

[Transcript] All-In with Chamath, Jason, Sacks & Friedberg / E125: SpaceX launch, Fox News settlement, "Zombie-corn" exodus to AI, late-stage implosion

Hey, everybody, welcome to episode 125 of the All In Podcast.

On a historic day, we're taping 420.

Really excited that SpaceX was able to launch Starship, and it made it off the launch pad, an incredibly successful today, day today.

We have, of course, with us, the Rainman, David Sacks, the Sultan of Science, David Freberg, and of course, the dictator, Tramoth Polyhopitia.

But two special guests are here.

Special guests.

Gavin Baker from Atreides.

How do you pronounce it?

Atreides.

Atreides.

How's Atreides?

How's Atreides?

If you know Dune.

And then SpaceX board member, Antonio Graciaz, one of the first investors in SpaceX.

Antonio, big day for you.

Maybe you could just tell the audience what happened today, why that is so important in the history of this company.

Well, first, I want to thank you guys for letting me come on and have a little chat with you about this.

Today was extraordinarily important for SpaceX, I think, for America and for humanity.

And the Starship is the realization of the vision that Elon had 20 years ago, 25 years ago, even as a child, really, to go to Mars.

And the engineers here at SpaceX and the entire team working extremely hard are really just to get this vehicle off the pad, as Yonah said, right?

This is a brand new vehicle.

Everything about it is new.

So the engines, the material science, the structure, the design, all of it new.

And the most important thing here was to get off the pad, so we could collect data.

And this technology platform is the platform that will allow us to go to Mars.

So from a non-engineer standpoint, why this is important is that while we've proven with this flight, we got past a point called BaxQ, which is the point at which the vehicle takes maximum stress.

That's why I think about it.

I'm sure engineers will tell you there's a lot more description to it, or David Friedberg will give you a better description to it.

But it's the most important stress in the vehicle, which means that this vehicle will get to orbit.

And this is the vehicle that's going to take us to Mars.

So today is the day that all of the hardworking people at SpaceX accomplished a goal of making the human race spacefaring.

When we look back in history, I believe this will be the day when we mark the technological

development that we broke through and built a vehicle that could actually go to Mars. Now, when we look at it, obviously, it didn't make it to orbit. Maybe you can give some context into what is the typical life cycle of a new rocket ship coming out.

The Falcon, the original one, has done, I think, 224 missions.

222 of them successful, I think 160 or so, actually landed themselves.

And so you had two or three mulligans, I think, in the development of that.

Maybe two, actually.

So what can we expect here?

When are they going to stack and rack and launch the next one?

Antonio, what's the timeline here to getting to orbit?

What would we expect versus some of the other projects that we've seen, like the Russian rockets?

So, look, this is a brand new vehicle.

And whenever we develop a brand new vehicle, it takes a long time development.

My understanding, all this is, again, a layman and sort of as a board member and an executive here, is that it'll take at least two or three months to really get the pad rebuilt and get another vehicle back on for testing maybe longer.

But it's really important to note here that we've gotten sort of used to the idea that SpaceX launches rockets and all these rockets come back and all those vehicles are stable because the Falcon 9 and 9 Heavy are so stable and they're so well engineered and they're amazing vehicles, the most reliable vehicles on Earth in human history.

This is a brand new vehicle.

This was a huge win.

I mean, it was an enormous win for the company, enormous win for the country, just getting off the pad and collecting the data.

And now we know it works.

We just have to get it stable now and get up to orbit.

So it's a hard problem, but it's a solvable problem from here.

And we learned here is that this vehicle does work.

Amazing.

Can you guys talk about the impact of this vehicle, cost to launch, payload, like the big metrics that kind of help realize that outcome?

Gavin, I think I saw you did a bunch of really good tweets on this.

You shared some of the metrics that I thought were really succinct and really helpful.

Yeah, sure.

So when this is, I think it's a long road to full reusability.

The first step will be Mechazilla catching the booster, doesn't have legs like the Falcon 9.

And then the second step will be landing the Starship, which is really hard.

But once you do that, this should be able to send over a hundred metric tons to orbit at a variable cost of under \$2 million per public data.

These are public statements.

[Transcript] All-In with Chamath, Jason, Sacks & Friedberg / E125: SpaceX launch, Fox News settlement, "Zombie-corn" exodus to AI, late-stage implosion

I would never confirm or deny those statements because this is Gavin's math off the back of the envelope.

\$2 million is the cost to get a hundred tons into orbit.

That's the metric.

Variable cost.

Variable cost.

I think the point Gavin is making, if I might just play that, is that it is a step function change.

It's not like a small change.

It's an enormous change.

Right.

Can you compare that to the numbers before for folks to understand?

The Falcon 9 mass to useful orbit is 17 metric tons.

And the variable cost that I have seen Elon tweet about is somewhere around \$15 million.

So you are lifting more than five times the mass to orbit.

And based on other statements, that hundred metric tons is a very conservative estimate.

And you are doing it at, call it, 10 to 15% of the cost.

So this is a, we can all do the math, but we can envelope it, roughly a 50X change.

And this massively changes the unit economics for Starlink for sending anything into orbit.

And as Antonio said, it's great for SpaceX, it's great for America, and it's great for everyone.

It's great for humanity.

It's great for humanity.

Can you explain how that then translates into going to Mars?

So now we can get a hundred tons into orbit for \$2 million.

What happens next in terms of how that payload capacity and low cost enables full transport to Mars?

And, you know, I know that the timelines are tough, but it would be super helpful to just to translate the orbit concept into the let's go to Mars concept.

It's important to know that like the size of this thing, give it a sense of scale is the interior space of it is the size of the International Space Station.

So it's a huge amount of tonnage, just think about all that's going to take to get to Mars, right?

You got to, you'd have to lift a payload into orbit, you have to, you know, create a base either on the moon or in this orbit near Earth to actually refuel ships and send them out into space.

And this same design will scale up to become the Mars colonial transporter, a very similar design.

That's why it's important.

And look, the timeline on that, I don't know.

I'm hoping that it will be, while I am still able to go, that would be great, physically able to go.

But that's really why it's important.

Think of this as a small version of the same vehicle we will actually use to go to Mars. And then all the stuff you have to transport to orbit becomes more economic because it's as Gavin just said, we've had, you know, a 50X kind of reduction in cost.

Can I ask you another question?

Sorry, I don't mean to monopolize the questions, but these are things that I think are like super important questions, but that a lot of people often ask, or I hear them asking, but what happens with the space industry in the nearer term?

So there's this great long-term goal, get to Mars, that's a big project that will certainly be funding, I'm sure, to run that project.

What other economies now emerge as this cost down of 50X happens?

And what else do you think happens besides, you know, communications and Starlink?

Obviously, there's that's already a pretty skilled business.

What other markets can develop here in the near term?

What other economies do you see happening as a result of this constant?

Yeah, I mean, look, Gavin can jump in here too.

But the reality is once you can take that much mass to orbit, you can move anything around the planet very quickly.

You can kind of go up, but the burst has been below you and come down.

So transportation generally changes.

You know, if you want to fly to Tokyo from New York City, it goes from being, you know, a day trip to a matter of hours.

It's extraordinary.

Or a container ship in a couple hours.

Yeah, everything that's rapid transport around the earth.

You're running packages around the earth.

Everything gets faster.

Gavin?

Yeah, there will be no more trans-Pacific or transatlantic cargo flights, I think, in five, six, seven, eight, ten years.

You're going to need a big Starship fleet to accomplish that.

But I think the transatlantic and trans-Pacific airspace cargo routes go away.

So transportation logistics, I think, is a fundamental change, human transport, fundamental change.

And then there's all the knock on effects of building this kind of technology.

Look, the space program, the American space program that took us to the moon created the cell phones we use, right?

I mean, there's so much chip designs.

All the technology came off of that.

The same kind of effects we believe will happen here.

So it's hard to predict, but it will be a lot of great stuff.

Well, that's kind of the point.

When you can get payload up there, now entrepreneurs can think of a million different crazy ideas and affordably put something up there.

Whether they want to mine an asteroid or they have a science project.
Now a thousand flowers, a million flowers can bloom,
and entrepreneurs can start thinking about it.
And that's already happened to a certain extent with Falcon
that people are able to come up with great ideas.
Well, I have to say.
And the inspiration provides.
It does. It's amazing to be here and feel the inspiration and just the joy.
I think that's what I was going to ask you about,
if, you know, as we wrap here with you, too.
If you could, if you could take people inside
mission control, which were privileged enough to be in
the sense of history and the feeling in that room,
if you could describe it for the audience, what those engineers were feeling
and what you, in fact, felt at that moment.
Antonio, I think.
So I would start by juxtaposing with Monday.
So we were here Monday Monday.
And Monday, I think there was a real sense of concern.
You know, the the countdown stopped around 10 minutes.
The vehicle, we had a valve failure and valve that stuck open, basically.
And we had to stop and kind of regroup.
And by the way, from my perspective, that's like a solid success
because the vehicle did not get destroyed in the pad,
which is like the number one thing to have happened here, success.
The second.
And so that was kind of Monday.
And I think Monday was, yeah, caution and intensity.
It was it was a very intense, very intense.
Can this will this will this ever happen?
Yeah. When will it happen? Yeah.
Today, what I felt in that room was a sense of
there was a high sense of intensity, a high sense of focus
and also a sense of.
People were excited.
There was an excitement about it.
It felt different today. It felt more electric today.
They were super focused, but you could feel the excitement in the room.
They believed it was going to happen.
They thought it was highly probable and that it was going to work.
And when it did work, I would say it was a sense of elation and joy.
And just, you know, this is this is 20 plus years of work.
And, you know, Elon was in the room with the engineers

and it just seemed him light up, seeing the joy that he felt, seeing the joy the engineers felt together for me. And having been a board member here an investor for a long time and sort of been along this company and seeing develop, it brought a real sense of hope for what's going to happen to this country and what's happening to humanity. And it's such a joy to my heart. Yeah. Gavin, do you have any emotional feelings there when you watch or you want to add? Yeah, well, I think it's also just what I would have, what always strikes me when I'm here is this is a sandy spit of land. There is no power, no electricity, no potable water, you know, no sewage, no utilities, nothing. And out of this, you know, sandy spit of desert, you know, on the Gulf of Mexico, a extremely talented group of engineers the last five years have lived in, you know, these these air streams. You know, a long way from a major city. And it is it is just an amazing place to visit. And, you know, the sense of commitment. And when you talk to anyone at SpaceX, anyone here at Starbase, you know, what are you trying to accomplish? Make humanity a multi-planetary species, get to Mars. So the experience of visiting Starbase is amazing. Second, I would just say launches are very visceral. It's shocking if you have not experienced one. The ground shaking. Yeah, feeling your chest, you feel it in your chest. You feel the yeah, you feel your body shaking like an earthquake. Yeah, but it doesn't stop. And it's incredibly dramatic. You know, the rocket, it's going so slow at first and then it accelerates. And then you hear this enormous crackling noise that's, you know, louder than any concert, louder than any, you know, sports stadium. You then blast of hot air hits you, you feel it. And I would say a lot of people at launches cry. It's a very emotional experience, often for people who are who are not. Yeah, it's hard not to get emotional. I think just that human beings can accomplish something like this is amazing. And then what I would just say is, you know, there was the rocket flew for four minutes and went through Max Q. It went to 39 kilometers. The Soviet N1, which was comparable rocket only reached 12 kilometers. Like the team was ecstatic. Yeah, the joy on their face.

Happy cheering.

You've never seen anything like it.

Yeah, it was awesome.

It was very inspirational and I felt very, very grateful to be there.

Yeah, incredible.

Yeah. Can I give you one thought of what I'm thinking right now?

Yeah, the after effect.

The after effect, after a glow.

It's just an expression of gratitude.

I mean, there has been so much sacrifice here and we have witnessed it over 20 years from from Elon, of course, and the amount of just, you know, unbelievable worth going from him and the entire team where it's based, it's engineers, everyone who works here.

Yeah, it's been extraordinary.

And it just really, I'm just deeply grateful.

Incredible and grateful to you all for having us on.

Thank you. Incredible.

It's great to hear that perspective because you would not have gotten it from off the Twitter feed, you know, from the mainstream media.

David, if you'd come here with us, you could have gotten yourself.

Yeah, David, you were invited.

You were invited.

You almost we almost shanked for my new term called Starship.

As opposed to Shanghai.

We're going to Shanghai Starship you.

We're going to Starship you next time.

Yeah, I'm bummed I couldn't be there, but I'm excited to see how excited you guys are.

And just the point I was making is that when I was reading the mainstream media coverage of this, it was almost like ghoulish.

It was like a type of glee.

It was almost unbelievable that the rocket blew up.

But they didn't they didn't really mention any of the things you're mentioning.

I mean, from the point of view of the people who are there, it was a triumph.

And it was exciting because of the data that was collected and the fact that the rocket even got off the earth and achieved this.

It was a triumph for four minutes, but the media never really conveyed that.

So thank you for giving us perspective that you just would not have gotten today from the New York Times or other mainstream media.

And just to add to that, just a little bit of context, you know, this is an iterative design process with rapid improvement.

This Starship had 31 engines that were made over the course of one year, had different tolerances, behaved unpredictable, unpredictably.

You know, this was far from the best Starship, the one that's going to launch

[Transcript] All-In with Chamath, Jason, Sacks & Friedberg / E125: SpaceX launch, Fox News settlement, "Zombie-corn" exodus to AI, late-stage implosion

in three months or two months or four months or five months or whatever it is.

They've already made over a thousand discrete improvements to it.

And that was before they got all the data for today.

And then there's a Starship after that and after that.

So it really is the what the mainstream media just failed to understand is the process under which a new rocket platform is deployed and how revolutionary this is.

They are iterating at a speed here that I don't think people can comprehend.

I mean, on this note, the important thing is that they don't care.

They don't care.

And it was a way to paint somebody who they dislike and they are threatened by a negative life.

The front page of the Wall Street Journal says SpaceX's Starship explodes shortly after launching uncrewed test flight.

If you take Antonio Gracia's explanation, which was articulate and transparent and fair, and this headline, you could not be more further apart on the spectrum of truth.

Antonio just said that this is a day just for the audience of which there are millions of people now.

Antonio said, this is the day that you look back on when we are multi-planetary as this Cambrian moment, if you will, this incredible point of innovation and human ingenuity and teamwork and sacrifice.

You know, Gavin said it as well, just giving up five years of your life to move in the middle of nowhere and live in an air stream trailer.

And then the Wall Street Journal, who's basically perspective is I just the rocket goes.

I mean, it was just fireworks.

It was just a fireworks display, right?

I sent a note to my own teacher and I just said, I said, look, ignore.

Please ignore the news media.

Yeah, it's total BS.

This is a huge success.

It's a huge success.

And, you know, we should just step back for a second and enjoy success because part of the problem with the news media is this is a moment that should galvanize our country.

I mean, space, this is about America.

Space, this is an American company.

This is about America.

I think they can't see that it galvanizes, potentially galvanizes support for a human being that they feel deeply threatened by.

And that's what it all comes down to ultimately.

And that's what you see in the headlines.

[Transcript] All-In with Chamath, Jason, Sacks & Friedberg / E125: SpaceX launch, Fox News settlement, "Zombie-corn" exodus to AI, late-stage implosion

That's why what's so interesting about this is that the behavior of the mainstream media to now paint this as something unsuccessful or a joke or rocket goes boom or fireworks.

When you look back on something as meaningful as this, it'll just make them even less credible.

That's what that's unfortunately what they're doing to themselves is shooting themselves in the foot.

It's pretty sad.

Yeah.

And this wasn't just Wall Street Journal.

This is CNN, New York Times, everybody just painted it as a failure.

And it's like, oh, here's a collection.

That line is well done, producer.

I mean, literally, you would think if you read the mainstream media that SpaceX failed.

And it really, when I was talking to Elon months ago about this, you know, he said, listen, 50-50, we get off the launch pad.

Yeah.

If we can get off the launch pad and we don't blow up the launch pad, that's a huge success.

The fact that this thing got as far as it is in four minutes and they got all that data and they've got, when you see the scale of this factor, and I hope you all get to come down here and all Americans get to see this because for me, you know, and being friends with Elon for as long as I have and to watch him go from the idea of this.

And he showed me, I went with Elon to see the Horthon factory when he was considering renting it.

And from that moment to now, to see the suffering that he went through personally to do this and the team, the amount of suffering to get to this point has been so tremendous.

But when you go to the Gigafactory in Texas, when you see what's happening here at Starbase, it should let you know that this is still the greatest country in the world with the greatest entrepreneurs.

And he is truly the greatest entrepreneur of our lifetime.

And I'm not just saying that because he's my bestie.

I'm saying it because it's objectively true.

And when you see headlines in the press, look at what has been accomplished.

Look at the Teslas on the road.

Look at what happened with this rocket ship and judge the man by what has been produced to date and understanding he's going to keep going.

And the team he has inspired is relentless.

I spoke, I sat there on the deck an hour or two after all this went down.

And I just ate some chips and salsa with a half dozen

[Transcript] All-In with Chamath, Jason, Sacks & Friedberg / E125: SpaceX launch, Fox News settlement, "Zombie-corn" exodus to AI, late-stage implosion

of the people who were in mission control.
They love the podcast.
They listen to every episode of All In.
I kid you not.
And they said, will you talk about this on All In?
And I said, well, we talk about this on All In.
Thank you for what you've done for humanity.
This is the most inspiring thing I've experienced in my whole life.
We love you guys, SpaceX.
Charge ahead, be relentless as you've been and know that despite these absolutely insignificant headlines, what you're doing is so meaningful to every American and every human on this planet.
Don't stop.
Go faster, go harder, be more relentless.
We're all cheering and we're in all of you.
This is one topic we can all agree on.
This is something that can galvanize America.
This should be an important.
We are leading the world again.
Yes, we're leading the world in the space race again.
We're going to be on the moon.
We're going to be on Mars.
What about Uranus?
Well, you know, Freeberg keeps asking.
And Tony, give me a hug.
I love you, brother.
Thanks for coming on.
Give me a hug over here.
Love you, brother.
Thanks for coming on.
Bye, guys.
Thanks for coming on.
See you later.
Bye, guys.
See you, Gavin.
Bye, Antonio.
That was great.
I'm surprised I beat Chamath to the punch there.
Yeah.
Oh, no.
We were all queued up.
Chamath was having a moment.
He was daydreaming about the future and not thinking about the line.

[Transcript] All-In with Chamath, Jason, Sacks & Friedberg / E125: SpaceX launch, Fox News settlement, "Zombie-corn" exodus to AI, late-stage implosion

I was taking the number of shares of SpaceX I know and multiplying it by a billion trillion.

Billion trillion dollars per share.

Wow.

Yeah.

The rest of us are thinking about humanity, America, inspiring people.

And Chamath's got his little calculator out.

I'm going to have like a babushka of planes, a plane with it.

All right.

Wow.

Right to ruin the moment.

Making about you.

Oh, my God.

I didn't have a business question about how the Starship impacts Starlink.

Very simple.

There's a graphic online.

You can find on the SpaceX YouTube channel and they show the Starship

And it literally looks like a goddamn Pez dispenser

shooting out the next version of Starlink.

And these are, you know, without,

I don't want to speak about any specifics,

but you can watch it spit them out.

You can put out more,

and they're obviously going to be more powerful.

And if you have seen the size of the satellite,

I have Starlink at both houses,

the ski house and my main house as a backup.

It's getting scary how good it is.

And if you look at the size of them,

and again, I don't want to speak about any future products,

it's not my place.

But if you see the size getting smaller,

there's one or two things that we all know about technology,

cheaper, faster, better, smaller.

I would just say, if you're a fan of Starlink,

just keep those words in mind.

Yeah.

It's going to be pretty amazing

what Starlink's going to be able to do.

Yeah, I thought that, maybe I'll read this somewhere,

that Starship can carry 600 plus satellites,

whereas the previous top-of-the-line rock at the Falcon 9

could only carry, was it like 50 or something,

or maybe less?
Yeah, maybe a little less.
Yeah, there's like 30, 40, so.
So you're talking about 20 times
the number of satellites can go up.
And at a lower expense.
Yeah, and I guess SpaceX has gotten permission
from the FCC to put up about 12,000 Starlink satellites.
So you could do that with, I guess, just 20 missions.
The big disruption is going to happen by the end of 2026
because this next generation set of licenses,
spectral licenses that the FCC sold came with a condition
that you had to launch satellite capacity
by the end of 2026, I think, otherwise you'd lose it.
Or you have to do your first launch, I think,
by the end of 2026.
The point is that the only company
that actually has the capability to build
and to launch is SpaceX.
So they have a complete monopoly
and because they're advantaging their own solution,
it puts everybody else behind the eight ball.
So not only will they probably offer
the best global internet connectivity
at every single natural point in the world
that you could be, which is going to be a really big leap,
they're going to do it, Jason, as you said,
at a throughput that's going to surprise people.
And it's also going to render every other existing provider
in a really difficult situation
who's like, what is their alternative?
You can't launch with the ULA because they're inconsistent.
You can't launch with Blue Origin
because they're inconsistent.
You can't launch with the Europeans in general
because they're inconsistent.
SpaceX is the only solution,
but then SpaceX is just going to manage themselves.
And there's nothing illegal about that.
So you're going to be left with a bunch of these existing
telecommunications companies in a really difficult spot
in the next couple of years.
So it's going to be a really dynamic space, I think.

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Very much worth paying attention to.
Elon sends his regards to the all-in community.
He's taking a nap.
Man, has not slept in the last couple of days.
He's taking a well-deserved nap right now.
So hopefully we'll have him on in a future episode
very quickly.
Where are you taping from, J.Cal?
Just curious, where are you taping from there?
I'm at Starbase and there are little tiny homes
and Elon lent us one to stay in here.
Yeah, it's just inspiring to be here.
It's been a great experience.
And this is, I've been here a couple of times
and the scale of the factory, the ships,
and just over the last, like they said the last time,
I've been here a couple of times maybe three or four years ago.
It really is growing exponentially.
And the other really positive thing is people are driving,
again, back to the enthusiasm in the public.
And what you don't see mirrored in the press,
which I think was a really astute point, Saks,
I met a guy who gave me a ride in his golf cart.
I was late to a meeting.
The guy says, hey, are you going somewhere?
And I said, yeah, because I was literally running
down the street trying to catch a flight.
And the guy drives me in his golf cart.
And I say, hey, he says, hey, are you here for the lunch?
I said, yeah, I'm here for the lunch.
He says, so am I.
I said, can I ask you, do you work for SpaceX?
He says, no, I'm just a fan of Elon's.
I'm a fan of SpaceX.
And I said, can I ask where you drove from?
So I drove 19 hours to somewhere in Texas, Houston
or something.
He drove 19 hours to come here to spend the week
to see the lunch.
And the crowds here have gotten bigger and bigger.
And there's hundreds of people.
I think it's called San Padre Island over here.
It's like a little beach community,

kind of like a Las Vegas on the beach
or a Reno or a New Orleans.
And they're just lined up there with cameras.
These are Americans, just Americans in RVs,
parking cars, setting up cameras to see history happen.
And it really is truly inspiring.
These are just soft of the earth, normal folk.
This isn't the media.
This isn't like affluent people or necessarily,
but just Americans who are inspired.
And then that's, I think, what all entrepreneurs
who hear these stories about what's going on down here,
you'll overestimate what you can do in a year.
You're gonna underestimate what you can do in 10.
And I think that's, we all know Elon pretty well here
and have watched this journey.
They're cooking with oil.
They're moving fast.
And the iteration process is extraordinary.
And they're making everything here.
And it's Americans making everything.
The tiles, I remember being here three years ago
and Elon and I, two in the morning,
were walking through the factory
while they were working 24 hours a day
trying to figure out the tiles on Starship
to get it back in.
And they were making the tiles themselves
and just trying to figure out that format.
That's the level of detail that's occurring here.
And as Gavin said, there's a thousand different things
changing on each iteration of this.
So more great stuff to come, I believe, yeah.
That's been another episode of Phil Helmuth
mentions his relationship with Elon.
Thanks everybody for tuning in.
Yeah, exactly.
I'm doing, no, I mean, what am I supposed to do?
I'm sorry that my friend started a rocket ship company.
I don't want to apologize for it.
You guys doing great stuff in the world as well.
So do we want to talk about AI?
Do we want to go to this tiger marking down their book?

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Where would you like to go, gentlemen?

We can talk about the Fox settlement with Dominion.

That was something you and I talked about last week, Sax.

I'd love to get your opinion on that.

They paid \$787 million in this settlement for defamation.

It didn't go to trial.

You were hoping it would go to trial.

How do you feel?

I mean, and this is an extraordinarily large settlement.

So yeah, but what are your thoughts on this?

You wanted to see this go to the man, go to the Supreme Court

and maybe see the laws in the United States change

eventually, catch us up on your reaction

to this ginormous fine.

Yeah.

He's a big speeding ticket.

Yeah.

Yeah.

Well, it's funny you called it a speeding ticket

because when I saw this, it reminded me of a scene

at the beginning of Apocalypse Now,

where Martin Sheen says that charging a man with murder

in this place is like handing out speeding tickets

at the Indianapolis 500.

I mean, the analogy here is that the media is so dishonest,

whether it's CNN or MSNBC or The New York Times.

I mean, they're constantly inaccurate or whatever.

And so it's still defending Fox.

So for this one network to get a fine of like 800 million,

it's like pretty incredible.

I mean, they should be handing out a lot more of these

in my view, not just to Fox.

But yeah, look, I would like to see to that end,

I would like to see the standard in New York Times versus

Salt and Revised by the Supreme Court.

The standard is actual malice.

So you have to prove not just that the press told a lie,

but that there was malice behind it.

And that's what this trial would have been about.

And Fox said...

What should it change to?

Yeah.

I think that...

What would it change to?
What would be a better standard in your mind?
I think that if the media makes a mistake,
they should have to correct it.
And I would say the correction needs to be at the same level
that they publicize the original story.
So if they make a mistake, if it's untruthful
and it damages someone's reputation,
and they refuse to post a correction,
then I think they should be liable.
That seems fair to me.
If you were to put something on page A1,
if you were to give it five minutes at the start of a show
on whether it's Rachel Maddow or Tucker,
whoever makes the mistake can be anybody.
If they made the mistake in the first five minutes
top of the show, they don't get to bury it on the website.
They don't get to bury it on page seven.
They got to say it up front.
Hey, listen, we made a mistake.
Here's the mistake.
Correct.
I think it's reasonable.
Correction should get same level as the original story.
And by the way, if they correct it,
that would be like a safe harbor.
But if they refuse and they publish a lie
and it damages somebody,
then they should be liable for that.
I think there should also be something.
That's what I think.
Yeah, I'm in agreement with that
because there is the trick in journalism
to bury the correction.
And there's another trick that I think
needs to be looked at and it's a little more nuanced,
which is somebody makes a mistake
or an accusation in a publication.
And then the next publication says,
oh, The New York Times, Fox News, CNN said this,
but they don't check it themselves.
So they're using another publication as like a proxy
to kind of give them some level of protection.

[Transcript] All-In with Chamath, Jason, Sacks & Friedberg / E125: SpaceX launch, Fox News settlement, "Zombie-corn" exodus to AI, late-stage implosion

I think they should have to on a firsthand basis.

Right.

No, that's the game they play.

You're right.

Let's start with a super shady source

that just attributes it to some sort of anonymous source.

Then the second most shady publication quotes that one.

And then the third most shady quotes that

and then it goes through the whole food chain.

So you're right.

Reposting something in the echo chamber

because other publications are doing it.

You're right.

That should not be protected.

They should have to do their own sourcing, basically.

Yeah, just some base level of fact checking.

And now if you called it Fox opinion,

that's slightly different than calling it Fox News.

So maybe the part of this is branding a Chamath

or a Freiberg Germany thoughts on this, just in general.

Fox, I think has only four billion to cash.

So they just spent 20 some odd percent of it paying this off.

And if I were a shareholder, the question I would ask is,

did we actually make enough money to justify having

to pay almost \$800 million of our cash balance?

The answer is probably no.

And this is the first of a bunch of lawsuits that they have

the next one, which is I think is like smart-o-matic,

which is another voting machine company.

That's an even bigger lawsuit, actually.

That's a two and a half billion dollar lawsuit.

And so it's, could it be the same outcome

and another settlement?

And so now all of a sudden you would deplete half their cash,

all for a lie to do what?

At some point, some smart business governance

needs to kick in over at Fox

and they need to realize that this stuff

just doesn't make economic sense.

Maybe they thought it made political and ratings sense,

but you can't justify that when it costs \$2 billion.

There's a concept here, I think, Sacks,

that is particularly interesting.

In Finland, when you get a speeding ticket,
speaking of speeding tickets,
your speeding ticket is proportional to your net worth.
And so these NHL players who like to speed
and a Nokia executive, it was given the equivalent,
and this is a bit excessive, of \$103,000 fine
for going 45 into 30 zone on its motorcycle.
And an NHL player got a \$39,000 fine two years earlier.
I think that this is part of the problem
is sometimes fines don't match the crime and or
they're not proportional enough for the person to feel them.
And so then we kind of conflate that they're speeding tickets.
One very rich person said to me, you know,
when they would, I'd watch them parking, you know,
incredibly illegally in a small town.
And I said, you're gonna get a pretty serious ticket.
That's a pretty gnarly spot to be parking.
And they said, oh, you mean the VIP parking charge?
And I was like, yeah, that's kind of sucks, but okay.
So there might be some concept here of a proportional fine.
And I think the EU is starting to work on that as well
because, you know, Big Tech was ignoring-
This is gonna embolden a lot of people
to take matters into their own hands
and sue some of these media companies
if the lie is egregious enough
and it negatively impacts them enough.
I think it would embolden a lot of folks.
So, Saks is right that up until now,
most folks haven't done anything about this,
but if you feel like the media has really wronged you
in a meaningful way,
there's probably also now a lot of private equity
organizations that would do the lawsuit finance
or hedge funds that would do the lawsuit finance.
And so now you're-
Like Peter Jill did.
Like you're free-rolling it, right?
So you get one of these folks to pay it.
They get 50% of the gains.
You get 25%, the lawyers get 25%
and you go and you litigate.
I'm sure that you'll see more, not less

because this fine is really big.
And again, we don't know the end of all of these 2020
election hoax shenanigans
because this is the first, not the last of these.
I do think it's a really big number.
I mean, I did want the case to go to all these courts
so they could revise New York Times versus Sullivan,
but I do wonder about the size of the settlement here.
It's just, it seems extraordinary.
They paid it.
There was a interest-
It's a settlement.
Yeah, they voluntarily agreed to do it.
Yeah, absolutely.
So in any event, look, I hope Tramothe is right
that this actually incentivizes more actions
against media companies
because I think their feet need to be held to the fire
and they need to do a better job publishing the truth.
There was an interesting thread
by a Twitter poster called Kanakoa.
Do you, I don't know if you guys saw this.
He posted an hour of footage by Democrats
and Democratic groups
and more Democrat-leading political science experts
questioning whether voting machines could be hacked.
Basically, this idea that voting machines could be hacked
is not an allegation that is unique to Fox.
So apparently there's evidence that Fox knew it was bogus
so they definitely should not have run with it.
But I do wonder, hey, why,
why shouldn't other people be liable for this too?
Well, I mean, the question is,
I think those internal text messages
between the hosts who knowingly knew it was false
and then were doing it.
I think that's why they took that settlement
because 800 million or whatever or so
is a lot less than 1.4 or 1.5.
And so there's speculation that maybe-
Clearly they got some bad discovery.
They got some discovery problems.
But I'm just saying that-

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Yeah, discovery problems, yeah.
These allegations about electronic voting machines
being hackable or rigged,
this seems like an allegation that's been made.
Well, that's actually interesting.
Not just in 2020, but it's been made multiple times
by whichever side loses.
And so I would wonder why more parties aren't liable for this.
By the way, I never bought into those allegations.
I said so at the time.
I thought they were bogus.
I thought the whole Sidney Powell thing,
the release of Kraken or whatever was ridiculous.
So I don't feel too bad for Fox or anything like that.
But it seems to me, like I'm saying,
they're not the only ones speeding here.
There's a lot of people
who need to get speeding tickets.
Yeah, there is a roadmap for the press
to learn from this and to get better, right?
Like to maybe take to heart
that maybe the public now is looking at them
and assuming the trust in media is at an all-time low.
Alex Jones got fined a billion dollars, right?
It's a judgment.
He had a judgment, the Fox thing's a settlement, right?
He got a judgment of over a billion from multiple courts.
Yeah, so he said a bunch of stuff that, you know,
was in court provable to be false.
And then he kind of restated it
and he got, you know, this massive fine.
I think there's an interesting question here
on how far this goes with respected, you know,
maybe it invites the lawsuits, like you guys say,
where there's things that are more on the line.
And then we really start to have
kind of a tough set of conversations
that maybe there are things
that are factually debatable, arguable, opinionated,
where they work true at a certain point.
And then you didn't really have evidence to disprove it.
What are you allowed to say?
Are you only allowed to say things that you've proven

or things that haven't been disproven?
And that becomes a pretty tough set of conversations.
And what I think might be interesting from here,
if so much of media over time gets replaced by chat
and AI aggregating lots of different information,
synthesizing that and making representations back to us.
And that becomes our primary source of call it news
or quote media in the future.
What happens when those models or the synthesis of data
or the source of the data leads to a statement
that has a similar sort of descent
around whether or not it's true or not.
And that you really end up kind of ending up
in a pretty cloudy environment, you know,
by starting this process.
I think it's a very insightful one.
We'll get to you in a minute.
Coming from a journalism background myself
and then becoming a commentator,
there really needs to be three or four very simple things
that the media needs to do.
Number one, more fact-checking.
And number two, less anonymous sources.
They rely too much on anonymous sources.
And then there needs to be very clear delineation
between what is a fact and what is an opinion.
And the public is trying to sort this out.
Is it Fox News is an opinion?
And what you're saying is this an opinion
or is this a fact?
Did you do journalism or did you just have an opinion?
Is Rachel Maddow an opinion
or did she actually have a journalist check these facts?
And I think this is where self-policing
and maybe rebuilding their rebuilding trust is on the media.
It is now the news and the media's job to rebuild trust.
And if not, they're gonna get more fines,
but let's get into,
I think some of the stuff we're seeing with AI,
we had talked on this show before,
many times about the corpus of data
under which these models are being built.
Well, Reddit announced plans to start charging companies

that use its data to train AI models.
The co-founder Steve Huffman who came back
after Kandeal, Nas had bought Reddit
and then sold it back to the founders.
And paradoxically, I believe Sam Altman
has a major investment in Reddit.
He said, more than any other place on the internet,
Reddit is a home for authentic conversations.
There's a lot of stuff on the site
that you'd only ever say in therapy or never at all.
A lot of people use pseudonyms, obviously.
And the Reddit corpus of data is incredibly valuable,
but we don't need to give all that value
to some of the largest companies in the world for free,
crawling Reddit, generating revenue,
and not returning any of the value to our users
or something we have a problem with.
It's a good time for us to tighten things up.
Your thoughts, Shamath,
on what we talked about two different episodes.
Maybe we'll drop a clip in here, Nick,
if you want to in post.
It's gonna 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,
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 gonna need to be an ai.txt.
Are you allowed to use my data set in AI,
and how will I be compensated for it?
Will the rights to the data,
will Google just state a Quora,
hey, we'll give you a billion dollars a year
for this data set,
if you don't give it to anybody else.
They should.
Shamath, those were our previous discussions
that we just played.

What do you think?

It's so incredible.

We are witnessing such an important moment
for Silicon Valley,

but frankly, how the world works.

And it's just everything is changing.

That's what I'm just in awe about,

that we talked about this,

and we were basically spitballing something

two or three months ago,

and not but 60 or 90 days later,

these things come to pass, right?

We talk about something in one week,

and then 14 days later,

it's completely upended,

like how impressed SACS was about plugins,

and then plugins were rendered useless,

and somewhat impotent,

two weeks later by auto GPTs.

It's just so profound, I think, what's going on.

So Google today announced

that they're going to merge two organizations

that I thought were so orthogonal to each other.

Disparate.

Brain and deep mind.

The cultures just seemed so totally different,

but now they're merging those two things together,

something that I thought would never happen.

They did it.

All these competitive pressures are so real.

I was in LA for the breakthrough prize.

I was flying home with somebody on Saturday.

I won't say who it is,

but they are right at the bleeding edge

of a lot of this AI stuff,

and they let go a third of their company,

replaced it with an agent within six weeks of training it.

So how is this not going to affect everybody else,

I guess, is maybe the bigger question.

And then I go back to what I said last week,

which is that we've talked about

a lot of the positive things,

and I think it's important to make sure

that people understand
that there are a bunch of non-trivial negative things.
And I think I shared one on Twitter,
which was around this company that used an AI model
to build a library of 40,000 toxic compounds
that could kill all kinds of numbers of humans.
So there's all kinds of really, really tough things
going on right now that I think,
to me means it's the moment where
I have the least sense of how to do my job.
And so I've tried to kind of like put a pin in everything
and just go back to learning mode.
It's a bit humbling is what you're saying.
It's incredibly humbling.
The entire rule book, even for us as capital allocators,
company formation, it has you chum off wondering.
Well, even as a CEO, I'm like,
should I be using models to do parts of the workflow
inside of my business,
inside the portfolio companies that we're invested in?
Am I supposed to go into the board meeting now on Monday
and say, hey, XYZ person just did one, two and three
and cut OPEX by a third?
Do I demand the CEO do that?
Do I force change if they don't do it?
Do I say, so I don't exactly know what to do.
The carousel is spinning increasingly faster
and we're all on it.
I'll just say a general point,
which I kind of made at this event today.
It feels like the pace of change is so high
that you're kind of in a dust storm.
You don't really know where you're gonna end up.
So it's very hard to sit as an investor right now
and say, I'm gonna pick these things
because two weeks later, you just don't know
whether that path even exists anymore
because the dust storm washes it away or blows it away.
And I think that as a result,
there will be a lot of money lost by investors,
by companies building in this space.
Net, net, the index for investing in
like .com companies, the majority,

a large amount of money was lost during that era.
But from that era also emerged a handful of winners.
And those winners ended up creating extraordinary value.
I think we're at a point in time right now
where we could see 10 times the value generated
in this phase of technology advancement
than we saw during the internet
and the advancement of the internet.
And if that is true, I think you'll end up seeing
certainly the same thing happen,
which is the index will lose money,
but the few winners will accrue such extraordinary gains.
The problem is you can't deterministically
pick those winners today
because of the dust storm problem.
You just don't know the path.
So if you were to meet Jeff Bezos versus some CEO
of some .com selling pet stuff back in 1995 to 97,
94 to 97, would you have recognized
Jeff Bezos was gonna stand out?
Would you have recognized Larry and Sergey
were gonna stand out?
Would you have recognized Bill Gates
was gonna stand out or Zuck?
At the end of the day,
this is harder than it has ever been
in terms of predicting a technology cycle.
But what we still know to be true
is that the capital will be allocated
within a company, the operations will be run,
managed and driven and led by an individual
or a set of individuals.
And that's effectively what I think a lot of investing
in the cycle is gonna come down to.
We're all gonna sit here and pontificate
and intellectually masturbate ourselves
to some genius path that we think is gonna evolve.
And at the end of the day,
most of it won't turn out to be true
and that path won't be real
because this is such a dynamical system right now.
There are so many feedback loops.
One thing makes one step change

and it changes every other step.
But what we still know is that great leaders can lead.
And especially coming out of this Elon discussion
and seeing the extraordinary achievements
he's delivered particularly today.
I think that's maybe what a lot of early stage venture
is gonna shift to in AI.
It's really finding great people
and I'll tell you one thing for sure.
And I was kind of commenting on this earlier today
was I really think a lot of series C and later companies
and I know we're gonna talk about this implosion
discussion later.
So many of those companies have a valuation
that's less than their preference stack.
And as a result, those founders that work there
and those employees that are there
are getting their equity wiped out.
They'll have to get restructured.
Would you give me a favor for your book?
Can you just explain what that means
technically to the audience?
Perfect sound.
So when you raise money into a startup
the investors that give you that money
that invest that money, it's effectively a loan.
You owe them that money back first
before your shares get paid out in the future.
So if the company ends up being worth less
than the money that they've invested
they get the money first.
And ultimately if the company goes public or gets sold
they can convert their what are called preferred shares
into common shares and participate.
So even though you only quote sold 20% of your company
for let's say \$200 million that \$200 million
actually has to get paid first.
So now you've raised this \$200 million
the investors, the company is now repriced
because the market has come down by 80%
and investors are saying,
hey your company is now worth 175 million.
Your company is now worth less than what you owe

the preferred investors.
And if it's worth less than what you owe
which I think is the case for over 70 or 80%
of series C and later companies.
You know, we can cut it.
Yeah, and this, but this number comes
from what I shared a few months ago
which is that 70% of publicly traded companies
that went public in the last three years
are trading below the cash that they've raised.
So if you translate that on a one to one basis
to the private market, you know
and these by the way were the best companies
actually got public.
So in the private market you've got to assume
that something in that late stage market
is on the order of 70, 80% is worth less
than their preference stack.
So a lot of those employees are going to run.
Those founders don't want to go work for the VCs
when they get recapped and get offered a 4% equity grant.
Where are they going to go because it looks like
they're going to start AI companies.
And I think that's what's really shifting it right now.
That's kind of a big dynamic is a lot of these
I'm calling them zombie corns
are going to see this kind of mass exodus of talent.
And a lot of the investors that don't know
how to price stuff and don't want to deal
with recaps in the late stage
are diverting their attention to seed and AI and early stuff.
And so there's both a rush of talent
and a rush of capital to this kind of very early stage.
And so we'll create this massively bubble-like
you know, index of AI stuff.
But some number of these things
with some great leaders will emerge
and will create extraordinary value across many industries.
I really agree with a lot of what you're saying.
The thing to keep in mind is that the problem
with the use of auto GPTs as an example
is that the order of magnitude of capital that you need
has now just gone down.

Yeah, yeah.

Instead of a \$10 million series A.

So we used to be, you know, people in the height were doing 30 and \$40 million series A's into crazy, very bubble-ish ideas and NFTs and all this other stuff.

That's idiotic today

because a two or three person company can now do the work of 20 to 30 people.

And the amount of capital that they need is really their salaries plus the cost of renting some GPUs on your favorite, pick your cloud.

And so all of a sudden you can get huge amounts of progress in weeks and months with hundreds of thousands or low millions of dollars.

So if you've raised all of a sudden a \$5 billion fund because you were trying to do late stage deals.

And now all of a sudden said, well, wait, we'll just pivot to early stage.

But what are you going to do?

Find the next 30 person company.

That's not going to work because you have to know how to write \$500,000 to million dollar checks with two or three people and really help them and really understand their technical ability to execute, right?

But then it also quickly becomes a thing where maybe you're better off just doing 500 of these two and three person teams.

We tried this experiment seven years ago, this thing called capital as a service where we were doing this automated investing.

I don't know if you guys remember this, but it was like some machine learning that we did on all of our portfolio companies.

And all somebody had to do was fill out a form and send us some metrics and we would have a machined decision, right?

So humans would not be allowed to make the investment decision.

The problem that we ran into was there was a lot of great companies all around the world, but the administrative burden of supporting 500 companies

was unbelievably large and complicated.
Oh, you have a company in Indonesia.
Well, there's another company in South Korea
and here's a company in, you know,
they're raising a new round.
They have to get board approval.
They got to do this, it's signatures.
I mean, it's hard to scale.
Yeah, so the VC, which is a software light,
people have a artisanal business,
all of a sudden becomes misfactored, right?
So you actually need to be highly automated
and use software yourself in order to put
503 person teams on the field.
So this is what I mean by it's really,
I think Friedberg's use of the term dust storm
is a really good one.
It's extremely, extremely confusing what to do.
And if you have large amounts of money,
that may actually now, what used to be a real differentiator
and a key to success may actually become an impediment
because you are forced to do business in a classical way
that has changed, frankly, in the last 90 days.
What do you think, Sax?
What's the question?
Cause we're touching on a lot of different things here.
Do you feel like this is a dust storm and it's murky
and it's just hard to place bets as a capital allocator
because something comes out the next day
or 48 hours later or the next week
that takes the previous idea and wipes it out
and then how do you scale and be capital efficient?
Well, we're at the early stages of a huge new wave
and I think that creates a lot of opportunity.
So yeah, you've got to basically separate
what's really interesting from the fool's gold.
There's definitely gonna be a lot of that.
But at least there's a reason now to believe
that say dozens of unicorns could be created
in the next couple of years.
So before we were getting kind of long in the tooth
on some of these tech cycles.
I mean, cloud, social, mobile.

I mean, there was a reason to believe that those earlier waves had sort of played out that the big winners already been determined and maybe there wouldn't be too many more big winners in those spaces. But now we have a whole new catalyst for founders to do all sorts of new things. And so I tend to think that's super exciting. We're in the early stages and I do think there will be dozens of new unicorns minted in various aspects of AI. It could be in AI infrastructure. Whether you're seeing now, there's a lot of funding that's gone into vector databases or platforms for creating agents. Or it could be in AI co-pilots, basically that tackle various professional categories and create a co-pilot for coders or a co-pilot for doctors or lawyers or architects. I think there's gonna be potentially multiple unicorns created in those categories. I think there's gonna be SaaS software products that were just good before, but now will actually be great because the incorporation of APIs from AI foundation models where we'll just turbo charge the capabilities. And so there's a whole bunch of SaaS products that I think become newly interesting and better. They go from being vitamins to painkillers. We're looking in all those categories and I think we'll end up making some bets, but there's also gonna be a lot of companies that are flashes in the pan or get undermined. There'll be SaaS companies that actually become less attractive because of disruption from AI. But look, I think all of this meltstrom is great for an investor. I mean, if you're gonna spray and pray, it's not good. You gotta be selective about where you take your shots, but I think this is the most exciting environment we've been in in a number of years. I mean, it makes me wanna go to work every day and see the new stuff.

It's so funny you say that, Sax,
because I literally am looking for an office space
in San Mateo to start doing the incubator in person again.
And on Monday, I'm having 60 companies come to San Francisco.
We'll be at my attorney's office
and we're having a Foundry University
with just all these new startups
that we invested into just hang out for a day.
The enthusiasm right now is amazing
and what's really unique is the developers
who had three out of seven companies they interviewed with
offer them 150 or 250K packages, RSUs, whatever.
Now there's no offer from Facebook.
There's no Apple, there's no Twitter,
there's no Google or Microsoft offer coming in
to be the backstop against starting a company.
So what are they doing?
They're saying, you know what?
I got two friends who got laid off.
I got one friend who's halfway at the door.
Let's just start something.
Let's just start something.
Who can give me 100K?
Who can give me 500K?
And it's so invigorating to see the talented people,
not people who've learned how to, you know,
hack a pitch deck together and tell a story,
but people who are actually coding and making MVPs.
It's truly exhilarating right now,
the amount of two and three person startups I'm seeing.
And so while you'll have this and it's an incredible,
I've never seen this amount of destruction and creation
occurring simultaneously.
I love this zombie porn concept.
You have one half of your portfolio
coming apart at the seams, layoffs, reducing their targets
while people are coming in the door
with products that are absolutely awe-inspiring.
I'll just give one example.
I had a company come out of our founder university.
They gave them \$25,000 to incorporate a developer
and his brother who's a screenplay writer.
They're taking screenplay writing software sacks

that you'll appreciate this
having produced two amazing movies.
Thank you for smoking and the Dolly film is called?
Dolly Land.
Dolly Land?
Yeah, coming out in two months.
Coming out in two months, congratulations
to Emmy award-winning Oscar-winning producer.
He's gonna win an Oscar this time.
Please.
You know the screenplay writing tools that have existed.
You're like, what word processors with formatting?
What they're doing is they're saying,
hey, write some dialogue and then you can have dialogue
and say, hey, make it a little snappier,
make it a little Tarantino-ish,
make it a little more, you know, Sorkin-ish
and then make a storyboard with, you know, stable diffusion.
And I was like, well, this is the genius idea.
I mean, it's unbelievable.
Of course, I'll give you \$25,000 for your incorporation
and then they're coming to the Exile.
I'm gonna give you another 100K
and every single piece of software.
Well, that company in success
ever raised \$25 or \$30 million, do you think?
No, I think there'll be 12 people.
I think there'll be 12 people, I'll give them.
But this is my problem.
\$25K, 100K and then a million.
Our industry raises \$100 billion a year
on the premise that each company
before they become a unicorn
will absorb between \$500 and a billion dollars.
Yeah, no.
I'm gonna own 10 to 20% of the company for low millions
and we'll see.
Mid-journey is 12 people and no, it's totally bootstrapped.
Like, I guess what I'm saying is
because in the world of AI,
so much work is done for you for free,
this is why I'm asking,
maybe we will have to change how we do business.

On the Hollywood example,
there's about to be a writer's guild strike
and they may wanna think twice about that
because this is not the time where you want
to be encouraging the industry to find alternatives to writers.
Yeah, you wanna get back in the office
and you wanna say,
hey, is there any other work I can do this weekend, boss?
Did you see the news about BuzzFeed today?
They had won a Pulitzer.
They just shut down BuzzFeed news.
The entire news division gone, another 15% gone.
The layoffs, and then there was a report this week
that Zuckerberg's doing his third round of layoffs,
another 4,000 people.
That puts him at 24,000 with a hiring freeze.
So the way I describe the current funding environment
is it's a tale of two cities.
It's the best of times, it's the worst of times.
If you're a hot AI startup
that's able to tap into the zeitgeist
that's doing something that's perceived
as cutting edge or relevant,
there's a strong why now.
And you're early, you know, you're early stage.
You're able to raise money for that.
The spigot has turned back on.
There's a lot of funding for those types
of early stage startups.
But if you're a series C stage startup,
you're a late stage startup with a,
it's called a pre-AI model,
the spigot has just turned off completely.
I mean, let's look at that chart from CrunchBase
where the amount of series C funding
has gone from something like 10 billion a quarter
last year to like a zero.
I mean, they're all hardly.
I thought this was an error in the chart.
Look at this chart everybody,
a series C funding to US companies by quarter.
There is just no growth stage funding.
It's just completely dried up.

I mean, look at that.

I mean, it got cut in a half
and then it got cut in half again
and then it just flat lined.

So when you see this, is your thesis,
let me answer this section,
is your thesis here that people aren't trying to raise money
and they're just busy cutting their companies down
to a smaller team size
and they'll come back out in the second half of the year
or that anybody with that amount of dry powder
is out of the game now?

Yeah, I think that we're in this awkward stage
where the companies who raise money
and call it 2020 and 2021,
all of those valuations are obsolete
and you've had a lot of late stage players
leave the game or they're in the penalty box,
they're in timeout.

I mean, look at Tiger for example,
the single most active funder at late stage
is trying to figure out how much to mark down his portfolio.
So I just think that a lot of the funding has dried up.
This idea that there's tons of dry powder sitting out there
I think is a myth or maybe it's there
but there's no willingness to deploy it.

The valuations are all out of whack
and VCs generally would rather lead around
in a new startup with a fresh cap table
than in a cap table, they got a restructure
because no one really wants to do restructure.

What we talked about a year ago Chamath,
I asked you point blank,
would you, if they cut the valuation
and they redid everything and said,
hey, listen, we understand this is reality,
would you get involved and cut a check?
And you're like, I don't want to deal
with that kind of that kind of hard bucket.

Too hard bucket for you.

And so now once again,
a year, six months or a year after we talk about this,
it has now manifested, this is metastasized into,

it hasn't even started.
I think we are still-
I don't think it started.
I think we're still being really prescient.
Like the tiger thing was very important
because they are in many ways at the front of the line
in terms of the number of companies
they've touched, the amount of capital they've written.
And because they're in the middle
of a very large fundraise,
their need to mark the market quite accurately
so that their existing LPs know what they're signing up for
in this next fund.
So they're the ones that have the most incentive
to move the marks.
But it still leaves an entire industry of folks
that don't necessarily need to do that
because they have, whether it's dry powder,
that dry powder is real or not.
The point is that there's a lot of money
that hasn't been deployed.
And so again, I've asked this question before,
what is their incentive to really mark their book
down 50%?
They don't have an incentive.
Why would they do that?
They would rather let it decay down naturally.
I'll give you an example of this.
Or do converts that keep it alive
that basically allow them to delay?
Yeah, but even the convert market freeberg,
that was hot for about six months.
And then it just, nobody's doing that stuff either.
But I'll give you one example.
There's a very good company that we are investors in,
along with every kind of big blue chip tier one,
Muckety Muck organization.
We did the A and they stacked on afterwards.
And when we thought about what our valuation should be,
we did something, we got to a number,
which was a third of what the mark was.
And we're like, well, if we think the price is two thirds
off, we should probably just sell it now.

And we actually went and got some term sheets from some private equity firms to validate it. And what they, it was incredible. They both independently got to that same number. And so while the deal was closing, we went through at the end of quarter, we moved the mark down and we pointed to that valuation. And we said, look, this is what these two other very well-known firms have said. This is what we've said. So this is what our new valuation is. And, you know, we're trying to sell it and we ended up selling it. But every other organization didn't touch their valuation, that valuation. The private equity folks, maybe you could explain to the audience why the private equity folks are such a good backstop in terms of valuation versus say venture capitalists. Well, I think that venture capitalists, we tend to be glass half full and we are conditioned, especially if you do your job well, to be smart buyers of deep out-of-the-money options. What does that mean? It's like when you meet an entrepreneur and you give them three or four million bucks or \$500,000 or whatever at some nominal valuation, you're not trying to get your money back. You're trying to figure out whether he is a Zuck or an Elon or Larry Page. And all of a sudden you get 1,000 X on your money back, right? So we are buying these deep out-of-the-money options. Most of them don't hit, but when they do, they can just have these crazy statistical outlier outcomes. Yum yum. So we're trying to buy the future and we tend to be believers of what can go right. Private equity has refined a very powerful toolkit of putting two or three orders of magnitude of the money we put into companies to work on the premise that the glass is actually half empty and what can go wrong and how do we mitigate that risk?

And so they tend to be much more sober,
I think in my experience dealing with them
in what is the true valuation of a business?
What are the upsides of a business?
What are the warts on a business?
They really kind of see the truth,
the ground truth much better than VCs do in general.
Because they're closer to public markets
and they flip these things every two or three years.
Their margins are much thinner.
They're trying to make 1.5, 1.6 X their money.
2 X is a huge outcome for them.
Yes.
They have a much more sober version of reality.
A bunch of this tiger stuff got released and,
I mean, their funds underwater,
just like Masayoshi-san's fund is underwater
and it's gonna be years of pain and suffering
to get out from under this.
And so again, I think Sax nailed it with tail of two cities.
Anybody else wanna chime on this
before we talk a little bit about our friend of the pod,
Brian Armstrong?
I've been investing off balance sheet since 2018
and six months ago we started to explore
whether we should raise a fund.
And I think it was like two weeks ago
we brought the senior partners and me
and the five other guys that run our business
and we said we're not gonna raise a fund.
And the biggest reason is this dynamic,
which is that we have \$100 of private assets.
I don't actually know what they're really worth,
but I have a responsibility to try to get
as much of that capital out.
And so I thought the best thing to do is
just to take our time and try to figure it out
because I have way more questions and answers right now.
And that's really the first time
since I've moved to Silicon Valley
where I've had that sensation.
Is a sensation humility?
I think it's like...

I mean, I'm joking, but it is for somebody like you who has done so well placing bets. Deeply humble.

I mean, I say this as a joke, but I mean it as like a point of self-awareness for you because listen, you've placed some amazing bets, whether it's the Warriors or Facebook. Or Bitcoin or whatever, or Slack or whatever. I don't know whether I should be writing \$200 million checks or \$200,000 checks. And I don't know whether I should be doing that sort of as an incubator actually, as an accelerator. That's what I'm doing. Or actually just as a series A detached investor. So I don't know, I'm trying to take the time to figure it out. And my thought was, if I raise a fund right now, I could barely stand the idea of me putting money to work right now of my own capital without any answers. But then the idea of like having a bunch of sovereign wealth funds and folks that were ready to work with us. I don't know, I just... Just to... Not the right time. Just to tell you my fundraising story, I'm publicly raising launch fund four. I get over \$50 million in just, you know, high net worth individuals, you know, and family offices who are interested. I immediately close, I don't know, 26, 27, 28 of it. And then I'm going to go out on the road to meet with LPs and Silicon Valley bank blows up. Nobody can take a meeting that month, right? And so now, thank the Lord, I said, I'm going to have a one year window to raise the fund. And I talked to some old school VCs, Fred Wilson, Bill Gurley. These people would take a year to raise a fund. It used to be, or I'm sorry, in the height of this bubble, you tell me a sax, the quickest you closed one of the craft funds. But I was hearing people saying they're closing funds within two or three months.

I think we're back to it's a year on the road to close a fund.
What's your experience, excellence?
And you're an all-star.
So I'm curious, the shortest to the reality, yeah.
I think it's just depends on your situation, to be honest.
But I think the important thing for founders to know is just that the way that late stage financing is dried up is very real.
I'll give you like two data points just this week.
So I got my first notification from a portfolio company.
This is a company I invested in before Kraft.
It's not a Kraft investment, but my personal investments.
And they're doing a pay-to-play round.
You know what that is.
Explain what that is.
That means pain.
Yeah.
Yeah, so basically the way it works is they say they're going to raise \$20 million.
Well, by the way, they said they went out to raise growth funding.
Weren't able to get a term sheet from anybody.
And so.
No takers.
No takers.
And this is a good product.
I mean, a lot of startups use this product.
I think they're ARR's in the 20-something million, maybe 30-something million.
It's not like doubling year over year.
It's growing like let's call it 50% year over year.
This is a company that should have been able to raise money.
I don't understand why they weren't.
Maybe because they're burning too much money.
So instead of cutting costs the way they should, they're doing like a \$20 million pay-to-play round.
And what that means is that everybody is an investor in the company.
You either have to do your prorated share of the \$20 million or you get diluted 10 to 1.
If you had 10% of the company, you have to put in \$2 million, or your 10% of the company

is now 1%.

No, it would be more because you would look at, let's say, 50% of the company is owned by the investors and the other 50% is common, just to take round numbers. If you owned 10% of the company, that would actually be 20%. Of the preferring.

Yes.

Yeah, the employees are not buying shares in this. 20% of the 20 million.

So it's 4 million.

So it's 4 million.

4 million.

Yeah, exactly.

So basically, you have to pay.

4 million for all 1%.

Right, right.

So basically, it's almost like a capital call where you just have to pony up more money in order to preserve your ownership in the company.

Pianomise way.

If it makes you feel better.

Yeah, it is punitive, but yeah.

Super punitive.

I had one of those just happen to me as well.

And I was just like, we'll put in the bare minimum.

Because the thing that it puts you in, it paints you in a corner where you're like, well, I've been with this thing for eight or nine years.

Is this the moment to basically lose all of that compounding or value or work that you've put in or seen their team do?

And it's just a really tough position, right?

So look, I'm not on the board.

So I don't know what reasoning went into this.

But what they should be sending out to all the shareholders is look, here are all of our metrics.

Here's our burn.

Here's the steps we took to reduce our burn.

I don't really like the idea of having to do essentially a capital call from your existing investors when you haven't reduced your own burn.

I mean, why can't the company operate at break even if you're at 30-something million of ARR?

You should be able to operate.

You may not want to operate at break even,
but you should be able to.
But, Sax, this is what I mean.
I'll tell you after we stopped taping who it was that told me
this about their company.
But they were basically able to let go a third of their workforce
by moving a bunch of work to models.
And let me guess, the founders get to keep their shares
or they get re-upped in this whole Meshugana?
No, no, no, but wait, hold on.
Can I just finish this point?
Yeah, please, of course.
Sorry, in turn.
So the point is if you can cut OpEx by a third
by using all of these new AI models and GPTs and auto-GPTs,
what are you as a board member or shareholder supposed to do?
And also, as a founder, don't you have to go there first
before you start to ask people for more money?
And why aren't people doing that first much more aggressively?
And so this is what doesn't make any sense to me.
That's exactly my point is what steps were taken to cut costs
before you just went to the investors to pony up more money.
That's what I want to know.
If they actually did that work and this is like the last money
they need, OK, then I'll pony up my share.
And by the way, we need investors to be...
We don't know that, yeah.
No, we don't.
And we need investors to be much more aggressive
in holding folks accountable because these examples
need to be better discussed.
While if XYZ company was able to do it,
why aren't you able to do it?
And if it's because we're not technically capable,
Matt, that's maybe a plausible answer,
but even that reason will go away in a few months, I suspect.
But if it's that we just have such institutional rot,
we're incapable of doing it,
well, then you might as well just not write the check
because that company is going to get undercut
by some new white sheet version of that business
that doesn't have any of these impediments that just use...
Management has told you in a way, in a way, Chama.

[Transcript] All-In with Chamath, Jason, Sacks & Friedberg / E125: SpaceX launch, Fox News settlement, "Zombie-corn" exodus to AI, late-stage implosion

In a way, Chama and Saks, management has told you they're incapable of running this business. This concern in a thoughtful way. I had this happen to us as well. And the question I have for you, Saks, is, in these situations where this pay-to-play happens, you basically, everybody gets wiped out except those who play, but the founders and the management team always seem to get re-up and they're whole because the new investor doesn't want the management team not incentivized. So in these kinds of situations, it's kind of like the management team gets to reboot the cap table and they don't get penalized. I don't have those details yet. I remember I didn't lead around, I was just an angel investor in the company. So I checked with one of the VC firms that led around and I'm like, are you going to do this? And they said, probably not, you know? And so like the round might fail. I mean, they can make it as punitive as they want, but if the shareholders don't believe that the company has fixed its problems, they're not going to pony up the money. Let's get free bargain. Yeah, I think one of the problems that a lot of folks are facing is it becomes less about the fundamental value of a business in a lot of these conversations, as you guys know, and it's becoming a lot more about who will fund the next round if the company is still burning money. And so you're making a social market bet, not a bet on the team or the business or the value. It's that there's someone else that's going to lead the next round. And this is fundamentally why- He's called the greater fool. That's called the greater fool theory. Look, I mean, historically, we wouldn't call him a fool if it's just about progress towards profitability. But right now, there's so much trepidation.

It's almost like a self-fulfilling prophecy that there's so much trepidation in doing late-stage rounds that no one wants to be the last guy in. Because you're not sure if the next guy's going to be there to fund the last round to get to profitability. And that's why half of biotechs that are public are trading below cash. Because historically, the way biotech companies, which is a really good pointed example of this, they make progress to hit milestones. And then the next round of capital comes in, they make progress, hit milestones. Next round of capital comes in, and then eventually you get phase three approvals and you go sell the company or whatever, you get profitable. And they almost always get acquired. And in the case of other technology companies, if the business has to do three or four things, it's got three or four milestones it has to hit. In your case, sacks, it might be that they got to get to 50 million ARR and they got to get a certain cost function down in the business. And if they can do those two things and the business is profitable, but it's going to take us around a 20, we'll get the first chunk down and then another round of 30 to get the last chunk done. And no one knows if the next 30 is going to be there. And that's really where a lot of these market dynamics are falling apart, that there's historically been a model in the market of hit milestones, next round shows up, hit milestones, next round shows up. And now no one knows if the next round will show up. So no one wants to fund this round, particularly where there's high burn and it requires a lot of capital to make that bet. So the social, you know, the self-fulfilling problem, the social market bet right now is, you know, it self-fulfills and we're, you know, we're sitting here kind of spinning our thumbs, wondering if the next guy's going to fund it. Do you think that only 10 or 15% of companies

have now properly reset value?
Like you said, 70% of these unicorns
are actually zombie corns.
Yeah, that's why I think the number from,
I don't want to, I don't know, Tiger's book at all.
But when I hear numbers like 20%
for a fully invested mature book
that invested during the peak of the cycle,
it doesn't sound right that it's 20%.
It sounds like it should be a lot lower.
I think that 20%, by the way, you know,
comes after like two other smaller write-downs.
So they might be cumulatively at 30 or 40.
Yeah, so I don't want to talk about Tiger.
I don't want to talk about Tiger.
I think like, the statistic of 70% of these public companies
trading below their cash,
the cash that they've burnt that they've raised,
in their lifetime.
And again, just for anyone that's an analyst at home,
trying to figure out how we get to that number,
you look at the retained earnings on the balance sheet.
And so the cumulative retained earnings tells you
if it's negative, tells you how much money
they've burnt over their lifetime.
And that tells you effectively
how much money has been invested.
So when you look at the enterprise value,
which is the market cap minus the cash they have today,
you get their enterprise value.
If their enterprise value is less
than their cumulative retained earnings,
it means that they're currently worth less
than the money they've spent.
And that's a statistic that is a fact right now
in public markets, in technology gone public
in the last three years.
And then you compare that to private markets.
And I don't think we've seen a 70% right down yet,
or 70% of these things being worth less than the cash.
So it's still, yeah, I think you're right,
Chamath-Miz, probably another hammer to drop.
Multiple hammers.

Multiple hammers.

Before we move on to different topics.

So I think one of the interesting differences in opinion in Silicon Valley is the way that founders and VC see the nature of the relationship.

And I've been on both sides of this.

I've been on the side of being a founder,

and I've been on the side of being a VC.

And what you'll see is that

VC has always talked about it as a partnership,

but a lot of founders will talk about it

as if the money's just a commodity.

And frankly, when everything's up and to the right

and everything's going great and you're in a bull market

and you can just keep raising money,

and definitely because there's always someone

who will lead the next round, then the money is a commodity.

But when you're in a down market

and all of a sudden there is no market,

like you can't raise your next round,

all of a sudden it is a partnership

because you've got to go to your investors

and ask them to do something

that they may not otherwise want to do.

This was purely a transactional decision

as opposed to a relationship.

They might not want to fund your next round

and you're asked them to say,

no, actually believe in our long-term relationship.

And I think that, you know,

this is the type of environment

which you find out it is more of a partnership.

And it should have always been.

It should have always been.

It should have been, but it wasn't.

And look, I don't know what happened with that other company.

And all of a sudden I get a notification out of the blue.

Well, I want to understand the thinking that went into that before, you know, I'm just going to basically do this.

Well, this is where trust comes in, right?

And like, I think in a zero interest rate environment,

you know, there's no need for trust.

You just this cash splashing around,

just grab whoever the latest person in town is
who wants to drop a couple of bags.
You just take one of their bags and move on.
Yeah, the most important thing to me,
like what would make it a partnership is for me to know
that the founders have done everything in their power
to reduce costs and put the company on the right trajectory
before going out and basically issuing capital calls
to the investors.
I want to know they've done that work.
All right, listen, Freeberg, I know you got to go.
Take care, Sultan of Science.
I'll just wrap up with the other boys here
with one piece of breaking news.
Stack Overflow says they will join the parade
of data providers like Reddit and Twitter
that will require permission and payment
to use their data sets and Stack Overflow
has a lot of answers to a lot of developer's questions
in there.
I was just curious to get your thoughts.
SEC obviously sent to Wells,
known as we talked about this before,
to Brian Armstrong of Coinbase.
He said he's thinking about or considering relocating
out of the US if the regulatory clarity does not improve.
Crypto's dead in America.
It is dead in America.
Crypto's dead in America.
I mean, now you had Gensler,
you had Gensler even blaming the banking crisis on crypto.
So they've, the United States authorities
have firmly pointed their guns at crypto.
Is it scapegoat or was it a fuck around,
find out moment for crypto in your mind
or a little bit of both?
I don't know.
I just think that they were probably the ones
that were the most threatening to the establishment.
Okay.
And they were the ones that in fairness to the regulators
did push the boundaries more than any other sector
of the startup economy.

And yeah, so now they're paying the price for that.
The bill has come due for them.
Sacks, is it a fuck around, find out moment?
Is it protecting the American dollar somewhere in between
or incompetence on regulators part?
The more I think about it,
the more I think it's probably not a coincidence
that you're seeing all these concerns about
de-dollarization at the same time
and they're cracking down on crypto.
So look, there were a bunch of crypto companies
that might have done shady things,
but I think we all agree that Coinbase was not one of them.
Coinbase was the gold standard
in terms of doing everything right.
And they've just asked over and over again
for a regulatory framework.
They're just like, tell us how to operate and we'll do it.
So I think Jamaat is right
that they're effectively banning crypto in the United States.
They're gonna drive all these companies overseas,
which is terrible for American innovation.
I don't know exactly where blockchain and crypto
are gonna go from here,
but I think that we should find that out in America.
We don't want that innovation going offshore.
You bring up a really good point too.
It's just like Coinbase played by the rules,
stood in line, tried to do the right things.
It seems that every step along the way, right?
Everything from board composition
to executive composition to how they tried to interact
with the regulators,
they were probably the furthest away from getting a license.
The one that came the closest
was the one that was the most fraudulent, which is FTX.
Yeah, it was fascinating.
How is that even possible?
Because he had skills in gaming the system.
Yeah, he's splashing cashy, splashing cashy.
Well, he ponyed up large amounts of money
because it wasn't his money.
So it was easy for him to make huge donations,

but he knew how to play the game.
To quote SPF, he said,
this is the dumb game we woke Westerners play.
We say the right shibboleth, so everyone likes us.
That's the game he was playing,
which is my whole concern about
if we jump the gun on regulating AI too quickly,
it'll turn into another woke game
that everyone's gonna play.
So here's how the world works.
Regulate yourself, behave yourself,
act in the interest of consumers,
or get regulated or smashed.
And I think we've gone over this.
We talked about it in fact last week,
whether the movie industry, crypto, AI,
can regulate yourself, behave properly,
don't push the boundaries too far,
you can bend the rules, but you don't wanna break them.
I think the regulate yourself, you use the MPAA,
I don't think that's the right example.
I think if you're gonna regulate yourself,
look at the tobacco industry.
They tried to regulate themselves,
but what they did was just lie to maximize profit
in an area that was much less benign
than movies and content.
Maybe you could have some lascivious content
in a movie or a video game or an album,
but that was a lot less harmful than smoking,
which not just impacted the smoker,
but it turned out the secondhand smoker as well,
or the secondhand smoke.
So it touched everybody, right?
You could be in a restaurant, not smoke, and yet-
Have years of your life taken.
So I think that the self-regulation
for areas that impact everybody,
independent of whether you participate
in the system or not,
is where you have to look for good examples, Jason.
And I'm not sure there are many good examples
of separate, those kinds of systems.

I mean, I like your workshopping here.
I mean, some restaurants would have a smoking section
and a non-smoking section before there was regulation, right?
And I think if crypto had just thought,
had been more thoughtful about,
hey, which tokens, NFT projects,
we're gonna support, which ones we're not going to,
that maybe they would have avoided a little bit of this,
I'm not sure.
You know, it's hindsight's 20-20 here,
but a little more regulation.
I don't think those smoking non-smoking sections
worked too well.
The smoke went all over the place.
Exactly.
Do you remember coming out of a bar
and you woke up the next day
and your clothes smelled like smoke?
No, no, you'd have to take a shower
when you went to a bar or a restaurant or a club.
You would have to come home, take a shower
because your hair and your clothes,
the smell of smoke, you couldn't sleep in a bed,
then your bed had to, you had to change your sheets.
Disgusting.
Remember when you went on a commercial flight?
Then a smoking section and non-smoking section.
It's a tube, it's a tube,
the smoke gets all over the place.
No.
You know you're on the wrong airline
when they have the welded shut ashtrays.
They used to have an ashtray in every seat.
In the armrest, was this a cigarette?
By the way, a friend of mine,
this is like such a throwback, but a friend of mine,
well-known guy that, you know,
I'll say the name, you can bleep it out.
Bleep, bleep, bleep, bleep, bleep, bleep, bleep.
Nick, please bleep that out, please.
Very important, we don't want to.
He's a notorious smoker and so I've flown with him.
That's the worst.

[Transcript] All-In with Chamath, Jason, Sacks & Friedberg / E125: SpaceX launch, Fox News settlement, "Zombie-corn" exodus to AI, late-stage implosion

And we get in there on his plane
and then he shuts the door and I'm like,
smells a little odd in here, smells a little clovey.
And I was like, he's done this for me.
And I'm like, seven hours, I'm gonna have to be in this.
What are the pilots, the pilots get out?
Do the pilots get hazard pay?
I mean, how do you compensate them?
I mean, this is not a turbo prop he's on,
he can't crack the window.
No, it was a global, it's huge global, it was,
it was brutal.
At least it has three cabins,
you could go to the back cabin.
It felt so sick.
It's the worst.
It is the worst.
Absolutely the worst.
Smoking is the worst.
All right, well, we didn't,
so long to the Sultan of Silence as a science rather there.
Polling update here, Sax, I don't mean to poke the bear.
I know it was a rough week with the Fox News News.
Bring it up, bring it up.
No, go for it.
Quick polling update between putting Ron,
I'm sorry, DeSantis and Trump.
Not gonna happen, DeSantis is not happening.
He in late March, news of Trump's indictment
boosted him over DeSantis by 26 percentage points
among Republicans and Republican and Independents.
But earlier this week,
the same polls showed that Trump's lead shrunk by 10 points
in the last two weeks to just a 16 point advantage,
which is still significant.
But there's more University of New Hampshire
survey center poll.
I don't know if any of these polls are reasonable or not.
Some of it's like call people on the phone.
I don't know who's got a landline.
At least Wednesday showed a 20 point DeSantis deficit.
What's going on here, Sax?
Did your boy peak too early?

No, I don't think so.

If you look at the Republican primary field, DeSantis is the only person who's got a shot other than Trump.

You look at Nikki Haley, she's polling in the 3, 4, 5% range.

All the others are at one or 2%.

There's not a candidate other than DeSantis that has over 5%.

In my view, this is a Trump DeSantis race.

Now, what you saw is that when Alvin Bragg pressed charges and indicted Trump, it created a lot of sympathy for Trump among Republicans. Effectively, what happened is Republicans registered their displeasure with Alvin Bragg by indicating support for Trump.

Let's go.

And that's what you'd expect to happen.

And a lot of people speculated that might be the purpose of Bragg's prosecution is to make Trump the candidate.

So we knew that was happening.

But I think this new poll that you just mentioned is really interesting because it shows that that sugar high of Trump's poll ratings was a temporary bounce and it's coming down somewhat.

And so what you saw actually is that this huge poll bounce that Trump got is somewhat normalizing.

Now, there's no question that DeSantis is running behind Trump and he's got his work cut out for him if he's going to upset Trump as the nominee.

But this thing is just getting started.

I mean, DeSantis isn't even formally announced yet.

And remember, we're still very, very early in this race.

The primary battle that this most reminds me of would be Obama versus Hillary in 2007.

And at this time in 2007, Hillary had a huge advantage over Obama.

She was considered the favorite.

She was considered the one who couldn't lose.

And it was Obama that pulled off a huge upset.

And he did it by fundraising her, out hustling her, especially in building organization in some of those early primary states.

And then he eventually created a narrative

that it was time to turn the page.

But he didn't do that until much later in the year,
much closer to the primary.

The first Republican primary was not till February.

So there's plenty of time here.

And I, you know, we'll see what happens.

Jonathan, you thoughts?

I think Nikki Haley is going to win the Republican nomination.

The more people, here's the thing.

The number of people that have told me,
the most impressive moment with DeSantis
was before they met him.

The second most impressive moment was their first meeting.

And then it just falls off a cliff

where he becomes more and more unimpressive
the more and more time you spend with this guy.

Hey, Nikki Haley, come on the pond.

Nikki Haley is the opposite.

Nikki Haley announced that in all of Q1,
she raised \$5 million, extremely unimpressive.

You're probably 20% of that, Chamath.

Hey, Nikki Haley, come on the pod.

We'll double it.

How much of Nikki Haley's \$5 million was you?

Zero, I can say definitively.

You said Q1?

Zero.

Yeah, Q1, okay.

There we go.

Zero.

Well, let me ask a question here.

Because I'm not informed on it,
but you are a master strategist here.

1600 rated chess player, Sax.

That's not that good.

Well, I mean, it's double 800 where I'm at.

You're killing me in 27 moves on average.

DeSantis is fighting with Disney over and over again.

He's getting a little involved in the LGBTQ, everything.

And he just seems to be getting involved in the culture wars.

Is that like a primary strategy?

And then he moves to the center
when he comes to the general?

And do you agree with this general fighting with Disney and the culture war stuff?
I'm just talking strategically,
not your personal opinion on these issues.
I know that you're a very tolerant person.
Yeah, so I think this is an issue that works for him,
certainly in the Republican primary,
but I also think it's gonna work for him in the general.
And you have to remember that this bill
that they're fighting over was a parental rights bill
that basically it gave parents the right to know
what their kids were being taught in schools.
And it basically prohibited the teaching
of this sort of gender ideology in schools.
And I think most parents are on board with that.
Now, he didn't go looking to pick a fight with Disney.
Disney then got involved and took the side
that calling this a don't say gay bill,
which I think this factually is not true.
The bill doesn't mention, you know,
gay or homosexuality or anything like that.
It was really about this trans issue.
And Disney got involved and this was Bob Chapeck
and Bob Chapeck lost his job and Iger came in
and Iger has said that he had basically lectured
the Disney employees saying that we need to stay out
of politics and we need to respect our audience's views.
So I think that it was Disney who kind of interfered.
I think this is overall played to distance his benefit.
And look, the problem for Disney,
they may win the battle over this or that tax benefit
that they're fighting over,
but they've lost the war over this issue
because parents used to be able to trust
that they could just plop their kid down
in front of a Disney movie or a Disney show
like Disney was like the babysitter.
And they just 100% absolutely trusted all Disney content.
And if you look at polling now, Disney's brand,
it used to have like a NPS of like in the fifties
is now in the single digits because let's call it
half the country's parents, the more Republican ones
don't fully trust Disney's content and programming anymore.

Really?

I trust Disney implicitly.

What could they ever do that's objectionable?

I've never seen anything objectionable.

A lot of parents are questioning what content

Disney might be putting in their recent programming.

Obviously we're not talking about the stuff
that we grew up on.

So look, whether you believe that is a problem or not,

what I'm saying is this has been a brand disaster

for Disney getting involved with DeSantis this way.

They should really, I think, just try to patch this thing up.

I don't understand the benefit for Disney.

It's a bad look for both.

It's a bad look for both people, yeah.

Well, I think I understand the benefit for DeSantis.

I don't understand the benefit for Disney.

If I were them, I'd be trying to patch this up.

I think there is a really valid discussion to be had

about representation in movies and all that stuff.

And I'm very pro that.

The thing I think all parents agree is we should just
at least know what's being taught to our kids

and we can have a thoughtful discussion about it.

There seems to be some small group of people that thinks
we should hide from parents what they're actually getting,
what's being taught.

And I find that's very strange.

I think just a little bit of like transparency
and what's being taught in schools is an obvious thing
that nobody should be disagreeing on it.

To Texas point, I think it was Pew
that put out a study recently.

It is the most polarizing issue amongst Americans
where Democrats and Republicans are literally
on opposite sides of the spectrum.

That's going to be a big issue on the whole trans issue.

Now, despite the polarization, in terms of the quantity
of the number of people, it's actually an important issue
for a small percentage of both sides.

So it's a highly complicated political dynamic in America.

Yeah, very.

So this is where DeSantis clearly has taken the approach

that not only is this important to the base to win the nomination, but it's going to scale into the general, and it could very well be, but it's a very divisive issue.

Yeah, I wish people were given a little bit more consideration and maybe they could have...

I feel like maybe we're covering this issue too much. I've heard some other folks in the community say like maybe people could be given a little bit of their privacy and like to handle these things. I think you're right, Jay Cal in this sense. I think this issue has become a lightning rod. And whenever you have a lightning rod issue, the amount of attention paid to it, it seems disproportionate to the attention on that issue. However, I would say that this is a lightning rod for a larger issue, which is the quality of education in this country, which I think is shockingly bad. And it's bad because of the decline of standards. They're getting rid of advanced math, they're getting rid of grades, test taking. Union choice, competition. And the schools are run by these unions who are managing it for their own benefit. Now for the benefit of the students. And look, there is a significant ideological component that's crept into these schools as well. So look, I think that overall, I think that when you get into the general, you have to up level the issue and talk about it in broader terms that every kid in our country deserves a high quality, non ideological education. I think if you can do that, you will get 70, 80% of the public on your side on this issue. Yeah, I feel like, yeah. I think that's right. Yeah, I think we can all agree on that Democrats, Republicans, everybody in between. If you're a parent, you're not looking for an ideological battle at school. You're looking for math, science, technology, history,

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creativity, there's a whole bunch of other things
that we should be really focused on.
All right, listen, this has been another
amazing episode of the All In Podcast.
To people going to the episode 125 Meetups,
you can type in All In Meetups.
Our team over there, we have super fans
are doing it in over 50 cities.
The day this comes out, so you may miss it,
but you can sign up for the next one.
I'll be phoning in and zooming it to them.
So for the fans, you crazy lunatics getting together.
Have a great time.
Have a great time and tweet it
and at mention us on Twitter.
For the Sultan of Science, the Rain Man, the dictator.
I am the world's greatest moderator.
We'll see you next time.
Bye-bye.
Bye-bye.
We'll let your winners ride.
Rain Man, David Sack.
And it said we open source it to the fans
and they've just gone crazy with it.
Love you, S.I.S.
Queen of Kinawans.
I'm going all in.
Besties are gone.
I'm going 30.
This is my dog taking it.
I don't want to see your driveway.
Sit back, sit back.
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 sexual tension
that they just need to release somehow.
Let your feet be.
Let your feet be.
What?
What?
We need to get merchies our back.

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I'm going all in.

I'm going all in.