

[Transcript] All-In with Chamath, Jason, Sacks & Friedberg / E130: DeSantis's Twitter Spaces, debt ceiling, Nvidia rips, state of VC, startup failure & more

Look at John Quincy Adams here.
Yeah. Hey, hey, Quincy. How you doing?
That hair. Look at that hair.
John Quincy Adams needed a wake to achieve this look.
He did. He did.
I did it all natural.
I mean, it's a lot. It's a look.
You're like some movie star from the 1970s who's still working.
Do me a favor, pull up a picture of Graydon Carter for a second
and then put that side by side with Sacks.
Let's see. Just say I zoom in on that.
Sacks, this is where you're headed by the way.
You're headed to Crazy Town.
This is where you're headed.
You can just poof it out on the sides
and you get a little woof swoop on the top.
Crazy Town.
This is where you're headed.
Eccentric Sacks.
Pull up a picture of Steve Bannon's hair.
He's a wise statesman.
I think this is what happens when you get too close to power.
You get more eccentric with your hair.
So like too much power equals crazy hair.
Now look, this is my theory.
Graydon Carter, too much power vanity fare.
He went hair crazy.
Now you look at Bannon.
You get me a Bannon photo here.
You start to see they go longer.
They go wafty.
They just they get volume.
And they're just like, fuck it.
I'm just I'm not going to cut it.
I'm going to let it go wild.
And of course, the the old day, I mean,
he's the penultimate, but you look at Trump's hair.
This is where it gets truly crazy.
This is where you're headed, Sacks.
You keep getting this close to power.
This is where your hair is headed.
I'm so glad this podcast never broke up
because where would we get this amazing insight from Jay Cal?

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If not for keeping this all together,
this makes it all worth it.
It's very true.
It is true.
You get like eccentric and you get crazy hair.
This is men get too close to power
and the hair gets wild.
Unchecked power, unchecked hair.
We had a good meeting last night.
We had an all-in-summit meeting.
I said, freeber, give me a call.
Let's catch up on this stuff.
He's like, oh, I'm in the bath right now with my candles.
And I'm like, yeah, OK, whatever.
That's cool.
He's like, no, no.
And he presses the video button.
And then I'm exposed.
I kid you not to the most bubbles
I've ever seen in a bubble bath.
I like bubbles.
And he is peeking his head out from over the bubbles.
And he's like, look.
Which head?
Exactly.
And then he flips.
He flips the camera around.
And I got his toes pointing out.
And I kid you not, there's six candles around the bathtub.
I'm like, this is like the Prince of Panic attacks.
He had to come down for his phone call with me.
So now when he has a phone call with me, it's so intense.
And everything's getting so intense with the summit
that he has to do self-care.
Yeah.
I have to be emotionally ready.
He's self-caring.
Your wife wasn't anywhere to be found,
this is just you in the bathtub with the candles.
I take a bath every night.
Who are you romancing?
Yourself or what?
I think he was romancing the spreadsheet

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with the profit life of the all-in-submit.
I have about 18 minutes of self-care every day.
18 seconds, man.
All right.
Let's get the show started in three, two.
Rain man David Sack.
Hey, everybody.
Welcome to episode 130, maybe, of the all-in-podcast.
We're still here cooking with oil.
With me, of course, the dictator himself,
Chamath Pallihapatiya.
Prince of Panic attacks Sultan of Science,
the Queen of Kedwa, David Friedberg,
and the power broker himself, the emperor, David Sacks,
the emperor of his new republic.
Anybody have any interest in anything going on?
Interesting this week?
Any interesting moments for people on the national stage?
No?
Okay.
Well, let's get right back to the docket.
First, we're on the docket.
Ron DeSantis, Governor Ron DeSantis,
announced his bid on the internet
on something called Twitter Spaces.
And it looks like almost 10 million viewers
have seen it so far across all the different spaces.
And Donald Trump wasn't too pleased.
He said, Rob, my big red button is bigger, better, stronger,
and it's working, truth.
Because when Elon fired up the Twitter Spaces,
it went to 650,000 viewers in under five minutes
and then blew up everybody's phones.
My phone was melting.
I could have cooked an egg on the back of it,
the Twitter app crashed so many times.
But then Sacks, with his meager following
of a half million people or something,
then restarted the stream.
And so 15 minutes of technical snafus were relieved.
And then there was an announcement.
And I'll let you take it from there, Sacks.
You're going to take you behind the scenes?

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Take us behind the scenes.

Take us behind the scenes.

How did it come together, Sacks?

Oh, yeah, even better.

Yeah, the way it came together is I think the DeSantis team were interested in potentially, you know, doing something different for their announcement.

He also did an appearance on Fox News afterwards.

And I think he did a town hall.

But I think they saw an opportunity to break new ground here in terms of presidential announcements by doing it on Twitter Spaces.

And so the DeSantis campaign connected with Twitter.

And Elon and I agreed to kind of co-host the space with him.

And he did his announcement.

Now, you're right.

We had about 15 minutes of technical difficulties because the interest was so intense.

At the time the room crashed, it had over 700,000 people in it.

And it crashed because so many people were trying to get in it.

I think there was well over a million people trying to get in it.

So you normally don't have this kind of interest.

I think this is by far the biggest Twitter space.

The engineers there told me that the previous order of magnitude was more like 100,000, not a million.

And then you combine that with the fact that Elon's account has over 100 million followers.

And that basically led to a new level of scale.

And you guys understand that when you get to a new level of scale as a platform, there's always going to be some challenges.

So in any event, the engineers were there trying to figure out how do we solve this?

And we realized the simplest thing to do would just be to restart the room on my account instead of Elon's.

And then Elon joins a co-host and we brought DeSantis in.

And it all worked perfectly at that point.

The audio was pressed.

We had over 300,000 people in the room.

There was also another room that had been set up by Mario Noel, who's like a big Twitter spaces host.

And he had hundreds of thousands of people in there.

And then he had live commentary from people he invited.

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And so this ability to fork Twitter spaces into many different rooms and each room gets to decide who they want to be their host and their speakers allows you to do live commentary in a way that you could never have done before.

So it was really innovative, I think.

Super innovative.

And for people who don't know, Twitter spaces was really a rush job at Twitter.

They did that in reaction to Clubhouse.

It's just it's still basically a beta product that predates Elon being there.

And it doesn't have yet the infrastructure or scale of the code base.

I don't think like YouTube and Twitch do,

which have been working on this problem for, I don't know, 15 years.

Maybe the live products.

I have two observations.

Yeah, go ahead.

The first is I thought DeSantis did a really good job just rolling with the punches.

Okay.

Because I think whether he wins, you're not going to look back on this moment as the defining moment of the campaign, nor whether he loses.

Well, you say that this was where it was at all the beginning of the end.

Instead, what this was was a really seminal moment.

I think in further divorcing ourselves away from the mainstream media.

And you know that it was that important because Biden tried to troll the whole thing.

Nick, you can show this link.

This link works.

And I actually think this is a really terrible idea by the Biden team because it basically acknowledges how important the moment was.

And the fact that even the president of the United States was grinding the link and couldn't get in because there was so much interest is really important.

And I think what it speaks to is the fact that we are now showing credibly that you don't need to listen to four channels to shape your consciousness.

And you can just go straight to the source.

And what Sack said is right.

If you now have a moderated forum that then gets put out to 50 or 60 different Twitter spaces all at the same time, framing and reframing, it gives people a chance to come to their own conclusion in a totally unique way.

So I think it was really, really an important moment for citizen journalism and podcasting and audio formats and all of the things that I think we've been a small part of.

But I think that it's really must have tilted the mainstream media and it tilted the establishment.

And you can see that in Biden's tweet.

Yeah, going direct.

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Yeah.

So that was the first thing.

Second thing, I think DeSantis did a really decent job enrolling with the whole thing and being super cool and just being committed to the process.

And I think that says a lot about him as well, which was, again, it's a question mark.

And I've said this before, the big money guys got close and then took a step back.

So this could be a very good moment for them to reevaluate because I thought he did a very good job.

So I agree.

So I was there.

I was live.

I was seeing what was happening behind the scenes.

When DeSantis came on after we had 15 minutes of technical difficulties, there wasn't a hint of anger.

There wasn't a trace of irritation.

There wasn't any freaking out that we were potentially ruining his presidential announcement.

The guy was completely calm.

And more than that, he was in good spirits.

I mean, if you listen to the recording, you know, he's happy.

His tone was great.

His tone was really good.

I mean, and then, of course, it was very substantive.

He spoke in a very articulate way about all the issues.

When Congressman Thomas Massey came on to make a comment or question, he was telling a kind of amusing anecdote about when they were in Congress together.

And Massey was one of the only members of Congress who had a Tesla, but he comes from Kentucky.

So I think his license plate said Kentucky Cole on it, KY Cole.

So anyway, you know, the guy was in good spirits.

And so I think it does say a lot about what he would be like as a president, cool under fire, doesn't get thrown off his game, you know, again, not an angry guy, you know, which I think will be a real contrast with, let's say, some of the other people in the race.

You know, Trump was sort of angrily truthing during the whole thing, you know.

So I think it was a pretty strong contrast.

Truthing the act of posting to truth social.

Exactly.

So the contrast between the personalities could not have been stronger.

Now, to the other point, the chumoth about the traditional media, you're right about what they were saying.

If you look at that, the headlines this morning from traditional media outlets that really started within minutes of the technical difficulties.

The New York Times called the announcement a fiasco.

NBC News called it a meltdown.

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Politico called it horrendous.

And, you know, why?

I mean, if you-

You know what I call that?

Winning.

I mean, if they're losing their cool, that's clearly they feel threatened by the fact that a major presidential candidate chose to go direct.

Or even the Wall Street Journal.

The Wall Street Journal headline is DeSantis looks to rebound after botched Twitter announcement.

But again, what they failed to acknowledge is, and I'm not a DeSantis supporter per se,

I'm open-minded to him, but I haven't decided one way or the other.

But this is a guy that managed to get millions of people in a nanosecond to be activated to hear what he had to say.

That is different than basically giving talking points and having surrogates blather through Fox or CNBC or CNN to hundreds of thousands of people.

This is a really important moment, I think, what happened.

Okay.

We got all the positive.

Just to finish that point.

So if this was a political rally, a traditional political rally that started 20 minutes late, would anybody have said that was a disaster?

That happens all the time.

No.

It was the crashing that made people be like, oh, my phone crashed, you know.

I was using the app.

I got crashed out of the app, but my phone did not crash.

So-

No, no, yeah.

That's what I'm saying.

The app crashed a couple of times because-

The app crashed.

Your phone did not crash.

Yeah.

But any event, look, this was at the end of the day, this was an event that started 20 minutes late.

Once we started on my Twitter account in my Twitter space, it worked perfectly.

There was no problem.

And that's the recording that you can go on Twitter now and listen to.

We had about 300,000 people contemporaneously in my Twitter space.

I think Mario had a couple of hundred thousand.

But if you look at the numbers today, there's already 10 million views for this thing.

By the way, that's exactly what I predicted.

Three to 10 million on the replay.

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And that's what you have to look at is replay because the world has moved to asynchronous. This was three o'clock in the afternoon in Silicon Valley and six o'clock.

Sorry, when was it?

In the afternoon?

In the afternoon.

So you have a hysterical overreaction by the traditional media because they simply don't like, A, that Elon is disremediating them by letting the politicians go direct.

And then, B, he's restored the platform to be a free speech platform.

So they jumped on this the first second they could to try and portray it as a disaster.

But there was an article in Politico this morning and they were asking voters in Iowa what they think about it.

And they're like, huh, what?

It's not yet.

It's an elite thing.

That's not.

Yeah, it's not even on the radar.

Freeberg, we heard all the positive here.

Any constructive feedback on it or thoughts on it generally?

No, look, I mean, I would love to see all the political candidates engage in long form discussion like this so that an audience can really get a sense of who they are and what they think in a direct way and an uninterrupted way.

And in a deeper way, sort of like the conversation we all had with RFK last week and Sac State with DeSantis yesterday.

And I would love for the voters who engage in that content to better understand the candidates rather than tee off of short talking points and short ads.

I think one of the saddest commentaries on modern democracy is that you can spend a dollar to buy a vote, that all of these campaigns functionally try and raise capital to go and do advertising, and that the advertising creates these little 30-second sound bites that actually change people's opinions.

And it's a really sad, otherwise they wouldn't spend the money.

And I think it's a really sad state of affairs that we spend money to change people's opinions by shortening everything to a sound bite.

Instead of doing what maybe would have happened a long time ago, we often talk about the town square.

If you lived in a village with 60 people and someone was going to run for the mayor of that village, you'd all go to the town square, you'd hear that person have a debate, have a discussion, you'd talk with them.

And that dialogue would inform your decision about who you're going to vote for.

But with 300 million people in this country and short attention spans and jumping around from one thing to another, there aren't a lot of great forums for any of us to really engage with candidates, particularly on the national level, and make a better informed decision hearing from that person directly.

Instead, everything is about driving narrative and chopping things up and getting the sound bite

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and driving the emotional reaction.

And I think one of the greatest things that's happening right now that could be a great benefit for this modern democracy is the sort of stuff that we've been doing on our podcast and RFK coming on board like last week and what SACs did with Twitter.

And I really hope that more politicians do that and that more people engage and consume that sort of content to make their decision and ignore the idiotic sound bites and the stupid 30-second ads and the nonsense that third parties use to try and drive narrative.

So, yeah, look, I mean, I think that's generally the positive trend that I took away from it.

Jake, Kyle, what do you think?

I have some notes for SACs.

I'm always careful not to be too critical in the moment because people will weaponize them and say, oh, Jason said this because it's Elon and he's team Elon or he's friends with SACs.

But I think everything's said so far.

This tweaked the media, a great start.

And the thing that I think was there were probably one or two misses here that I think you can build on SACs since you were very involved in the campaign with DeSantis.

I think it wasn't the free-for-all that Elon had said it would have been, right?

So, he pitched it as like, hey, this is going to be uncensored and everybody's going to get to ask hard questions. And that didn't happen. And I think that is in stark contrast to what Trump did because I was doing the media analysis of this. And so, I think the follow-up needs to be where he actually takes questions, not from fans, not from people who are already voting for him, but really a little bit more of the cantankerous people, the people who maybe are voting for Trump, the people who are maybe in the Biden camp. And that's what was the masterstroke of Trump's

CNN Town Hall. He went into the Lions then, or what most people perceive was going to be the Lions then, and he took on all comers. He fought hard. And that one was, I think, a bigger win.

I don't think DeSantis-

But that was not a presidential announcement. So, just to be clear-

No, of course, yes.

This was a launch event declaring that he's running.

So, in that context-

Yeah. So, you want to compare it to what these things usually are, which is a guy standing at a podium in front of his supporters. Compared to that, this was much more interesting, dynamic, and engaging. I agree with you that at some point, he's going to step into the Lions then, do a town hall on a place like CNN. And I think he probably will. In fact, I think he-

Yeah, I think he did a town hall.

Or here.

I think he actually did a town hall in Florida later that night.

So, yeah, I agree with you. It just wasn't that kind of event. Now, to the point about involving more people, you know, one of the things I learned hosting this thing is there are literally thousands of people raising their hands.

Yes, you can't sort them.

I was scrolling through this in real time in the app. I wanted to call them more people,

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but it was just, there was no way to do it.

This is something at scale they need to add to the interface, which is maybe pre-populating a list, sorting it by the number of followers, whatever. And this is my second point about this. So, I agree with you. As an announcement, this was Lightspeed ahead as like a full court you know, like sharp elbow thing. It didn't hit that note, but it can. And that's what I think the follow-up, you know, having, if DeSantis wants to come here and have like a two-hour discussion, we kind of get into it a little more. That would be, I think, really good for him. Because I think he's got the potential to win over moderates. And I don't think this one over moderates didn't win over anybody who was in, you know, the left or, you know, moderate left. And that was one of the things I noticed is my second point about it is what a great group of listeners, if you look at who showed up to listen, Bill Ackman, Michael Dell, because you only see, you know, you source by your followers, so.

But I think it sorts it by the number of followers they have.

It sorts by your followers who then have the most followers. So, you're going to see, it's a bit of an echo chamber that way. Just that feature.

Okay, sure. But there were still very prominent people in the room.

Yeah, because prominent people follow you.

Okay, but they weren't coming to follow me. They were coming to listen to this.

My point is still the same. Michael Dell, Bill Ackman were coming.

But that's why you saw them because they're your followers.

We all understand that. They still showed up for this in the middle of the day.

I think that is really interesting. And that.

Yeah, yeah, yeah. That's true.

Yeah, that's all my point is. It's really interesting that powerful people showed up for it.

Full stop.

Sax, I have a question for you. Sorry, Jason, whatever you're doing.

Oh, yeah. And then I just had a couple of other ones.

Elon was a bit underutilized in this format. And that's, you know, a challenge when you have Elon in the room because people want to ask Elon questions.

So this is something I think he's going to have to contend with.

People wanted to hear Elon ask questions.

Then the people who were asking the questions wanted to ask Elon questions.

So you do get like a little bit of how to utilize Elon in this format.

I heard a lot of fact channel from important people like,

I wanted to hear Elon ask a question or maybe the two of them get into it.

So for a follow up one, getting some people who maybe don't traditionally get to ask questions because let's face it, in traditional media, the only people who get to ask questions are these anchors on news channels. I want to hear Michael Dowell or Bill Ackman ask a question. That's the opportunity in Twitter Spaces. Maybe letting Elon ask a tough question, then a follow up or, you know, like we did here with RFK.

I would have been totally open to that. I just couldn't manage it.

There was just so many people in the room. I didn't see Ackman actually.

I mean, I totally believe he was there, but I didn't see it.

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The only criticism people had of you, Sax, is you're a major donor and you stack the deck was the most cynical version of it with like five people who were just super effusive, but this is his launch party. So I think in that context, you can extend it.

Yeah, but look, I would have called on Bill Ackman if I'd known he wanted to speak, but I couldn't see whether he raised his hand or not. I didn't see him in the room.

So what would I would just do? Call on Bill Ackman and he's like, uh, guys, I don't want to talk. I don't want to put him in that spot.

Can we get him on this pod so we can grill him about abortion and fiscal policy?

Who? Bill Ackman?

I don't know. Look, I don't speak for the campaign, but I can put in the request.

You put 150 dimes and get him on here.

Hold on. Can you, can you tell us the actual TikTok of how this whole thing came to be?

The campaign within the last week or two had the idea of should we explore doing it on Twitter Spaces? And I think they were open to doing it. And

Sax didn't know about it. When I put it in our group chat, Sax was like, he is.

Yeah, you found out about it. I was being facetious. I was being facetious.

Oh, okay. He was joking.

I thought you didn't. Good. No, sometimes Elon will just tweet something without telling anybody.

I did just go directly. No, I mean, I help.

Look, the DeSantis people reached out to Elon and Twitter. They also reached out to me about it, and we discussed it. And they were excited to break new ground to do something different.

And I think they deserve credit for that.

Can I ask a follow-up question? Just on the DeSantis thing himself, because you've seen him up close, do you know why Schwartzman Griffin, Petter Fry, stepped in, took a half step back?

And do you know what it's going to take for them to just lean in and just make this effect to complete so that he's really well financed to beat Trump?

I don't know what their issues are, but I did see, I don't know this,

what's the name, Petter Fry or whatever. Yeah.

Yeah, I don't know him, but I did see a press article and he was referencing

book bannings. So that to me just showed that he was buying into some, you know, crazy left-wing press narratives. I think that was the best part of the discussion.

I asked this answer about that. So by the way, for people who think that...

By the way, that was the one thing that was new news for a lot of people was the book banning.

Can you explain the issue and the spin and the clarification on book banning in Florida?

It's very simple. They haven't banned any books in Florida, but the question is what books are taught in the curriculum and what's in the school library. And some of these books were positively pornographic. I mean, they had so on... To Santis had an event where somebody was actually

reading what was in these books. And the mere reading of what was in the books actually got labeled

on social media by the algorithms. So there was a lot of stuff that's just not appropriate for kids. No one is restricting your ability to buy or read whatever books you want in the state of Florida. It's ridiculous. There's a legitimate question about what's in the curriculum. By the

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way, I remember when we had debates on campus about this is back a long time ago, like the late 80s, early 90s, when they were throwing dead white males out of the curriculum, you know, Plato, Aristotle, Shakespeare, people like that. The people on the right who were opposing that never made the argument that this was censorship. Everybody understands that when you're dealing with a curriculum, you have to make choices. You can't teach everything. So the question is, what are you going to limit it to? And I think that when people actually dug into some of these books, they realized that they're not appropriate. So in any event, his answer was along those lines that, you know, you should go listen to it for yourself. But I think that he did address that issue. I think he's kind of exposed it as a, you know, left-wing media narrative. And I think he deconstructed it. And I think that was helpful because I think there are a lot of centrists who all they've heard about DeSantis is that he's banning books or, you know, or the Disney issue, which we also asked him about. And we covered that, I think. So yeah, we talked about some of these controversies. The issue here, just to summarize it is, the left is framing the banning, quote unquote, but just the not inclusion of certain books, which are graphic that have sex in them from certain age groups in schools as part of a curriculum. So they're saying these books are banned in Florida. The more accurate way to say it is, these books are not being used in curriculum, you know, for these age groups. Parents, if they want to buy them, can buy them and then can read them. So this is where this conversation is kind of breaking down. And I think it's a complete waste of time. All parents want control over at what age or what stuff their kids are exposed to. And so there is a thoughtful discussion to be had there. And maybe the discussion is, this is something parents should decide, right? Yeah, of course. But it's not even a conversation. It's a hoax. It's a fake media narrative. They're trying to pin on him. And DeSantis has been the subject and victim of these types of fake media narratives, which are deliberate. The media is not trying to have a conversation. They're trying to disqualify the guy. And they did this. This goes all the way back to COVID when he opposed lockdowns and kept schools open. And they called him Death Santis. So the media has had it in and for this guy since the beginning, because he refuses to go along with their narratives on things. This is the same reason that Elon is defying their narrative control. So you put these two guys together. Okay. Hold on. Even before the technical difficulties, let's be clear. The media's heads were exploding. That DeSantis and Elon were going to be in the room together. Look at the Vanity Fair article. The headline was DeSantis announcing with Elon because David Duke wasn't available. Okay. The Atlantic was saying that this whole Twitter space was a hate group. I mean, literally. So these people were losing their minds before we even got into the technical difficulties. And then they pounced on that, that there was a 20 minute delay. They pounced on that as some sort of fiasco, which it wasn't. Will DeSantis cut spending and cut our taxes? We cut spending. We didn't get into that. Have you ever had a conversation with him about balancing the budget and federal debt? Do you know his position on cutting like long-term capital gains and taxes? I don't know his position on that. I can't speak to him. Let me give you the elevator pitch. I mean, the nutshell for DeSantis is he calls it the Florida blueprint. He's saying, look at what we've done in Florida. Look at what we've achieved at Florida. Let's take Florida nationwide. Florida has had a great economy. Florida has had a balanced budget. Zero taxes. No, because I don't, that's a state, that's a state of taxes.

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If you have zero taxes, you have my book.

Okay. The dictator has spoken. If people want to look up this issue, there's a book called Gender Queer. And there's a story about it in the New York Times. And it's, you know, it's a graphic novel about coming of age for a non-binary person, which is fine.

Great. But it's, it's very graphic. It's a graphic, graphic novel. It has explicit scenes.

And these kind of books, most parents would say, I would like to wait until my child is older.

I want a graphic novel on cutting my taxes to zero.

Okay. There you go. It's called The Decatur's Guide.

And I want for DeSantis to write it. Come on, guys.

Overall, great job. And yeah, get him on the pod here and we'll have a great discussion with him.

Great job, Saxie Poo. Yeah.

Great job. Please invite him to our pod. I think, you know, we each have our own issues.

We'd love to. Or else we're just going to go with the other Republican candidates,

Nikki Haley. You made history and I'm proud of you.

Or else I'm voting for, I don't know, I mean.

All right. Well, thanks, guys. Yeah, look, I think, I think it'd be great to get Nikki Haley.

But that's a no. That's a no. Just say no.

No, no, no. You cannot have DeSantis.

I'm going to put in the ass to DeSantis for sure.

Okay. All right. Well, that's great. Yeah, it would be great. People want to hear from more folks.

So, a lot of other news going on. I think a good place for us to go to next, maybe,

do we want to do the debt ceiling, defense spending, or Nvidia?

I think those go together, in my opinion.

Okay, great. We'll go with the Assault on Science.

U.S. debt ceiling is at \$31.4 trillion. Currently, Treasury Department recently warned the federal government could be unable to pay its bills as soon as June 1st.

Fitch put the U.S. credit rating, which is the highest rank of triple A, on negative watch.

So, negative watch means it's trending towards bad and that it's imminent, that they might lower it due to this debt limit, deadline. It seems like we're not making much progress every couple of days. We seem to swing one way or the other. The stock market has kind of shrugged it off. And the last time the U.S. credit was downgraded was in 2011, but we avoided that.

Chamath, what's going on here? What do you think the eventual outcome is? Is there a chance that these knuckleheads who represent us are going to default and cause chaos? Or do you think this is all Kabuki theater and we're going to wind up in the same place, which is they raise it and make some modest concessions? August 5th, 2011, the S&P downgraded the United States from triple A to double A plus. You know what happened? Absolutely fucking nothing. Okay. So, I do think that this is another opportunity for the little red riding hoods to get their panties in a bunch.

But these downgrades don't mean much of it. You're referring to there, are you talking about Freeberg? Yeah, what are you talking about? Talking about all you guys. Wait a second, is that Biden? What are you talking about, the media? I think that these third party credit rating agencies are not particularly that accurate and sophisticated. They don't know anything that you don't know. They're not getting access to... Moody's gave SGB and A rating the week before it went into receivership. This is my exact point. Well done. This is my exact point. None of these

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companies know what they're doing. These companies are in the business of putting a letter on a document and then selling access to that document. So, if you're going to trust these guys to know what they're saying, either right or wrong, independent of what side, you are outsourcing your decision making to the wrong body. So, whether it's S&P, Fit or Moody's, I would tell you to ignore

it and come to your own conclusion. I think that this budget ceiling thing is happening now every couple of years. And it seems like the real thing we should be talking about is whether Biden's going to use the 14th Amendment and just ram a budget through. So, under the 14th Amendment, the President of the United States has in their discretion the ability to make sure that the United States can pay their debts. And that wasn't necessarily thought of as a way to work around the debt ceiling impasse. But because Congress refuses to pass any structural laws that allow the budget to ebb and flow with tax receipts, we get caught in this situation, again, roughly every handful of years. So, what Biden could do is he could say, the 14th Amendment gives me the right, I'm going to pass a budget via executive order. From a game theory perspective, what that does is it forces Republicans to sue Biden, take him to the Supreme Court and say, this is unconstitutional.

The problem with that is that that probably really does tank the economy in the way that it creates enough uncertainty where capital markets freeze up and liquidity just absolutely goes away. And again, liquidity has been shrinking for the last 18 months anyways, so it would get even worse. So, I think the brinksmanship right now between McCarthy and Biden is basically that veiled threat. If Biden effectively isn't going to get something done, I think he's going to test the 14th Amendment. Now, if the 14th Amendment turns out to be a reasonable way in order to pass a budget, the good news is not just for Biden, but for any future president and including Republican presidents will not have to be held hostage by Congress. They will in the 11th hour be able to pass a budget that works. The implications of that though is that now you will not get consensus. And whatever is happening in that moment, you'll see more of. So, if you have a spending president, they'll just continue to spend. And if you have an austerity president, they'll continue to cut. And that'll have implications on either side.

Sacks, you think this is over issues of 14th Amendment or do you think it's a valid use of it? No, it's not going to fly. I mean, it's true that the 14th Amendment has some language about the full faith and credit of the U.S. shall not be compromised. However, it's never been tested or tried. So, no one exactly knows what it means. Progressives are now saying that the language means that Biden could just keep spending without the debt limit being raised. But Biden himself threw cold water on this. He said that he didn't think he had that authority. And even Lawrence O'Donnell, the other night who's a big progressive on the media, he was saying that if the Dems were going to take this tack, they needed to do it months ago before they started negotiating on a debt limit increase. So, it's too late now. In other words, if you're going to take that position, why would you have negotiated that you the president are effectively conceding, you don't have that authority when you start negotiating. So, I think it's too late to invoke the 14th Amendment. They're going to have to raise the debt ceiling. That being said, I think they're going to be able to. Reuters had a report this morning that they're only 72 billion apart now in their positions, which is a relatively small amount. So, my guess is they're going to work this out. Now, what should the fate of the debt limit be moving forward? I mean,

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the thing that's so stupid about our budget process is we spend the money and then argue about whether we're going to pay the credit card bill. The way that the debt limit should work is you raise the debt before you spend it. Congress should have to vote first on whether they want to deficit or debt spend. Then you decide how much you're going to spend. So, this thing, this vote needs to be moved up before they spend it. And I think if you did that, it'd be a lot harder for the politicians to spend money because, you know, if you had an up or down vote very early

on saying, should we even be in deficit? I think a lot of people would say, no, we're not in a war. So, why would you deficit spend? If we bring any thoughts on the debt ceiling, if not, we'll go on to the government accountability vis-à-vis the defense spending. I mean, look, we're running a \$2 trillion a year deficit and it's forecast to continue to be at that level for several years.

And it's going to take pretty radical changes in how we tax and spend to make up that gap. So, you know, this is a problem that is going to continue and repeat. And it does beg the question, you know, you want to buy bonds from an entity that's generating \$4 trillion in revenue and spending

\$6 trillion and has a plan to do that for the foreseeable future. And it's only, you know, seeing its economy or its underlying revenue-based grow by 2% a year. It seems like, you know, that would be a very hard startup to fund. And it would be a very difficult growth investment to make, particularly in an environment like this. So, I'm just pointing out that this is becoming a more kind of systemically risky situation for the U.S. that, you know, we spend the way we do and we have to keep coming back to having these debates about is this appropriate or not. And now they've narrowed down the way that the Republicans seem to be kind of going about getting this done. This deal done is they're only focusing on the, you know, roughly 15% of the overall federal budget. And they're saying we'll kind of make some tweaks in that little range there and save some pennies, save some nickels. But we've got a much more fundamental problem to

deal with, which is, how do we stop running these deficits and running the debt up? But, I mean, I'm going to sound like a friggin... No, I think you're right.

The inflation is here and the crowding out of private investment and private borrowing is now occurring because the government borrowing is so big. I mean, our treasury, our government debt of

what, \$3 trillion, \$2 trillion, that has to be financed somehow and all that money is going to finance government instead of being put to other uses. So I think that the downside's already here.

You can't run \$2 trillion deficits every year. That's unsustainable. Now, I think that

you guys reference what happened in 2011. That's worth discussing for a second because I actually think that what was agreed to in 2011 was excellent. Obama and the Republicans in Congress agreed to a thing called the sequester, where they agreed that they would freeze both defense and non-defense discretionary spending until they could get their act together and agree on what the budget should look like. And so the theory was the Republicans agreed to the pain of freezing defense, Democrats agreed to the pain of freezing non-entitlement social spending, and that's how the deal was cut. I actually think that made a lot of sense. And I think we should have kept operating under the sequester until we got to a balanced budget. But the reason that broke

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quite frankly is because the lobbying power of the military industrial complex is so great in both the Republican and Democratic parties that they basically wanted the sequester over so they keep raising the defense budget. I think it's just that there's never been a degree of accountability for the spending that's being done because of this assumption that we'll always be able to pay our debt and we'll always be able to take on more debt. And I think that you see the other conversation, the other topic that we were going to talk about was this lack of accountability and defense spending that, you know, we should play the John Stewart clip, you know, where I think who does he interview,

the undersecretary of defense or something? What is her title?

Deputy Secretary of Defense Kathleen Hicks was discussing the defense budget.

When I see a State Department get a certain amount of money and a military budget be 10 times that,

and I see a struggle within government to get people like more basic services, I mean we got out of 20 years of war and the Pentagon got a 50 billion dollar raise. Like that's shocking to me.

Now, I may not understand exactly the ins and outs and the incredible magic of an audit, but I'm a human being who lives on the earth and can't figure out how 850 billion dollars

to a department means that the rank and file still have to be on food stamps. Like to me, that's fucking corruption. I'm sorry. And then there was a story that came out this week, according to Bloomberg, the government accountability office disclosed that the Pentagon is currently unable to account for hundreds of thousands of spare parts for the F-35 jets.

The Pentagon's never passed an audit. The Pentagon's never passed an audit and

it's accepted. And it's acceptable in the same way that it's acceptable to never balance the budget, to always spend and give everyone what they want,

and to find ourselves in this kind of late-stage problem where we've gotten away with it for so long, that both of those factors, whether it's the downgrade on the rating, whether it's the fact

that we end up in these battles over whether to raise the debt ceiling every couple of years, or whether we can't pass an audit, all of these factors are symptoms of the same underlying

problem, which is that there is no accountability for how we operate the kind of fiscal condition of the federal government.

You know, the other thing it leads to is all these optional wars. So let me give you an example. So all of these wars are always... There's no cost. They're all free. Yeah, they're all off book.

Take Ukraine. We've appropriated, what, \$130 billion. That's not part of the defense budget. We have \$8 billion in the defense budget, but then we just stacked \$100 billion or so

for Ukraine on top of that, and it's off book. Now, if we said the reason we're funding Ukraine is because it improves the national defense of the United States, why wouldn't that just come out

of the defense budget? If you force people to make actual choices, actual decisions,

and they could say, okay, we could spend \$100 billion on Ukraine, or we could spend \$100 billion on stockpiling tanks or F-35s or whatever for the United States, now you actually force some

prioritization decisions. But because the wars are always off book, they're just additive. You just tack them on. And then we did that in Afghanistan. We did that in Iraq. We spent

something like \$8 trillion, and that was just added to the national debt.

Yeah, we can't afford these anymore. It's becoming clear to everybody that there has to be some accountability. And Chamath, I guess, seems like there's a couple of unpopular stances to take

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when you're running for office. One of them is social security, retirement age, as we saw in other countries like France, where people are arguing over 62, 64 years old, whatever it is. And so these entitlements, job requirements, if you want to get unemployment, and then, of course, defense spending, you seem un-American. If you don't want to take care of old people, you seem un-American and weak if you don't want to support the government. Is there a path towards

celebrating an administrator as CEO and executive who tells honest truth to the American people, which is, hey, we've been on a binge. We've been going on vacation. Nobody's looking at the bills. And we need to have a staycation. We need to cut costs. We need some austerity here. Is there a path for somebody, Ron DeSantis, Chris Christie, RFK, whoever it is, to win over the American public, to win over moderates with an austerity, and they balance the budget message? Or is it just too unpopular to even bring that up? I just think that you guys don't psychologically understand how to get what you want. I think the best way to get what you want, which I would want

to, which is a healthy economy where there's accountability for spending, is to not look at expenses. And all of this talk is always about expenses, but to look at revenue and limit revenue more drastically. And I think the best way to limit revenue dramatically at the federal and state level is to just minimize taxation as much as possible. And I think that is something that Democrats and Republicans have a hard time fighting. Nobody wants to raise their hand and say, I want new taxes. Nobody says that. And I think that if you attach that to some sort of spending guidelines, like what David says with the sensible foreign policy, you just end up spending a lot less. You want to fight a foreign war? Okay, great. Well, you know what? It's part of the existing budget. Let's go figure out why we want to do it. We want to have more accountability and defense spending. Okay, well, look, the defense budget is a half of what it used to be, because we just have half the revenue. I think that if you start to go and talk about austerity and cutting social security and health care benefits, it's literally a non-starter. People close their eyes, they plug their ears, and you get nowhere. Now, separately, I think the step, even before you look at taxation, so minimizing government revenue, is to figure out how to refinance. So if you're a homeowner and you got a mortgage in the 80s, you were paying 12, 14, 15, 16%. If when rates kept going down, you or the people around you didn't have the common

sense to refinance that, that was negligence. Similarly, we're in a position today to refinance our debt wall and push out these maturities past 100 plus years. We are the only country that has a viable, stable economy that looks like it can still continue to thrive at scale. Take advantage of that. You lose nothing by giving us the optionality, generating some 100-year debt, refinancing a bunch of this short-term stuff. And then second, inflation helps us. And it helps us because it allows us to inflate the value of these dollars that allows us to pay off our short-term maturities. So these are two practical, simple things that are uncontroversial that should happen today. And then separately, I think you need to look at minimizing revenue. And then you can cut expenses. But if you flip them around, I'm just telling you, it's not like I want any of this to happen, but I'm telling you, nothing will change and you guys will still be crying wolf. In five years, it'll still be the same. It'll just be a different debt to GDP number that gives you anxiety. Speaking of anxiety, Friedberg, your response.

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I don't agree. I think we need to balance the budget. And I think that if we don't, we continue.

Wait, what don't you agree with? Financing, pushing out 100-year debt?

No, no, I don't agree. Reducing revenue solves the problem. I think that...

And by the way, one of the problems with a democracy, Chamath, is that you speak about it as if everyone benefits from a tax cut. Generally, there's some disproportionate benefit to a tax cut. And that's why it's less likely to happen because the majority will benefit by keeping taxes high for a minority, whether that's some corporate minority or whether it's some wealthy individual minority. And that's why I think the opposite is more likely to happen, which is we're more likely to see taxes go up in order to bridge the gap, to continue to fund programs that everyone wants to...

Everyone wants an and, they don't want an or. And as a result, they'll kind of continue to seek revenue because there are other places to get revenue that don't affect me, meaning it doesn't affect the majority. And I don't mean me personally, I'm just speaking about a voter, and a voter would say, if there's a way to tax other people for me to get the things I want, they will vote yes for that. And that's ultimately what the system ends up finding.

And I think that's what's more likely to end up happening. That's all.

Yeah, look, I mean, I agree with part of both of what you're saying, which is, I agree with Friedberg that we need to balance the budget. There's no excuse for running peacetime deficits this large. We're really going to regret this one day. On the other hand, I agree with Chamath that if you just try to solve the problem by raising taxes, the politicians will just keep spending. I mean, you have to starve the beast, I think, in order to control it. At least that's been a view, I think, for a long time.

So you agree with Chamath on that point?

Here's the thing. You cannot solve this problem by raising up to 70% tax rates, like we had in the 1970s, and I can prove it. Pull up this chart.

France is a good example of this too.

So what you see in this chart here is, this is Federal Seaside Percentage of GDP.

What I see when I eyeball this is if you were to put a regression line on that, it'd be at around 17%, with a plus or minus of 2%. And the times when you get up to 19%, they're a little bit close to 20%, or when we have great economic conditions or money printing. So the Clinton era from, was it 92 to 2000, was an economic boom, and we got up to almost 20%. But we've never, ever been able to get more than 20% of GDP in federal tax receipts, even during the 1970s, when the top marginal rate was 70%.

What happened, Saxe?

Yeah, why is that? The people stopped doing economic activity?

No, it curtailed investment and economic activity. This is documented for hundreds of years. Taxation doesn't solve this problem.

I don't disagree.

You can only get so much blood from a stone. And the reality is, is that when you try to tax rich people in a confiscatory way, they spend a lot more on lawyers and accountants to figure out how to structure their income in a way that...

Or they leave.

Yeah, or they leave.

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Yeah.

Or they tap out. If you're paying 50%, 60% taxes, what's the incentive to go to work?

And if you're sitting on a big nut, you can just be like, you know what, I'll just enjoy my life a little bit more because each incremental dollar, 50%, 60% is going to taxes, and then I have to pay my team and you just sort of get to diminishing returns.

I asked a question on Twitter, you know, because we all talked in our group chat about the concept of passing a balanced budget amendment, which would be an amendment to the US Constitution

that says, you know, Congress has an obligation and the Executive Branch has an obligation to generate a budget surplus, you know, every year.

And you could have a balanced budget amendment that provides certain exemptions to this, like in a year of war, for example, where Congress declares an emergency or declares a war.

And in those cases, theoretically, like if there's some sort of emergency that we have to address and overfund, you can kind of resolve to this. But man, I might...

But you know, we've been at war for something like two out of every three years since the Cold War ended.

How many of those war sacks were voted on by Congress as the other issue, you know?

Well, what happened is we did the authorization for the use of force, I think goes all the way back to, was it like 2001, where it's basically we declare a war on terrorism in response to 9-11.

And they use that authorization to go into Afghanistan, which I think was understandable.

Then they use that same one to go into Iraq. Then they use it to go into Syria.

And only recently, only a few months ago, did they actually repeal that use of force as a way to keep authorizing new wars. So they really should go back to Congress for every new war.

But the problem is, you know, Freeberg, I agree with you that we need to have a balanced budget amendment, but it's going to contain a caveat or exception for war. And we're just at war all the time now.

Sure. But I think that there's ways to create some mechanism that forces that issue to actually come front and center, as opposed to being what you're arguing, which is, hey, it's always on the back burner. Therefore, it's always bubbling over. And maybe you draft it in that way. But what was surprising to me was just the incredible negative sentiment I got from so many people who have this deeply held belief that the only way to support growth in our economy is through federal spending and that that has become the driver, that has become the handicap of our country.

It has become the handicap of our economy. It has become the handicap of our people.

And as a result- Why is it a handicap?

Because it means that we now have this, instead of having an incentive to drive productivity through private commercial and economic activity, through innovation, through productivity gains, through business building, it's now dependent on what we have now identified as a highly unaccountable system of spending. And that unaccountable system of spending ends up putting a lot of dollars into the pockets of cronies and the pockets of folks that aren't actually driving job growth or aren't driving productivity. There are certainly programs at work, but overall, there's no level or degree of accountability that asks the question, did that program work? Did we spend a dollar and get more than a dollar back for what we spent? There's no assessment of that, whether it's a war or whether it's defense spending.

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There's always some kind of intellectual argument that says-

Is that true? I don't think that's true. I think the OMB releases a report after report saying that all of this stuff sucks and doesn't do anything. Just nobody actions. No one cares.

Yeah.

You're right. You're right. I don't care.

I think what you're saying is inaccurate. This is my point. I think it's important to get the facts right. What you are saying is not true. They do do an accounting. That accounting sucks. It shows that there's tons of ways nothing changes. Now, what do you want to do, David? It's the real question. What do you want to do knowing that?

We shouldn't spend on things that don't have a positive return. This is my point.

That's why we're now in this very difficult situation.

That's not happening. Now, what would you like to do?

Well, the reason it doesn't happen is because the way that politics decides things has nothing to do with the merits of it. It has to do with special interests and lobby.

I am not debating that. I agree. I'm just saying, what do you guys want to do now?

Reality for a second.

But this is why I think our education system is like fundamentally betrayed the country because we just keep teaching people that somehow the government's going to solve all these problems when really it's just a product of special interest lobbying for things.

And that's why we perpetuate these programs that don't work.

I think the best way to think about government spending is that in every dollar, there's probably 15 or 20 cents that actually does some good. There's probably 15 to 20 cents that's like on the margins break even. And then the rest of it, which is half of it, is wasted.

That's probably roughly accurate. You get things like TARP, which turned out to be a pretty decent program. There were things like the DOE loans that got things like Tesla into the marketplace. There's things like the IRA today that'll de-lever ourselves and create a peace dividend because we won't need to fight over resources and oil from other countries. But the problem is that that represents a minority of the dollars.

Okay. Now that we know that that's true and we've known that that's true for decades,

I guess, again, I'm just asking a practical question. What do you guys want to do now?

Play the ball where it lies. What do we do today?

There's a couple of things you could do. First of all, one of the points I'd make is, I think you're probably right in your assessment that 50 cents, that's what you're calling wasted, that money does end up somewhere. It ends up in someone's pockets, probably the pockets of the shareholders of some contractor or the donors of individuals or employees.

Donor class.

Well, there's also individuals that benefit. But functionally, what's going on is it's a system of wealth transfer and that's not necessarily bad. The question is, is the transfer of wealth happening to the right groups that we intend to support with these social programs or is it not?

And I think Saks's point, which I think we could all probably align on, is it's not.

And I think that's probably a set of standards for accountability that we should probably

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try and create. But where does that money end up? It ends up buying homes, feeding people, they're going to restaurants, you're buying cars. Not like there's a fleet of mega yachts in America. Well, I guess what I'm asking is, even that leakage of 50%, doesn't that just end up in the normal economy? Yeah, it ends up supporting individuals and they buy homes. Yeah, so why is that so bad? Here is what I'll say.

But that's what I'm saying. It is a wealth transfer. It is a system of wealth where it ends up in people's pockets and that that system ultimately benefits a lot of people in need and a lot of people that we as a society intend to support here in the US.

I don't think it just goes to poor people. But that's my other point.

There's plenty of corporate welfare. There's so much corporate welfare. I mean, come on. It's not all just going to needy people. It's going to special interests.

On some level, we can accept the inefficiency of government. I like your idea of constraining how much of a canvas they have to paint with and how much revenue they bring in.

And I think what we have to accept is that the reason this country gets bailed out is because we have tremendous entrepreneurs, an amazing capital allocation system, a very fluid market for building corporations and capitalism is so vibrant here that no matter what happens, we always seem to make the next Google, Uber, Nvidia, whatever it is, Airbnb, and I can tell you spending a lot of time traveling, meeting with people in Japan, in UAE, etc. They're all looking at the massive entrepreneurial drive that we have in the United States to build global companies and how we do it over and over and over again. And the only countries that seem to be able to do this at scale, maybe Sweden and some of the Nordics, obviously China, but other countries have not figured out how to build global corporations. And that is what bails us out every time is entrepreneurs and capital allocators.

Jake, how the deficit is getting so big that we can't bail out that way.

Think about it, we have \$2 trillion in deficit every year. That is two Googles.

Yeah, it's an apple. We're spending an apple every year. Come on.

We have to address it, but the point is that's how we have bailed ourselves out historically, is massive capital allocation and entrepreneurship.

I want to remind you guys what happened at the end of the 70s. We had all these inflationary problems. We had all of these taxation problems where people thought all of a sudden 70% tax rates were going to solve the problem, what you guys talked about. And instead, the exact opposite thing happened, which was the guy that got elected, Ronald Reagan. And I just want to remind you what the electoral college was between him and Jimmy Carter. \$489 to \$49. Like a bigger, just shellacking, I don't think we've seen in modern US politics, to the guy that basically said, enough with this, we're going to tone it all down and we're going to cut revenues.

So I do think that people have an appetite for that. And I think that people-

Yeah, but the debt to GDP in 1998 was only 30%. So we just have a lot less dry powder.

We have a lot to work to do. We've got a lot of work to do.

But let me say this. Look, Chamath, I actually agree with what you're saying in this sense.

If you look at my simple chart of federal tax receipts as percent of GDP, the highest it's ever been in the history of the United States is 19.75% in 2000.

We had the dot-com bubble. Okay, that's the highest it's ever been. And we had periods of high tax rates and low tax rates. It never went above 20%. So the simple math here is you do a forecast

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of what do you think GDP is going to be over the next year? You get independent economists to do it. And you say the federal government can't spend more than 20% of GDP because we've never extracted that. We've never figured out a way to extract more than 20%.

Yes, your logic is perfect. Out of the economy.

The logic is perfect there.

Your aggression is so... It's very important because what your aggression says is we're actually spending a lot of energy fighting over 200 to 300 basis points at any given time.

That's right. Yeah.

And what we should be focusing on is more important issues.

Why are we doing that? Why are we spending so much time getting our panties in a bunch over 200 to 300 basis points? And we need to stop wars, increase our education system.

Stop the wars. By the way, and inspire people to start companies and make it easy to start companies.

The BIL, the IRA, and the CHIPS Act, all three, the biggest components in all three bills, this is Biden's signature legislation, is creating energy independence for America, which will have an enormous peace dividend. You will not fight these stupid endless wars.

Every single one of them goes back to oil, right? With the exception of...

It's always about resources. What has it never been about resources in modern history?

Well, and now it's going to be CHIPS is the modern resource. Nvidia shares jumped as much as 30% after reporting huge revenue guidance due to AI demand. Q1 revenue, 7.2 bill, up 19%.

Quarter over quarter, not year over year, quarter over quarter.

Revenue beat annual assessments by more than 600 million. For people who don't know, Nvidia is working on GPUs as opposed to CPUs, the graphic processing units, that are being leveraged in AI. And there is a massive cycle going on. There's a line out the door to buy these when you see Twitter going into AI, Facebook, Google, and obviously Microsoft. All the cloud infrastructure is moving from CPU to GPU. Yes, Freeberg?

Well, I mean, I was talking with the CEO and CFO of a major data center REIT and they shared with me

that they were seeing more demand in the last couple of months than they've seen in the prior 10 years. Almost all of that data center build out demand. So they'll build data centers for software companies, for internet companies. It's coming from GPU racks. And these GPU racks are much more energy intensive, much more costly. But it's a pretty kind of significant shift underway that businesses that historically didn't even operate their own data centers are now building out their own data centers to have their own training systems, to have their own infrastructure, to be able to run AI applications and tools. So it's a pretty significant shift underway. All of the growth that NVIDIA is projecting and highlighted in this earnings report yesterday is coming from their data center line of products. And it's pretty significant. I mean, I don't know, people have said they've never seen a beep like this or never seen a guidance update like this of the scale where I think the street was looking for maybe a \$7 billion guide and on revenue for this and they came out and said they're going to guide to \$11 billion next quarter, which is just an insane bump for a 90 day outlook. I was told from one of their major customers that they had to beg, like get on their knees and beg for thousands of GPUs. And like the lobbying effort, he said there's a line around the corner to buy these. And you need only use chatGPT or

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any stable diffusion, et cetera. And you see how long it takes to do generative AI, to use these products. It's like we're back to dial up modem sacks. We're literally, we're waiting for a computer to give us an answer. When's the last time that happened that we had to sit there and wait for it to do its job? And I think this is the great renewal for America, another amazing American company. It's only three decades old. It's its best years, its best decades are in front of it, obviously. This is going to be a massive boon for not only NVIDIA, but for America, or as I say, America. Yeah, NVIDIA has basically joined the trillion dollar club now in terms of market cap companies. It's really amazing. I mean, I'm kind of kicking myself because this was the easiest buy ever. ChatGPT launched on November 30th. We all saw that that immediately ushered in a whole new

era in Silicon Valley. There's a ton of VC funding that's poured into AI startups. They all need to train models and those models need to use GPUs. So we all saw this coming and I'm kind of annoyed with myself. Let me ask you a question. So you say that you kick yourself, obviously, the general statement that AI is coming and NVIDIA is going to be a beneficiary or NVIDIA's products are going to see a boon make sense. But when you look at the valuation of the business, they are currently trading at 70 times the next 12 months EBITDA. So how do you think about valuation? Even at a trillion dollar market cap, at a trillion dollar market cap, they're trading at 70 times next 12 months EBITDA. You know, this seems like- They're doubling revenue every six months, though, dude.

They're doubling revenue every seven months. How high does it go? Because at a trillion dollars, what's the right EBITDA level for a business to be worth a trillion dollars? Is it a hundred?

Right. Is it a hundred? But I mean, what's the number? And then the question is, if it's a hundred billion, how many years does it take them to grow into that? And, you know, are you really paying the right price or are you paying a premium to get ownership of this business today?

It's a momentum stop now and we'll be determined if they have competition. So is there competition for this company? Chimac, do you think there's a competitor that will emerge that, you know?

Yeah. I mean, it's important to understand what a GPU is, maybe. So Intel had the run of the place for the first 40 years of compute because it turned out that most of the things that we used it for, Excel, Microsoft Word, a browser, operated well on a CPU, which essentially think about it as like a factory that takes in the first order and then puts it out first in, first out. And the great

thing about GPUs is that it can take multiple streams of work at the same time and work on them at the same time, right? So it's very parallel and it has this level of parallelism

that makes it very well suited for AI applications. I think the thing to keep in mind is that it is a byproduct of a GPU that tries to also do other things. And so as a result of that,

you're now seeing a lot of companies building their own silicon. And most importantly, all the big tech companies now have some pretty well evolved efforts underway. So a lot of these companies have figured out how to do custom Asics that can do this massively parallel processing.

And what you're now seeing is chips that are designed against specific models that are optimized for them. The other thing that you're also seeing is that some people are saying, well, you know what,

for these massive models, actually, you should just run it all in memory. And so you're having folks that are doing it in massive arrays of FPGAs. That was Microsoft's first attempt at all of this. So what is the point of me telling you this? I think that, again, we talked about this

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last week, the biggest cheerleaders of this first point of value creation has really been Wall Street and family offices that wanted to front run where the value creation was going to initially go. And they've been right, which is around chips. But there was a tweet, and Nick, I posted it, maybe you can throw it up here, that shows that if you compare this to the mobile internet, there's always this phased approach in terms of value creation where, let's just say, initially in a new market, mobile, a decade ago and AI today, the first dollar of profits tends to go to the chip companies. That makes a lot of sense, right? Because they're the ones that are in the bowels of making the elemental capabilities possible. And then you transition that value. And what Friedberg says is people realize, hey, hold on, the profit dollars are not going to accrue there. Because again, this beautiful principle of capitalism is that you can only over earn for a certain amount of time, because then competitors emerge and say, hold on, I want to steal those profit dollars from you and take them for myself. So margins compress, right? So in the end, Nvidia's gains today will be then spread across Nvidia, Facebook will have their own chip, Amazon will have their own chip, Google already does, Apple will have their own chip, all the memory companies will be in this space, right? So then the profits get smeared there, multiples compress. Then where does the value grow to the device companies in the mobile internet?

Here, I think we still have to debate what is a device company in the world of AI?

But the most important thing I think to remember is that where the real value gets accrued is five, six, seven years later when the software and services companies show up and create a huge moat. And those are the Googles and the Facebooks and the apples of the world. And so it's a really dynamic moment. I think it's wonderful for Nvidia. It's an amazing story for Jensen, who's been really

at this game for a very long time. By the way, Jensen has a law of his own that is a sort of companion to Moore's law called Wang's law named after himself, which you can read about, which just talks about the variability of the compute capabilities of GPUs versus CPUs. So if you want to know that, he should get some credit for that. But I think it's great. I think we're in the, by the way, Apple is also making their own GPUs. That's why when you hear of the M2, that has GPUs in it. So you're absolutely correct. We're in any one. So we're going to have a few quarters for sure of this hype. And then the smart money will probably figure out where the next lily pad is. And then they'll go to the next. Beautifully said. Beautifully said.

Any other thoughts? Free break as we wrap up on that. I wanted to show this AI demo from Adobe Photoshop, you know, every week or so, we see something that's insane. This is incredible.

And this one was, we shared in the group chat, but for those watching...

Scott Belski put this out.

Scott Belski.

Yeah. So what we see here, if you're listening, is, you know, taking a Photoshop, creating an area, and then instead of like cutting and pasting it or refining it, you're putting in a text prompt and saying, oh, put, expand the, and make this widescreen or let me grab this deer out of a forest and then put it on a wet alley at night. And then, you know, let me highlight this wall over here and put a sign and put a red arrow sign. And it just generates it. And it's doing this, they made specific note when they launched this, that all of this is done with stock photography. They have the complete license to, so they can monetize this without getting sued, like Microsoft is

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currently being sued. And Microsoft actually, in addition to the GitHub lawsuit, it turns out Twitter sent a letter over to Microsoft as well. So incredible demo. The producers here at all in as our production team grows. Producer Brian made a little video here. Here's Chamath in before the Lora Piana days. That's, that's Tom Ford. Yeah. That's Tom Ford. This is my name. Bad hair. Look at that. Terrible. The hair is terrible. You look tired. The watch. No, I had a long night that night. My God, I played poker. Literally, I walked into that, to that CNBC. Oh my God, really? You went straight from the poker table to the, Brutal, Brutal. To the Squawk. Huck's deck. Brutal. Whoa, whoa, whoa. What's going on with the pin? Wait, no tie. But he's wearing a tie. It isn't Tom Ford. Yeah. He said, he said, Chamath, try this without the, without a tie. I said, okay. Oh, you were talking to Tom Ford? Great. What a flex. Yeah. You know, Tom Ford is, I'll be twice in my life. I can tell you both stories. Hold on a second. So we're degenerate. I add, make a yellow sweater as the prompt here. Let's see if he goes to Burt from Ernie to Burt. There he is. Sri Lankan Burt, as we call him in the poker group. Yeah. It doesn't quite get the borders right. It looks like a worries jersey. Oh, there you go. Pretty bad. Yeah. Oh, look, they put a cup. Yeah. Change my hair, bro. Change my hair. I think the demo was bullshit. Can we change his hair? Can we, can we have the hair be less in sync, less Hasan Minhaj and more? Give him a moment. I understand why they call you Aziz Ansari. I think the, you had the hair going there. The hair. Yeah. It's a lot of lift. What was that day? Is it putty? What is that? Is it putty? This is like eight years ago. Is it, what are you using clay or putty? What are you, what are you, what are you, what are you? Yeah, yeah, yeah. It's like, it's like a stiff, it's like a stiff hair wax. I think it's more of a hair wax. Ha, hair wax. Oh, got it. Yeah. I've come such a long way since now. Much more stylish. Much more stylish. I mean, look at Sax's crazy hair as we, as we probably did in the cold open. My thought on the Adobe thing for what it's worth is like, I mean, do they want a mulligan on this \$20 billion Figma thing or do they get to see the ongoing revenues that Figma is generating? You can be sure they're linking to LinaCon, all kinds of stuff. It's a different product though. I mean, the AI stuff certainly has had an impact, but I mean, so much of the benefit of Figma is it's web-based, it's collaborative, it's like people kind of use it online to make stuff together. It's a little different than the other tools that they offer today. So you don't think it, from September to now, like nothing changes, they should just close this thing at \$20 billion or they're half, they're half big. Do you think that they should pay a billion, break it up and then redo the deal at 10 and then across 11 they say nine? Remember, not all breakup fees mean that you can break up for any reason. So there's only, there's limited outs on what you can pay a breakup fee to get out of, one of which could be antitrust or regulatory, but otherwise you may be forced to close in court if you don't have a valid reason for terminating the deal. Their only hope is to get LinaCon to muck it up. Yeah, some leaks coming in. Chamath, is your argument more that they bought Figma at top of market pricing, which no longer makes sense, or is your argument that they're innovating so well that they don't need it? I think it's a little bit of both, but it's more that I think this generative AI stuff allows you to refresh. I tweeted this out so Nick, maybe you can put it up there, but I think the

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first thing is that your feature set can catch up pretty quickly. So even if you set out a team and said, just copy exactly what Figma has with a co-pilot enabling 50 engineers, that's like 500 engineers cranking on something, I would be surprised if they couldn't just replicate the product end to end. That's the first thing. Then the second thing is, I think that you've seen VC funding basically crawl to a halt. And so the question there is how many of those companies are just going to stop spending because they're just not going to exist. And then the third thing is if we're sort of hashtag austerity, people are going to look at everything they're spending money on and try to be really disciplined about it. If you roll all those things together, Saks, my thought is maybe the deal still makes sense, but does it make sense at \$20 billion and does it then just create a whole suite of shareholder lawsuits after the fact that are just going to say these three things and regurgitate the med nauseam? That's the curiosity I had.

Well, so we're here. Let's talk a little bit about the state of Silicon Valley, Saks. We were talking offline after the show last week. You've slowed down investment at your firm craft, you're being thoughtful, you're working on the existing portfolios. How would you describe your activity so far in the first half of 2023 as a firm if you're so willing to share them?

My take on what's happening in Silicon Valley right now or tech more generally is it's a tale of two cities. It's the best of times for AI startups and the worst of times for everybody else. The AI startups, there's a lot of interesting things happening in there and money is being pushed at them by VCs. It's very frothy, arguably bubbly, but then at the same time, if you're a pre-AI company, maybe the one that raised a lot of money at a big valuation in 2020 or 2021, it's a pretty tough time. I don't know of any startup, especially like later stage startups who are hitting their numbers. Everyone is re-forecasting down. Everyone's missing. I think that speaks to the larger economy is not doing that well. I think the economist a year from now may say that their recession had already begun. Certainly feels like that. That's what Druck said at the SONE conference. I think that startups are absolutely seeing that in their sales right now. Sales are slipping, it's taking longer, buyers are sharpening their pencils. It's a really tough environment, I think, for software startups that are actually trying to make sales. AI startups are a little bit exempt for that because people are still investing based on the dream, not based on the metrics. I would say that we're very interested in AI and we're starting to make some investments, but we also like to invest based on metrics, not just on a dream. We're being somewhat cautious about how we approach it.

You make a small seed bet in somebody who has a dream, if I can translate here, but if you're going to make a bigger bet, Series A, Series B, you're going to want to see some numbers on the board. You're going to want to see some product in marketing. I think that's a really good way of putting it because I think the standards change at each round. At the seed stage, you can absolutely just make a bet based on the dream or just based on a founder. Sure. Great founder going after the AI space idea, still a little bit to be flushed out. You can make that bet.

500k, 750. Yeah. Or even like 3 million will do as a big seed round. But then when you get to Series A and you want us to write a 10, 12, \$15 million check, we kind of want to see some revenue.

Yeah. And certainly by the time you get to Series B or Series C, we want to see all the standard metrics. We want to see net dollar retention, expansion, all that kind of stuff.

Yeah. It's really hard for the later stage startups because they've raised, and this is the lesson, if you're raising at 3, 400, 500 million sacks, correct me if I'm wrong

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here, you have to build into that valuation. And let's face it, that valuation A was never realistic, it was overpriced. And then B, you got the headwinds and your customers are saying, oh, you want \$40,000 a year for this SaaS product, we'll give you 12. And what position are you in to turn down the 12? You've got to take the 12 because you've got three competitors who are going to roll up and take the 12. So it's hard. Actually, can I give you an update? Please. Remember I mentioned there was a startup in my portfolio, actually my angel portfolio. Yes. That I was doing a play around, the cram down. And I think it's absolutely tragic because of what I learned, which is the founders got crammed down too, because a year ago they brought in a professional CEO. And I think as a result of this, they're probably going to get nothing for 10 years of work, whereas if they had just cut costs. Damn it. And the company has 32 million of ARR. So imagine if they cut their app X to a million a month, they could have run \$20 million of EBITDA, pivot to the private equity model, sell that company for 150 million, half would have gone to pay off the investors. And the other half would have gone, a lot of would have gone to the company, probably would have made \$10 million each. And now they're going to get zero because they burnt too much money, didn't want to cut costs. They bought into the dream of bringing in the professional CEO is going to reaccelerate growth, never done out, never does. And so it's like so frustrating to me because I like feel so bad for these founders. I wish they had called me a year ago and I would have been one of the guys pounding on the table, just cut costs and then control your destiny. Because listen, yes. And here's the thing is if you're only growing 10, 15, 20% or even 50% a year, you're not a VC backable startup. You're a private equity play. So you got to pivot to that model of making your business work as a cash flow positive business. That's how you're going to get an exit. And you know, if you're growing 100% plus a year, you can continue to be VC back. So it's so important for founders to understand whether they're even eligible for venture capital anymore. And if they're not, you have to make a different kind of model work if you want to see a return. Yeah. And when this happens, a cram down round, those founders, if they want a refresh, they have to prove their worth. They're not just going to get a refresh to keep the relationship going. This is \$30 million in revenue. They don't need the founders anymore. Look, these guys have been working for 10 years. So even if they got a refresh, they had to put in four more years of work. And the other thing is this cram down round, I think was way too big. They raised \$25 million with a 3x lick pref. 3x lick pref. \$75 million off the top. Off the top. Then you've got to repay back. The big is triple? Yep. Oh my God, who, this is where board governance is so important, Chamath, huh? Like, I mean, who is on the board of these companies? We told them. Unfortunately, I was not on the board. Idiots are on the boards of these companies. These are people who've never had to build a company. And they may be educated or they may have been an exec at a company. And then some VC who was feverishly raising funds just hired some dope, put them on the board of this company. And then just the stupidity compounds and trickles down. It's so frustrating. Compounding stupidity. This is the beginning of the beginning. All of these people who have zero judgment are going to fuck so many companies up. It is the beginning of the beginning. And well, Chamath, it's not just the bad board members. It's the view for so many years that who you put on your board didn't matter. And remember,

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there was all these VCs who had a model where it's like, well, we don't take a board seat. And they were selling that to founders as a positive. As a feature. As a feature, not a bug. And the reality is for a lot of VCs, actually not being on the board, probably is the best they can offer. But, you know, that, that model works. That model works when everything is up and to the right where like this model of board seats don't matter. Governance doesn't matter. That is a model in a boom where everything just keeps going up and to the right. But when you had a tough time, that is when you need a board member who's seen this movie before, who knows what a crammed down round is, who knows what's going to happen to you a year hence. When you get screwed into taking a three X. That's where you want the gray hair pilot, you know, in the right scene to say, hey, listen, we're going into some. You want this puffy hair. You want that hair. You want that sacks here. All right, Freeberg, you are always candid about your own journey. You've had huge wins, climate.com, from Billy, raising funds. But, you know, sometimes things don't work out. What do you, what's your take on some of these hard lessons of great ideas, you know, spun up during this really hard market? I mean, I think just to echo the point you guys are making in the last 15 years, we've been in a call it structurally inflated environment because of the zero interest rate policy since the 08 financial crisis. And everything's been up and to the right are so much it's been so easy to kind of inflate things, fill up hot air balloons and go up into the right. And unfortunately, most folks who are working in the investor community that are sitting on boards weren't around for the dot com crash the last time this happened. And I think, you know, just to kind of echo your point why it's so challenging, I think right now to figure out a way out. There are, there's a lot of failure going on in Silicon Valley right now. You know, Sachs, you talk a little bit about having pads for exit and options for SaaS companies, but there are many sectors in startup land that don't have those sorts of options in biotech, in SinBio, in FinTech, in direct to consumer e-commerce. There's a lot of markets that, and a lot of types of businesses that feel like there isn't a great way out. And it's having a deep psychological poll on entrepreneurs, on founders, on CEOs, and everyone is experiencing some degree of failure in this environment. There are very few folks who aren't feeling this acute pressure and this acute pain. You know, I heard some pretty horrific stories this week from a friend of mine and someone who ended up in the hospital because of the pressure he was under. And it's really trying. And, you know, even within our friend group, I mean, not, not our direct friend group, but within our broader community of investor friends, there are very few people who aren't feeling this extraordinary pressure that they've got a book that is declining in value and they don't know how to get out of the hole. And, you know, that pressure is like, is, generates deep questions about one's ability and generates deep existential thought for entrepreneurs and investors about what the hell am I good at? And no one's really talking about this out loud, but it is happening across the valley. We all have these thoughts. We all have these dialogues as the failure begins to set in, in the slow motion train wreck of a market that we've all been talking about for weeks and months. How do you deal with it? Look, I mean, I just think that number one, it's worth acknowledging and it's worth having the conversation that no one is alone going through

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this pain. It is not a one off that these companies are failing. It is that we are all dealing with failure right now. And we are all trying to figure out what is the best path forward. And it is a kind of thing that you just have to work your way through and you have to persist through this pain. But this existential question of am I good enough? Do I have the skill set I thought I had? Am I just an idiot? Did I blow it up? Emperor has no clothes. All the kind of inner fear and turmoil that everyone's dealing with, you're not alone going through it. A lot of entrepreneurs, a lot of investors are in the exact same place. Now, with respect to going forward, I think having integrity with respect to how you handle these situations and having thoughtfulness about, you know, your reputation, because this is not a one and done environment here in Silicon Valley, failure is part of the process. And how you deal with people, deal with investors, deal with entrepreneurs, deal with each other, deal with your employees during these difficult times says a lot about your character and your ability that when you do this the next time, it will set you up for success. And, you know, as any great athlete will tell you, you build muscle during the times that you're failing, and then you're ready to go and execute the next time around. So, you know, let's save it for the next quarter, but let's play well as best we can right now through this quarter. Chamath, clearly you want to jump in here. What are your thoughts on separating your identity from your startup, from your work and having a more balanced view of yourself so that when things go wrong, maybe you're not as devastated, you don't wind up in a hospital bed. When things go wrong, they go wrong in bunches. Just like when things go right, they tend to go right in bunches. I called Friedberg last week and I was telling him a story about two or three of my businesses just all just pounding eating dirt. And what I said to him was, and then we have a mutual investment that's doing pretty well. And I needed to use the one that was doing well to make myself feel better about the three that were eating dirt. And I said to him something in the effect of it's just like nothing is working. I feel like literally nothing is working. It's a tough place to be. The only thing that you can do in those moments is just realize it would be so much worse to just be on the sidelines. Oh, I like it. And I think that's all you can do. Then you go and hang out with your friends, go hang out with your family, kiss your wife, have as good of a time as possible outside the context of work and then you just start the grind again. But yeah, we are in a moment where in most companies, there is something pretty wrong.

It's either your burn, product, your attract, customers, team, capture, and riff, cap table. And by the way, that's always the problem. But it tends to be balanced by a few things in your portfolio that are always going well so that as an investor, you can maintain some equanimity through the whole process. But Friedberg is right. When there aren't enough of these positives, and there's just a parade of terribles, you're just like, wow, this whole portfolio, is it all about to fail? And then I get a massive wave of imposter syndrome of like, what am I doing here? And then I have to recognize, holy shit, this is my 24th year. Take a deep breath. And it's great that it's exhilarating, where I think it's back to 2000, I just emigrated here. The conversation Chamath and I had, it's beautiful. We're talking about like a string of difficult things we're all dealing with. A couple of weeks ago, we announced that we returned all the money to all our customers at Canna, which was this molecular beverage printer company I've been working on for a few years. I plowed north of \$30 million of our capital into building this business. We had two term sheets last year,

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both of which vaporized as the markets degraded. It was really a brutal experience for me. And these were at very high valuations. And we needed funding to get the production line stood up to manufacture that device. So we were that close. And as the market went south, pre-revenue hardware companies became less fundable. And despite our reputation and a great working product and a manufacturing ready prototype, we couldn't get it done. It was a really kind of brutal experience to go through the nose. Even after you've had a lot of success in your life, believe it or not, you still get a lot of frigging nose. And you get a lot of, I don't believe you. And then to just have to get to a point with this one was really difficult. And there's been other kind of frustrating experiences of late. And then you kind of have a call one day with another investment, and you're like, Oh my God, this thing could be a home run. And that just comes out of nowhere. And, you know, as long as we kind of stay in it as an investor and you keep, you know, as a builder and you kind of keep building, you don't know when that good knock on the door is going to come. Yep. You got to stay in the game. You got to stay in the game. If you're building a business and one day you just nail a sale that you just weren't expecting or a partnership or an M&A inbound or something that happens that you weren't expecting, it pays for all the pain and all the loss and all the turmoil and all the downside. I always used to tell people, for every, you know, four days I'd be failing, I'd have one day of success. But that one day of success will get me slightly ahead of where I was at the start of the week. But 80% of it was failing. I mean, right now it's like 19 days of failure and one day of success. But that one day of success, the goal is you used to have a couple of those punctuated moments that are big enough that make up for all this stuff. If you just keep grinding. And if you just keep grinding as an entrepreneur, you keep grinding as an investor and stay in the game. Living with the power law. You're describing living with the power law. There's a very relatable poker analogy in this. There's a guy that makes poker content. His name is Jonathan Little. He's great. He'll be up there angel summoning him. He's wonderful. I've been thinking about hopping into one tournament at the WSOP this year. It's one of the big buying tournaments. So I'm like, let me just take a little tournament refresher. And I was just looking for any content and I found his and he had this beautiful slide which he said, if you are a mid-level poker player, you should expect to final table every one in a hundred tournaments roughly. And I thought about that for a second and I was like, that's a 1% success rate. Now, if that is your 99th tournament, you have to be pretty resilient to go through 98 losses where you don't cash, you don't make the money and you're just putting money out, you're deep in a J curve and you're like, is this ever going to work out for me? And so it's a really, really good reminder that it is the grind. And I thought that was really interesting. Exactly. You had a single or double, I guess, with call in. Maybe you could talk a little bit about that experience and what decision you made there. We were obviously investors, so we're a bit conflicted, but I'd love to hear your candid thoughts on why you decided to sell. Yeah, we put together a great team and they built an amazing product. I think it's by far the best sort of social audio product. And then actually they added video to it as well and podcasting features. So it's kind of the synthesis of video and audio podcasting with

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social audio. We got acquired by Rumble. It's sort of like a base hit type acquisition. It's a small deal, relatively speaking, but the team wanted to do it. And then the main reason is because we got to hundreds of thousands of users, but in the consumer space, you really need to get to millions. And frankly, tens of millions is what it takes to have a successful consumer product. Rumble does have tens of millions of users. So the team wanted to find a home and there's a lot of synergy with Rumble. Both companies have a mission that's aligned around free speech. Rumble is sort of the call it free speech alternative to YouTube. It's a video platform. And what call in will do is give Rumble studio capabilities. So it'll be very interesting for all their creators to be able to create content in call and then post it in Rumble. So it's not a huge outcome for anyone. It's sort of a push for the investors, depending on where Rumble stock ends up. But look, it's just you can build a really great product and a great team. But unless you hit that lightning in a bottle with distribution, you won't get to the next level. So I'm happy about the deal. I think the team's happy about the deal. And it's a good outcome for everybody involved, but it's not a home run. It's just more of a base head. And that's what most of these things are.

Yeah. Getting used to a high failure rate and living inside the power law where one investment out of 30 or 40 or 50 results in 90% of your funds returns for that specific fund or so, or maybe two wins represent 95%. That's a hard thing for the human brain to handle, as is the J curve as Chamath points out correctly. Man, you invest for two or three years and then you watch all those things go down in value for two or three years or the value, I'm sure, of the portfolio go down for two or three years before it actually rebounds and goes back up. I remember, man, I had a run where everything I touched turned to gold and then Mahalo hit 10 million in revenue and then boom, pan to update. And it just goes up in smoke and you're like, what just happened? I saw web logs 18 months after starting it. I had the slogan I reported. I just Uber investment. Everything I touched went to the moon. It was working. Yeah.

And then it's just a very frustrating experience where you can't make something work and you know, like I should be able to make this work. Why isn't it working?

There's a very heavy blanket of humility setting over Silicon Valley right now. And I think all of us who have had strings of successes and repeat successes and things that we touch have worked and we do all the same things and we do the right things and we do them the same way in the right way. And it doesn't work. And then it doesn't work again. And then it doesn't work again. It creates a very different psyche, whether you're an entrepreneur building a business or an investor investing in businesses, that what used to be the case isn't the case anymore as the tides have shifted. It's a daunting challenge to work your way psychologically through this moment. But, you know, progress doesn't change. Innovation isn't going to stop. Technology isn't going to keep shifting forward. And the opportunities to continue to build and innovate are not going away. So I, for one, am deeply optimistic and excited about what the future holds. But man, you got to put your freaking game face on right now to get through this. Yeah, for sure. Well, yeah. And I would say there's one other exogenous variable here, which is I don't think any of us realized how much our sentiment was affected by one guy's

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decision at the Fed. Yeah. Like what interests are going to be. The invisible hand. The invisible hand. Yeah, because you know what, when there's a lot of money in the system, everyone feels great. Totally. And all the portfolios look great. And when the money is being sucked out of the system. The buyers are buying. Oh my God. Like when the money is being sucked out of the system, everyone's results look terrible. Yep. It's, you know, it's like before a tsunami, the big wave gets pulled out and then this tsunami comes in. Yeah. The money is being sucked out of the system, like the tide before a tsunami. And the tsunami is going to be all the failures and bankruptcies. But what I would say is just in the same way that things weren't as good as they appeared to be during the asset bubble, they're probably not as bad as they appear to be now. However, you have to give yourself time to get through this recessionary cycle. And it's so frustrating to me when founders don't want to cut their burn. The burn is the one thing they totally control. And they have all these excuses for why they can't cut to an earlier level spending that they were, the company was working fine at. And we can't get them to go back to cut back to some earlier state of being. If Zuckerberg can do it, they can do it. And, you know, after seeing what Elon did at Twitter where he reduced the staff by 80%, I'm like, I realize there's no good excuse anymore for not giving yourself the maximum chance of survival. And if you overcut, like he admits he probably did. He literally in the day, Farber, great interview he did with him. He said, you know, like we probably overcut, we cut people who were great. And we hopefully can welcome them back to Twitter as we get this thing on stable footing, but we're going to make mistakes because we had an existential crisis. Elon Musk cut too many people, admits it and says he's going to bring them back. It's no fault of theirs. And he said he's going back into growth mode. So, you know, like sometimes you cut, you might cut too deep is the point. And, you know, that set you up for growth in the future. Chamath, you had something you wanted to add. I have two shout outs. Okay, here we go. The first is to one of our besties, got a text from Jason Kuhn. He binked the main event at the Triton for two and a half million. Yeah, being incredible. I mean, he's so strong. He's a guy's a beast. So I love that guy. It's so great to have a professional poker player in our circle, finally, like somebody who's great guy, insistently over time. We can learn from him. Yeah, but he's so open and he teaches us. Just to be around him, you know, emotionally stable, rational, humble, professional poker player, like happens to basically be the best poker player in the world. But you could, you would never know it. You'd never know. He'd never bring it up. Like he is literally the greatest and he won the Triton 2.5 milli. Yeah. The second, the second shout out is here we go to the Model Y team at Tesla. I have been a diehard Model X user from the beginning. Right. I think I had number 13. So I've been, I've been, I've had three or four of these things. And I was like, wait a minute, maybe this Y is really all it's cracked up to be. And I'm a bit of a curmudgeon and I have high expectations. But I just want to say that car kicks absolute ass. It is perfect. No, it is incredible. That Model Y is going to be the best selling car. It's going to be the best selling car in America. If you get the base level, it's actually cheaper than the average car in America now with incentives. It's so, so good. So we have 300 miles range, which is great. Huge, huge, huge shout out to the Model Y team at Tesla. You guys nailed it. It's my dreadable product. And we, I love it. I don't want to diminish the X. I don't want to diminish the X out of the bar. But the Y is so

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snappy. It literally is the best car I've ever made. It is, is the best. Yeah. It's a great car. It's a great, great car. I can't wait for the Cybertruck. That thing looks like a beast. I can't wait to pick that up in time. I love the Roadster. I love the Roadster. You know, I've been taking my 12 year old Roadster out and my kids love going for ice cream in the, the original Roadster 1.0. So I've been taking it out every weekend or two. What do you have number one? You have number 16 of the Roadster, which somebody offered me a \$40 million for. I paid 160 for it. I have number one of the Model S signature series. So I have signature 16 of Roadster. They did 100 signatures and they did 1,000 signatures of the Model S. And I have number one of that and somebody offered me a million dollars for that. I have number of the Founders Edition, number 13 of the X. Yeah. That's pretty special. Yeah. I'd hold on to that. Yeah. It's a special vehicle. All right. Listen everybody. All in summit is basically sold out. How are we doing? How's the All in Summit doing guys? We're starting to do our outreach and to figure out speakers. Yes. Yeah. So it's exciting. All right, everybody, for the Sultan of Science, the dictator, and Steve Bannon, 2.0, David Sacks, the architect, the architect, the architect. I like that. I remain, even after Sacks has triumphed in spaces, I remain the world's greatest moderator. So excited for this weekend, boys. See you tomorrow at the Tarmac on the Tarmac. Bye-bye. Love you, bye. I'm going all in. And it said we open source it to the fans and they've just gone crazy with it. Love you, West. I'm the queen of Kinoa. I'm going all in. I'm going all in. What? What? Your Winner's Line? I'm going all in. Besties are gone. I'm going 13. That is my dog thinking I don't see your driveway. Sacks. Where did I see it, man? 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 we just need to release somehow. What? You're a bee. What? You're a bee. We need to get merchies. Besties are gone. I'm going all in.