to bash us even harder and then somebody took another look at it Well, here's what happened the I'll tell you what happens in the editorial process Whoever writes the article the article gets submitted. Maybe it gets edited proofread whatever Maybe it doesn't even in some publications. They don't have the time for it because they're in a race Then they pick there's somebody who's really good at social media They picked six or seven headlines They AB test them and they even have software for this where they will run a test. Sometimes they'll do a paid test They put five dollars in ads on social media, whichever one performs the best That's the one they go with so it's even more cynical and because people who read the headlines Sometimes they don't read the story, right? Obviously most people who see the headline they interpret that as a story That's why I told you when they did that new republic piece on you with that horrific monstrous monstrosity of an illustration Don't worry about it people just read the headline. They know you're important. Nobody reads the story anyway But it wasn't about article actually. It was well-written actually. I was in shock I was like who is his writer that actually took the time to write some prose. That was actually decent Yeah, he had listened to a lot of episodes clearly. That was a really good moment Actually, that was great advice because you gave it to him and you gave it to me because both of us had these things and Jason said the same thing just look at the picture and if you're okay with the picture just move on I thought this can't be true. It's mostly be true. Yeah, but my picture was terrible. Yeah, but it's close to reality The worst there was Peter Teal or poor Peter. Yeah, but that just shows how ridiculously biased it is, right? My picture wasn't so bad. My picture wasn't so bad. Hugh Grant. He long looks, pull that up one more time here. He long looks like Hugh Grant. I just kind of, yeah, he does. Kind of not bad. Kind of looks like Hugh Grant and like Notting Hill. I knew that article was gonna be fine when the first You know item they presented as evidence of me doing something wrong was basically helping to oust Chesa Boudin Which was something that was supported by like 70% of San Francisco Yeah, which is a 90% democratic city. So not exactly evidence of some, you know, right wing movement Look at the headline The quiet political rise of David Sacks so conveys profit of urban do I'm just letting you know people don't get past the six Word in the image. Yeah, it's 99% of people are like, oh my god Congrats on the you know Republic article. It could have literally been Laurel. What do they call them? Laurel Ipsums, you know, like it could have just been filler words from their second graph down and

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nobody would know

Yeah

But now apparently if you notice that San Francisco

Streets look like, you know walking dead that apparently you're a prophet of urban doom. I mean people are so out of touch

I mean, they can't even acknowledge what people can see with their own eyes. That's the bias

That's gotten crazy and I don't know if you guys saw this

Really horrible dystopian video of a art gallery owner who's been dealing with

Owning a storefront in San Francisco, which is challenging and having to clean up

feces and you know trash and whatever

every day and

I guess the guy snapped and he's hosing down a homeless person who refuses to leave the front of his store

Oh, I saw that I saw just like the humanity in this is just insane like

Really like you're hosing a human being down

It's terrible who is obviously not

Living a great life and as you know, I can feel I can feel for both of them

I agree that it's not good to hose a human being down on the other hand think about the sense of frustration that store owner has because

He's watching his business go in the toilet because he's got homeless people living in front of him

So they're both like being mistreated the homeless

The homeless person is being mistreated the stoner's being mistreated by the city of San Francisco.

Yeah

Say I'm not in a privileged position that person probably the store owner the store owner

He's probably fighting to stay in business. I'm just saying I'm not saying that's right, but I think I'm laying the rope

Oh my god, look at this this homeless person being horribly oppressed. No, that's store owners a victim too

Yeah, there's no doubt. It's

What is this supposed to do? No, it this is this is symbolic of the breaking down of basic society

Like these both of these people are obviously like it's just a horrible moment to even witness

It's like oh, it's like it's something Jason

Do you have equal empathy for the stoner owner and the homeless person or no?

Under no circumstances should you hose a person down in the face who is homeless like it's just horrific to watch

It's just inhumane. This is a human being now, but as a person who owns the store

Yeah, my dad grew up in the local business if people were abusing the store

You're trying to make a living and you got to clean up, you know, whatever

Excrement every day, which is horrific. Yes, and this is in that moment

Yeah, in that moment the empathy is not equal

I think you have more empathy obviously for the person on the receiving end of that hose, okay, but in general

Our society has tons of empathy from those people. We spend billions of dollars trying to solve that

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problem

You never hear a thing about the store owners who are going out of business. So on a societal level you know, not in that moment, but in general the lack of empathy is for these middle-class store owners

Who may not be middle-class working-class who are struggling to stay afloat and you look at something like

What is it like a quarter or a third of the storefronts in San Francisco are now vacant?

The shocking thing is like this person is running an art gallery storefront in San Francisco

Like why would you even bother? Why would you bother to have a storefront in San Francisco?

I mean everybody's left. It's just what do you mean? Why do you bother if you've so open to store?

It's not what are you supposed to start to code all of a sudden?

Well, no, I mean you would shut it down at some point and find an exit and do what the store has large fixed costs, right?

Yeah

He made ten years ago exactly at some point you have to shut down your store in San Francisco

The second you can get out the solution to everything J. Cal isn't go to coding school online and then you know

But moving to another city is a possibility true

A lot of folks in Silicon Valley. I think in this weirdly fucked-up way do believe the solution to everything is learn to code

Or to come an Uber driver or brilliant. Learn to code. Get a get a gig job

Get a gig job. The guy spent years building his retail business

I mean the thing is homeless person camps in front and the homeless and he calls the police

The police don't come and move the homeless person the homeless person stays there. He asks nicely to move

Customers are uncomfortable going in the store as a result

Yeah, I stopped going to certain stores in my neighborhood because of homeless tents being literally fixated in front of the store

And I go to the store down the road to get my groceries or whatever like I mean

It's not a kind of uncommon situation for a lot of these small business owners. They don't own the real estate. They're paying rent

They've got high labor cost, you know, everything's inflating generally city populations declining. It's a brutal situation

All around I think if everybody learns to code or drives an Uber

The problem is that in the absence of things like local stores and small businesses you hollow out communities

You have these random detached places where you kind of live and then you sit in your house

Which becomes a prison while you order food from an app every day

I don't think that is the society that people want

so I don't know I kind of want small businesses to exist and

I think that the homeless person should be taken care of but the small business person should have the best chance of trying to

Be successful because it's hard enough as it is the the mortality rate of the of the small business

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owner is already 90%

It's impossible in San Francisco. Let's just be honest

Genuflecting J. Cal. I'm not trying to push people to listen. You are because here. Here's how much I'm inflecting

I'm saying the guy. I'm just shocked that the guy even has a storefront. I would have left a lot

You're showing a tweet. That's a moment in time and you're not showing the 10 steps that led up to it

Oh a thousand steps of five times. He called the police about it. Stop being from the last customers

The stuff that freeberg and Chamath were just talking about

Maybe it was physical conflict that we didn't see in that, you know, and he's resolving it

It's not man. It's really hard to look at these videos and know what's going on. It's awful to see but man

We don't know it's all things

You want to know another reason why we can't solve this problem

This is the language we use around it. The fundamental problem here is not homeless

Okay, it's addiction. It's addiction. You see, you know, and it's mental illness. Schellenberger's done the work

It's like he said 99% of the people he talks to it's either mental illness or addiction

But we keep using this word homeless to describe the problem

But the issue here is not the lack of housing although that's a separate problem in California

But it's basically the lack of treatment. Totally. So we should be calling them treatment less and mandates around this because an enforcement

You cannot have you you can't have a super drug be available for a nominal price and give people

You know a bunch of money to come here and take it and not enforce it

You have to draw the line that's at fentanyl. I'm sorry fentanyl is a super drug. There's three alternatives is mandated rehab

mandated mental health or jail or

You know housing services if you're not breaking the law, you don't have mental illness

You don't have drug addiction and then provide those are the four paths of outcome here of success

And if all four of those paths were both mandated and available in abundance, this could be a tent attractable problem

Unfortunately, the man the mandate. I mean you guys remember that Kevin Bacon movie where Kevin Bacon was locked up in a mental institution

But he wasn't like he wasn't mentally ill. It's a famous story. It's a famous. It's what's that?

I

Guess someone's probably gonna call me an idiot for for for messing this whole thing up, but I think there's a there's a story where

Mandated

Mental health services like locking people up to take care of them when they have mental mental health issues like this

Became kind of inhumane

And a lot of the institutions were shut down and a lot of the laws were overturned and there are many of these cases that happened where they came

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Across as like torturous to what happened to people that weren't mentally ill and so the idea was like let's just

That's another one right and

It's unfortunate, but I think that there's some you know, we talk a lot about nuance and gray areas

But there's certainly some solution here that isn't black or white

It's not about not having mandated mental health services and it's not about locking everyone up that has some slight problem

But there's some solution here that needs to be crafted

We're you know, you don't let people suffer and you don't let people suffer both as the

The victim on the street, but also you're talking about a 5150. I think like when people are held

Because they're a danger to themselves or others kind of thing

Right

I think about the power of language here if we refer to these people as untreated persons instead of homeless persons

And that was the coverage 24-7 in the media is this is an untreated person the whole policy prescription

We completely different we'd realized there's a shortage of treatment

We'd realized there's a shortage of remedies related to getting people in treatment as opposed to building housing

But why why and laws that mandate it that don't enable it because if you don't mandate it

Then you enable the free reign and the free living on the street and the open drug markets and all this sort of stuff

But there's a really easy test for this if it was if it was yourself and you were addicted

Or if it was a loved one is when your media family members

Would you want yourself or somebody else to be picked up off the street and held with a 5150 or whatever?

Code

Involuntarily against their will because they were a danger. Would you want them to be allowed to remain on the street?

Would you want yourself if you were in that dire straits and the answer of course is you would want somebody to intervene policy?

Perspective on this Jake house. So let me ask you as our our diehard liberal on this show. No, I'm not a diehard

They're like no no independent only votes for Democrats. Please get it right 75 percent of time

I voted Democrat 25 right independent votes for Democrats

Okay, 25% Republicans is it not that your individual liberties are infringed upon if you were to be quote picked up and put away

You know my position on it is if you're not thinking straight

You're in your high on fentanyl

You're not thinking for yourself and you you could lose the liberty for a small period of time 72 hours a week

You know, especially if you're a danger to

Somebody, you know yourself or other people and in this case if you're on fentanyl if you're on meth

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You're you're you're a danger I mean
I think if more I think if people had that if more people had that point of view and had that debate a
sacks of saying in a
More open way you could get to some path to resolution on just not in San Francisco
it's not how it happened so
You guys know this we won't say who it is, but someone in my family
You have some pretty severe mental health issues and the problem is
Because they're an adult you can't get them to get any form of treatment whatsoever
right, right
You only have the nuclear option and the nuclear option is you basically take that person to court
and try to seize their power of
Attorney, which is essentially saying that you know individual liberties are gone. Yeah, and by the
way, it is so unbelievably
restrictive what happens if you lose that power of attorney and
Somebody else has it over you
It's just a huge burden that
The legal system makes extremely difficult and the problem was a backstop, you know
If the person's committing something illegal like camping out or doing fentanyl
Math, whatever you can use the law as the backstop, you know
All that person can do is really get arrested even that is not a high enough bar to actually get power
of attorney over somebody
the other thing that I just wanted you guys to know I think you know this but just a little historical
context is a
Lot of this crisis in mental health started because Reagan defunded all the psychiatric hospitals
he emptied them in California and
that
Compounded because for whatever reason his ideology was that these things should be treated in a
different way and when he got to
The presidency one of the things that he did was he repealed the mental health. I think it's called the
mental health systems act and
HSA
Which completely broke down some pretty landmark legislation on mental health and it's and I don't
think we've ever really recovered and that
We're now 42 years onward from 1980
But or 43 years onward, but just something for you guys to know that that's that's well that's
breaking had a lot of positive
Yeah, that's one definitely negative check in my book against his legacy is his stance on mental
health in general
And what he did to defund mental health? Well, let me make two points there
So I'm not defending that specific decision
There were a bunch of scandals in the 1970s and epitomized by the movie one flew over the cuckoo's
nest of Jack Nicholson
About the conditions in these mental health homes and that did create a ground swell to change laws

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around that

But I think this idea that like somehow Reagan is to blame when he hasn't been in office for 50 years As opposed to the politicians who've been in office over the last 20 years. I just think it's letting them off the hook

I mean Gavin Newsom 10 15 years ago when he was mayor of San Francisco

Declare it that he would end homelessness within 10 years

He just made another declaration like that as governor. So I just feel like I'm not saying it's Reagan's fault

I'm just

Historical moment. I think it's letting I think it's letting the politics society needs to start thinking about changing priorities

We didn't have this problem of massive numbers of people living on the streets

10 15 years ago

It was a much smaller problem

And I think a lot of it has to do with fentanyl the power of these drugs is increased. Yes, there's other things going on here

So in any event, I mean you can question what Reagan did in light of current conditions

But I think this problem really started in the last 10 15 years

Yes, it's like in an order of magnitude bigger way

These are super drugs until people realize like these are a different class of drugs and they start treating them as such

It's gonna just get worse. There's no other path

Oh as far as I know Reagan didn't hand out to these addicts

\$800 a week to feed their addiction so they can live on the streets in Francisco

No, no, that is the current policy of the city. Yeah, it's a terrible policy

all I just wanted to just provide was just that color that

We had a system of funding for the mental health infrastructure particularly local mental health infrastructure and

We took that back and then we never came forward and all I was saying is I'm just telling you

I think that's part of the solution here is yeah, we're gonna have to basically build up shelters

We're gonna have to build up and support your point

The problem now for example is Gavin Newsom says a lot of these things and now he's gone from a Massive surplus to a 25 billion dollar deficit overnight

Which we talked about even a year ago because that was just the the law of numbers catching up with the state of California

And he's not in a position now to do any of this stuff. So this one this problem may get worse

Well, they did they did appropriate. I forget the number

It's like 10 billion or something out of that, you know, huge budget. They had to solve the problem of homelessness

I would just argue they're not tackling it in the right way because what happened is there's a giant special interest that

formed around this problem, which is the

The building industry who gets these contracts to build the quote, you know affordable housing

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industrial complex

Ten units at a time on Venice Beach like the most expensive land

You could possibly build because you get these contracts from the government

So there's now a giant special interest in Lobby that's formed around this if you really want to solve the problem

You wouldn't be building housing on

Venice Beach, you'd be going to cheap land just outside the city totally and you'd be building scale shelters

I mean shelters that can house

10,000 people not 10 and you'd be having

Treatment services. Yes. Yeah, but with treatment built into them, right? Yes solving this problem at scale and that's not what they're doing

By the way, do you guys want to hear this week in grift?

Sure, we're all in that's a great example of grift. I I read something today in Bloomberg that was unbelievable

There's about two trillion dollars of debt owned by the developing world

That has been classified by a non-profit the Nature Conservancy in this case as eligible for what they called nature swaps

So this is two trillion of the umpteen trillions of debt that's about to get defaulted on by come countries like

Belize, Ecuador, Sri Lanka, Seychelles, you name it

And what happens now are the big bulge bracket Wall Street banks and the Nature Conservancy Goes to these countries and says listen, you know, you have a billion dollar of tranche of debt

That's about to go upside down

And you're going to be in default with the IMF will let you off the hook

And you know, we will negotiate with those bondholders to give them 50 cents on the dollar

But in return

You have to promise to take some of that savings and you know protect the rainforest or protect a coral reef or protect some man

Grow trees all sounds good

Except then what these folks do is they take that repackage debt

They call it ESG they mark it back up and then they sell it to folks like black rock who have decided that they must own this in the portfolio

So it literally just goes from one sleeve of black rock which is now marked toxic emerging market debt

And then it gets into someone's 401k as ESG debt

Is that unbelievable so you could virtue signal and buy some ESG to make yourself feel good. Yeah

Two trillion dollars

ESG is that Exxon is like the number seven like top-ranked company according to ESG and Tesla is even on the list disastrous

How crazy is that?

It's a complete game

All of those that we said this many times but each of those letters individually

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Mean so much and should be worth a lot to a lot of people

But when you stick them together it creates this toxic soup where you can just hide the cheese

Yeah, I mean governance is important in companies. Of course the environment is important

Social change is important. I mean, but why are these things grouped together in this?

It just perverts the whole thing

It's an industry J. Cal. It's an industry of

Absolutely

All right speaking of Microsoft is gonna put ten billion dollars or something into chat GPT

G-generate AI as I'm calling it now is the hottest thing in Silicon Valley

The technology is incredible. I mean you you can question the business model maybe but the technology is pretty well

I mean, yeah, so what I'd say is if we're nine billion dollars for a company

That's losing a billion dollars and Azure credits a year. That's one way to look at it

That's also a naive way to look at a lot of other businesses that ended up being worth a lot down the road

I mean, sure you can model out the future of a business like this and create a lot of really compelling big outcomes, you know

Potentially, yeah

So Microsoft is close to investing 10 million in open AI in a very convoluted transaction that people are trying to understand

It turns out that they might wind up owning 59% of open AI but get 75% of the cash and profits back over time

49%

49% yeah of open AI, but they would get paid back the 10 million dollars over some amount of time

And this obviously includes Azure credits and chat GPT as everybody knows this

Just incredible demonstration of what AI can do in terms of text-based creation of content and answering queries

Is taken the net by storm people are really inspired by it

Saks do you think that this is a defensible real technology or do you think this is like a crazy hype cycle

Well, it's definitely the next VC hype cycle everyone's kind of glomming on to this because VC really right now needs a savior

Just look at the public markets everything we're investing in in the toilets

So we all really want to believe that this is going to be the next wave

And just because something is a VC hype cycle doesn't mean that it's not true

So as I think one of our friends pointed out, you know, mobile turned out to be very real

I think cloud turned out to be I'd say very real social was sort of real in the sense that it did lead to a few big winners

On the other hand web three and crypto was a hype cycle that's turned into a big bust

VR falls into the hype cycle

Probably a hype cycle so far no one can even explain what web three is

In terms of AI I think that if I had to guess I would say the hype is real in terms of its technological potential

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However, I'm not sure about how much potential there is yet for VCs to participate because right now

It seems like this is something that's going to be done by really big companies

So open AI is basically a it looks like kind of a Microsoft proxy

You've got Google I'm sure will develop it through their deep mine asset

You know, I'm sure Facebook is going to do something huge in AI

So what I don't know is is this really a platform that starts going to benefit from

I will say that some of the companies we've invested in are starting to use these tools

So I guess I guess where I am is I think the technology is actually exciting

I wouldn't go overboard on the valuations so I wouldn't buy into that level of the hype

But you think there could be hundreds of companies built around an API for something like

ChatGBT, Dolly

Maybe, yeah, I don't think startups are going to be able to create the AI themselves

But they might be able to benefit from the APIs

That's the thing that has to be proven out

There's a lot of really fantastic machine learning services available through cloud vendors today

So Azure has been one of these kind of vendors and obviously open AI is building tools a little bit further down on the stack

But there's a lot of tooling that can be used for specific vertical applications

Obviously the acquisition of InstaDeep by Bio and Tech is a really solid example

And most of the big dollars that are flowing in biotech right now are flowing into machine learning applications

Where there's some vertical application of machine learning tooling and techniques around some specific problem set

And the problem set of mimicking human communication and doing generative media is a consumer application set

That has a whole bunch of really interesting product opportunities

But let's not kind of be blind to the fact that nearly every other industry and nearly every other vertical is being transformed today

And there's active progress being made in funding and getting liquidity on companies and progress with actual products being driven by machine learning systems

And there's a lot of great examples of this

So the fundamental capabilities of large data sets and then using these kind of learning techniques in software and statistical models to make predictions

And drive businesses forward in a way that they're not able to with just human knowledge and human capability alone is really real

And it's here today

And so I think let's not get caught up in the fact that there's this really interesting consumer market hype cycle going on

Where these tools are not being kind of validated and generating real value across many other verticals and segments

Chamath, when you look at this Microsoft OpenA ideal and you see something that's this convoluted, hard to understand

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What does that signal to you as a capital allocator and company builder?

I would put deals into two categories. One is easy and straightforward and then two is, you know, cute by half or, you know, the two hard bucket

This is clearly in that second category

But it doesn't mean that it won't work

Why is it in that category?

Well, it doesn't mean that it won't work

In our group chat with the rest of the guys, one person said there's a lot of complex law when you go from a nonprofit to a for-profit

There's lots of complexity in deal construction. The original investors have certain things that they want to see

There may or may not be, you know, legal issues at play here that you encapsulated while in the last episode

I think there's a lot of stuff we don't know

So I think it's important to just like give those folks the benefit of the doubt

But yeah, if you're asking me, it's in the too hard bucket for me to really take seriously

Now, that being said, it's not like I got shown the deal, so I can't comment

Here's what I will say

The first part of what Sac said I think is really important for entrepreneurs to internalize, which is where can we make money?

The reality is that, well, let me just take a prediction

I think that Google will open source their models because the most important thing that Google can do is reinforce the value of search

And the best way to do that is to scorch the earth with these models, which is to make them widely available and as free as possible

That will cause Microsoft to have to catch up and that will cause Facebook to have to really look in the mirror and decide

Whether they're going to cap the betting that they've made on AR VR and reallocate very aggressively to AI

I mentioned this in the, I did this Lex Friedman podcast, but that should be what Facebook does

And the reason is if Facebook and Google and Microsoft have roughly the same capability in the same model

There's an element of machine learning that I think is very important, which is called reinforcement learning

Specifically, it's reinforcement learning from human feedback, right?

So these RLHF pipelines, these are the things that will make your stuff unique

So if you're a startup, you can build a reinforcement learning pipeline

How you build a product that captures a bunch of usage, we talked about this before

That data set is unique to you as a company

You can feed that into these models, get back better answers, you can make money from it

Facebook has an enormous amount of reinforcement learning inside of Facebook

Every click, every comment, every like, every share, Twitter has that data set

Google inside of Gmail and search, Microsoft inside of Minecraft and Hotmail

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So my point is, David's right, the huge companies, I think, will create the substrates
And I think they'll be forced to scorch the earth and give it away for free
And then on top of that is where you can make money, and I would just encourage entrepreneurs to think
Where is my edge in creating a data set that I can use for reinforcement learning?
That I think is interesting, that's kind of saying, I buy the ingredients from the supermarket
But then I can still construct a dish that's unique and, you know, the salt is there, the pepper is there
But how I use that will determine whether you like the thing or not
And I think that, you know, that is the way that I think we need to start thinking about it
Interestingly, as we've all pointed out here, OpenAI was started as a non-profit
The stated philosophy was, this technology is too powerful for any company to own
Therefore, we're going to make it open source
And then somewhere in the last couple of years, they said, well, you know what?
Actually, it's too powerful for it to be out there in the public
We need to make this a private company, and we need to get \$10 billion from Microsoft
That is the disconnect I am trying to understand
That's the most interesting part of the story, Jason, I think
If you go back to 2014 is when Google bought DeepMind
And immediately, everyone started reacting to a company as powerful as Google
Having a toolkit and a team as powerful as DeepMind within them
And that that sort of power should not sit in anyone's hands
I heard people that I'm close with that are close to the organization
And the company comment that they thought this is the most kind of scary, threatening, biggest threat to humanity
Is Google's control of DeepMind, and that was a naive kind of point of view
But it was one that was close, that was deeply held by a lot of people
So Reed Hoffman, Peter Thiel, Elon Musk, a lot of these guys funded the original kind of OpenAI business in 2015
And here's the link
So I'm putting it out here, you guys can pull up the original blog post
Do all those people who donated get stock in?
So what happened was they were all in a nonprofit
And then the nonprofit owns stock in a commercial business now
But your point is interesting because at the beginning the idea was
Instead of having Google own all of this, we'll make it all available
And here's the statement from the original blog post in 2015
OpenAI is a nonprofit AI research company
Our goal is to advance digital intelligence in the way that is most likely to benefit humanity as a whole
Unconstrained by a need to generate financial return
Since our research is free from financial obligations, we can better focus on a positive human impact
And they kind of went on and the whole thing about Sam, Greg, Elon, Reed, Jessica, Peter Thiel, AWS, YC

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Are all donating to support OpenAI, including donations and commitments of over a billion dollars
Although we expect that to only be a tiny fraction of what we will spend in the next few years
Which is a really interesting kind of...

If you look back, historical perspective on how this thing all started seven years ago
And how quickly it's evolved, as you point out, into the necessity to have a real commercial alignment

To drive this thing forward without seeing any of these models open sourced

And during that same period of time, we've seen Google share AlphaFold

And share a number of other kind of predictive models and toolkits

And make them publicly available and put them in Google's cloud

And so there's both kind of tooling and models and outputs of those models that Google has open sourced

And made freely available

And meanwhile, OpenAI has kind of diverged into this deeply profitable, profit-seeking kind of enterprise model

And when you invest in OpenAI in the round that they did before

You could generate a financial return capped at 100X

Which is still a pretty amazing financial return, you put a billion dollars in

You can make 100 billion dollars, that's funding a real commercial endeavor at that point

Well, and then to...

It is the most striking question about this whole thing about what's going on in AI

And it's one that Elon's talked about publicly and others have kind of sat on one side or the other
Which is that AI offers a glimpse into one of the biggest and most kind of existential threats to humanity

And the question we're all going to be tackling

And the battle that's going to be happening politically and regulatory-wise

And perhaps even between nations in the years to come

Is who owns the AI, who owns the models, what can they do with it

And what are we legally going to be allowed to do with it

And this is a really important part of that story, yeah

To build on what you're saying, I just put in pie torch

People don't know that's another framework, P-Y-T-O-R-C-H

This was, you know, largely built inside of Facebook

And then Facebook said, hey, we want to democratize machine learning

And they made, and I think they put a bunch of executives

They may have even funded those executives to go work on this open source project

So they have a huge stake in this and they went very open source with it

And then TensorFlow, which you have an investment in, Tramo

TensorFlow was inside of-

I don't have an investment in TensorFlow

No, TensorFlow, the public source came out of Google and then you invested in another company

But we're building silicon for machine learning, that's different

Right

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But it's based on TensorFlow
No, no, no, no, the founder of this company was the founder of TensorFlow
Oh, got it, okay
Sorry, not of TensorFlow, pardon me
Of TPU, which was Google's internal silicon that they built to accelerate TensorFlow
Right
If that makes sense
And so that's the, you know, I don't mean to be cynical about the whole project or not
It's just the confounding part of this and what is happening here
It reminds me, I don't know if you remember this
The biggest opportunity here is for Facebook
I mean, they need to get in this conversation, ASAP
I mean, to think that, like, look, PyTorch was like a pretty seminal piece of technology
That a lot of folks in AI and machine learning were using for a long time
TensorFlow before that
And what's so funny about like Google and Facebook is they're a little bit kind of like
They're not really making that much progress, I mean, Facebook released this kind of like
Rando version of Alpha Fold recently
It's not that good
I think these companies really need to get these products in the wild as soon as possible
It cannot be the case that you have to email people and get on some lists
I mean, this is Google and Facebook, guys, come on
Get going
I think the big innovation of open AI, Saks, to bring you in the conversation
They actually made an interface and let the public play with it
To the tune of \$3 million a day in cloud credits or costs
Which...
By the way, just on that, my son was telling me
He's like, hey dad, do you want me to tell you when the best time to use chat GPT is?
I'm like, huh?
He's like, yeah, my friends and I have tried, we've been using it so much
We know now when we can actually get resources
Oh, wow
And it's such an interesting thing where like a 13-year-old kid knows
You know, when it's mostly compute intensive that it's unusable
And when to come back and use it
When's the last time Saks, the technology became this mainstream
And captured people's imagination this broadly?
It's been a while, I don't know, maybe the iPhone or something
Yeah, look, it's powerful, there's no question it's powerful
I mean, I'm of two minds about it because whenever something is the hype cycle
I just reflexively want to be skeptical of it
But on the other hand, we have made a few investments in this area

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And I mean, I think it is powerful and it's going to be an enabler of some really cool things to come
There's no question about it
I have two pieces of more insider information
One, I have a chat GPT iOS app on my phone
One of the nice folks at OpenAI included me in the test flight
And it's the simplest interface you've ever seen
But basically you type in your question, but it keeps your history
And then you can search your history
So it looks Saks like you're in iMessage
Basically, and it has your threads
And so I asked them, hey, what are the best restaurants in Yonville
In a town near Napa
And then I said, which one has the best duck
And it literally like gave me a great answer
And then I thought, wait a second, why is this not using a Siri or Alexa like interface
And then why isn't it, oh, here's a video of it
I gave the video to Nick
By the way, Jason, this, what you're doing right now
Is you're creating a human feedback reinforcement learning pipeline for chat GPT
So just the fact that you asked that question
And you know, over time, if chat GPT has access to your GPS information
And then knows that you went to restaurant A versus B
It can intuit and it may actually prompt you to ask
Hey, Jason, we noticed you were in the area
Did you go to Bottega? If you did, how would you rate it one through five
That reinforcement learning now allows the next person that asks
What are the top five restaurants to say, well, you know
Over a thousand people that have asked this question
Here's actually the best answer versus a generic rank of the open web
Which is what the first data set is
That's what's so interesting about this
So this is why if you're a company that already owns the eyeballs
You have to be running to get this stuff out there
Well, and then this answer, you know, cited Yelp
Well, this is the first time I've actually seen chat GPT site
And this is, I think, a major legal breakthrough
It didn't put a link in, but if it's going to use Yelp's data
I don't know if they have permission from Yelp, but it's quoting Yelp here
It should link to French, Longi, Bottega and Bouchon
Bouchon actually has the best duck confit for the record
And I did have that duck, so I asked this afterwards to see
You know, in a scenario like this
But it could also, if I was talking to it

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I could say, hey, which one has availability this afternoon
Or tomorrow for dinner
And make the phone call for me like Google Assistant does
Or any number of
I was thinking about
Next tasks
This was an incredibly powerful display in a 1.0 product
I was thinking about what you said last week
And I thought back to the music industry
In the world of Napster
And what happened was there was a lot of musicians
I think Metallica being the most famous one
Famously suing Napster because it was like
Hey, listen, you're allowing people to take my content
Which they would otherwise pay for
There's economic damage that I can measure
That legal argument was meaningful enough that ultimately
Napster was shut down
Now, there were other versions of that
That folks created, including us at Winamp
We created a headless version of that
But if you translate that problem set here
Is there a claim that Yelp can make in this example
That they're losing money
That, you know, if you were going through Google
Or if you were going through their app
There's the sponsored link revenue
And the advertising revenue that they would have got
That they wouldn't get from here
Now, that doesn't mean that chat GPT can't figure that out
But it's those kinds of problems that are going to be a little thorny
In these next few years that have to really get figured out
If you're a human
Reading every review on Yelp about duck
Then you could write a blog post in which you say
Many reviewers on Yelp say that Bouchon is the best duck
So the question is like
Is GPT held to that standard?
Yeah, exactly
Or something different
And is linking to it enough?
This is the question that I'm asking
No, it should be

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I'll argue it should be
Because if you look at the four-part test for fair use
Which I had to go through because blogging had the same issue
We would write a blog post
And we would mention Walt Mossberg's review of a product and somebody else's
And then people would say, oh, I don't need to read Walt Mossberg's
In Need of Wall Street Journal subscription
And we'd say, well, we're doing an original work
We're comparing two or three different
You know, human is comparing two or three different reviews
And we're adding something to it
You know, it's not interfering with
Walt Mossberg's ability to get subscribers in the Wall Street Journal
But the effect on the potential market is one of the four tests
And just reading from Stanford's quote on fair use
Another important fair use factor is whether your use deprives
The copyright owner of income or undermines a new or potential market
For the copyrighted work
Depriving a copyright owner of income is very likely to trigger a lawsuit
This is true even if you are not competing directly with the original work
And we'll put the link to Stanford here
This is the key issue and I would not use Yelp
In this example, I would not open the Yelp app
Yelp would get no commerce and Yelp would lose this
So chatGPT and all these services must use citations
Of where they got the original work
They must link to them and they must get permission
That's where this is all going to shake out
And I believe that's
Using permission, but forget about permission
I mean, you can't get a big enough data set if you have to get permission in advance
Right? You could just go out and negotiate them
Quora?
It's going to be the large data sets
Quora, Yelp
The App Store reviews, Amazon's reviews
So there are large corpuses of data that you would need
Like Craigslist has famously never allowed anybody to scrape Craigslist
The amount of data inside Craigslist as but one example of a data set
Would be extraordinary to build chatGPT on
ChatGPT is not allowed to because as you brought up robots.txt last week
There's going to need to be an ai.txt
Are you allowed to use my data set in ai and under and how will I be compensated for it

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I'll allow you to use Craigslist
But you have to link to the original post
And you have to note that
The other gray area that isn't there today but may emerge is when section 230 gets rewritten
Because if they take the protections away for the Facebook and the Googles of the world
For the basically for being an algorithmic publisher
And saying an algorithm is equivalent to a publisher
What it essentially saying is that an algorithm is kind of like doing the work of a human
In a certain context and I wonder whether that's also an angle here
Which now this algorithm which today David you use you said the example
I read all these blog posts I write something
But if an algorithm does it maybe can you then say no actually there was intent there
That's different than if a human were to do it I don't know
My point is very complicated issues that are going to get sorted out
And I think the problem with the hype cycle is that you're going to have to marry it
With an economic model for VCs to really make money
And right now there's just too much betting on the come
So to the extent you're going to invest it makes sense that you put money into open ai
Because that's safe
Because the economic model of how you make money for everybody else is so unclear
Well it's clear actually I have it for business
I just signed up for chat GPT premium
They had a survey that they shared on their discord server
And I filled out the survey and they did a price discovery survey freeberg
What's the least you would pay the most you would pay
What would be too cheap of a price for chat GPT pro
And what would be too high of a price I put in like 50 bucks a month would be what I would pay
But I was just thinking imagine chat GPT allowed you freeberg to have a slack channel called
research
And you could go in there or anytime you're in slack you do slash chat
Or slash chat GPT and you say slash chat GPT tell me
You know what are the venues available in which we did this actually for
I did this for venues for all in some way I can say what are the venues that seed over 3,000 people
In Vegas and it just gave us the answer
Okay well that was the job of the local event planner
They had that list now you can pull that list from a bunch of different sources
I mean what would you pay for that
Well I think one of the big things that's happening is
All the old business models don't make sense anymore
In a world where the software is no longer just doing what it's done for the last 60 years
Which is what is historically defined as information retrieval
So you have this kind of hierarchical storage of data
That you have some index against and then you go and you search and you pull data out

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And then you present that data back to the customer or the user of the software
And that's effectively been how all kind of data has been utilized in all systems
For the past 60 years in computing
Largely what we've really done is kind of built an evolution of application layers
Or software tools to interface with the fetching of that data
The retrieval of that data and the display of that data
But what these systems are now doing
What AI type systems or machine learning systems now do
Is the synthesis of that data
And the representation of some synthesis of that data to you the user
In a way that doesn't necessarily look anything like the original data
That was used to make that synthesis
And that's where business models like a Yelp for example
Or like a web crawler that crawls the web and then presents web page directories to you
Those sorts of models no longer make sense in a world where the software
The signal to noise is now greater
The signal is greater than the noise
And being able to present to you a synthesis of that data
And basically resolve what your objective is
With your own consumption and interpretation of that data
Which is how you've historically used these systems
And I think that's where there's going back to the question of the hype cycle
I don't think it's about being a hype cycle
I think it's about the investment opportunity against fundamentally rewriting all compute tools
Because if all compute tools ultimately can use this capability in their interface
And in their modeling then it very much changes everything
And one of the advantages that I think businesses are going to latch onto
Which we talked about historically is novelty in their data
In being able to build new systems and new models that aren't generally available
Example
In biotech and pharma for example
Having screening results from very expensive experiments
And running lots of experiments and having a lot of data against those experiments
Gives a company an advantage in being able to do things like drug discovery
We're going to talk about that in a minute
Versus everyone using publicly known screening libraries
Or publicly available protein modeling libraries
And then screening against those
And then everyone's got the same candidates and the same targets
And the same kind of clinical objectives that they're going to try and resolve from that output
So I think novelty in data is one way that advantage kind of arises
But really that's just kind of where is there an edge
But fundamentally every business model can and will need to be rewritten

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That's dependent on the historical, on the legacy of kind of information retrieval
As the core of what computing is used to do
Saks on my other podcast I was having a discussion with Molly about the legal profession
What impact would it be if ChantGPT took every court case
Every argument, every document
And somebody took all of those legal cases on the legal profession
And then the filing of a lawsuit, the defending of a lawsuit
Public defenders, prosecutors
What data could you figure out?
Just to think of the recent history, look at Chesa Boudin
You could literally take every case, every argument he did
Put it through it and say versus an outcome in another state
And you could figure out what's actually going on with this technology
What impact could this have on the legal field that you are a non-practicing attorney
You have a legal degree
I never practiced other than one summer at a law firm
But no, I think
Did you pass the bar?
I did pass the bar, yes
Yes, of course
Of course, yeah, come on, man
You got to be kind of dumb to fail the bar
Look, it took a time to roll like a size, yeah
So I went to Stanford, dude
I'm rated 1800
It took two days of studying, come on
I may not have passed the bar, but I know a little shit
Enough to know that you can't leave
Look, I would be curious in terms of
A very common question that an associate at a law firm would get asked
Would be something like, you know, summarize the legal precedence in favor of X, right
And that, you can imagine GPT doing that, like, instantly
Now, I think that the question about that
I think there's two questions
One is, can you prompt GPT in the right way to get the answer you want
And I think, you know, Tramo, you shared a really interesting video
Showing that people are developing some skills around knowing how to ask GPT questions in the
right way
Exact prompt engineering
Why? Because GPT is a command line interface
So if you ask GPT a simple question about what's the best restaurant in, you know, Napa
It knows how to answer that
But there are much more complicated questions that you kind of need to know how to prompt it in

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the right way

So it's not clear to me that a command line interface is the best way of doing that

I could imagine apps developing that create more of like a GUI

So we're an investor, for example, on Copy AI

Which has been doing this for copywriters and marketers

Helping them write blog posts and emails

And so, you know, imagine putting that like, you know, GUI on top of Chad GPT

They've already been kind of doing this

So I think that's part of it

I think the other part of it is on the answer side, you know, how accurate is it?

Because in some professions, having 90 or 95 or 99% accuracy is okay

But in other professions, you need 69's accuracy, meaning 99.9999% accuracy

Okay, so I think for a lawyer going into court, you know, you probably need...

I don't know, it depends on the brief

It's a parking ticket versus a murder trial is two very different things

Yeah, exactly

So is 99% accuracy good enough? Is 95% accuracy good enough?

I'd say probably for a court case, 95% is probably not good enough

I'm not sure GPT is at even 95% yet

But could it be helpful? Like, could the associates start with Chad GPT, get an answer

And then validate it? Probably, yeah

If you had a bunch of associates bang on some law model for a year

Again, that's that reinforcement learning we just talked about

I think you'd get precision recall off the charts and it would be perfect

By the way, just a cute thing, I don't know if you guys got this email

It came about an hour ago from Reid Hoffman, and Reid said to me,

H-Moth, I created fireside chatbots, a special podcast miniseries

Where I will be having a set of conversations with Chad GPT

So you can go to YouTube, by the way, and see Reid having...

And he's a very smart guy, so this should be kind of cool

And by the way, Chad GPT will have an AI-generated voice powered by the text-to-speech platform

Play.ht

Go to YouTube if you want to see Reid have a conversation with Chad GPT

I mean, Tramo, we have a conversation with the two Davids every week, what's the difference?

We know how this is going to turn out

Hey, actually, so synthesizing Tramo's point about reinforcement learning with something you said

Jay Cal in our chat, which I actually thought was pretty smart

Well, that's a first

Yeah, so I'm going to give you credit here because I don't think you've said it on this episode

Which is you said that these open AI capabilities are going to become commoditized

Or certainly much more widely available

I don't know if that means that they'll be totally commoditized or they'll be four players

But there'll be multiple players that offer them

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And you said the real advantage will come from applications that are able to get a hold of proprietary data sets
And then use those proprietary data sets to generate insights
And then layering on what you've said about reinforcement learning
If you can be the first out there in a given vertical with a proprietary data set
And then you get the advantage, the moat of reinforcement learning
That would be the way to create, I think, a sustainable business
Just to build on what you said, this week is the JPMorgan conference
Freeberg mentioned it last week
I had dinner on Wednesday with this really interesting company based in Zurich
And what they have is basically a library of ligands, right?
And so these ligands are used as a substrate to deliver all kinds of molecules inside the body
And what's interesting is that they have a portfolio of like a thousand of these
But really what they have is they have all the nuclear medicine about whether it works
So, you know, they target glioblastoma and so all of a sudden they can say
Well, this ligand can actually cross the blood vein barrier and get to the brain
They have an entire data set of that and a whole bunch of nuclear imagery around that
They have something for soft cell carcinoma, so then they have that data set
So to your point, that's really valuable because that's real work
That Google or Microsoft or OpenAI won't do, right?
And if you have that and you bring it to the problem, you can probably make money
You know, there's a business there to be built
Just building on this conversation, I just realized like a great prompt engineer
Is going to become a title and an actual skill, the ability to interface with these
Here you go, coding school 2.0
Well, no, a prompt engineer, somebody who is very good at talking to these, you know, instances
And maximizing the result for them and refining the results for them
Just like a detective who asks great questions
That person is going to be 10 or 20 times more valuable
They could be the proverbial 10x engineer in the future of, as in a company
And as we talk about austerity and doing more with less and the 80% less people running Twitter
now
Or Amazon laying off 18,000 people, Salesforce laying off 8,000, Facebook laying off 10
And probably another 10,000
What catalytic effect like could this have?
We could be sitting here in 3 or 4 or 5 years and instead of running a company like Twitter with 80%
less people
Maybe you could run it with 98% less people
Look, I think directionally it's the right statement
I mean, you know, I've made the statement a number of times and I think we moved from this idea of
Creator economy to narrator economy where historically it was kind of labor economy
Where humans use their physical labor to do things
We were knowledge workers, we used our brains to make things

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And then ultimately we kind of, I think, resolved to this narrator economy
Where the way that you kind of can state intention and better manipulate the tools to drive your intentional outcome
The more successful you're going to be
And you can kind of think about this as being the artist of the past
Da Vinci was, what made him so good was he was technically incredible
At trying to reproduce a photographic like imagery using paint
And there's these really great kind of museum exhibits on how he did it
Using these really interesting kind of like split mirror systems
And then the artist of the 21st century or the 20th century was the best user of Adobe Photoshop
And that person is not necessarily the best painter
And the artist of the 22nd century isn't going to look like the Photoshop expert
And it's not going to look like the painter
It's going to look like something entirely different
It could be who's got the most creative imagination in driving the software to drive new outcomes
And I think that the same analogy can be used across every market and every industry
However, one thing to note, J.K.L. it's not about austerity
Because the Luddite argument is when you have new tools and you get more leverage from those tools
You have less work for people to do and therefore everyone suffers
The reality is new work emerges and new opportunities emerge
And we level up as a species
And when we level up, we all kind of fill the gaps and expand our productivity and our capability set
I thought what J.K.L. was saying was more that Google will be smaller
Didn't mean that the pie wouldn't grow
It's just that that individual company is run differently
But there would be hundreds of more companies or thousands more or millions more
Yeah, that's sort of... I have an actual punch up for you
Instead of narrative, it's the conductor economy. You're conducting a symphony
Ooh, a punch up
Punch up there, but I do think there's going to be somebody who's sitting there like
Remember Tom Cruise in Minority Report as a detective was moving stuff around with the interface
With the gloves and everything
This is kind of that manifested
Even if you're not an attorney, you could say, hey, I want to sue this company for copyright infringement
Give me my best arguments and then on the other side say, hey, I want to know what the next three features
I should put into my product is
Can you examine who are my top 20 competitors and then who have they hired in the last six months
And what are those people talking about on Twitter?
You could have this conductor, you know, who becomes really good at that
Well, the leveling up that happens in the book Ender's Game, I think is a good example of this

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Where the guy goes through the entire kind of ground up and then ultimately he's commanding armies of spaceships and space
And his orchestration of all of these armies is actually the skill set that wins the war
You predicted that there would be like all these people that create these next gen forms of content
But I think this Reid Hoffman thing could be pretty cool
Like what if he wins a Grammy for his, you know, computer created podcast miniseries?
The thing I'm really excited about when's the first AI novel going to get published by a major publisher
I think it happens this year when's the first AI symphony going to get performed by a major symphony orchestra
And when's the first AI generated screenplay get turned into an AI generated 3d movie that we all watch
And then the more exciting one I think is when do we all get to make our own AI video game
Where we instruct the video game platform world we want to live in
I don't think that's happening for the next three or four years
But when it does I think everyone's got these new immersive environments that they can live in
I have a question
When I say live in I mean video game wise, yeah, sorry, go ahead
When you have when you have these computer systems just like to use a question of game theory for a second
They're these models are iterating rapidly. These are all mathematical models
So inherent in let's just say this the perfect answer, right?
Like if you had perfect precision recall
If multiple models get there at a system-wide level everybody is is sort of like they get to the game theory optimal
They're all at Nash equilibrium, right? All these systems working at the same time
Then the real question would then be what the hell do you do then?
Because if you keep getting the same answer if everybody then knows how to ask the exact right question
And you start to go through these iterations where you're like maybe there is a dystopian hellscape where there are no jobs
Maybe that's the Elon world which is you can you can recursively find a logical argument where there is no job that's possible
Right, and now I'm not saying that that path is the likely path
But I'm saying it is important to keep in mind that that path of outcomes is still very important to keep in the back of our mind as we figure these things out
Well, Freberg, you know, you were asking before about this like, you know, will more work be created?
Of course artistic pursuits at podcasting is a job now being an influencer is a job yada yada new things emerge in the world
But here in the United States in 1970, I'm looking at Fred, I'm looking at the same was Fred 1970 26.4% of the country was working in a factory
Was working in manufacturing. You want to guess what that is in 2012?

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Sorry, what percentage?

It was 26% in 1970 and in 2015 when they stopped the percentage in manufacturing I say it's they discontinued this it was a 10

So it's possible we could just see, you know, the concept of office work, the concept of knowledge work is going to follow pretty inevitable the path of manufacturing

That that seems like a pretty logical theory or no

I think we should move on

Okay, so how would we like to ruin the show now? Should we talk about Biden and the documents and ruin the show with political talk or should we talk about

This has been such a great episode so far, what do we want to talk about next?

I don't want to talk about

Talking about

Talking about

We all know J Cal that according to you, when a president is in possession of classified documents in his home. Yes

apparently have been taken in an unauthorized manner, basically stolen, he should have his home raided by the FBI. Almost, close, close. Yeah, if, so anyway, the Biden, as of the taping of this has now said, there's a third batch of classified documents. This group, I guess there was one at an office, one at a library. Now this third group is in his garage with his Corvette, certainly not looking good. Well, they say, they say that in his defense, they say the garage was locked, meaning that you could use a garage door opener to close it. It was locked when it went closed. So pretty much as secure as the documents at Mar-a-Lago, same equivalency.

No, no, no. Actually, I mean, just to be perfectly fair, the documents in Mar-a-Lago were locked in a basement. The FBI came, checked it out, said, we'd like you to lock those up. They locked them up. So a little safer than being in the trunk of your Corvette. Functionally the same. Functionally the same. The only difference here would be what, Sacks, when you look at these two cases?

Well, that in one case, Merrick Garland has appointed an independent counsel to investigate Trump and there's no such a special counsel or investigator appointed to investigate Biden.

I mean, these things are functionally the same. Didn't he put somebody on it though?

Wait, didn't he put somebody on it? I don't think they've appointed a special counsel yet.

No, they did. As of an hour ago, a special counsel was appointed.

Okay. Did that just happen?

Yeah, one hour ago. Robert Hurr is his name.

Okay. I guess there are real questions to look into here. The documents apparently were moved twice. Why were they moved? Who ordered that? What was a classified document doing in Biden's personal library? What did the documents pertain to? Do they touch on the Biden family's business dealings in Ukraine and China? So there are real things to look into here. But let me just take a step back. Now that the last three presidential candidates have been ensnared in these classified document problems, remember it's Biden now and then Trump and Hillary Clinton before Trump, I think it's time to step back and ask, are we overclassifying documents? I mean, are we fetishizing these documents? Are they all really that sensitive? It seems to me that we have an overclassification problem, meaning that ever since FOIA was passed, the Freedom of Information

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Act, the government can avoid accountability and prying eyes by simply labeling any document as classified. So overclassification was a logical response by the permanent government to the Freedom of Information Act. And now it's gotten to the point where just about everything handed to a president or vice president is classified. So I think I can understand why they're all making this mistake. And I think a compounding problem is that we never declassify anything. There's still all these records from the Kennedy assassination that have never been declassified. And they're supposed to have declassified these. The CIA keeps filibustering on the release of the JFK assassination documents and they've been told they have to stop and they have to release them and then they keep redacting stuff, which is making it. I hate to be a conspiracy theorist here, but what are they trying to cover up? I mean, this is a long time ago. That's the only way to interpret it. But even for more mundane documents, there are very few documents that need to be classified after even say five years. You could argue that we should be automatically declassifying them after five years unless they go through a process to get reclassified. I mean, I'd say like just you guys in business. I know it's not government in business. How many of the documents that you deal with are still sensitive or trade secrets five years later? Certainly 20 years later, they're not, right? Like in almost all cases. But I don't even say like five years. I mean, the only documents in business that I think I deal with that you could call sensitive are the ones that pertain to the company's future plans, right? Because you wouldn't want a competitor to get those. There's a handful of things. Legal issues, yeah. Even capital was not that sensitive because by the time you go public, it's legally has to be public. Yeah. It's on card. Like there's a hundred people who have that. I mean, it's so like in business, I think our experience has been there's very few documents that stay sensitive that need to remain secret. Now look, if Biden or Trump, whoever, they're reviewing the schematics to the javelin missile system or to how we make our nuclear bombs or something, obviously that needs to stay secret forever. But I don't believe our politicians are reviewing those kinds of documents. I don't really understand what it is that they're reviewing that needs to be classified five years later. And why are they keeping them was the issue we discussed previously. We actually agreed on that. I think they're just keeping mementos. I think there's a simple explanation for why they're keeping them, Jason, which is that everything is more classified and there's a zillion documents. And if you look like both Biden and Trump, these documents were mixed in with a bunch of personal effects and mementos. My point is if you work in government and handle documents, they're all classified. And if the National Archives asks for them back, or you find them, you should just give them back. I mean, that's going to wind up being the ruckus. Trump didn't give them back and Biden did. So that's the only difference here. Well, no, no, no, hold on. The FBI went to Trump's basement. They looked around. They said, put a lock on this. They seemed to be okay with it initially. Then maybe they changed their minds. I don't know. I'm not defending Trump. It was pretty clear that he wouldn't give them back him. The point I'm making is that now that Biden, Trump, and Hillary Clinton have all been ensnared in this, is it time to rethink the fact that we're over-classifying so many documents? I mean, just think about the incentives that we're creating for our politicians. Okay, just think about the incentives. Number one, never use email. Remember Hillary Clinton and the whole email server? You've got to be nuts to use email.

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Number two, never touch a document. Never touch a document. Never let anyone hand you a document.

Flush them down the toilet. Never let anyone hand you a document. If you're a politician, an elected official, the only time you should ever be handling anything is going to a clean room, making an appointment, going to read something, don't take notes, don't bring a camera, and then leave. I mean, this is no way to run a government.

It's crazy. Who does this benefit? Who does this benefit? It doesn't benefit our elected officials. It makes it almost impossible for them to act like normal people.

It benefits the insiders, the permanent government.

You're missing the most important part about the sex. This was, if you want to go into conspiracy theories, this was a setup. Biden planted the documents so that we could create the false equivalency and start up Biden versus Trump 2024. This ensures that now Trump has something to fight with Biden about, and this is going to help Trump because they're both tainted, equally tainted from the same source. They aren't equally tainted now.

It puts Trump in the new cycle. No, I think it's the opposite. I think

Merrick Garland now is going to have to drop the prosecution against Trump for the stolen documents or at least that part of what they're investigating him for. They might still investigate him over January 6th or something. They can't investigate Trump over documents now.

It seems more sticky. I agree with that, actually. I think it's going to be hard to do.

But my point is, just think about, look, both sides are engaged in hyper partisanship. The way right now that the conservatives on the right, they're attacking Biden now for the same thing that the left was attacking Trump for. My point is, just take a step back and again, think about the incentives we're creating about how to run our government. You can't use email, and you can't touch documents as an elected official.

And everything's an investigation the second you get out of the office.

And by the way, if you don't ever go into politics, if you're a business person, because it'll investigate every deal you ever did prior to getting into politics,

I mean, just think about the incentives we're creating.

What are you going to do when you try to get your Treasury position? What's going to happen?

You've got to be nuts. You've got to be nuts to go into government.

So you're not going to take a position in dissent to this cabinet?

My point is that the Washington insiders, by which I mean the permanent Washington establishment, i.e. the deep state, they're creating a system in which they're running things and the elected officials barely can operate like normal functioning humans there.

Interesting. That's what's going on.

I heard a great rumor. This is total gossip mongering.

Oh, here we go.

That one of Ken Griffin's best out is to get DeSantis elected so that he can become Treasury Secretary. I mean, Ken Griffin would get that if he wanted it.

And then he would be able to divest all of Citadel tax-free. So he would mark the market like \$30 billion, which is a genius way to go out. Now, then it occurred to me, oh my God, that is me and Saxe's path too.

With a lot less money, but the same path.

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Why would it be tax-free?

I mean, when you get appointed to those branch, those senior posts, you're allowed to either stick it in a blind trust or you can sell with no capital gains.

What? Yeah.

What?

Well, because they want you to divest anything that can.

Yes, anything that presents a conflict, they want you to divest. And so the argument is, if you're forced to divest it to enter a government, you shouldn't be forcibly tax-free.

Wait, if I become mayor of San Francisco or Austin.

No, no, no. Secretary of Transportation, J.K. L., you can do that.

Oh, I'm qualified for that.

I've taken the bus, I got an electric bike.

To answer Friedberg's point, I think Citadel securities, there's a lot of folks that would buy that because that's just a securities trading business. And then Citadel, the hedge fund, probably something like a big bulge bracket bank or Blackstone. Probably Blackstone, in fact, because now Blackstone can plug it into a trillion-dollar asset machine.

It's a, I think there would be buyers out the door.

This is an incredible gift. Now I know why Saxon.

It's not a gift at all, but it's an incredible...

Oh, come on, man. A cabinet position for no cap gains?

Well, that's not a gift. That's like, those are the laws.

They force you to sell everything.

It feels grifty to me.

And then you do public service.

I think you're misusing the word to continue to genuflect the left-leaning...

No, I'm not genuflecting. I mean, you're being a little defensive because you see this as a bad...

That or you're dumb.

I'm not stupid, man. I don't know if what I see it.

You take a cabinet position.

Sax, would you take a cabinet position?

You don't pay cap gains.

Would you be Secretary of the Treasury?

Where does that exist?

Yes, Sax, if you were asked to serve...

Look, any normal person who wants to serve in government, you can't use email and you can't touch a document, and every deal you've ever done gets investigated.

That's a yes.

Why not what you want to do?

That's a yes.

Yes, that's a yes.

Why would you want to do it?

That's a yes.

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I mean, all setting that, you get to divest tax-free.
Me think, now, Doc, protests that's too much, David Sax.
The fact that you two know this rule and free me is well known.
Free me is well known.
No, I don't.
No, I know it.
It's like a well-known rule.
I don't know if the only person who doesn't know this
is rich people knowledge.
Jake, I looked up GRIFT.
Everyone knows this.
It means that to engage in a petty or small-scale swindle.
I don't think selling a \$31 billion entity
to a combination of BlackRock and Blackstone
would be considered a petty, small-scale swindle.
Did any of you guys watch the Mad-Off series on Netflix?
No, was it good?
No.
Oh, my God, it is so depressing.
I got to say, just that Mad-Off series,
there is no glimmer of light or hope or positivity
or recourse.
Everyone is a victim.
Everyone suffers.
It is just so dark.
Don't watch it.
It's so depressing.
The Mad-Off one.
The Mad-Off one is so depressing.
It's so awful.
Yeah, they all kill themselves and die.
They die.
And all of them.
Everyone's a victim.
One guy died of cancer.
Perfect.
Pick hard.
I didn't realize all this.
The trustee that went and got the money,
he went and got money back from these people
who were 80 years old and retired
and had spent that money decades ago
and he sued them and took their homes away from them

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and they had no idea that they were part of the scam.

No one won.

It was a brutal, awful whole thing.

Yeah, the whole thing was like that.

By the way, that's going to be really interesting as we enter this SBF trial because that is what happens.

And that's why the Southern District of New York said that this case is becoming too big for them because all the places that SBF set money, all those PACs and all those political donations, 7-4, they have to go and investigate where that money went and see if they can get it back.

And it's going to open up an investigation into each one of these campaign finance and election and kind of interfering actions that were taken.

Pro-publica, sorry, pro-publica.

On the other end of the spectrum, I did watch this weekend Triangle of Sadness.

Have you guys seen this?

I watched it too.

Who's great?

Oh my God.

The Triangle of Sadness is great.

It's so dark.

To the David's, listen, this is one of the, I thought it was, it didn't pay off the way I thought, but this is one of the best setups you'll see in a movie.

So basically it's a bunch of people on a luxury yacht.

So you have a bunch of rich people as the guests.

Then you have the staff that interacts with them.

And this is like mostly Caucasian.

And then in the bowels of the ship, what you see are Asian and Black workers that support them.

Okay? So the, in some ways, it's a little bit of a microcosm of the world.

Oh, I thought you were going to say a microcosm of something else.

And then what happens is there's like a shipwreck basically, right?

Oh, don't spoil it.

Come on.

Yeah.

Okay.

And so, but no, but I'll just, so the plot is, you have this Caucasian patriarchy that that gets flipped upside down,

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because after the shipwreck,
the only person who knows how to make a fire and catch the fish
is the Filipino woman who was in charge of cleaning the toilets.
So she becomes in charge.
So now you flip to this immigrant matriarchy.
It's a pretty great meditation on class and survival.
It's, it's pretty well done.
It didn't end well, I thought.
I thought it could.
Well, it's hard to wrap that one up.
Well, you know what they say, boys,
still a little when they throw you in jail,
still a lot and they make you king.
Famous Bob Dylan quote.
There you go.
All right. Well, this has been a great episode.
Great to see you besties.
Um, austerity menu tonight.
Tramoth, what's on the austerity menu tonight?
What are we doing?
Salad, uh, some tuna sandwiches.
No, I think, uh, I think Kirsten is doing, uh, I think derod.
Derod, yeah, that's, yeah.
That's a good fish.
Jake and I once had a great derod in, um.
Venice.
In Venice.
In Venice.
The derod from Venice.
That's one of the best meals we've ever had.
Am I?
So good.
I agree.
When it's done well, the derod kicks us.
There's only one way to cook a derod.
Do you know what that is?
You got to, you got to, it's the way they did in Venice.
You got to cook the whole fish.
Okay.
And then after you cook the fish, then you debone it.
Right.
And, uh, yeah, that's the way to do it.
That was back when Saxon and I used to enjoy

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shows as company.
Podcast made us into mortal enemies.
Jake, I'm a little disappointed.
You couldn't agree with my take on this document scandal.
Instead of dunking in a partisan way,
I tried to explain why it was a problem
of our whole political system.
I like your theory.
I, I, I, I think, you know, you, you keep too much.
Me, me, me, defend Biden.
I think Biden's a grifter.
I told you these guys are grifting.
Just think you're, I just think you're party grifting
a little bit more.
But yeah, compare your grift.
Are we going to play Saturday after the wild card game?
Are you guys interested in playing Saturday as well?
Cause I got the hall pass.
So I can, I can do a game on Saturday.
Oh, I don't know.
Oh, I have to check with my boss.
Who's going to the, are you guys all going to sex?
Are you going to come to play poker at that live stream thing
for the day in LA?
I doubt it. No.
He doesn't want to interact with humans.
That does not play well in confirmation hearings.
No.
The last time I did one of those,
Alan Keating destroyed me on camera.
I like, I had like, I had two left feet.
And every time he bluffed, I folded.
Every time he had the, the nuts I called, it was brutal.
That's true.
That was, that was a bad one.
A shellacking, a classic sex.
So it's an image saving thing.
Is that what's going on here?
No, no.
Preserving.
No, no.
No, it has to do with the cabinet positions.
He doesn't need to be seen recklessly gambling.

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It's a bad look.

If you could take any cabinet position sacks,
which one would it be?

State.

Treasury.

State's a lot of travel.

State's a lot of travel.

You never stay at home.

You're always on a plane.

I'll tell you, I go for him.

That's what he's looking for.

I don't know that those like cabinet positions
are that important.

I mean, they run these giant bureaucracies
that again, are, are permanent.

You can't fire anyone.

Yeah.

If you can't fire a person, do they really report to you?

Right.

I mean, only ceremonial.

Trump's idea was like, put a bunch of hard lines,
CEO type people in charge,
have them blow up these things and make it more efficient.
It didn't really work, did it?

Yeah.

Well, you know why a CEO is actually in charge,
like Elon, he walks in,
he doesn't like what you're doing.

He'll just fire you.

You can't fire anyone.

How do you manage them
when they don't have to listen to anything you say?

That's our whole government right now.

Our cabinet heads are figureheads
for, for these departments,
for these giant departments.

Is that a no?

Or is that a yes?

You'd still take state.

Look at that.

Well, I, you know, I think I have another deal.
I think he's going for the ambassadorship first.
What is the best ambassadorship?

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Well, you can't, you can't
dilend everything with no cash.
Historically, you can tell
which ambassadorship is the best one
based on how much they charge for it.
Yeah.
So I think, I think London is the most expensive.
I think that's \$215 million.
It's \$10 million for London,
\$10 to \$15 million.
Yeah, \$10 to \$15 million.
Yeah.
\$10, \$15 million.
That's, that's what
Saks is fourth least expensive home cost.
No, no, no.
You have to spend that every year to run it, Jason.
You only get, you got to fix for him.
You could be the ambassador to Guinea
or the ambassador to the UK.
You get the same budget.
Actually, what's kind of funny is,
I know two people who serve as ambassadors under Trump
and it was really cheap to get those
because no one, no one wanted to be part
of the Trump administration.
Oh, they were a fire sale.
Two for one.
They were on a, they were on fire sale after
because of Trump.
But who wants to be tainted?
So by the way, one of them,
and you can just beep out the name,
was telling me it was the best thing
because he ended up selling the already,
get the all time highs to take the job.
He was like, I got to get out of all of this stuff.
No, but listen, let me tell you that
the ambassadorships, it was a,
it was a smart trade by those guys
because ambassadors are lifetime titles.
So you're an ambassador, whatever.
No one remembers what's president

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when you were ambassador.

No one cares.

So you are going for the ambassador?

So Steve, I think it's fair to say.

I'm not, I'm not interested in ceremonial things.

I'm interested in making an impact.

And the problem with all these positions,

I mean, being a cabinet official

is not much different than being an ambassador.

So you're going to, you're going to enlist in the Navy?

No. What would, what has a bigger impact?

Swung on all in pod or being an ambassador.

Who's more influential, sacks on the all in pod

or beep as the ambassador of Sweden?

Being on the all in pod actually.

All in pod is more impactful.

By the way, this is why I take issue

with your statement about the term mainstream media

because I think you have become the mainstream media

more than most of the folks that-

No, we're in the kind of media.

We're independent media.

Trust me, it's independent.

This thing's hanging on my thread.

And stop genuflecting.

No, it's independent.

Who knows if this thing's going to last another three episodes?

I just like saying the word genuflecting.

You like genuflecting.

I know.

That is the top word of 2023 so far for me.

Oh, is that, is somebody doing an analysis

with chat J.P.T. of the words used here?

No, but socks brought that word up.

It was just, it's a wonderful word.

It's, it's not used enough.

All right, everybody, we'll see you next time

on the All In Podcast.

Comments are turned back on.

Have at it, you animals.

Love you guys.

Enjoy.

Bye-bye.

[Transcript] All-In with Chamath, Jason, Sacks & Friedberg / E111: Microsoft to invest \$10B in OpenAI, generative AI hype, America's over-classification problem

Love you besties.

Bye.

I'm going all in, I'm going all in.

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 we just need to release somehow.

What?

You're a big, big, what?

You're a big, big, what?

We need to get merchies.

I'm going all in, I'm going all in.