FULL TRANSCRIPTS · 12 TALKS

DealBook Summit 2026

The New York Times DealBook Summit · November 18, 2026 · Jazz at Lincoln Center, New York

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Transcribed and cleaned by Myles Marino · mylesmarino.com

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DEALBOOK SUMMIT 2026 · TALK 1 OF 12

Christine Lagarde on the New Global Order

Christine Lagarde, president of the European Central Bank · 29 min · Watch the video →

ANNOUNCER: Please welcome Andrew Ross Sorkin and his guest, president of the European Central Bank, Christine Lagarde.

Christine Lagarde is here. She is one of the most powerful policymakers in the world. Depending on which list you read, the most powerful woman on that list. She has run the European Central Bank since 2019. First woman to hold that job. Before that, she ran the International Monetary Fund. Before that, she was France's finance minister, the first woman to hold that job in a G8 country. The ECB sets interest rates for 21 countries and some 350 million people.

We're going to start the day with her because there is nobody better to put this moment in context. We're going to talk about everything: the relationship between America and the rest of the world, the wars in Iran and Ukraine, the economic issues facing Europe and France, the politics of AI. And underneath all of this, the very issue of trust, which I think is being challenged more than ever. Thank you for being here.

LAGARDE: It's a pleasure, Andrew, to be with you and with all your guests.

SORKIN: I want to start on the issue of trust, and maybe you can speak to it. Even in the last several days, as we were talking about JD Vance's situation today, there is a real question about trust, and not just trust, but where we are in terms of the true risks to the system. You've lived through a whole number of financial crises. I don't know if we're about to live through a digital crisis that could have a much bigger impact.

LAGARDE: What I would say first is that trust is at the core of what I have to do on a daily basis. Trust and money are very strictly related. I would argue that it's at the basis of so many things, whether it's the personal relationship, trust in politics, trust in the system, trust in currency. At the moment, trust is in short supply. So we have to make every effort to secure it, to cherish it and to develop it. I'm very happy to go in any direction you want, but I think it's fundamental to money, fundamental to technology, fundamental to trade, and there are some really interesting developments at the moment.

SORKIN: On October 29th, you announced that you will be leaving the ECB nine months early. I want to read the statement for a second, because I want you to speak to this. You said the reason you were going to step away is, "I want to have the freedom of speech, the freedom of expression, the freedom to engage on matters that are not monetary policy matters. I don't think I can be comfortable in that neutrality at the present time. And I am interested in truth. And I see the truth being very often damaged, contradicted by misrepresentation." What is happening in this moment that led you to make such a big decision?

LAGARDE: As you know, in Europe there are at the moment many elections in the making, one of which is in my country, but in other places as well. As a central banker, I have to observe the principle of neutrality. I cannot focus on any particular member state in the European Union. If I'm asked to comment on whether it's France, Italy, Germany, Spain, Greece, I have to say, terribly sorry, I'm not commenting on any particular country, because I work on the whole of Europe and the euro area. Listening to the propositions, the campaign, the fake news, the fake representations, the misrepresentation, the recharacterizations, I see it as my duty to clarify, rectify, and speak from my position and based on the experience that I've had. You had this beautiful video earlier on which described what I have done. I've been 20 years on the international scene. I've seen the financial crisis very close by, as you mentioned. I've seen countries go up and down under program. I just want to also bring my testimony to what is happening at the moment in my part of the world.

SORKIN: Let me ask you about something that's happening in this part of the world, from the perspective of your side of the world. I saw you earlier this year in Davos and asked you about the relationship between the United States and the rest of the world, in Europe in particular. You said they are behaving, this is the U.S., very strangely for allies. And you said trust has been undermined a little, perhaps a lot. How does the rest of the world view us right now?

LAGARDE: I'll tell you something. For those of us who believe in democracy, for those of us who believe in alternatives and rotation in power, I think the rest of the world is looking at the United States thinking institutions can actually hold in spite of whatever happens. I'm not taking a political view, but it's simply a fact that democracy is about *alternance* of power and authority. I think the United States has demonstrated that democracy is alive and kicking in this country. So, truth be told, there is a lot of interest. I'm understating my position here.

SORKIN: You're understating your position.

LAGARDE: Yes. There's a lot of interest outside this country in what is happening at the moment and will happen.

SORKIN: Do you think the midterms here in the U.S. change the dynamic with which so many of these trade deals and other things are now taking place?

LAGARDE: There are some interesting things about trade. Can I go in that direction?

SORKIN: Okay.

LAGARDE: Backtrack to January '25 and then April '25. Everybody believed that trade was going under, that trade would be on hold, that tariffs would stop many things and that the relationships would have to be rebuilt. Relationships rebuilt, yes. Trade down, no. If you look at the numbers compared with January '25, trade is up by more than 25%. This is incredible, because in the meantime tariffs have been raised by the United States vis-a-vis the rest of the world: Europe, a particular deal; China, another one; certain sectors, particular rates. Notwithstanding that, trade has continued and has prospered. It's very likely that for two or three years in a row, trade will grow faster than GDP.

Why is that? It is so because the artificial intelligence sector at large has propelled a great intensification of trade. There was a really good story told by The Economist which describes how an NVIDIA server rack goes through six different countries before it eventually enters the United States. Every time it crosses a border, trade increases. So we have that incredible increase of trade as a result of artificial intelligence and as a result of the trust that people have in each other: going from Taiwan to South Korea, borrowing from the Netherlands, bringing goods from Germany, going to Mexico before it comes back to the U.S.

SORKIN: When the tariffs on Liberation Day were first announced in the U.S., every economist was saying that this was a doomsday scenario. What's interesting is you're suggesting it wasn't.

LAGARDE: I leave it to you to call it Liberation Day.

SORKIN: Correct. So I'm curious, what did you think before that day? And what do you think now?

LAGARDE: You can call it what you like. I think it's the entrepreneurial spirit: people in the business of making, trading, buying, by and large trying to either circumvent or ignore some of the barriers that have been erected. It gives me confidence in what Montesquieu himself said in his old days, which is that wherever there is trade, there are better relationships. If his finding from the 18th century is confirmed by what we're seeing now, where countries are interlinked, where supply chains are being rebuilt, and where security prevails over reduction of cost, then maybe we will be served by that trade to enjoy better relationships. It remains to be proven, because we're not there yet.

SORKIN: Let me ask you a question about relationships. There's been a lot of hand-wringing about relationships in recent years, and about what those friendships between countries even mean. I wonder whether you believe that this idea of relationships has, to some degree, been a myth. Stephen Miller, who's the new chief of staff to the president, says, we live in the real world, a world governed by strength, governed by force, governed by power, and effectively these relationships have never really been relationships at all. They've been relationships of convenience and relationships of leverage. Who has leverage over the other?

LAGARDE: Shall we stay for a second in the artificial intelligence world? I'm not saying that because Sam is going to be the next speaker, but it's a really fitting example of how we are interrelated in a much deeper way than we think. If you look at the outside of this world, artificial intelligence is dominated by the duopoly: the United States on the one hand, China on the other, and Europe struggling and trying to catch up in the middle. But if you go under the hood and figure out how things are made, what the components are, what rare earths are needed, you see that we are all interdependent. If it weren't for the lithography machines that are made in the Netherlands by ASML, if it weren't for Zeiss making some very, very specific optical equipment that is used in the lithography machine, a lot of the microchips simply could not be built.

So yes, force is a key component of the relationship. Sovereignty is an important component. An international currency is a component as well. But bottom line, if you look at sectors, if you look at products, if you look at the convenience brought about by the communications systems that we have in

place, we are all in this together. To assume that one, because it has strength, because it has a particular standing at the moment, is going to use that leverage forever, I think is a little bit misplaced, or ignorant of what is happening in real life.

SORKIN: Let me ask a question about the U.S. and Europe, and I'm going to try to relate them. I think that right here in the U.S. and in Europe, there is a view, and you hear it increasingly, that capitalism is failing people. Everywhere people talk about affordability. I wonder whether you think it is an indictment of capitalism, and how this country has, to some degree, moved left. In Europe, by the way, in your own country, things may move the opposite way and move right. How do you explain it?

LAGARDE: Things are shifting, and sometimes they're shifting back and sometimes they're spilling over. That's a fact. There is an issue of distribution. As we speak, there are significant valuations being determined, significant IPOs being declared. It raises the question of who is benefiting, how that creation of value will be shared and distributed, and through which means. I don't want to make any advertising for your book, but I think your 1929 book gives us a very good example of...

SORKIN: Thank you. She's trying to butter me up.

LAGARDE: No, but there is a great analogy between what you describe in the '20s, where everybody was getting so excited about the car sector, radio, electrification, and where retail investors were brought into the game and were encouraged to invest through borrowed money in the main, and where expectations were ahead of actual earnings, and losses were widespread. I think we are in a situation that is not very different from that. Where we have changed, we have improved, we have evolved, but we have to be cautious. I'll tell you why. Through new platforms, through ETFs, many households around the world are part of that frenzy of investing in technology at any price. That's the reason why we should be very careful that, number one, there is transparency. We know what we are getting into. We know the circularity of investments and shareholding and long-term contracts between all those players.

SORKIN: You're referring to the AI trade.

LAGARDE: And number two, there is enough financial literacy around the world. I think it's less of an issue in the U.S., because financial literacy is probably better developed, but it's very much an issue in Europe. There has to be enough financial literacy so that when people are encouraged to buy ETFs or indices, they know what they're getting into. So you distribute in different ways. Either you distribute the value that has been created by sharing in the equity, for instance, or you distribute via tax. I'm sure that will be an issue you discuss with other members of your panel.

SORKIN: Do you think we're in a bubble? And a bubble by default has to pop.

LAGARDE: First of all, we've already seen a significant price correction in the last few weeks. At the ECB, we don't call it a bubble. We just published the Financial Stability Review, and we do say that there is a very ambitious price valuation, which, some of you understand quite well what I'm talking

about, stands to be corrected eventually. It's going to be a matter of what expected earnings are, will be, and what discounted value results from that.

SORKIN: Let me ask you a different question. The war in Iran, and Ukraine, but Iran has created a huge spike in the price of oil, specifically in Europe. I'm curious, given what...

LAGARDE: I don't think it is specific to Europe. I think the price of oil, in particular, less so gas, but the price of oil is pretty much in the same range across the world.

SORKIN: Okay. I know you're not going to want to tell us whether you want to raise or lower interest rates, but I want to ask you a sort of philosophical question. People see inflation happening, and they say to themselves, historically a central bank would try to raise interest rates to cut down on the inflation. And yet, because it is so related to energy, unless you think it's related to other things, there's a question mark about how you think about those two issues, because raising interest rates is obviously not going to create any additional supply of oil.

LAGARDE: I can be as good a swimmer as I am, I cannot reopen the Strait of Hormuz. That's a fact. It raises the whole question of whether it is transitory or not transitory, whether it will resolve by itself, or whether central banks have to get into action to make sure that it does not travel from a commodity price increase to transportation prices to all prices, and in particular to salaries. That's when central banks really have to intervene. When we have the second round, we have to intervene before we see the second-round effects. When we are concerned that there might be second-round effects, in other words the price of oil traveling from oil to wages, we have to get into action. And yes, you're right that the natural impact of increasing the price of financing is going to dampen growth. What we have seen in Europe is a resilient economy which, contrary to our projections, is resisting much more than we had anticipated.

SORKIN: And you think that's a function of AI?

LAGARDE: I think AI has a lot to account for, yes, and it's positive. Let me clarify. We had the negative pressure from oil and gas prices in particular, and then we had the positive of investment in AI and developments and increased productivity. It's not the only thing. There has been fiscal support as well, particularly military expenses and budgets, and infrastructure improvement. But those two, AI and fiscal, have certainly supported growth.

SORKIN: Let me ask you about your home country, and I don't know how much you can speak to it. France is now paying about a point and a half more than Germany to borrow for 10 years. You're seeing a real sort of imbalance. At what point do you say to yourself, this is a genuine problem?

LAGARDE: I'll tell you what the genuine problem is with our European construction. We have a monetary union, which works well, thank you very much, with a euro that is the second international currency in the world at the moment, and a developing role. But at the same time, we do not have a fiscal union. When the chair of the Fed deals with the Secretary of the Treasury, he deals with one person, one Treasury, one issuer. When I deal with my fiscal authorities, I have 21 interlocutors. That's

a structural problem that has not yet been solved, and which I hope will be solved over the course of time. Remember, we had that issue back during the European sovereign debt crisis in 2011, when suddenly people in the business and in the trade realized that one country, namely Greece, which is doing fine now, thank you very much, was not in the same league as other euro area member states. Suddenly they had to adjust, and the price of financing for Greece went way up.

SORKIN: Do you imagine that the budgets in Europe are going to change as they relate to social programs? I don't know if Lord Blankfein is here, but we were talking about this before. There's a question in the U.S. about social programs, but there's a real question about them in Europe, and what happens longer term.

LAGARDE: I think you're referring predominantly to the pension system, right?

SORKIN: Pensions, but maybe also healthcare or other things. Pensions mostly.

LAGARDE: Many European countries, and Europe at large, were developed on the basis of a social contract that was predicated on access to healthcare for everyone and pensions available for everyone at different ages. Again, we're back to this discrepancy between the 27 member states. You can retire at the age of 62 in one country and at the age of 67 in another, and sometimes beyond that. So there are differences, but the social contract was about that. There was a social foundation that would protect people against hardship. The real question is, can that be maintained, at what price, and at whose expense? I think it's going to be a debate that will keep a lot of politicians busy in the next few quarters and years, because pensions have to be sustainable, just like debts have to be sustainable, and you cannot just borrow your future, including for pension purposes, on a debt that would not be sustainable.

SORKIN: I have a question that came from a reader. I thought this was a smart question. Suppose you've got a 25-year-old niece living in Paris. She started a company you genuinely believe could be worth $100 billion. She gets an offer from an American investor, but the condition is that she move to the United States. She calls you on Sunday. What do you tell her to do?

LAGARDE: [inaudible] First of all, it shows that there are great, great European talents. And you said it's my niece, right? So great female talents, thank you very much. I would tell her to hang in there and go do the rounds. I would tell her to raise more funding, because she probably needs more funding. I would tell her to try, because we have a burgeoning VC sector that I would hope, if her business is promising, would invest in her development. The likelihood of that happening is probably relatively low at the moment, because we do not yet have a capital market union, and she would have to go around various member states, various VCs under different regulatory regimes, to get the money that she needs. This is where Europe has to get its act together, to bring about that capital market union, where with a single project she could access a large, liquid and deep set of financing actors. It's not yet the case, and I think Europe is working on it, but it has to beef up its game, and fast.

SORKIN: We're going to run out of time, so I have a couple of quick questions about the United States and Europe, from your perspective. One of the big questions has been about the credibility of our economy, but mostly the Federal Reserve and its independence, given some of the comments we've seen the president make and efforts he's made to frankly undermine the independence of the Federal Reserve, going after people like Jay Powell and trying to jail others. What does the rest of the world think of that, and do you think it's had any impact at all on the price of our Treasuries?

LAGARDE: I think the independence of any central bank is critical to its mandate. We have an incredible privilege of, as you said, setting interest rates and financing terms for all economic agents in our respective jurisdictions, and it's vital that these central banks be independent. When I observe how the Fed is operating, I have faith in the successive chairs to defend the independence of the central bank. Whether it was Jay Powell or whether it is now Kevin Warsh, I'm confident that both of them value that independence and that they will fight for it. And I think it's important for the rest of the world, by the way, really.

SORKIN: You are going to be leaving this role soon. There's a lot of speculation that your next role could be in the events universe, as it happens, running the World Economic Forum. True?

LAGARDE: It's one of the options. For the moment I'm the president of the European Central Bank and will be so until the 7th of February, and I'm not going to entertain any speculation as to what I will do next. But I'm not retiring.

SORKIN: Let me ask you finally, you have a book coming out in January? What is it?

LAGARDE: A memoir. Yes. My autobiography. It's called *Lady First*. Couldn't be *First Lady*.

SORKIN: You once said, during the financial crisis, that if Lehman Brothers had been called Lehman Sisters, it wouldn't have happened.

LAGARDE: Yeah. You will note that the girls are applauding, not so many boys.

SORKIN: I'm curious what you think the lesson is. When I first introduced you, we said you were the first woman to do this and the first woman to do this and the first one to do this. Where do you think we are in terms of shifting the culture, and how important is that or isn't it? Because there has been all sorts of pushback, even in the last couple of years in our country at least, over so many different related issues.

LAGARDE: Look, I think there has been a lot of progress, and I think there has been a lot of pushback. My take, because I've been through all these ceilings and been bruised along the way, is that we should keep at it, and it's in the interest of both man and woman to bring that diversity to the head table.

SORKIN: You feel bruised by it, by the way?

LAGARDE: Of course you get bruised when you go through glass ceilings. What do you think?

SORKIN: Yeah. Final question. What was the most bruising story?

LAGARDE: The most bruising story? I have vivid memories of the financial crisis, and seeing the whole financial world, including all the banks and the deposits and all of that, held by a thread of trust that could have vanished or could have been reinforced. At that time, international cooperation, including all members of the G20 and all these great leaders at the time, was critically important to just keep this thing holding. That is why I strongly believe that international cooperation is a must in this environment, where everything moves and affects everybody else.

SORKIN: Christine Lagarde, everybody. Thank you.

LAGARDE: Thank you very, very much.

DEALBOOK SUMMIT 2026 · TALK 2 OF 12

Sam Altman and Greg Brockman on AI Safety, the Hugging Face Hack, and an OpenAI IPO

Sam Altman, CEO of OpenAI; Greg Brockman, president of OpenAI · 40 min · Watch the video →

SORKIN: Sam Altman and Greg Brockman founded OpenAI 11 years ago next month, as it happened. Sam is the chief executive. Greg is the president. Almost four years ago, on November 22nd, 2022, they released ChatGPT, built on a model called GPT-3.5, and changed the world. And we've been talking about it basically ever since. More than a billion people, I think it's a little over 1.2 billion now, are using ChatGPT every single week. And we've got about a million questions about the future and everything that's going on around us, as well as issues about security and safety and the economics of the new frontier, the politics of all of this. So please welcome Sam and Greg together.

Great to see you both.

ALTMAN: Thank you.

SORKIN: There are about a million things to talk about. We have Anthropic's IPO happening tomorrow. We have the Jensen news. You have a new model that just came out yesterday. There are now security concerns. JD Vance is saying something back in Washington, in part because of some of these things. And I want to get to all of this. I know you've been asked about the Jensen situation, and we were just talking about it backstage. But what do you think? You've watched this play out. I'm curious, have you talked to him about this? Do you want to go first, either of you?

BROCKMAN: Look, I would say Jensen is singular. No question. And I have talked to him a little bit. My wife and I are friends with him and his family. And so we just reached out personally, just to be there for him and his family at this time.

SORKIN: And how's he doing?

BROCKMAN: Well, that's a personal, private conversation, is what I'd say. I think it's obviously a tough time for everyone. But again, I think NVIDIA is such an incredible company. What Jensen has built there clearly is built to last. And so we're excited to keep partnering and looking to the future.

SORKIN: Sam, you speak to him too?

ALTMAN: Jensen took one of the earliest big bets on us. We took a big bet on NVIDIA. It's hard to imagine the AI industry without Jensen. I think "singular" is a great way to describe it.

SORKIN: Do you think he thinks he can come back, when you talk to him?

ALTMAN: Greg and I have a little more empathy toward the situation than the average person. And I will say one thing I did not appreciate was everybody on earth speculating with some random theory here or there. So I will say I wish Jensen the best. I wish NVIDIA the best. I don't think the world

needs another set of random opinions on what's going to happen here.

SORKIN: Let me ask you a philosophical question. It's unrelated to Jensen, but related in a way, because I think about it a lot, and I think about it in the context of this event: the idea of the cult of the CEO. So many of the people on this stage, including both of you, have a cult of the CEO around them. The idea is that some of these companies are so singular, and these individuals are so singular, that the companies can't be run without them. You were pushed out and then came back, in part because there was a view that certain people thought that you...

ALTMAN: Greg and I were both pushed out and came back. Again, I don't want to put too much into the differences between the situations. But I think a large part of what has made OpenAI succeed is that Greg and I have a unique partnership. We each brought something important to OpenAI, and we did that over a period of now almost 11 years. Could the company succeed without us? Yes. But do we together bring something that is important to what has driven OpenAI to where it is now? Absolutely. Our partnership has been one of the most enjoyable parts of this for me over the last 11 years. I remember Greg early on at OpenAI would send me these screenshots, and I think he even posted a few on Twitter, of how many hours a week he coded. He was a legend inside of OpenAI. Now Greg is operating in a different way, and managing the company with that same ferocity. That is a special thing, and I don't want to think about what OpenAI would be like without that. Is it true that people over-project onto any single person their importance to the company? Yes, probably. Do I also think there are people who bring something very special and very hard to find? I'm very grateful to have gotten to work with Greg for so long, as one of these people. So yes, also.

SORKIN: Can you just explain, because I don't think we've actually seen both of you together on a stage like this before. Sam, you have historically been the face of this company. Greg, you were sort of in the shadow, I think, but now you're increasingly running the business. How do you guys work together? What is this partnership like in the longer term? Do you want to get out of the shadow and have him take the stage? How is this going to work?

ALTMAN: Do you want to go first and I'll take the second part?

BROCKMAN: Sure. To understand how we work, I would rewind to the very beginning of OpenAI. We did this dinner that Sam had put together in July of 2015, where we were talking about the idea that became OpenAI. Was it too late to start a lab with a bunch of the best people, to really try to make a positive impact on AGI? No one could come up with a reason it was sufficiently impossible. So Sam and I drove back to the city together. We looked at each other and said, we have to do this. I was between jobs at the time, so the next day I was full time on it. Sam had a day job, but we were constantly on the phone with each other, probably five or six times a day. We would call each other for two minutes at a time. Just incredibly rapid fire. The highest-bandwidth interactions I've had in a professional setting with anyone. That's 100% how we started, and how we operate today. Probably over the past week we've been on, I can't even count, a dozen, two dozen different topics. Sometimes together with other people, sometimes just us one on one. Sometimes turning through pretty deep

issues on longer calls, sometimes incredibly quick. And I think that bandwidth, that trust that we've built, and the division of how we think about the different areas of responsibility, all of that is something we've really built up over these 11 years.

SORKIN: What do you guys disagree about?

BROCKMAN: Well, the kind of thing we tend to spend a lot of time on is the thorniest questions in AI. How do we think about what we're building? Where's the future going? How is what we did in the past not going to work for what we're doing going forward? How do we need to evolve? How do we message it? How do we talk about it? How do we communicate to a company? How do we execute? So we spend a lot of time going back and forth. Sometimes it's individual word choices. Sometimes it's whether we should really go into this area. And sometimes it takes months to come to convergence. There are times where we disagree and commit, and sometimes where we really grind it out and come to a shared view.

SORKIN: What do you actually disagree about?

ALTMAN: Yeah, I was going to say something similar. We could point to areas where we disagree about whether we should go after this new area, or whether we should be focused a little more or a little less. But I think the most important areas are where we disagree and then come together in some way in the middle. One thing we've been talking a lot about recently: there's been this thing in Silicon Valley that seems almost ridiculous to have to fight against. But we both believe very deeply that people need to stay in control of the future. And there's increasing talk about how there is either going to be, or there should be, a gradual handover to AI. We both agree that that's a terrible idea. But the question is how to actually prevent that from happening. How do we ensure, given all of the various pressures and given what other companies may try to do, that people stay in control of the future in a very deep way, and that we don't have either an accidental or an intentional handover? I think we both agree on that. We'll have a little bit of a different view of what it actually takes to get there, and what the landmines are along the way. That's where I think our debating and really grinding it down comes in.

SORKIN: I want to dig in on this, because it's a very important issue: this idea of humans in the loop. I always thought...

BROCKMAN: Not in the loop. In control.

SORKIN: In control. Yes. Okay. We are now in a moment, and it goes to some of the issues we're seeing around the country right now, where people are worried that AI is taking over and doing things on its own. And I always thought the idea was that AI was supposed to do things on its own, that that was how it was supposed to work. We're going to talk to Satya Nadella later today. About a month ago he said he believes that the models themselves can never actually be aligned with what humans want. The only answer, he says, is to contain them. Meaning the AI will always just do whatever it's going to do, and you need to create container systems and police on top of them. If that's true, does any of this even make sense?

BROCKMAN: Well, the way I look at it is that as you build more capable AI, and I think we're starting to reach a point where AI is quite capable, we're able to solve unsolved math problems that some of the smartest minds have spent many, many decades working on. It's clear we're going to be able to apply this to economically valuable domains. For example, we're starting to see it in chip design. We're announcing today that, working with AMD, we're able to get a year's worth of full generational improvements in five months, just using our models. That's on top of what the humans were doing. A year's worth of improvements with just AI capability, which is continuing to improve. So the economic value is tremendous, in terms of being able to solve problems that would have been totally impossible otherwise. But that also means increasing responsibility for alignment, safety, security. And I think it's multi-layered in terms of what we need to accomplish. Monitoring is a good example, where I think we're going to need new monitoring technology. The way we've observed whether the AI is doing what we want it to do is through chain-of-thought monitoring. These AIs write out their thoughts and thinking. When we first developed that technology, we said we have to make sure this stays faithful, that it actually represents how the AI is solving the problem. That means certain technical approaches. You can't train the AI to make the chain of thought look good. You have to sort of not look at it while it's training, even though you know you can make the AI smarter by forcing the chain of thought to look reasonable, because you want it to really represent how it's solving the problem. But as the models have gotten more capable, they can do more within just the forward pass, without having to write out that thinking. That means we need a new approach to monitoring. We're going to need to deliver that. There will be points where, as capabilities reach a certain level, chain-of-thought monitorability is degraded, and we improve these other approaches. But I think all of these problems are technical ones, and we can have technical, scientific conversations about them.

SORKIN: But Sam, is Satya right that alignment will never get there? He thought the scaling laws would create the alignment, and I think he's saying that's not the case anymore.

ALTMAN: I disagree with him on this. I think we will be able to align models. Where I might agree with him is that the bar for extreme confidence in our alignment techniques, and also in monitorability and the other things Greg just mentioned, needs to get higher and higher as the models get more capable. But I expect we will have continued progress. And I think our ability to push capabilities forward will be dependent on us having that progress. Go back to this thing that people always need to stay in control of the future. It is irresponsible to push model smartness without being able to do the technical work to ensure that we can monitor and align these models. It's really quite remarkable. You said at the beginning that it's less than four years since ChatGPT launched. With GPT-3.5, most people looked at it and said, this is so dumb, I can't believe anyone is excited about this. And now, within recent months, we've seen models that are doing this chip design and proving these unproven mathematical theorems. And we see huge capability progress ahead of us. The technology has come very far. It will go much further. I think this is a moment to say we need to really look at where things are going, and the technical requirements to get to where we want to be. But I think it is possible.

SORKIN: You've had a whole bunch of security issues that I want to talk about. But I want to ask you this first, because it relates to Anthropic, which may be public tomorrow morning, as you know. You told Fortune magazine this fall, "I actually think that, given everything happening with safety right now, it would be an ill-advised moment to go public." Why did you say that? Some people said, oh, it's self-serving, because OpenAI is not going public. But what do you think is happening right now?

ALTMAN: We plan to be a public company at some point. I think there are many reasons why that's the right thing to do. I do think these recent months have been a newly challenging period, and there will be newly challenging periods ahead of us for a long time, about the safety requirements in front of us. Many people have remarked on the tension between the need for all of these companies, and really the whole economy that depends on this in some way, to be commercially viable and competitive, while also making sure that we put safety and security ahead of that. Obviously we want to do both. But it's clear there are times when we need to make trade-offs, and it is a complex thing to navigate.

SORKIN: But do you think it will be safer if you go public six months from now, or ten months from now? What will have changed between now and then, you think?

BROCKMAN: What I would say is that this year has really been one of transition. I think that's true for OpenAI, and for the industry broadly. Partly it's because of model capabilities. Safety has always been focused on deployment safety. You have a model, and when you deploy it, you've tested all these things. But even during the development process, the models are now capable enough that we need to think about safety, security, and alignment. That's new. And that's actually been a huge cultural shift, and a place where we feel we've invested a lot. There's always more to be done. But this is really important for the whole industry. It's not any one company. It's an industry-wide shift where I think we're going to increasingly need shared safety standards and things like that. It's an area we've invested in very hard. And one of the ways we secure ourselves is by applying our cyber models. The thing I helped lead our teams through a couple of weeks or months ago was a first security sprint, where we paused 25 percent of our production engineering. We told 25 percent of our production engineers, your job is no longer to be building stuff. It is to secure us.

SORKIN: Was this post-Hugging Face?

BROCKMAN: Yes, this was probably in August or so.

SORKIN: Tell us about that moment, when you realized what was really happening. By the way, Clem from Hugging Face is here somewhere. But tell us about the experience of it personally.

BROCKMAN: Look, I remember seeing a message from someone on our security team saying he'd never seen anything like this in his career, and that no one has ever seen anything like this in the world. The realization was that our models were at a point of capability where, during development, they were able to have this kind of real-world interaction. That was something that was new this year. And we've had so much cultural change. We've been really trying to take a look at all of our processes and think of this in context. There's more to be done, and more that we are doing. It's an ongoing conversation about how to keep up our processes, and how we think about it, and to have this be

deeply embedded in the culture and in how people operate. But there's no other way to approach this technology. It's so impactful, so important. To me there's both the lesson for us internally, and also the realization that if you look at the level of capabilities of models in the world, and you see cyber models that are now in the hands of threat actors everywhere, it's really important that defenders use the most capable models to defend themselves.

SORKIN: Do you say to yourself, we screwed up? There was just a complete screwup. And what does that mean for you to even say that? I know the California AG has just filed a suit about this very issue, saying that the company knowingly tested a dangerous product without proper oversight or safety procedures, and then misled the public about it.

ALTMAN: Obviously, we don't agree with that characterization. We have talked a lot about iterative deployment. I should say clearly, we wish Hugging Face hadn't happened. But the only way we have known how to make this technology safe is to confront reality. We would love to have nothing ever go wrong. But there's also a reality here: this technology is new, and it has complex impact.

BROCKMAN: And by the way, one thing I want to add, because I think it can be easy to miss if you don't rewind to the history. When we were first deploying our API, our very first product, our very first language-model-based product, in many ways the first of these in the world, we were really thinking a lot about the best way to approach AI development. The alternative to iterative deployment is that you never touch reality. You just build a super powerful system and you push a button, you push go. That is the scariest possible world. I remember thinking, I don't think I can ever be accountable for being the one pushing that button. I need to have made sure that we made the system safe in the earlier version, and then you make the next version safe, and the next version safe. And I think one of the important things is that you really do want to be investing ahead in all of these techniques. And we actually have been. If you look at what's happened post-Hugging Face, we have safety, security, and alignment technology that we've brought to bear much earlier in the pipeline.

SORKIN: We read headlines every day about people who've left OpenAI, and some of the other labs as well, and they say these guys are racing ahead without doing all of the work. Every other day there seems to be some new person who comes out and says this. Paul Christiano, who used to work at OpenAI and is now on the OpenAI Foundation board, was in Toronto last week and told a room, I think for most people in this room, the most likely reason they will die is because of an AI accident. That's what he actually said. How are we supposed to compute all of this, as excited as I am about AI?

ALTMAN: We are very clearly entering a new phase. And as in other new phases, we will have to operate differently. We've been talking a lot about what needs to happen. If the world and the companies developing AI treated the next four years like they've treated the last four years, I think that would be very bad. We have no intention of doing that. I think we have been some of the loudest voices about the increasing stakes and what will need to be different. Maybe Greg can talk a little more about some of the specific changes we're thinking about making. But I do think the world needs a clear plan from the companies about how we are going to confront this next phase of models that are, in some important ways, significantly more capable than before.

SORKIN: Can you explain one thing to me? For years, and I think when you were here last time, Sam, you talked about the worries you had about the industry. Dario's talked about it as well. Other people have too. And yet recently people like David Sacks and others have argued that these are almost scare tactics, and that they're meant as some kind of regulatory arbitrage, some way to protect yourselves at the expense of everybody else. What do you make of that? You've heard it, I'm sure.

ALTMAN: We're not going to be able to make everybody happy. If we talk too much about taking extra care for safety, or about risks that we really need coordination to mitigate, people are going to accuse us of regulatory capture, or of trying to slow down innovation. And if we only talk about max pedal to the metal, people will say, well, please don't kill us all, which is a very reasonable thing. What we have to do is just do the thing that we believe will actually deliver a safe future with people in control.

SORKIN: Do either of you talk to Paul, by the way, since he's on your board and he thinks this is going to kill everybody?

ALTMAN: We certainly talk to Paul quite a lot.

BROCKMAN: Here's the thing I also want to add to what Sam was saying. AI is the most important technology that people will ever create. I think it is the question of our time to figure out how we navigate this technology in the way that is most beneficial to people. That's core to our mission. That's how we always operate. And it's very easy to lose the benefits. Why are we doing this? What can it do for people? What is it doing for people today? Like you said at the beginning, 1.2 billion people around the world are using ChatGPT, and 330 million people use ChatGPT for health queries. These are both weekly stats. I have a friend, for example, someone who worked at OpenAI, who was in the hospital. A doctor came in and was about to inject something into her IV. She said, wait, let me just check with ChatGPT. ChatGPT said, absolutely do not take that, because you have this pre-existing condition, and if you do that you will probably die. The doctor said, wait, what? No, no, that's absolutely right. I'm so sorry. I had no idea. I only had five minutes to read your chart. You realize that is not a problem we're going to be able to solve any other way. The previous session was talking about pension plans and how to make this all sustainable. I think there's so much that AI can deliver to make us safe. Think about what's happening in cybersecurity, using frontier models to secure yourself. That is going to be absolutely critical for national security, and for the internet itself, which was never built with security in mind. There's a lot of this that we can finally solve. The only way to solve it is by empowering people with better tools. All of this is true at once, and we need to navigate through it very thoughtfully as a world.

SORKIN: Sam, let me ask you this, because I was struck by it. You did a podcast recently. The conversation has always been about how you get the industry together, through a regulatory body or a self-regulatory body or something. You were asked why everybody in the industry distrusts each other as much as they do. And you said, "I think there is something that happens in many people's brains where they only trust themselves to build this, because the stakes feel so high." I'm curious: do you

look at what Dario is doing, for example, or what Elon's doing, and say the way they're doing it is dangerous? Is there any way you could imagine doing it all together, or in some kind of umbrella system?

ALTMAN: I think it's good for people to have different approaches and be able to say, I believe in this, and I believe in that. I do think there will need to be some shared standards on safety. And there will need to be real societal debate about some of the biggest questions. We talked earlier about our very deep belief that people should be in control of the future, and that there should be no risk of an accidental or intentional loss of control of AI. I think everybody would agree that there should be no risk of everybody dying. But I saw a recent comment, I think from Elon, about how maybe we could be Labradors. I don't want to be a Labrador. I don't want my kids to be Labradors. I want people to have the agency over the future that we have had. I want people to be able to live their lives and invent things and be useful to each other. And I think it's really important that we advocate for this.

SORKIN: So you think others are going too fast? The reason I ask is you look at what's happening at Anthropic, you look at some of the numbers that have come out, and it appears they really are genuinely using recursive self-improvement in a way that may be faster than people had anticipated.

BROCKMAN: I want to add two things. One is about structures, about how to think about things. I think we're the only company where the founders don't have supermajority control. These questions about how control should work and how governance should work are clearly going to be a very important topic going forward, as you build these very powerful technologies. I don't know exactly what the right answer is, but it is an important question. And when it comes to development, on what Sam's been saying about shared safety standards, there's something really important that's very easy to miss. Right now every company only knows what it knows about itself. It only knows the standards it sets for itself. Then you have to have some theory of mind about what everyone else is doing. Are they holding themselves to the same bar? Being able to share even just information about where you are on your internal development matters. Take the question of whether the approach is RSI. That's such an ill-defined term, and there are many different ways to look at it. For example, in many ways we've been speeding ourselves up with our own tools already. It's happening. But that's very different from saying that a human has written a safety case and understands the internals of what's happening. There's a lot of nuance that gets lost in the lack of a shared definition. So the more we can get everything on the table and really understand what each other is saying and where we are, even that alone would be a big step forward.

SORKIN: I'll ask it straight up. Do you think what Anthropic is doing, the way they're doing it, is safe?

ALTMAN: This gets to what Greg is saying. I don't know. And I think they also don't really know what we're doing. The race dynamic in the fog of war is a bad thing. I think this is a time where more caution, not less caution, is warranted. We all have a shared interest in the care and caution going into these models. And the dynamic where people say, well, for whatever reason I need to go max speed here, is a little unsettling. I think this could be addressed in a very positive way.

SORKIN: Can I ask you one question? You were talking about control of the company, which I think is interesting. Last time we were here together, we talked about the fact that you don't have an equity stake in this company. He has something like a $30 billion equity stake in the company. How does that change your relationship?

ALTMAN: I think not at all.

BROCKMAN: I think not at all. Someday we're going to hang out and you're not going to ask me about this.

SORKIN: By the way, when you have the IPO, do you believe that you will get the same stake that he does? Will that make you happy?

ALTMAN: We just want to make you happy. I'm happy.

SORKIN: No, honestly, because this will become an issue by default. When you go public, I imagine you would see the same kind of stake as him or others.

ALTMAN: I don't think anyone could look back at the way I have lived my life the last 11 years, or at least since I've been CEO, and say I have not demonstrated absolute commitment to the pain and suffering of running this company.

BROCKMAN: I can vouch for that. And by the way, when we were first setting up the structure, I said to him he should take equity. I advocated for it. That was something we disagreed on. He really stuck to it, because it was important to him at the time, for where we were setting things up to start.

ALTMAN: I should have listened to Greg. I think it has been a very confusing thing to do.

BROCKMAN: But I have a lot of respect for it. I don't think you could argue that he has not acted with full commitment to the company, to the values of the company. That was something I really respected, in terms of his conviction. And I was like, all right, I can support that.

SORKIN: I've got a couple other quick questions that I want to get to. I want to talk about this new model. I also want to talk about compute. Everybody's desperate for more compute. I was struck by this, Greg. Maybe you can tell us about it. Everybody's so compute constrained that there's a report you asked Elon Musk, who sued you guys, for compute. This was in a Colossus profile that recently came out. He was complaining to Sergey Brin. He said, he was asking me for compute. He said, "Dude, you stole my charity." Did this happen? Did you ask Elon Musk for compute?

BROCKMAN: Oh, certainly. I've asked. I also asked Sergey for compute. Look, I think the world does not build enough compute. We view this technology as the underpinning of the economy, and we're seeing it in a real way. Look at the revenues of the AI companies. For us, in Q3 alone, our top-line revenue grew, annualized, 70 percent.

SORKIN: Seventy percent?

BROCKMAN: Seventy percent. And we actually doubled our enterprise revenue in Q3 alone.

ALTMAN: I don't think that number is out there.

BROCKMAN: I think it's out there in the ether somewhere.

SORKIN: So how do we compare your company? When you look at the valuation of Anthropic, which we'll find out tonight, if it's 1.4, 1.6, something in that range, maybe more, maybe less, how do you think about that in the context of your own company?

ALTMAN: Valuations will go up and down. People will talk about this company's ARR this week versus last week, and this chip order here, and all that. But look at the value being created by the entire industry. I know there's debate about this. I know people are still saying, oh, it's all a bubble, it's all fake. But the actual value that businesses and individuals are creating and willing to pay for seems like a chart that is only going to keep going like this. Of course there will be ups and downs in valuations here or there. But I think the trend is going to be strong.

SORKIN: I was watching Satya, who's going to be here later, as I mentioned. He was doing a presentation yesterday, and the whole presentation was about how they can make the AI business much cheaper. They are your partner. And yet every slide was, OpenAI costs this, and we can do the same thing for 5% of the cost.

ALTMAN: I hope they do. I am very proud of how much we have been able to drive down costs. We want everybody to get to use lots of AI. We want to squeeze out the performance of all the compute we can have. I think we have done an incredible job of not just pushing model intelligence, but pushing down the cost of getting a task done. I think this is awesome. I want to see much more of this.

BROCKMAN: 100%. If you look at our models, they're really at that Pareto curve of cost for any task, the most price-efficient and also peak intelligence. That's what we really solve for. And we do it all the way through the stack. We have our own chip coming, which is going to be the best in the industry. We have been investing in trying to make there be enough compute for everyone.

SORKIN: You have a new model that you're going to release. This goes to the slowing-down piece of it. How do you think about OpenAI differently, if it is different? We have talked over the years about whether this all commoditizes to the same place. How do you say this is different from what Anthropic is doing, or Google, or Elon? And the other question, longer term: you're in the chip business now. Does it have to become completely vertical? Does everybody become vertical?

BROCKMAN: Look, I think we are a pretty unique, very differentiated business. Look at ChatGPT. There's nothing like it. It has 1.2 billion consumers. The way it's monetizing has been inflecting up. We've never seen this kind of per-user revenue growth. We have ads, all of those things. People sign up for more subscriptions. And people are using it for productivity. So we've really been bringing it together with the enterprise side. That's very unique to how we operate: we have this great strength on both sides. A lot of my focus, and our focus on product, has been to have one agentic platform that everyone uses. Looking forward, we're starting to look at these high-compute use cases. Look at what we've done with solving these math problems. Same thing: you apply a million dollars' worth of

compute to find a thousand bugs in the Linux kernel, where typically about 20 of these bugs are found a year. You find a thousand of them in a small period of time, with a single researcher. Apply that to optimizing your code. Apply that to solving other hard problems. All of that is coming. So there's this great differentiation of OpenAI. But also, the underpinning of what a company is, SMB, all these things, is all going to be oriented around AI and models. The economy is going to be massively accelerated through this technology. And I think the biggest limiter will just be compute. Who has the compute, and what companies are able to bring it to bear, is what will really determine the differentiation.

ALTMAN: We are the only company that has the entire intelligence stack. We're really proud of our chip. We're very excited about building our own data centers. We have this great consumer business, we have this enterprise business, and the ability to bring this platform of intelligence to everything. Like people use electricity for everything. I think we are set up to be vertically integrated to deliver the best thing across all the ways people need to use it. And we're thrilled for people to build very successful businesses on top of us.

SORKIN: Two final questions. One personal, and maybe the other personal too. There's a movie coming out about you and the company, and you're the star of it. Andrew Garfield is going to play you. It's called *Artificial*. He recently said that he's fascinated by you "continuously and exponentially." But then he goes on to say that the kids, and he thinks of you as a kid, have the reins of the future, and we've somehow allowed them to just hold on to them. How much do you think, on a very personal level, about the perception of you, and whether you're trusted or not? There are stories that we read, as I said, regularly. I'm just curious, on a very personal, human basis, how you think about the way people see you. I remember the perception of Mark Zuckerberg after the movie *The Social Network* years ago. Do you even think about it at all?

ALTMAN: If you had told me 20 years ago that someone was going to make a movie about me, I think that would have struck me as a really weird thing. And now it doesn't feel like it's in the top 10 weirdest things about my life.

SORKIN: What's at the top?

ALTMAN: The fact that we are ushering in this technology that we have all of these very real concerns about, and that we find ourselves in a role of such significance and such responsibility to make that go well. That is a crazy situation to find yourself in.

SORKIN: And then finally, Greg, tell me about this. You're at the White House with the President, and he's telling the whole room, and trying to get you to sign a piece of paper, saying that you're no longer going to call artificial intelligence "artificial intelligence." You're going to call it "SI." And your company name is OpenAI. What's happening in that moment? Do you then call Sam? Did you even think about not signing it?

BROCKMAN: You're talking about the White House Accord?

SORKIN: The White House Accord.

BROCKMAN: The White House Accord is really about safety standards, and absolutely, we spent a lot of time trying to get that right. We're quite aligned with everything in it.

SORKIN: But when he made this proclamation, and Elon's changing the name of his company, basically over the name, your name, it's built into the name.

BROCKMAN: Look, I would say the White House Accord was really a separate thing. As for what we call our company, I think Sam and I can always talk about that later.

SORKIN: What do you think? Did you change your name to [inaudible] the New York Times?

ALTMAN: Okay, well, now we can get into the lawsuit.

SORKIN: So, we are suing you, as you know. And I know we've got to go, but I'll ask this of Greg, because it's unfair to Sam, who's the one who did the provocation. Greg, there is a report. There were some email exchanges that came out where you had a colleague who was effectively scraping, who got past the paywall of the New York Times to scrape the Times. They sent you this email, and you wrote back, "Nice, this is great." This is a great thing that you were able to do. I would like to give you the opportunity to comment on that.

ALTMAN: Wait, I think I should have to answer it.

SORKIN: You have to answer it? Well, it's Greg's issue, though.

BROCKMAN: Well, first of all, I would just say, active litigation, not going to comment on it. And I've talked about this one in my deposition, so it'll be public.

SORKIN: We're out of time, guys. I will say this was fun, and it was very insightful, and we very much appreciate it. Thank you very, very much.

ALTMAN: Thank you.

DEALBOOK SUMMIT 2026 · TALK 3 OF 12

Hailey Bieber on Why She Decided to Sell Rhode

Hailey Bieber, founder of Rhode · 24 min · **Watch the video →**

ANNOUNCER: Please welcome Andrew Ross Sorkin and his guest, founder, CCO and head of innovation of Rhode and strategic advisor to e.l.f. Beauty, Hailey Bieber.

SORKIN: We spend a lot of time at DealBook talking about people who shape the economy, and our next guest shapes the economy. But increasingly, some of the most consequential business stories, I think, begin with people who also shape culture. And few people understand that intersection better than our next guest. Hailey Bieber began modeling as a teenager, working with some of the biggest names in fashion. She has spent much of her adult life in an extraordinary spotlight, with a level of attention and scrutiny that few of us could imagine. She has nearly 60 million followers on Instagram. It's kind of crazy. Almost 20 million on TikTok and nearly 3 million subscribers on YouTube. In 2022, and this is where it gets really crazy, she launched a beauty brand called Rhode. And less than three years later, e.l.f. Beauty acquired Rhode in a deal worth up to $1 billion. Three years later. Hailey's company is currently the number one brand sold by Sephora across the U.S. and the U.K., and recently expanded across Europe. We want to welcome you to the stage.

BIEBER: Thank you.

SORKIN: It is an extraordinary story. The reason I wanted to talk to you is that I think you understand the culture better than many. There are lots of people who had celebrity and had followers but didn't create a brand like this. So if you could take us back in time, I think we all want to understand, maybe through osmosis, what you understood that everybody else hasn't.

BIEBER: The thing with Rhode for me was that I wanted to do something that felt really authentic to me. My hope, and why I think people resonate with the brand, is that they can feel that Rhode is me and I am Rhode. It's such an extension of my personality and the things that I love. Something we talk a lot about at Rhode is building a world. I wanted to build a whole entire thing around the brand, from the products being great to the packaging being great to the branding being great to the storytelling being great. And really just invite the audience into that.

SORKIN: Go back in time a little bit, because it started a little bit as media. There was a media piece first. And I'm going to project onto you for a moment, so indulge me, because I've watched you talk about it. Sometimes I feel that you make it out like it was an accident, and I think there was almost nothing accidental about this. So I want to understand: when you first started thinking about what you were doing online, media-wise, had you already connected the dots? That if I start this way and do this online, I'm then going to be able to create consumer products on top of it?

BIEBER: I think the thought behind it was that consumers are really smart, and I don't think they connect well to things that just appear out of thin air. When somebody says, "Hey, here's my brand," out of nowhere. Skincare is something that's always been authentically something I really, really enjoyed. I'm such a skincare junkie. I say that about myself all the time. So the way we were teasing and putting things into YouTube videos and Instagram, the way I was sharing it for such a long time before the brand launched, came out of wanting people to know that this is a part of my everyday life. I don't want it to feel random when it comes.

SORKIN: But how far back did you know you were going to start the brand part, when you were doing all of the social media?

BIEBER: Probably about two years.

SORKIN: Two years.

BIEBER: Yeah.

SORKIN: And was that because you were developing the product itself, or because you said strategically, I need to be out there doing this, this and this to plant the seeds?

BIEBER: It was because we were developing the product itself. And I wanted to build trust with the beauty community, because it is such a solid community. There's a lot of trust that people need to have in that community, in the products and in the people they're buying products from. So I wanted to take my time to really become part of the beauty community before I even...

SORKIN: Was there a role model in all this? Was there somebody, or other people online, where you thought, oh goodness, that's working for them, I've got to figure this out?

BIEBER: Not really. This was also at the time when TikTok was becoming really big, and I was learning in real time how all of that was working. I saw the way people were gravitating toward certain creators in the beauty and skincare space, and why. I was seeing what was working with other people and what wasn't. It was nobody specific. There's a whole creator beauty community in that world that I wasn't overly familiar with until I started diving into building the brand.

SORKIN: Okay. So if I had seen you in 2022, when this all...

BIEBER: Or maybe 2020.

SORKIN: Okay, 2020. And you were talking to your family. You would have said, if this works, it becomes what?

BIEBER: A great brand that people gravitate toward.

SORKIN: But did you think you would sell it for a billion dollars? Was that even on the bingo card?

BIEBER: A billion dollars was the number I said I would not sell it for less than.

SORKIN: That's shooting for the stars. From the get-go, you said a billion dollars?

BIEBER: Yeah.

SORKIN: Really? Why do you think you could do that? No, it's an amazing thing. I'm just saying.

BIEBER: You have to have a certain sense of optimistic delusion, I think.

SORKIN: So this deal happens. Do you say to yourself... It happened much sooner. I imagine you thought...

BIEBER: Definitely. Yeah.

SORKIN: You just said before that you are Rhode and Rhode is you. And yet you've now sold Rhode, and you to some degree, to this other company. How did you think about that?

BIEBER: We weren't even considering selling at the time the opportunity came to us. When you're selling something that you feel so attached to, that is so much who you are, and that you spent so much time building, it's a really, really difficult, scary decision. The thing that made me feel really confident in the sale was the team at e.l.f. They're so wonderful. We met them and had a dinner, and I started getting to know the team. The way they talked about the other brands they had acquired, and their founders, and how they like to support their founders and the brands they've acquired, made me feel like it was going to be a once-in-a-lifetime kind of opportunity.

SORKIN: Let me ask you this. The CEO of e.l.f. has said that he doesn't really like buying what he calls celebrity brands, because he's scared of being attached to one human being who becomes the avatar for the brand. He felt differently about you in this instance, which I think is a great compliment to you. But when you think long term about this brand now living under another company, does it change your own feeling of ownership?

BIEBER: It doesn't for me personally. I feel even more involved in the brand now that it's been acquired by e.l.f. My role became bigger in the company after we did the deal. I'm now a strategic advisor to e.l.f. Beauty at large, which is a new role that I've never done before. I really do feel like they came behind us and have been this amazing growth engine, which is what I think we needed at the time. I think the way it came about, and the timing, was perfect, because we were about to enter Sephora. They are, of course, such an amazing and large company, and they had the infrastructure to help us go to the next place that we were already wanting to go.

SORKIN: I have a philosophical question for you. I have a young daughter, and I actually talked to her about this. There's a guy named Charles Revson, the founder of Revlon, who famously said, "In the factory, we make cosmetics. In the store, we sell hope." There are, by the way, more skeptical versions of that, because there's a view that the hope is selling, in some cases, an insecurity. So as somebody in this space, how do you think about empowering young women? But also what I think invariably happens, especially in a social media era, is that people compare themselves to one another. Do I look good enough? Maybe I now need to buy these products to look like that person. As a mother, how do you think about this?

BIEBER: It's a really good question. I can only do my best to come from a place of realness and authenticity as much as I possibly can. I always want to encourage people to embrace who they are, and to be open and honest that we all deal with comparison. I'm somebody who struggles with looking at other people online and feeling insecure.

SORKIN: You feel this way?

BIEBER: For sure. And I think that's the conversation I want to be able to have, at least for myself as a mom, with my kids. When they're feeling that way, they can relate to mom and know that I feel that way too sometimes, and we can be in that together. My goal with Rhode has always been to create products, and a space for people to enjoy and express themselves through beauty and makeup. Beauty means so many different things to each person individually. That's been the fun of creating Rhode: there are so many different ways to express yourself. I think you can find a lot of really cool individuality through that.

SORKIN: Do you think we should be watching all of this? Does everybody here know what a Get Ready With Me video is? A GRWM. You get to watch everything. Do you think this is healthy for people to do? Not whether you watch them yourself. I think you've been in some of them. I'm just curious how you think about it.

BIEBER: I think we all take in so much every day on social media. I'm guilty of it myself. I see so many things, the swiping, TikTok.

SORKIN: Are you an addict?

BIEBER: 100%. I'm not going to say here in front of everyone. It's terrible. But what's nice about things like Get Ready With Me is that I think they're harmless. I think you're watching people, and a lot of people talk about how they're actually soothing. It almost becomes a little bit of an ASMR kind of thing.

SORKIN: What is this ASMR thing? Everybody's doing this, right? With their nails? Does everyone know what we're talking about? What is that about?

BIEBER: I don't really know. I think it's supposed to be a kind of soothing sound experience.

SORKIN: Related, because it's also on my list as a father: what do you make of filters on social media? People put filters on their pictures and then it's not really them, even if they're wearing Rhode products or whatever.

BIEBER: Overall, I think social media can really be distorting. It can be distorting to the mind, especially those filters that change your face. They make your lips bigger, or smaller. I do think that can definitely be harmful and misleading, 100%. But it's part of the world we're living in. It's not going anywhere. And again, it's all about open conversation around what that looks like and how it might make somebody feel.

SORKIN: We were talking about how it makes you feel, because it sounds like you're reading all of the comments all of the time.

BIEBER: I try not to.

SORKIN: I was going to mention comments. You gave a talk maybe a month ago, and you made a comment about how you weren't into overconsumption. And dare I say, you were torched online. So do you watch that and say, oh my goodness, this is terrible? Or do you just say, I don't care? Are you so in the public eye that all of this just flakes off you? How does it work?

BIEBER: I definitely don't say I don't care, because that would be untrue. I'm also the type of person who doesn't have a problem raising my hand and saying, "I misspoke in that situation. That was the wrong word to use for what I was trying to describe." What I was trying to say in that moment was that at Rhode we have a very curated and edited SKU count in comparison to most traditional beauty brands. Our drop cadence is a lot slower and more spread out than most other traditional beauty brands. And I'm obviously aware that having a beauty brand at all contributes to overconsumption on the planet. So it wasn't the right word to have used for what I was trying to say. I can raise my hand, say I misspoke, and move on.

SORKIN: So when you think about social media in general, has it been good to you or bad to you? It sounds like there's the good part, which helped create all of this.

BIEBER: 100%.

SORKIN: But then there's this darker side. How do you measure that or balance it?

BIEBER: It's definitely been both. You don't get all of the good without the bad, and vice versa. I don't think there is a balance. I think there's a resilience you build from so much time enduring intense scrutiny and being so perceived all the time.

SORKIN: Are you aware of that?

BIEBER: Yes.

SORKIN: In what way?

BIEBER: I'm somebody who pays a lot of attention. I'm not that girl who can say, "I'm just going to ignore it." I don't work that way. I'm too sensitive, and I care too much to be the person who pretends it doesn't bother me.

SORKIN: Related to that, I was really struck by this. I went back and listened to the podcast you did with Alex Cooper, who sat in your seat, I think, two years ago, and it stayed with me. You talked about a moment, related to social media, that got so dark that you said at one point you didn't want to be here anymore. I wanted to unpack that. What happened?

BIEBER: I think that's a real human place that we can get to. What I was talking about specifically on her show was the way people were making me feel. I had people telling me to kill myself in the comments every single day. I was going through a time when people were yelling at me in the street. People were putting up tip jars in Starbucks, me versus this person versus that one. I had never experienced anything like that before. So the way people were making me feel was that maybe it would be better if I wasn't here anymore, because that's how intense I felt other people's feelings were toward me at the time.

SORKIN: We talk here oftentimes about regulating social media. Do you try to regulate it for yourself?

BIEBER: I have screen time, but then I just press ignore all the time. I try to do internal regulation and say, okay, that's enough for today, we're going to put it down, we're going to be present and spend time. But it is tough to limit yourself. It's just so available and so there.

SORKIN: Maybe this relates to AI. Do you think about a future in which, here we are talking about social media, but your agent or something like that goes and buys a Rhode product, or doesn't? Whether they're really going to relate to you and see you in the future? Or if all of us just have AI agents roaming around, how that may change all of this?

BIEBER: I don't know if people have thought all this through yet. Man, I really don't know. I'm not super hip on all of it. I'm trying to keep up with all the AI stuff.

SORKIN: Are you a ChatGPT girl?

BIEBER: I'm still more a Googler than a ChatGPT user, for now.

SORKIN: Do you think about how the brand gets marketed in the future? The other thing I wanted to ask is, long term, do you want that? I know you said you are the brand and the brand is you. Do you want the brand to be you long term?

BIEBER: Something I've said from the beginning with Rhode is that my dream and my goal would be that when someone walked into a store or a Sephora and picked up Rhode and didn't know it was attached to me, they would love it because the products were amazing. So as it evolves, if I'm thinking five, 10, 15, 20, 25 years down the road, I do think there will be a natural evolution that will cycle me away from the brand. I hope that when that happens, the brand can stand strong on its own, because at the end of the day people love the product.

SORKIN: You said cycle away. What would you want to do next?

BIEBER: I've really enjoyed building Rhode, and I feel passionate about brand building. I definitely know what I want to do next.

SORKIN: You've got a plan.

BIEBER: Yes.

SORKIN: I can put it up here. When do you think you would want to share that information?

BIEBER: It takes a long time to build a brand. I'm in the very early stages of thinking about what I want to be doing and where it's going next. But I'm also really clear about wanting to stay incredibly involved in Rhode. I'm not going anywhere anytime soon when it comes to Rhode.

SORKIN: Real quick, tell us about management at Rhode and running the company. The other thing I was fascinated by: I think you were 24, and you said you can't stand confrontation.

BIEBER: You're really pulling all the quotes. I'm like, when did I say that?

SORKIN: I go back and I look. And you've just gone through this whole process. I imagine you have to hire people and maybe fire some people too. Have you gotten over the confrontation bit?

BIEBER: In the beginning I was part of the hiring. I interviewed everyone. When we first started Rhode and had seven employees, I was part of all of their interviews, hiring them along with my co-founders. Now the company has grown so much that we have our wonderful CEO and an HR department. So I'm not really involved in that side of things anymore.

SORKIN: Final couple of questions. We're going to go rapid fire. You ready? You get to pick one. TikTok or Instagram. You only get one.

BIEBER: Instagram.

SORKIN: You get to buy one company today: Rare Beauty, Skims, Kylie Cosmetics or Fenty.

BIEBER: Hard. I think I'm going Skims.

SORKIN: Skims. Last thing you Googled about yourself?

BIEBER: I'm really trying to think so I can give you a real answer. Usually if I'm Googling myself, it's to hit news and see if anything detrimental has happened that day.

SORKIN: Well, we'll see after this interview. And finally, we need to wish you a happy birthday, because you turned 30 on Sunday. So the final question is: what does Hailey at 30 know that Hailey at 21 wishes she knew?

BIEBER: Oh, man. If I could go back and speak to myself at 21, I would tell myself to calm down, because everything is going to work out. I can think back to being 20, 21 years old and being really anxious about what my life was going to be like. Am I going to get married? What am I going to accomplish? Am I going to have kids? All the things I wanted worked out and came to me, and life worked out in a really beautiful way. So I would go back and tell myself, stop being so anxious and trying to control everything. It's all going to work out and be fine. And the 30s are going to be even more beautiful than the 20s were. So I'm excited.

SORKIN: Hailey Bieber, we want to thank you. Your co-founders are right there at the table, and also Justin. Thank you very, very much.

BIEBER: Thank you so much.

DEALBOOK SUMMIT 2026 · TALK 4 OF 12

Palmer Luckey on War 2.0

Palmer Luckey, founder of Anduril Industries · 51 min · **Watch the video →**

ANNOUNCER: Please welcome Andrew Ross Sorkin and his guest, founder of Anduril Industries, Palmer Luckey.

Good afternoon, everybody. I hope you had a great lunch. I am joined right now by Palmer Luckey. Palmer Luckey is just 33 years old. Dropped out of college to launch Oculus, the virtual reality company. He sold it to Facebook back in 2014 for $2 billion. He was 21 years old then. Three years later, Facebook fired him. We'll talk about that. He then started a weapons company named for the sword in the Lord of the Rings, and that company is called Anduril. It's now valued at $90 billion. And since his fall, he's co-led Project Meridian. That's the Pentagon's 120-day study of the future of war, alongside Elon Musk and [inaudible]. And he reports to Pete Hegseth on that. He's also, as of this year, a banker. And the bank is named after the Lonely Mountain in the Hobbit, the one full of gold. It opened in February. And he's building other things.

LUCKEY: I have to correct you. The Lonely Mountain existed after the Hobbit. In the Hobbit, they were dealing with the fact that a dragon stole all the gold.

SORKIN: Is the bank called Erebor, by the way?

LUCKEY: I've had to be very clear. They're like, why would you name your bank after a mountain where a dragon came and stole everyone's gold? I say, no, no, no. We're the post-dragon Erebor. The dwarves retook the Lonely Mountain. They kept it secure for about 300 years. It's unclear what happened after those 300 years. But if I can do 300 years of safety, then I'll be doing pretty good.

SORKIN: Okay, I'm just going to finish the introduction. Because he's doing some extraordinary other things, including trying to make an American-made laptop, he's working on genetically engineered military working dogs. And just as a side project, he happens to own two submarines, a Black Hawk and a 1985 Humvee. And he also keeps the world's largest video game collection. I understand it to be 200 feet underground in a decommissioned Air Force base.

LUCKEY: Missile base.

SORKIN: Missile base, correct. Unbelievable. Please welcome Palmer Luckey.

We're going to talk about war and the future of war. But as it happened, we were talking backstage about what might be a cyber war that seems to be going on around us. We're talking about J.D. Vance, obviously, deciding he needed to be in Washington, where they're continuing to have meetings all day about these outages. And I said to you, how much should we be worried about this? And you said, it depends on how well-prepared you are.

LUCKEY: Look, all the 4chan schizo posters are like 12 hours ahead of the mainstream media on this. You guys are going to find out what's going on soon enough.

SORKIN: What do you think is happening?

LUCKEY: By the way, PlayStation now has an outage. I know you're a gamer. We're seeing the natural effects of a lot of these advanced AI tools, allowing for the creation of various exploits. Some of them for strategic reasons. Many of them for purely financial reasons. There are a lot of organizations, particularly in North Korea, that are using this mismatch between new attack capabilities and our defense capabilities to obtain financial advantage. In the long run, the advantages are going to accrue to the side that is most effectively using AI for defense. The people who say that everything can be hacked, they are right for now. But as of right now, there's a mismatch between the attackers, who are very fast moving and using technology, and old outdated systems that are not able to adopt technology as quickly as it is developed. And I think people are going to have to pick up the pace. It's time to start running.

SORKIN: What does that mean? Are you a prepper?

LUCKEY: I own a missile base 200 feet underground. By the way, I'll note, it's a funny joke, but a missile base is actually a pretty bad way to run from the apocalypse. Everyone knows exactly where you are, and they're designed to take a hit from a nuclear weapon, a blast overpressure event. But I'll just tell you a secret. You can go to Home Depot, buy a Sawzall, and cut the hinges off the door in about 10 minutes. A lot of people think missile bases are secure. They're not secure. They're just really, really robust.

So the point is, everyone should have three days of water. Everyone should have three days of dry food. If you have prescription medication, don't go refill it when you run out. Make sure you refill it 72 hours before you run out. The United States is very resilient if you think on a timeline of what we can do to get everything running again over the course of three days. There are a lot of things we cannot get going again in 10 hours, 12 hours, 24 hours. People used to be taught this in middle school, and now everyone who remembers that is treated like a nut.

Cheers.

SORKIN: Do you print out your bank statements?

LUCKEY: Do I print out my bank statements? No, I do not.

SORKIN: Someone told me that I should. That's why I was curious.

LUCKEY: Oh, that's interesting. I mean, if the system falls apart to that extent, we're in for a really bad time. I think my fishing rod will be more useful than your bank statements if things are that bad.

SORKIN: Well, let me talk to you about your role with the U.S. government in terms of Project Meridian, and also so many of the different weapons that you're selling the government. One of the things that I don't know if most people know about you is that you may be responsible, at least as one

individual, for the reason that the Trump administration changed the name of the Defense Department to the Department of War. That was something you'd been talking about with them for years.

LUCKEY: I'm happy to take a little bit of credit. We were talking a little bit backstage about the fact that this idea comes up in op-eds every 10 years or so. They were talking about it during Bush. They were talking about it during Obama. They were talking about it during the Cold War, when everyone was feeling like we need to get back to the name that we had won wars with instead of the one that we had kept losing them with. So I was not the first person. It's true, I pushed on this with Trump. I pushed on this with the incoming administration during the transition period. But there were other people who were pushing. I will give myself more credit than anyone else. I'm happy to do that.

SORKIN: Why did you want to do that?

LUCKEY: There's a bunch of reasons. Right when we were talking, I pulled up my notes for my meeting with Howard Lutnick when he was running the transition. So I actually have the contemporaneous notes.

SORKIN: You can take them out.

LUCKEY: Oh, sure. There we go. Okay, so there are a few things. Number one, and these are not ranked by importance. They're just ranked by what I wrote down. The first one is, from a deterrence perspective, if you want peace, you prepare for war. Nobody says, if you want peace, prepare for defense. I think it is good to have a name that people across the world clearly understand the purpose of.

Two, I think it's just way more transparent and honest. It should be focused on preventing wars and, if need be, winning wars. And I think there's been a lot of obfuscation about what the Department of Defense is, and it makes it so much easier for people to spend endlessly on it. How much money is too much money to spend on defending yourself? No amount, right? If you're very clear, no, no, this is our war fighting capability, it's a lot easier to make the trade between hospital and war, school and war, versus hospital and defense. As a libertarian who generally leans towards wanting to be fiscally responsible, I think the transparency is another one.

Another one is clarity of purpose. In any business, you need to have clarity of purpose, clarity of mission. If you try to do everything, you will accomplish nothing. And I think that is a good idea for the Department. There were so many things that were barely tangential to the war fighting capability, around economics and international relations and climate change. Not from a war fighting perspective, but just from a general infrastructure perspective.

And then the last two are kind of tied together. From a morale perspective, look, the Department of Defense lost every war, and the Department of War won every war. Now, the War Department, rather. I think there's something to say about getting back to when things were good.

And the final one is that it's a repellent. People talk about how important it is to get the right people to come to your company or your organization. But more important than attracting the right people is repelling the wrong people, so they don't become poisoned in your organization. I think there are a lot of people who, with no change in the activities of the organization, with no change in its mission, as determined by Congress, would be thrilled to work for a Department of Defense and totally unhappy working for a Department of War. I think you need somebody who is willing to work under either of those names to be the stable foundation of our war fighting capability. And the people who freaked out about the name and left illustrate my point perfectly.

SORKIN: Okay, but let me ask you then a different question. You talked about winning wars. What do you think about how this administration has prosecuted the war in Iran? The President has suggested that either he has won or that it's over or something. But I don't think anybody genuinely believes that. And there are other people, and I'm going to read you this. Richard Moore, who ran MI6, he's worried that people like Xi Jinping are watching the results of both the war in Ukraine, where I know you have operations, and Iran very carefully. And he says that he believes that if Beijing decides the U.S. doesn't have the will to see Putin or the Iranian regime toppled, that this is going to lead him down the path, potentially, of miscalculating or calculating around something like Taiwan.

LUCKEY: Look, I agree. When we win, and we win in the strongest way possible, that is the best deterrence we can have to countries like China. I do think that, luckily, China, looking at Iran, they're probably not seeing the best that we've ever pulled off in terms of outcomes. I do think they look at things like Venezuela and realize a lot of the equipment that they sold to protect Venezuela did not work. So I think we have some losses. We have some wins lately with those guys.

Here's the good news. As of right now, Xi Jinping just fired all of his top generals. He completely purged his military. He's going to have to get his act back together before he's able to take any action. I think probably we are very lucky that he did that before we moved on Iran. Because you could imagine a world where he would look at what's going on. He'd look at our magazine stockpiles. He'd look at our current political situation. And he'd say, you know, I'll fire those guys later. I've got something to do tomorrow.

SORKIN: What do you think of, talking about our stockpiles? One of the big concerns is that we don't actually have enough stockpiles. Well, you heard what President Trump said. There's no problem. We can fight a war indefinitely. And what do you say?

LUCKEY: What I would say is that's exactly the right thing for the President of the United States to be saying, from a global perspective. Look, there are very different jobs for everybody. Specialization of labor is fantastic. It's what allows society to work. It means I don't have to make my clothes and grow my food and crank the generator for my light bulb. What it means is my job is to make sure that our magazines are full, that we have all of the weapons that we need, that we're able to have the defensive and offensive tools that we need to prevent and win wars. The job of the President of the United States might be to help enable that in some ways. But at the end of the day, he's also trying to keep people from attacking us, from attacking our allies.

And there are some people who kind of lionize truth as the ultimate thing. They don't realize that a lot of the prosperity that we have is because people took liberties with it. I mean, Nixon's madman theory, this idea that you're going to plant stories that made them think that he was not only willing to push the button, but excited to push the button. That had a good strategic deterrent effect. And so I find it hard to get worked up when people say, oh, my God, people in government are saying these things that are not strictly the way a perfectly objective observer would describe them. Pick any president, and I'll show you a few things like that.

SORKIN: Let me ask you a question about this president, because you've been a longtime supporter of his, I think that's fair to say. And one of your slogans is rebooting the arsenal of democracy.

LUCKEY: That's right.

SORKIN: Do you think he is trying to reboot the arsenal of democracy?

LUCKEY: I mean, some of these long-term weapon buys are the largest we've ever seen. They've been investing in a lot of things around mass-producible weapons, lower-cost weapons, allowing more companies to compete, so that you don't have one or two companies building systems that we desperately need and that they have proven over the course of decades they cannot deliver. And we're not talking about a few months behind. We're talking about years to decades. But no, when I say the arsenal of democracy, I'm talking about refilling that arsenal.

SORKIN: I get that. They've done a lot to... But I'm asking about the democracy part, which is to say...

LUCKEY: I've got to be honest. I actually hate the arsenal of democracy term. I just have to play along with it because there are a lot of smart people who have used it. We're a republic, not a democracy. And there is a bit of a difference.

SORKIN: Sorry, I interrupted you. I wanted to ask you, you have people in Ukraine. You have operations there.

LUCKEY: I've been there personally.

SORKIN: You've seen some of the comments that this president has made about Putin. And there have been questions about which side of this he really supports. This gets to the idea of what it means to support a democracy and how you, especially given the seat you're in, think about that.

LUCKEY: Look, I think about it, but these decisions should be made by our republic, not by mega-corporate executives. When people say, oh, Palmer, what country would you sell to, or wouldn't sell to, who should we be selling to, who should we not, at the end of the day, nobody should want corporate executives to have any meaningful control of our foreign policy or military policy. I'm a dog on a chain, and I need to be kept that way. I think that's true for all of the people in my shoes.

Look, I fully support Ukraine, and I've probably been way more on the side of Ukraine than most Republicans. I've sparred with them in public, on stage, on X, and in other venues. I don't really buy into this idea that you can really question which side of it Trump is on. Trump was put into an

impossible position. Remember that Trump, in his first term, was publicly calling out specific European nations and saying, you are too dependent on Russian oil. You should not approve this pipeline. It is going to put you in a position where you cannot say no to them, and you're going to regret that. And what did they do? You may remember, they literally laughed at him. The whole UN laughing at Trump saying this. He's been calling out these exact problems for a long time. And it's worth noting that since the start of the Ukraine war, Germany has sent more money to Russia than to Ukraine. I mean, you can have all these reasons why they need the oil, they need the gas, they're all going to freeze in the winter. By the way, they're not going to freeze in the winter. The thermostats are up a degree in the winter, according to the smart thermostat data, since the start of the war. So they can't even wear a sweater to save Europe.

I find it really hard for people to point at Trump and say, is he really on the side of democracy? I think he's stuck with a Europe that has not prepared. He's stuck with an America that... I mean, I tried to sell stuff to Ukraine way before this war started. I first met Zelensky shortly after he was elected, actually right here in New York City when he was coming to the UN for the first time. And the U.S. State Department position was that Ukraine was a corrupt shithole that we should not allow to engage in saber-rattling with Russia. Not my assessment. That's what you had people in government saying. I remember that. And then we flip, and people say, Palmer, why don't you support Ukraine, the shining beacon? Isn't Trump doing everything wrong? My point is, one, Trump was put in an impossible situation. He now has to manage that. And the last thing I'll say is, if people think that the right way to influence Trump is for people like me to throw him under the bus and say, yeah, what a fucking idiot, they have not been watching how anything works for the last 10 years.

Sorry for rambling there.

SORKIN: No, no, no. Let me ask you a different question that relates, though, to what you said at the top of this soliloquy of sorts.

LUCKEY: I've got it all pinned up.

SORKIN: You made an observation that corporations shouldn't be the ones making decisions.

LUCKEY: Absolutely.

SORKIN: The Republic should be the ones making decisions.

LUCKEY: That's right.

SORKIN: So we're going to talk to Elon Musk a little bit later today. And one of the great controversies of this moment, as it relates to Ukraine, as it happens, is about his decision to slow down or not, depending on what you believe has happened here, Starlink or Starshield or some version of both. What do you think of that scenario?

LUCKEY: So, first of all, I like Elon. I personally like the guy. So take it with a pound of salt. I think that when the Republic needs to be in charge of these decisions, what that means is there are decisions that they need to make, and there are others that they do leave up to companies. Who America sells weapons to? That's not up to me. I'll go to prison if I make that decision for myself. To what level a company is willing to put their civilian infrastructure at risk for another country's benefit, that is a question that is often not controlled by the government, at least not as of right now.

Let me give you a steelman on this.

SORKIN: A steelman is different than a strongman.

LUCKEY: I agree. Look, I'll give you the strongest possible argument. Russia says, I am going to destroy the Starlink constellation if you allow it to be used for offensive military activity against my country. You cannot claim it's civilian infrastructure when you are explicitly allowing them, with knowledge, to use it in this way. And the satellites, because they orbit the whole planet, the same ones that orbit the U.S. are the ones that are orbiting Ukraine, right, because they're going in circles. So imagine this. Russia wipes out the constellation with electronic attack, kinetic attack, cyber effects, however they do it. They say, hey, we're going to do this. And from an international law perspective, we are absolutely justified. Nobody can claim that we are attacking civilian infrastructure. We're attacking military infrastructure.

And should Elon have to say, well, okay, I will allow it to keep being used for offensive military action, and you can just destroy my entire global constellation because that's fighting for democracy? That's what I think people don't realize, the position that he's in. It can be a decision between those two things. Do I stand up for democracy, and then, by the way, ruin a lot of U.S. war fighting capability that depends on those same satellites? Or do you say, you know what, I am going to take this region and limit the speeds that we're offering. People are saying, oh, but there are defensive systems that use this. Yes, I'm fully aware of that. Some of my systems use those exact same links. But there are offensive weapons in Ukraine being used to attack Russia using civilian Starlink satellites. So that is the steelman. And I've not heard a very good argument for why Elon should sacrifice the existence of the entire Starlink network to prove a point about defending democracy, particularly given that it's not America. If it were America, I would...

SORKIN: Isn't that always going to be the risk, though? Meaning for any company that's going to have a network, especially in space, the second you have that network in space, and depending on how it's being used, it becomes a military target.

LUCKEY: It is not automatic. There are different degrees to which this is the case. For example, this is the constant debate over whether a civilian bridge counts as a valid military target. Does a power plant count? What fraction of the power goes to military use? Are there other options? So it's not quite as simple as, if it's used in any way for military, it becomes a valid military target. It's a matter of degrees.

But in this case, look, if the United States were telling SpaceX, you need to do this, I think they then have an obligation to help defend the constellation and also probably go to Russia and say, hey, you do that, we're going to glass you, or some other terrible thing that you really don't want to happen. I don't think it's reasonable for the government to basically outsource that responsibility to a corporate executive and say, hey, we're not going to tell you that you have to do this, but we will be really angry if you don't do this thing that will get your whole constellation destroyed. It seems untenable to me.

SORKIN: Let me ask you a separate question, because it has to do with A...

LUCKEY: Actually, one last thing I should point out. There are two networks. There's Starlink and Starshield. Starshield is owned and operated by the Department of Defense with assistance from SpaceX. To be very clear, the United States could give Ukraine access to the Starshield network and allow them to run all of their weapons off that. And that is a military target. That's how it's supposed to be. But guess what? The government doesn't want to give Ukraine access. You know why? Because they know that then Russia will blow up Starshield and the U.S. military won't have it. I can't believe I didn't make this point at the beginning. The U.S. government isn't even willing to stand up for Ukraine because they're afraid of losing their constellation. Why should Elon have to lose the civilian network when the government of his own country is unwilling to put anything at risk for the same?

And this gets to a bigger problem, which is that nobody in the West actually wants Ukraine to win. They just want them to not lose for as long as possible, which is a bizarre and absurd war fighting position. But I'm not in charge. I don't get to make these decisions. And if you think you like my opinion on this one, wait till you find out my other opinions, and you'll be right back to being glad I'm not making these decisions for the country.

SORKIN: I'm going to get to a couple of those opinions in a moment. I have one related opinion which has to do with AI, particularly actually Anthropic. And we talked about this. I think when I saw you in March, the Pentagon was naming Anthropic a supply chain risk at the time. And they then, by the way, took on OpenAI right after that.

LUCKEY: That's right.

SORKIN: And I wonder whether you think, given everything we now know about AI, whether any of these models actually are controllable by a human or by the government?

LUCKEY: Are they controllable? I mean, you can just look at this empirically. No. Every major model has been jailbroken to some degree in a matter of months. So anyone who says that the models can be controlled isn't paying attention to what's actually going on. It's really a question of, can the good guys stay ahead of the bad uses of AI? I'm more afraid of really bad, evil people with pretty good AI than superintelligence that's going to wipe us all out. But no, these models, it is not clear that anyone can control them at a model-use level.

Now, I'm not worried about them running amok and running out of control. You can turn off data centers. You can shut off networks. At least as of right now, AI has no meaningful physical arms into the world to affect it. Skynet may be online, but it doesn't have access to useful tools because we haven't built useful tools. Now, people will point to, well, what about when there are a billion humanoids walking around? What about this and that and the other? Yeah, that's a different world.

SORKIN: What does this mean, therefore, to you? One of the things that you are doing is building autonomous weapons.

LUCKEY: Yes, right.

SORKIN: That probably scares the hell out of a lot of people when you think about what that means, because it also means that AI is playing a role, I imagine, in how they're being targeted and how they're going to work.

LUCKEY: This is a long, complicated discussion, but let me put my priors on the table. I was an AI guy before any of these AI guys, right? Anduril Industries. The acronym is AI. That was over 10 years ago. That was back when AI was not cool. It was not hip. You could not raise money for it. Everyone treated it like virtual reality or fusion, as something that was always in the future, never in the present. So I'm an AI OG by some definition.

With that said, the kind of artificial intelligence you use for weapons is very different from these large language models, which are general purpose, superintelligence-oriented models that are trying to do everything that anyone might want to do. People have said things like, well, Palmer, I asked AI to cheat on my homework and it hallucinated this source and I got an F. What happens when your AI does the same thing for a missile? I promise you, the AI that is taking in radar feeds, thermal imagery feeds, and analyzing the electromagnetic emanations of a Chinese destroyer, you cannot accidentally say, oh, I'm sorry, you're right, that wasn't a warship. It's a completely different set of technologies that is, by the way, a lot more reliable than the older analog fire control and seeker systems that were doing things like, look for the hottest thing in this area and go at it. I am way more afraid of the civilian collateral side for dumb weapons than I am for smart weapons. If I were just putting ChatGPT in the head of my missile, you would be right to be terrified. But the types of autonomy...

SORKIN: You asked about targeting, though.

LUCKEY: Yeah, that's a totally valid one. People have definitely used LLMs for targeting purposes and made mistakes. I don't do that. There are other companies that are doing that. I won't name names, because I'm going to just stick in my little lane and be nice.

But the real question in my mind is to ask, was it a net good? In other words, even if it made mistakes, were there fewer civilians who died than would have died otherwise? Was the mission objective accomplished faster and with less loss of infrastructure than would have been otherwise? This is the self-driving car problem, right? You're probably familiar. Nobody wants self-driving cars to be a little bit better than a person. They want them to be 100 times better. And that's what people are

demanding of the military. My realpolitik take on this is that life and death at scale is too morally fraught an area to not bring your absolute best tool to the table, even if it makes people feel icky, even if it feels yucky. Because I don't think there's any right number of people to die for not feeling yucky.

SORKIN: What are you telling Pete Hegseth in this 120-day period about the approach that this government should be taking to war that's different than it is today?

LUCKEY: So to be clear, Project Meridian, we're supposed to look at what war is likely to look like in 2050. A lot of people say, oh, they're recruiting these people, what expertise do they really have in defense production? Well, I build billions of dollars in weapons. I'm doing pretty well there. My personal opinion is they're recruiting us just as much from almost a science fiction perspective. The idea is to look unconstrained by what's possible today, at what warfare will look like decades from now, and what investments we might need to make now to get there in the future. It's being run by the MITRE Corporation, which is a quasi-government organization that does a lot of these think tank policy-type analyses.

Look, the things that we're working on are things... Actually, I just came from a Project Meridian meeting yesterday at Cheyenne Mountain. So I will tell you what the high-level topic was. It was deciding which of these things we're going to be focusing on in the report. And the winning point, I think, was that we need to focus on the things that do not have existing champions. There are a lot of things, people are like, oh, Project Meridian, they're just going to tell them to buy more killer robots. No, everyone already knows we need more killer robots. Every secretary, every senator. If our report comes out and says, guess what, the current zeitgeist, that is where it's at, it's a waste of time. We need to find the ideas that do not have champions and focus our efforts on those things.

I probably shouldn't get too far ahead of it, but some of the examples of things we're looking at are weather control. How do you make sure that weather conditions are favorable to military operations and not obscuring your view of the enemy? Can you change where precipitation falls out in the ocean so that you have a better view of your targets and can make better decisions? There's no champion for weather control in the department right now. I know because I've looked, and there's no office of weather control. There are guys who make non-skid paint so you don't trip when it rains. That's about as close to weather control as the department currently gets.

SORKIN: I have a hard question for you. I think it's a distinctly hard question. I wonder how you think about it, and I know you think about these things. You obviously chose to be on this project with the government.

LUCKEY: That's right.

SORKIN: He chose you. And I want to read you something and just get your response. This is Wes Bryant, a retired Air Force master sergeant who until last year worked on the Pentagon's assessment of civilian harm. And he said this about Meridian: "This is entirely indicative of the decay and oligarchy that's taken over our government, and in many cases directly through purchasing influence and power

and authority, blatantly right in front of us. They're not even trying to hide it anymore." The connection, the closeness between you and the other defense companies and the government, is just too much.

LUCKEY: Look, I respect his service, and he's coming at it from a reasonable perspective. Let me put out my perspective.

SORKIN: Please.

LUCKEY: If the President of the United States or the Secretary of War says, I need... By the way, there are over 20 people on Project Meridian. I get a lot of attention and Elon gets a lot of attention, but there are 20 people on it. Including, by the way, former members of the military, very respected generals and admirals. So it's not like this is just a bunch of tech bros in charge. If you are asked to help your country, you are going to say yes.

I think it's reasonable for people to question what I'm saying and take it with a pinch of salt. Hey, Palmer makes weapons, maybe we should keep that bias in mind. But I'm going to be totally honest, and this might sound really, really mean to you. You would never be asking this question of Eric Schmidt when he was on the Defense Innovation Board under Biden, right? He was working on defense. We wrote about it. But would you, in this limited time on stage, say, let me read this quote about this guy who says you are indicative of the decay of our nation at a fundamental level? Of course not. You would never say that. And he would say the same thing. Joe Biden asked me to be on the Defense Innovation Board, and I joined. Before that, you had the President's Council of Advisors on Science and Technology.

My point is, if it is a problem, it is an old problem. It has been around since World War II. Presidents and secretaries have formed board after board after board to ask people in industry, including people in the defense industry, what do you think we should be paying attention to? And of course, they take it with a pound of salt. They know these guys have a stake in it. It doesn't mean you need to shove them in another room and never talk to them. That'd be crazy. So I've read attacks like that, and my feeling is it's very, very partisan. I didn't attack Eric Schmidt for being on the Defense Innovation Board. I don't think anyone should. And you know what? I bet if you were asked to be on a President's Council of Advisors on Journalism by Hillary Clinton, I doubt you'd be like, oh my God, doesn't she know that I am a journalist? This is indicative of the moral decay of our nation. We're running lockstep towards hell.

The point is to take it with a pound of salt and read our report, which, by the way, is going to be public. This is going to be a public report. Read it, look at it. And when we're done, you can decide if we've destroyed the country.

SORKIN: One of the things that I know, and I very much appreciate that answer, and I think everybody here does. One of the things I know that you are focused on or have wanted to do is that you believe that we should bring back testing of nuclear weapons.

LUCKEY: That's right.

SORKIN: Which is something that I think also scares the hell out of a lot of people.

LUCKEY: See, I told you, you guys aren't going to like everything I have to say.

SORKIN: So I wanted you to explain that, if you could.

LUCKEY: There are a lot of reasons. Some of them are way less developed, and I'm not an expert on them. I have this working theory in my mind that mutually assured destruction relies on a certain level of psychic belief in the power of nuclear weapons at a population level. We know that MAD works as a deterrent strategy when everyone is afraid of nuclear weapons. We do not have any evidence that it works when people are not. And when you show that you're not even willing to test things, I think that robs mutually assured destruction as a concept of a lot of credibility. I have to admit, I'm not a philosopher, nor am I a tactician, nor a strategist.

There's actually a much more boring reason that I want to restart nuclear testing.

SORKIN: What's that?

LUCKEY: We need to test not the weapon itself, but the impact of nuclear weapons on the technology that underpins our military and our society, lest we accidentally make the use of nuclear weapons an impossibly irresistible use of force. I'll give you an example. In the 60s, the 70s, the 80s, the early 90s, we weren't just blowing up nukes to watch what they did. At almost every test, we were lining up rows of civilian pickup trucks, military radios, washing machines, respirators, ventilators, everything you need to run hospitals, power plants, substations, oil refineries. And we were watching not just what the blast and temperature effects had on them, but also the electronic effects. What is an electromagnetic pulse? A broadband electromagnetic pulse, not something like a directed energy microwave weapon, but a broadband massive pulse. What does that do? Which things survive? Which shut down but are able to be restarted? Which of them are completely fried and will never operate again?

We learned a lot from that, and we spent a lot of money hardening military infrastructure and critical infrastructure and power supply and hospital infrastructure. There's a lot of stuff in hospitals, you may or may not know this, that was designed to survive an airburst nuke above the United States going off and trying to wipe out our grid and everything else. The problem is that we've not run those tests in decades. The models that we use to simulate the effects of nuclear weapons on electronics were for transistors that were literally thousands of times larger than the ones in this phone. We don't actually know what will happen to our phones, to our critical infrastructure, to our military.

And imagine this. If I'm an enemy power, imagine if I could make an entire region of U.S. forces non-mission capable, but without killing them. What if I could do a nuclear airburst and all their radios stop working, all their equipment stops working, all this modern tech, all these autonomous weapons that we're building were not sufficiently hardened against those effects? I mean, that's pretty tempting, because killing thousands of Americans is going to trigger either an actual strategic exchange or a massive conventional war. Does anyone really believe...

By the way, this may not be as obvious as "I nuked it on purpose." I'll paint a picture for you. China decides that they're going to test a nuclear weapon in space, not on the ground. Oh, no, the yield was larger than we expected, and the side lobes hit the whole Korean peninsula at the same time, coincidentally, and surely with no warning. South Korea is invaded by North Korea, deciding to use their conventional weapons, which were not affected, their massive artillery all in the mountains, to take advantage of this situation. And the U.S. can't do anything about it, and neither can South Korea, because they bought all of America's weapons.

All of that possibility space is downstream of us not testing in any way the impacts of nuclear weapons on modern technology and electronics. That is why I'm an advocate. I am not confident my stuff can survive, even when I follow the rules and the rad-hardening guidelines that, again, were designed for ancient technology. They were designed for the type of cell phone that Abraham Lincoln would have used.

SORKIN: I've got three very quick questions, because I know we're going to be out of time. One of which is an opinion that I think may also surprise people in this room. We were talking about the death penalty recently, and obviously there was potentially going to be a televised death, and you came out and said this was the right thing to do.

LUCKEY: Absolutely.

SORKIN: Why?

LUCKEY: This is not actually a Palmer Luckey special. This is a pretty popular libertarian opinion, which is that the state should very rarely, if ever, engage in capital punishment. It should be the ultimate punishment, and it should not be something that is medicalized and hidden away and trivialized. People that the state executes should not be killed by having a doctor who swore to protect life give someone a shot, like they're giving him his annual flu checkup, and then have him peacefully pass away. Executions should be brutal. They should be violent. They should be enacted by the people we give a monopoly on violence to, which is our law enforcement and military apparatus. And people should respond either in horror because it was the wrong target, it was the wrong person, someone that they don't think deserved to be blown to pieces, organs all over a wall, or they should say, yeah, that guy had it coming. And I think that the medicalization and the hiding of the death penalty...

SORKIN: It's a deterrent in your mind.

LUCKEY: Part of it is a deterrent. That is part of why I support the death penalty in some cases. But I'm talking about a deterrent against the government running amok and out of control. The thing that controls overuse of the death penalty is transparency into the practice. That's why I said broadcast. That is why I'm a fan of public executions. If the government is going to kill somebody, they need to be willing to put them out in public and say, this is a guy we are killing, and it is the right thing. And by the way, you know what got rid of the death penalty in the United States, in a lot of states? It was states that were doing public executions of people who most people did not agree should be killed. That is supposed to be the control.

SORKIN: Do you see the same thing in the context of war?

LUCKEY: In the context of war? You mean, should it be public? Should it be broadcast?

SORKIN: Should it be everywhere?

LUCKEY: Oh, the Vietnam question.

SORKIN: Should we be seeing all of it? If the view is we should be seeing the capital punishment, should we be seeing, in real time even, what's happening in war?

LUCKEY: I'm going to admit, I have not thought about this very deeply. I'm aware that this became a debate largely during Vietnam, when we gained the capability to do real-time television broadcast of war. It's very clear that the anti-war movement was hugely empowered by the broadcast of what was going on in Vietnam. So if you believe that the Department of War and our government apparatus should be accountable to the populace, the people who vote for our elected leaders, yeah, probably a good... I mean, here's a hypothetical. How would Vietnam have gone if we didn't have any information from it? What if the only information we had was government propaganda telling us what was happening and how great it was? Probably would have been a different response. And then I would say flip to the Gulf War. I think that was a case where it being out in the open and in public made it really clear, like, oh yeah, this is definitely a good one. So I would say, yeah, probably. I would be on the side of, yeah, you should have more transparency into these things. The more that you rely on the government propaganda pipeline as your only source of truth, whether it's for war or who deserves to die, the bigger of a problem that is.

A lot of people are like, oh, Palmer just wants to kill people because he wants bread and circuses. He just wants to bring back the Roman Colosseum. You know, he wants them to be eaten by lions. And like, no, no, the point is I want control on the power of government. And I believe the only way to do that is to get people worked up when appropriate about the power of government.

SORKIN: Okay, two final questions. One of the things you want to do, though, to effectively get away from government, is create data centers. Interestingly, Elon wants to do it in space. You want to do it in the ocean.

LUCKEY: No, no, that is one very small bit, and it is somewhat accurate. I talked about this yesterday. People hadn't heard about it before. I've been working on building these floating platforms that you can use for the things that need to get done in America, but for a variety of reasons, primarily due to state and local government regulations and pushback, people don't want happening in their backyard. Things like metal ore processing and chemical engineering and oil refining and desalination, right? California needs water, but they don't want desalination plants along the coast. My thinking is you can take a lot of these things that America desperately needs, that people in an abstract way do want to exist. They just don't want it where they are. And the problem is that everyone is in the places where they need to be, so you do them offshore.

Now, there's been some reporting that says, oh my gosh, Palmer is working on floating AI data centers. To which I'd say, no, no, I've been working on this for like 10 years. I am not some Johnny-come-lately hype chaser jumping on the latest trend. I'll be perfectly fine if AI data centers come and go and there's no more. I actually do lean towards thinking most AI is going to run locally. I think the chips are going to get way more powerful. I think people are going to want to control their own data. I am actually somewhat skeptical of the mass-scale data center as the way AI proliferates pitch.

Anyway, I think data centers are one of the things where people want the output of it. People want to be able to go on YouTube. They want to be able to use Instagram. They want to be able to cheat on their homework with ChatGPT. They just don't want big screaming data centers in their particular neck of the woods. And I think there are ways that we can just take all that stuff and shove it out in the ocean.

SORKIN: Real quick, just talking about data centers in space.

LUCKEY: Me and the space people are two sides of the same coin. We just agree it can't be done right over there.

SORKIN: I was going to ask you about Jensen, because I saw a comment that you made, which is you think this is China winning.

LUCKEY: That's right.

SORKIN: What do you mean by that?

LUCKEY: What I said is that China wants Jensen out, so I want him in. And to be clear, I don't actually agree with Jensen on very material ideas that he has about what the U.S. relationship should be with the Chinese economy. Like, I don't think that we should be exporting chips to China. He thinks there is an argument. I think these are reasonable arguments. There are other smart people I know, including in the administration, who agree with them. I just happen to not be quite on their side.

There are a lot of people who hear that, and it's like the midwit take. They say, but Palmer, NVIDIA is the one that was helping China, so you're an idiot. What they don't understand is China doesn't want NVIDIA to sell GPUs to Chinese companies. There are Chinese companies that want to buy NVIDIA GPUs. There are 600,000 H200 GPUs sitting in a port right now because China will not give them an import permit, because they want to build an internal domestic processor industry, silicon industry, not build one that is dependent on the United States. And so the point that I've made is, China is thrilled to have Jensen out, who is somebody who was pro-selling into China.

SORKIN: But Jensen was helping smuggle into China.

LUCKEY: Yes, against the Chinese government's will. The bizarre thing that people don't get is Jensen was basically on the side of Chinese AI companies, but not the Chinese government. And so they're thrilled to have Jensen out, and they know this also. There's a reason it's knocking a trillion dollars off NVIDIA's market cap. They know that it makes America weaker to knock him out. And I'm sure this

CFO lady, they put her in as interim CEO, is a perfectly wonderful woman, but she is not Jensen. She is not going to lead them into a period of prosperity that persists for a millennium. It's just, she's not quite the right person. Jensen is the guy who built this company from scratch. He deeply understands it. His personal relationships are the reason that everyone is willing to do business, because paper means nothing. Paper gives you the right to sue somebody after you think they screwed you. That doesn't actually solve problems. A piece of paper that says I can sue the guy who screwed me, it doesn't actually solve the issue. Nobody can take Jensen's place at this critical juncture. And so again, China wants him out, therefore I want him in. But he shouldn't have slept with whatever she turns out to be.

SORKIN: Final question for you, because I know I think you still hold it inside, but maybe not. How happy are you or sad that you got fired from Facebook in the end, given everything that's just happened?

LUCKEY: I was going to joke and say I'm not someone who keeps it inside, but this is more on the inside side. Look, my general moral philosophy is that people should be judged on their actions in the context of those actions, not with the benefit of hindsight. So if I shoot you in the head and I'm hauled off stage, but you recover and miraculously develop psionic powers, does that mean that it was okay that I shot you? Now, people could ask you, well, aren't you glad you got shot? You now have the power to lift entire buildings with your mind. And you'd probably have conflicted feelings. You'd be like, well, that is very good. I'm doing a lot of good for the world. Probably on net, it worked out better for everybody. But I still shot you, and you would probably still hold it against me, unless you're a really, really forgiving guy. And I'm not a forgiving guy.

There are a lot of people who really screwed me over, and they stabbed me in the back in a way that was very painful, very personal. For people who don't know, I gave $9,000 to a pro-Trump group during the 2016 election. And then I was put on leave and then I was fired. And in case anyone tries to say it was about X, Y, or Z, no, it was not. I had excellent performance reviews. My most recent review was "greatly exceeded expectations."

SORKIN: You still remember this.

LUCKEY: I still remember my performance review from H1 2016, yes. But the point is, people say, well, Palmer, isn't your company more important? Aren't you doing more for the country? Aren't you refilling the arsenal of democracy? Wouldn't that never have happened had you stayed making virtual reality toys for 10-to-14-year-old boys primarily? And that's true. But I still take it very personally, especially from the people I made hundreds of millions of dollars. I basically made them. I started Oculus when I was 19 years old. I was living in a camper trailer. These are people I'd worked with since the very beginning. And they decided that I was a millstone around their neck and they cut it loose. So it's probably better for everybody that I got fired, but I have not let it go.

SORKIN: And you re-partnered with Mark Zuckerberg.

LUCKEY: This is where it gets complicated. So just so people know, Anduril took over a program that had been struggling for a number of years, building infantry vision augmentation systems for soldiers that display incoming threats, show them where the safe areas are, give them much better thermal vision, night vision, so that they can see what's going on in smoke, in clouds, at night. And it's true. I teamed up with Mark Zuckerberg. We are back together. There's a picture. We're like, we're like this.

SORKIN: I don't know, as a journalist, whether I'm supposed to do this.

LUCKEY: Yeah, see. There you go.

So people are like, Palmer, what the heck are you doing? The reality is, Mark Zuckerberg is not the one who fired me. He runs this massive organization. I was like an update on his daily brief. Oh, by the way, the people who run this division in your company, that's a couple thousand people, they decided that Palmer Luckey needs to be terminated. Oh, wow, really? Oh yeah. There's no way out of it. All of the executives say they're going to quit if you make them work with him.

SORKIN: Is this a Trump thing?

LUCKEY: Okay. Like, the reality is, there are people who are like, oh, but shouldn't he have stood up for you? No, man. He's running a multi-hundred-billion-dollar company. His job is not to countermand the signal he gets from his deputies one, two, three levels down. Imagine if that's what he did. I tried to do that, and it's really, really difficult. So the people who screwed me over are not Mark Zuckerberg. You know how many times I had met Mark Zuckerberg? Like a dozen. I worked with his lieutenants all the time. Who cares? The guys who screwed me over are the people I had hundreds of meals with, even in the middle of the night, eating crappy Korean food while we jammed to try and get stuff done for CES, the Consumer Electronics Show. The guys who are worth tens or hundreds of millions of dollars because I bet on them, I put them in a position, I protected them as the Facebook politics tried to replace their jobs. Those are the people that I love.

Mark is not quite a god, but you kind of have to almost act as if he is. He's a force of nature. He exists outside of the universe of what Oculus was at the time. And so if I can make a deal with Mark that says that all the tech I sold him can be used to help the U.S. Army, and that all of the IP that I sold him can be licensed into that, and that all the tech they've built on top of what I sold them can also help our troops stay alive, I am going to make that deal. I am not that mean of a guy that I could say, well, this could save a lot of soldiers, but Mark Zuckerberg, he really should have stood up for me. I can't do it. Sometimes you have to do the right thing.

SORKIN: Palmer Luckey, everybody. Thank you.

LUCKEY: Thanks, guys.

SORKIN: Thank you for this.

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How David Ellison Thinks CBS Can Earn Trust Back

David Ellison, chairman and CEO of Skydance · 36 min · **Watch the video →**

SORKIN: David Ellison is here. He is Hollywood's newest mogul and arguably the most powerful person in American media right now. I don't know if you believe that. Six weeks ago he closed the $81 billion deal for Warner Bros. Discovery. The combined company is now called Skydance, and he owns, I'll give you the list: CBS, CNN, HBO, TNT, TBS, Food Network, two major movie studios, two major streaming services, Paramount+ and HBO Max. We'll get to the 200 million subscribers. The franchises include Batman, Superman, Harry Potter, Star Trek, Mission: Impossible, Game of Thrones, Lord of the Rings, Top Gun, Yellowstone, and I know I'm missing some. His father, of course, is Larry Ellison, who co-founded Oracle and personally guaranteed some $40 billion to make this deal happen. We're going to talk about Hollywood, technology, debt, politics, journalism and, yes, family. So please welcome David Ellison to the stage.

ELLISON: Thank you. Thank you so much. It's truly an honor to be here today.

SORKIN: It is great to have you. We were going to have this conversation about a year ago, when you were in the middle of the battle over this company. Before we get into the company, a lot of people don't necessarily know you. They don't know your backstory. They know about Skydance and what you created, and we'll get to that. But I want to know about you and your family, if I could. How did you grow up? What is your relationship with your father, who's now your partner in all of this?

ELLISON: No, absolutely. Childhood is a big part of what brought me here today. I fell in love with movies when I was a two-year-old kid. I was raised by a single mother, by my mom. My parents got divorced when I was three, and I really started building my relationship with my father when I was 13 years old, through aviation.

SORKIN: Go back. You didn't have a relationship with your father until you were 13?

ELLISON: We saw each other once a year, every other year. We couldn't be closer now, I want to be clear. We really built a phenomenal relationship through aviation. We started flying model airplanes, and then we graduated to learning how to fly together. The weekend ritual was every Saturday, every Sunday, I'd do an hour of flight training and he'd be on the ground and study. Then he'd do an hour of flight training and I'd be on the ground and study. It went from flying every weekend to a very different chapter in life. I became one of the best aerobatic pilots in the country and got sponsorship. I traveled the country flying air shows. I got to fly at Oshkosh, which for those who don't know is the Super Bowl of aviation events. It's a crowd of 250,000 people a day. It was an incredible thing to get to do in my early life.

SORKIN: Were you aware of what your father had done while you were a kid?

ELLISON: The answer is absolutely. But one of the things I am really grateful for is that my family made a concerted effort to give us a really grounded and, honestly, normal childhood. As I said, I was raised by my mom, and every single weekend we went to the movies. We sat in a dark theater and really fell in love with the power of storytelling. You laugh, you cry, and when you see a truly remarkable story, it stays with you forever. My favorite thing about storytelling is that when you walk out of that theater, the world actually looks different. Things that were impossible are now possible. That's an incredibly exciting thing to get to do every day. All of us are really motivated by the idea that if we do our jobs well in this business, the stories we tell can last forever. There are stories that impacted me dramatically when I was a kid, and to now be in a position to be part of telling those stories with the incredible filmmakers and showrunners we work with is incredibly cool.

SORKIN: Go back just a bit, because I want to understand. Your sister is also in the movie business.

ELLISON: Yeah, absolutely.

SORKIN: Was your dad into the movies? Was your mother into movies? What do you think led you down this path? Then we can speed up, because you have had extraordinary success with Skydance, and we'll get to Paramount in a second. But just go back to the genesis.

ELLISON: On the personal side, it was me, my mom and my sister, and by the way my father loves film as well. But it was really something the three of us loved growing up. I still have a VHS collection that was like 3,000 VHS tapes. We used to joke it was like Blockbuster at home. Sunday was the one day when you're a kid where you can do whatever you want. Me and Megan would say, let's watch all five Rocky movies, or let's watch the Star Wars trilogy. That was the foundation of a love in childhood, and I'm very passionate about what we get to do every day.

SORKIN: Okay. So then you have this enormous success. You create your own production company, Skydance, and it has great success. I imagine a couple of years ago you say to your father at some point, we've had all this success, I want to go buy Paramount. What is that conversation at the dinner table like? Is that how it happens?

ELLISON: Well, to understand that conversation, let me back up a little further. I went to film school at USC, and I started Skydance in 2010, literally with three people in the back of a hangar. The story of pretty much every step we've taken was, this will never work, this is doomed to fail. The first film we ever produced was *True Grit* with the Coen Brothers in 2010. What we heard was, why do you want to make a Western? They don't travel, and one hasn't worked in 20 years. Cut to 10 Academy Award nominations and $250 million at the box office, the most successful Western at the time of release. Building from that, we were fortunate enough to get to evolve the Mission: Impossible franchise, starting with *Ghost Protocol*. We got to produce the Star Trek franchise, including the most successful Star Trek film of all time. We made *World War Z*. We built a standalone television studio that put hits on companies like Netflix, with *Grace and Frankie*. We made *Reacher* and *Jack Ryan* for Amazon,

and put a tremendous amount of hits on Apple. We built a company that started as three people into an institution valued at $4.75 billion, with investors like RedBird Capital and KKR at the time. It was those 16 years of work that put us in a position to acquire Paramount and acquire Warner Bros.

One of our guiding themes has always been where entertainment is heading. It's that great Gretzky quote: skate to where the puck is going, not to where the puck has been. That's been a core tenet from the early days when we first started the company. It's what led us to streaming early. What we saw in this next iteration was that the combination of great art and great storytelling, working hand in hand with technology, was really going to chart the future of this industry.

If you look at where Skydance is today, at the scale of the platform, I believe we have the best intellectual property in the world. You named some of it at the top. To contextualize it further, we have 15 billion-dollar franchises. At scale in streaming, we have over 200 million global SVOD subscribers and 75 million monthly active users on Pluto. We have the number one broadcast network in CBS and the largest collection of sports rights. We are incredibly well positioned to win in content.

What's new about this chapter is that content is only part of the equation. Going back 15 years, Silicon Valley came into Hollywood and fundamentally disintermediated the business. Netflix built an amazing company. Amazon Prime Video was created. But people are still there because of the content, because of the storytelling. What we are able to do with the product and tech team we've built inside Skydance is build a platform layer that competes with that. We really do believe it is that combination of art and technology, especially in the world of AI, that will help us navigate the path of the future.

SORKIN: So take me back to the dinner table with your dad. I ask because people want to be inside the room. You must call your father at some point and say, let's do this Paramount thing.

ELLISON: By the way, I think Shari Redstone might actually be here today. I don't know if she's here. If Shari is here, she can attest that we used to have a standing breakfast where I would ask her if she would ever be open to selling the company. For several years the answer was always no. And one day the answer was yes.

SORKIN: But you didn't have the money to do it, I don't think. How did you convince him?

ELLISON: One of the things people have to understand, and I want to dispel what might be a myth, is that my father is an incredible partner. Throughout this entire process, to be able to work with him every day to build this company is the very definition of a privilege. But he demands an incredible performance, an incredible result, as a result of this investment. And when you look at Gerry Cardinale, who I believe is here and is an unbelievably sophisticated investor, and the sovereigns, who are incredibly sophisticated investors who have partnered in this, we are building a company to create long-term shareholder value. That's what my father is motivated by. That's what all of our investors are motivated by. We feel really good about where we sit as a company and about the value.

SORKIN: But people do want to know how involved he is. You said you talk to him every day. He's got to put up $40 billion. Is he giving you a hard time if something's not right?

ELLISON: The answer is, of course. I mean, come on.

SORKIN: So you hear from him a lot.

ELLISON: As I said, we talked throughout the deal process literally every day. We probably talk, on average, four days a week. We talk about strategy. We talk about where we want to take the company creatively. Literally just yesterday we were talking about artificial intelligence and how that's going to impact our business. But it's all through the lens of how we deliver for shareholders and build lasting value.

SORKIN: One of the big things that has emerged in the public consciousness about you, your father and this company is the politics of it all, because we watched all of this play out in public. The president, as you know, has called your father a, quote, friend of mine, a big supporter of mine. He said it's going to be a great company, they're terrific people, all of that. And there was a view politically, and we can get to the news piece of this, CBS News and CNN, that you were going to realign this company. So I just want to understand from your perspective. When you have dinner with him, I think we know his politics. What are your politics?

ELLISON: I want to address that in a couple of places. One, when you talk about the administration, we've been fortunate enough to work closely with this administration. But when we started the Paramount deal, that was under the Biden administration, and we were working very closely with that administration. We also worked with regulators in 70 countries to get this deal approved, all of whom came to the same conclusion, which is that it's a pro-competitive transaction. We also worked really closely with the state attorneys general to settle that lawsuit. Our hope is to work with whoever the next president is as well. We are a global company, and I think it is really important to have dialogue with elected leaders around the world. I think that is a good thing.

As it relates to news, we've been really consistent about this. Our belief is truth-based, fact-based, bipartisan, down the middle. Present both sides of the argument and fundamentally let the audience decide what is right for them. In a world where very quickly you're not going to be able to believe your eyes, we think having institutions that earn trust every single day is incredibly important. We have incredible journalists at CBS News and at CNN who are working very, very hard to earn trust every single day. Our goal, when we have the privilege of being back on this stage in the future, is to make sure we are more trusted tomorrow than we are today.

SORKIN: Okay, but back to the politics piece. He voted for Trump. Who would you vote for?

ELLISON: I have never disclosed that. What I'll say is that I've voted on both sides of the aisle basically my entire life.

SORKIN: You guys debate politics?

ELLISON: I'm not a partisan. If you want to go back to family, half my family is Democrat and half my family is Republican. That can make dinner table conversations a little bit challenging. But going back to why we're here, it's really about the core of our business. What I love about the power of storytelling

is that it bridges those divides. Fundamentally, you get to celebrate that we have far more in common than what separates us. I think that's incredibly important, and we need to do more of that.

SORKIN: But I'll tell you why it cuts both ways. The reason I'm asking about the politics is that as this deal was trying to close, you had all sorts of things happening. We got reports, for example, that the president was talking to your father about whether Erin Burnett at CNN should be fired and who he wants in those roles. A year ago, apparently he pushed for *Rush Hour 4* to be made. Are you making *Rush Hour 4*?

ELLISON: We are working with Brett on *Rush Hour 4*, which is a sequel to an incredibly successful franchise. One of the heads of our film studio walked into my office with that. It did not happen because of Trump. Josh Greenstein walked into my office. That was the first conversation we had about *Rush Hour 4*.

SORKIN: And you never heard from your father or from the president or anyone about *Rush Hour 4*?

ELLISON: That's a completely made-up story. There are a lot of made-up stories. I'm not going to address every single made-up story. But what I also think is really important is that, when it comes to the news, and I've said this publicly multiple times, we believe in editorial independence. That will never change, period.

SORKIN: The reason I mention this is that the perception was that you were so close to the administration, and then the California A.G. went after you on the other side. I'm curious how you think about these competing forces. If you could go back in time, what would you have done differently? Would it have been around making yourself look like you were closer to the president than it seems you're suggesting you are? Or would you have changed how you approached CBS News and some of the big changes you made, which also created a perception that I think led California to push as hard as it did?

ELLISON: I'd answer that a couple of ways. One, our goal was to close the Paramount transaction and close the Warner Bros. transaction. We accomplished our goal. We worked with regulators on both sides of the aisle, and ultimately everybody came to the same conclusion. So I'm really happy that we're sitting here today having acquired Paramount, having acquired Warner Bros., and having persevered through what I think were some pretty significant odds, where a lot of people didn't think it was possible. And to your point, which I think is actually really important, with the DOJ we went through the front door. Anyone who has not had the experience of having everyone, including the career staff, grill you for hours on end, I don't enjoy it. But we worked with Commissioner Ribera at the E.U. We worked with Culture Secretary Nandy in the U.K. We worked closely with Rob Bonta and the Democratic state attorneys general as we navigated through that. I think it is really important to have a relationship with both sides. And again, we're a global company. You need to have communication and dialogue with regulators around the world.

SORKIN: Have you talked to Schumer or Jeffries, now that Democrats are going to be in power?

ELLISON: I haven't spoken to him recently, but I have spoken to Hakeem Jeffries multiple times in the past. Same with Schumer. One of the things we've been working very closely on, which goes to your point about why I think this is so important, is that starting in October of last year we've been working on a federal rebate to bring film production back to the United States of America. Actually, most of the conversations we have had with the president were really through Senator Graham, where we had three meetings talking about the fact that film production had largely exited the United States because we were no longer competitive with jurisdictions around the rest of the world. For example, our combined company, in round numbers, produces about 5 percent of films in the United States. We would like to see a rebate get passed by the end of the year that will make the United States competitive, so that we can bring one of our greatest cultural exports back to the United States. That will be great for jobs. That will be great for the creative community. We think it's really important that this business stays vibrant here. It is a completely bipartisan effort. I've done five trips to Washington, D.C. I've met with senators on both sides of the aisle and House members on both sides of the aisle. We're working really hard to see if we can get this done, which will be a great thing for our industry and a great thing for our country.

SORKIN: Can I ask you about the subsidies? I've thought about this a long time. Culturally, it would be great to get the movies back in the U.S. Economically, the argument is much more complicated. I want to read you something from the Tax Policy Center: "Film subsidies do appear to influence where productions choose to shoot, but attracting productions is not the same as generating measurable gains in jobs, wages and economic growth. Measurable means, for example, accounting for whether productions are simply pulling workers away from other employment in things like hospitality, food services and tourism." Effectively, they say that from an economic perspective it's not worth it. You could make the cultural argument, but not the economic one.

ELLISON: Forgive me, Andrew, that's just not true. When you actually look at the rebate in the United Kingdom, it has been a boon to their economy. The same is true as it pencils out. If you look at Texas, Paramount was a part of building a 31 percent rebate for all of Taylor Sheridan's productions. We had a meeting recently with the deputy governor down there who said that, by their own independent audit, for every dollar invested by the state, it returned $4.70. And when you look at who this incentive helps, the misnomer out there is that you're giving Tom Cruise a tax break. That's not true. Tom Cruise, the biggest talent in the world, is going to get paid whatever he gets paid, no matter where he shoots in the world. It is the union workers. It is the makeup artists. It is the craftsmen. It is the set builders who are fundamentally being subsidized. You are creating jobs. You are helping small businesses. Every other country that has done this has done it because it is economically sustainable. We think it is important that the United States does it because it is economically sustainable.

SORKIN: You mentioned Taylor Sheridan, and I wanted to ask you about him. I know you still have an arrangement with him to make movies for the company, but not TV shows.

ELLISON: That is also not true.

SORKIN: Well, the new contract for him is going to be with NBCUniversal, after 2029, because he had a contract. But the next contract is not yours. Right after you made the deal, you went to visit him, from what we all understand. What do you think happened? Do you wish he had stayed with you?

ELLISON: Andrew, I have an incredible amount of respect and admiration for Taylor. I actually spoke to him over the weekend. He is literally hard at work writing *Call of Duty* for Pete Berg, which we think is going to be a phenomenal franchise launch. We have *Frisco King* upcoming, and we're in production on *Landman*. What we want to be is the number one home for the most talented creative artists in the world.

SORKIN: I assume you wish he was doing TV for you too, into the future.

ELLISON: By the way, the answer is we have a great relationship with him. We want to continue to have a great relationship in the future. But at the end of the day, if Taylor made a decision, we respect that decision.

SORKIN: On a very personal level, I assume you get the call from his agent or whomever saying he's going with these other guys, and you say to yourself before you go to sleep at night, what did I say? Could I have said something different? What happened? That's the conversation I'm trying to have with you. What was the lesson of that experience for you?

ELLISON: Again, I'll go back to the same piece. We have a great relationship with Taylor, and there are going to be a lot of things we're in business on once he goes over to NBCUniversal. Candidly, I think he's one of the most prolific and most talented storytellers of his generation. We're incredibly proud of all the work we're doing together, and we want to continue that relationship into the future. In everything he does at NBCUniversal, the only thing I'm certain of is the work will be spectacular.

SORKIN: Let me ask you a different question about the news, because there are a lot of questions about whether CNN and CBS will ultimately merge. But before we get there, you installed Bari Weiss to run CBS News. They're redoing *60 Minutes*. A whole number of very famous names left, or almost quit. I don't know if Lesley Stahl is here. She often sits right over there. When you saw all this happen, when Scott Pelley quits, what are you thinking to yourself?

ELLISON: Again, we are really proud of the work all of our journalists are doing across both news organizations. You've got to step back and look at where everything currently sits as an institution. If you look at the most recent polling data, trust in legacy news is at 28 percent, which is a record low, coming off highs of 75 percent 10 years ago. When you are getting that feedback from the audience, I think it's important to work to rebuild trust every single day. I also think it's really important to be truth-based, fact-based, bipartisan, down the middle as you deliver news. Our goal for news, and we're one year into this journey, is to rebuild trust back to at least where it was previously, if not even higher. I am also very proud that we have incredible journalists showing up every single day to accomplish that goal. That is our mission today. That is our mission tomorrow. That will be our mission five years

from now. Fundamentally, we will not stop working until we earn that trust. From an editorial standpoint, we believe in editorial independence. We don't get involved in those decisions, but we trust the journalists will do their jobs incredibly well.

SORKIN: For stability's sake, you've said that Mark Thompson is going to continue to run CNN and Bari is going to run CBS News. But do you see a point a year from now, two years from now, where these institutions merge?

ELLISON: Right now we are incredibly happy operating them within the status quo. There might be some news sharing in the future, but right now we're happy operating them as they are.

SORKIN: One of the other things in the headlines, which a lot of people noticed, and we're going to be talking to him later in the day: Elon Musk just put about a billion dollars into Skydance. Some people wanted to know whether this is the beginning of something bigger, with Starlink long term, or a one-off, given his relationship with your father. What do you think it really is?

ELLISON: I have so much admiration and respect for Elon. I don't know if you saw recently, but literally watching Starship get caught by two chopsticks, it's a marvel. He is both the Tesla and the Edison. From my perspective, he is the greatest entrepreneur of our time. He doesn't invest in a lot of companies, so to have his vote of confidence and to have him as a shareholder is an honor and a privilege. If there was any opportunity to collaborate with him in the future, it would be a privilege.

SORKIN: But is that something that's on offer in the plan in your mind?

ELLISON: If there was the appropriate opportunity in the future, we'd be thrilled to do so, but there's nothing we can comment on.

SORKIN: Okay, I've got a more complicated one for you. Alex Gibney has a documentary out about Elon Musk. HBO is supposed to be distributing that film. Elon Musk now owns a piece of your company, which goes to the independence question. Do you plan to put his documentary on your network?

ELLISON: We have a pay-one deal with A24, which produced that movie. Of course we're going to honor the deal.

SORKIN: So you are going to honor the deal. I only asked because people wonder what's going to happen, given the whole relationship, politics, this and that, that everyone's always wondering about.

ELLISON: But Andrew, I have said it: we believe in independence. We don't believe in censorship of any kind. We have that deal with A24, and of course we'll honor it.

SORKIN: A question about debt. There's an extraordinary amount of debt on this company, as you know, and you've laid out a plan for how you'll pay it down. What do you think you know that the market doesn't at this moment? The market doesn't seem to be fully buying into the plan yet.

ELLISON: The easiest way to answer is to walk through the numbers. The company today is nearly $70 billion in top-line revenue. I'll use our last quarter as a way to extrapolate. We've guided towards mid-single-digit top-line revenue growth. We grew Paramount standalone at 5 percent top line last quarter. We've guided towards double-digit streaming growth. Last quarter, Paramount+ standalone, at a year of ownership, grew 21 percent. The pro forma streaming company grew 15 percent. We've significantly grown EBITDA since we've owned the business, and we did that while increasing our investment in content. In addition, if you run the math, we're at $6 billion in synergies. When we bought Paramount, it was $2 billion in synergies, and we will have over-delivered by 50 percent. If you run that playbook out here, the company has a very clear path to delivering. In three years we will generate $10 billion in free cash flow by 2030 while investing more in content than any of our peers. That is the rocket fuel for growth in our business. Pro forma this year, we spent over $30 billion on content. To contextualize that, Disney just guided to $26 billion for next year. So I do not think the scale of this company is fully appreciated. We'll make over 30 movies a year next year, 180 television series, with the number one broadcast network and the most powerful sports portfolio. By the way, we are now at scale in our DTC business, with a remarkable product and tech team that can ensure we can compete with anybody in the industry. We are going to create a lot of value for our shareholders long term. We will deliver on the plan.

SORKIN: You've got to make 30 movies next year, going up to 32. I'm curious what kind of movies you think you wouldn't make, and how you think about the scale of these movies. One of the movies I was going to ask you about, which was released right at the end by Warner Bros., was *Digger*. How risky do you think you will be going forward?

ELLISON: I'm glad you bring that up. I've made eight movies with Tom. I think he's one of the seminal artists of our time. We're literally working on a sequel to *Days of Thunder* right now, and then we want to roll right into *Top Gun* after that. And I spent the last 16 years of my life on the filmmaking side of this business. I have lived on set. I've slept on Hans Zimmer's couch. I've been in editorial rooms for 20 hours nonstop. I do understand the creative process of this business. The goal in any film you make has to be, how do you reach the broadest possible audience for that particular story? There is no one-size-fits-all approach. We will make franchise movies. We will make original stories. We will make genre pictures. We will tell stories aimed at audiences from every walk of life. What is important is that you size the budget to the potential addressable audience.

SORKIN: You're at the top of the heap of this company. Creatively, you like to get involved in a lot of these things. Is there somebody who you think can say no to you?

ELLISON: If Dana Goldberg were sitting here, you would see the answer to that is very clearly yes.

SORKIN: And do you think she has better judgment than you do when it comes to green-lighting films?

ELLISON: She has been my partner at Skydance for 16 years. One of the things I am incredibly proud of, and this goes to what I believe in, is that this is a team sport. This is not an individual sport. Anybody who thinks it's an individual sport has not actually executed in this business. Look at the team we have. My incredible partner [inaudible] is here in the audience, and it is an honor and privilege to work with him every day. You have Dana Goldberg and Josh Greenstein running the film studio. You have Casey Bloys, whose taste at HBO is the very definition of exceptional. You have George Cheeks running our television group. We have a remarkable, world-class team that is capable of the task at hand, and there's no world where we're not going to accomplish our goals.

SORKIN: We're out of time, but I want to go back to the family for just a moment, because I'm fascinated by it and I think most people want to understand it. One of the things we haven't touched on is that through Oracle there's a connection to TikTok. I wonder whether, long term, and we haven't really gotten into AI or anything else, you could see the Skydance empire include TikTok, include tech, and it all becomes one big thing. Do you talk about that with your father ever?

ELLISON: On the TikTok side, if you really look at the structure of the company, that's another thing that's kind of misunderstood. But what I do want to address is the technology aspect, because we haven't talked about that, and I think it's actually really important. We all need to focus on what artificial intelligence is going to do across our business and what it is capable of today. First, it is a tool for artists, but I believe it is going to be one of the most significant creative unlocks in modern history. The controllability problem is very largely solved. It is a tool to iterate faster. Going back to the early days of Pixar, the lesson was always: be wrong as fast as possible. You board the movie in four months, you put it up on the screen, you get notes, you break it down, you put it back together. We're going to be living in a world where you can make the movie not 10 times but 20 times before it actually gets put out. We're also living in a world where a $750,000 movie made $500 million at the box office, because the cost of production has boxed out new voices. Go back to 1983, when James Cameron made the original *Terminator* for $4 million. If you want to make that same movie today, it is $70 million. By deploying these tools, there is going to be an unlock that lets us make all of those original stories again, in a way that connects with audiences and empowers new voices. We want to be the platform where those artists want to come and tell their stories, all in service of them. The relationship we have with talent, and their understanding of technology and how those two things are fused together, is a feedback loop. Art challenges technology, and technology inspires art. That feedback loop is what is necessary to meet this moment in time and build the entertainment company of the future.

SORKIN: Final question. Think about this one first. It's a family question, it's a TV show question. You now own *Succession*, *Yellowstone*, *The Godfather*. And I don't even know if you know this, but you own *Billions*, which I helped co-create. And by the way, you actually own *Too Big to Fail*, I realized, because I see Len Amato over here, formerly of HBO. So which one is your family? The Roys, the Duttons, the Corleones, or the Axelrods?

ELLISON: None of the above is an option.

SORKIN: You could try to pick one.

ELLISON: The answer is I actually love all of those stories. I really do. And you mentioned family, so I'll come back to one of the things that is the most important to me. You asked early on why I haven't spoken as much publicly. One of the answers to learning lessons is that I probably should have done more of that previously. I've always valued privacy, and I've got girls who are three and five. Despite the last name, my family was able to shield a very large part of my childhood from all of that, candidly from everybody in this room, Andrew. I want to give the same to my kids. I want them to have a grounded life. I don't want them to be focused on what dad's doing at work. So when I think about family, there's nothing more important to me than my kids. My wife and I have been married 15 years this October. We've been together for 20 years. Family could not be more important to me. And apologies, it's a little boring, because I pretty much work and I hang out with my family and my kids. Those are the things that really matter to me.

SORKIN: David Ellison, everybody. Thank you. I appreciate it.

ELLISON: Thank you very, very much.

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Mark Carney on Canada, China, and Starlink

Mark Carney, prime minister of Canada · 22 min · **Watch the video →**

SORKIN: Our next guest is Canadian Prime Minister Mark Carney. He joins us now from China, where he is attending the APEC meeting. He spent more than a decade at Goldman Sachs. He was the governor of the Bank of England through the financial crisis. He, of course, is at the center of the U.S. trade war with Canada. His speech at Davos earlier this year was a watershed moment, when he warned of, quote, a "rupture in the world order." We want to thank the Prime Minister for joining us. It is late in China, Mr. Prime Minister. Thank you for being with us. Maybe before we even get into it all, bring us up to date. I know that you just had a meeting with the President of China yesterday, and I believe also today with President Trump. Where do the trade negotiations stand in real time?

CARNEY: Well, Andrew, I can report that the trade negotiations are going exceptionally well. We reached an agreement. We reduced tariffs on over 90 percent of trade irritants. And of course, I'm speaking about our trade negotiations with China. They're very professional. They move forward in a very linear fashion. It's all very rational and moving forward. Now, if you're asking about the United States, well, we continue to have a series of issues there. Look, there is a very, very good trade arrangement that is possible. We had an existing one under USMCA. There is one under the new trade policy that is possible, but we're not yet there.

SORKIN: Can you explain how you now think about your relationship with China differently than your relationship with the U.S.? How do they compare? If we had had this conversation a year or two ago, you would have said the U.S. is our ally, and you would have called China something else.

CARNEY: Well, we certainly, I mean, the U.S. is our ally. That has not changed. We are NATO allies. We're allies in a wide range of areas. So that hasn't changed. The trading relationship has changed. That's the first thing. The second thing that's changed is that both the United States and China, over the last 18 to 24 months, have used integration as a weapon. The U.S. with tariffs, China with critical minerals. There have been other examples of this. Canada would be included in this: we used payment systems against Russia as part of the sanctions over the unjustified war in Ukraine [inaudible]. What we've taken from that, and a number of other countries have taken from that, is that we worry about strategic dependencies. With whom do you need to partner and diversify in order to not be coerced, right? Subjugated, to use another term. And that's much broader than the traditional areas that are still important, of course: energy, food security, defense. It extends up to, and you just obviously had a very fascinating discussion, which I caught a bit of, with Sam and Greg, intelligence infrastructure. It extends to space, critical minerals, other things. So our trade strategy, with China, with the U.S., but very much with everybody else, is driven by diversification, reducing those dependencies so that we are more sovereign. Ultimately, that's what's driving the strategy.

SORKIN: Is your sense that the midterms here in the U.S. changed anything as it relates to trade, or your view of the U.S.? Given some of the comments this president has made, either about you personally or about Canada being the next 51st state.

CARNEY: You have to take the president's comments in the round. We had a very nice discussion this evening, so I'll hang on to that. Look, it hasn't changed. I would say no is the short answer. What will change views will be policy decisions that are taken and that stick. I think in the end, that is what is going to change views. We're in a situation, when I say we, I mean Canada, and I obviously only speak for Canada, but a number of countries have been through this experience more than once. Until policy actually changes, it's hard to change the view. That's the reality.

SORKIN: Okay, here's a hard one for you. Do you trust President Xi more than President Trump?

CARNEY: Look, you just had a discussion about alignment. We look for situations where there's alignment, and we trust alignment.

SORKIN: And do you see yourself aligned with China now? The reason I ask is, look, he jailed two of your people.

CARNEY: Very much. Yeah, exactly. We've had fundamental issues in the past with China. We've had very frank discussions, myself and President Xi, about those issues, about how to operate going forward, about what the limits are to the relationship. So let's take a big step back in terms of dimensioning Canada-China trade, Canada-China integration, versus the United States. We trade agricultural products. Most of the liberalization has been around agricultural products. We trade some LNG, conventional energy as a whole. We import, like many others, manufactured goods and others from China. We don't trade any aspect of intelligence infrastructure with China. Any aspect. That is a huge difference between us and the United States right there. So the exposure, if I can put it that way, the dual-use exposure between Canada and China, is de minimis, and it's certainly dwarfed by that of the United States. Now, the United States has a very sophisticated policy. It has multi-layered relationships. But I find the emphasis on Canada's relationship with China, which is a normalization from a very low level because of some of the issues you just referenced, Andrew, is a different order of magnitude from what other advanced economies have.

SORKIN: President Trump said last month that Canada is, quote, "willing to give us anything at this moment." He said, quote, "We have all the cards." What are your cards?

CARNEY: Our card is that everyone else in the world wants to deal with us. Number one. Number two, look, we've got the strongest fiscal position in the G7 by far. We are at the start of an investment supercycle. We're an energy superpower. We're tracking job creation at twice the rate of the United States. We're tracking foreign investment per capita at twice the rate of the United States. We've grown our non-U.S. exports, in the last 18 months, to the point that they are the highest proportion of our trade in 40 years. We have a lot of cards that we're playing. I'm not saying that the transition from an

economy that was highly integrated with the United States is easy. It's not. There are challenges there. But equally, the other card we have, I would say, is a population that is as united as you can have a population in a democracy behind what we're looking to do.

SORKIN: Interestingly, you talk about the population being united. You look at some of the polling in Canada, and there's a lot of concern about the relationship with China. The Angus Reid Institute, a nonprofit Canadian pollster, found that only 14 percent of Canadians favor closer trade ties with China. It's 58 percent who want closer trade ties with Europe. What do you make of that?

CARNEY: Well, what we make of it is that we're pursuing the closest economic relationship and partnership with Europe that we can have without being a member of the European Union. We're in the process of becoming an associate member of the European Union. We already have a deep free trade agreement with the European Union. We're taking it to the next level: people-to-people ties, research, again, intelligence infrastructure, regulatory alignment, and defense alignment. We're treated effectively as European for the purposes of the defense industrial bill.

SORKIN: Explain why that's helpful to you, though. It seems to me that, without being an associate member, you actually have a lot of those benefits already.

CARNEY: Well, no, a lot of those are being built above and beyond a conventional trade relationship. And why is it a benefit? There are a couple of things. One is that it is still the second largest economy in the world. We are under-penetrated in that economy because we had been more focused on the United States. Now, the United States has changed its trade policy and a number of other policies. We're reacting to that. We're diversifying. That's the first thing. The second thing, as we were talking about earlier, is the rupture you referenced. Part of that rupture is how the international system operates. You can't rely as much as you could, and you never could fully, on WTO rules and other global standards. And we're seeing that deeper integration with one partner is a huge risk. It's an obvious point once you realize it. It is a huge risk. So us diversifying with Europe, who is very like-minded, who is minded to follow the rules, who is complementary in things from space through to critical minerals and others, that's an advantage. That's not the only aspect of our strategy, but it's an important element of our strategy. And as you just referenced, it is very, very much supported.

SORKIN: One of the things I know you're working on with the Europeans is satellites in space, in large part, I believe, to not become dependent on Starlink. We're going to be talking to Elon Musk in just a little bit. He also, I know, is in China with you, and we're going to have that conversation. But my question to you is this. When you say, okay, I don't want to be dependent on Starlink, do you think you can find products and services that will actually do what a Starlink would do? I know you're planning to use some satellites that I think are going to go up a year or two from now. Do you think that in a year or two Starlink will be even better, and you will wish you had gone that way?

CARNEY: Well, again, it's an important question, and it's a great question, because it gets to the heart of what we're talking about. We have seen cases, including in Ukraine, where a dependence on Starlink, or Starshield to be more precise, but related technology, has gone from being an advantage to

a huge vulnerability. You can't unsee that once you've seen it, particularly given the integration of space technology and defense technology, drone tech, all the aspects I'm sure you're well familiar with. And you've got Palmer Luckey and other people, I think, on DealBook.

SORKIN: Yes, exactly.

CARNEY: So the issue for us, the issue for the Koreans, the issue for the Japanese, the issue for the Europeans is: can we build, at a minimum, a redundant system or a sovereign system? With whom do we pool in order to do that? And remember, we're not looking for something that is global retail, if I can put it that way. We're not looking for hundreds of millions of applications. But if you're looking at the Arctic, which we are, and the Norwegians are, and the Europeans are, how are we going to protect the Arctic and the High North, and whose system are we going to rely on? Can we rely on that system when push comes to shove? Who will make the decision whether that system is on? These are fat-tail risks that have been realized in the recent past by some of our allies. That's the situation in which we and others are making these determinations.

SORKIN: Let me ask you this, though. This whole idea of sovereignty has been the big theme for you, by diversifying these relationships. Longer term, I imagine it's going to be more complicated, not less, because there are going to be things that China, for example, may do. I don't know whether you think they're going to invade Taiwan. That's a question I have for you. But if they do, how does that change everything else that you're talking about?

CARNEY: Well, I'm not sure it changes it, Andrew, so much, but you have to make a determination about with whom you are partnering. Now, if we're partnering with China to sell them canola, I don't think that's compromising our sovereignty. It's just basic agricultural trade policy. If we were partnering with China to provide our space system, our satellite system, for military applications, then yes, we would be compromising something. We're a little more sophisticated than that in determining who our partners are, who will be aligned with us, and how they are aligned with us. Last thing I'll say on this: you're always taking some risk, right? Different governments could come in, their priorities could shift, different alliances could come into place. So you have to build in some redundancy. And look, this is not ideal. To be clear, it's not ideal. There is a cost to insurance. This is insurance. It would be simpler if we could just align within the Western alliance as it was, and take first-best technologies. But you can't go through Greenland, you can't go through the 51st state, you can't go through Ukraine and Starlink, and responsibly hold that assumption at 100 percent. That is a very difficult reality, but it is reality.

SORKIN: Let me put a hypothetical to you. 2028 comes, a new president is elected. They have a very different approach. They say, we want to be allies with Canada. We want to go back to the way it was. You say what?

CARNEY: I look forward to dealing with that. I look forward to moving forward in that regard. Do I think there will be some...

SORKIN: Do you think memories are long or short? Has the world changed forever, or, depending on who is in office, could things be different? I'm just trying to understand, because if we had had this conversation a couple of years ago, we wouldn't be having it, actually, as it happens.

CARNEY: You'd be having it to an extent, but I don't think the necessity of acting would be as great. It is a hypothetical, so it depends. I think the issue, can I put it this way, is that it will take action as opposed to intent. And exactly the form of that action on the trade side... I can't put it back in the bottle, if you will. Look, let me say as well, there are a variety of areas where we cooperate deeply with the United States. Arctic defense, NORAD, would be an example. We are NATO allies. There are a host of issues where we collaborate on national security and other aspects. We still have quite an open trading relationship as well. But there are dependencies for which it would be unwise for us not to hedge. And once you hedge, you take a decision, and this is from finance: do you take the hedge off just because the market has repriced, or is it better to leave it on? I think people will be leaving on their hedges for a while, until they truly believe they're in a different market environment, if I can sustain the analogy.

SORKIN: Let me ask you a question about automobiles, because it's a biggie. Canada cut tariffs on Chinese-made electric cars from 100 percent to 6 percent. Interestingly, by the way, one of the first companies to really use that opening was Tesla, building those cars in China and then exporting them into Canada. What is your thought longer term about automobiles coming from China, and their ability to ultimately, potentially, get to the U.S. or not?

CARNEY: So a couple of things. One, we had been importing about 49,000 cars from China before we put punitive tariffs on Chinese cars, matching the U.S., and then they put tariffs on us, et cetera. So we unwound that on the agricultural side. What we said to China, when we dropped the tariff from 100 percent to the 6 percent MFN rate, was that it's only for 49,000. Above that, there's a hard cap, because the tariff is there. So effectively we've capped them, whereas before 2024 it was the market that determined what was coming into Canada. And they were all Teslas then. In fact, I bought one of them, Andrew. I don't have it anymore. Sorry, Elon, I don't have it anymore.

SORKIN: Why not?

CARNEY: I didn't get the resale value for it that I thought I would, because they don't quite have the [inaudible] that they used to. Well, I got a new job and I'm not allowed to drive anymore. That's actually what happened. There you go. But to go to your broader question, what happens with Canada-China auto trade? Where our deal is right now, it's capped. It's less than 3 percent of our market. It's basically going to sit there for the next few years. That's our deal with China. The question is what is going to happen to the North American auto market. That's the fundamental question. I don't believe President Sheinbaum, who I also saw here in the last 24 hours, believes either that the North American auto market is going to ultimately be competitive if it is disintegrated. In other words, if it's all repatriated into the United States, it doesn't have the advantage of Canadian and Mexican auto parts and other aspects. That's not the sole determinant of competitiveness in North American auto, but it's a big determinant, as is the speed with which it becomes electrified and, to go back to your

previous guests and others, connected and AI-driven. Let's state the obvious: we are way behind in North America relative to China. As is Europe. And so we're spending way too much time on a trade war around autos, as opposed to where this sector is going and how we are pooling our resources. We are very keen to do that, but we need a willing partner in the United States.

SORKIN: I know we're out of time, Mr. Prime Minister. Let me ask you a very personal question. You meet with President Trump, who, by the way, says he is the reason you were elected. He believes he got you the job. I think you know that. What is it like when you shake hands at the end of the meeting? On a very personal level, how does it begin? How does it end? Is it as blustery as it is on television, or is it very different inside the room?

CARNEY: He's very different inside the room, is the short answer. He's a very personal individual. It's hard to get elected president ultimately if you're not. Number two, he listens a lot more in private. He's genuinely interested in your opinion. And it's a reasonably direct conversation. But in the end, we're talking about a deal or not. It's got to be something that's in my country's interest. And we're not yet there. We're moving closer to something.

SORKIN: If you handicap it, give us a calendar here.

CARNEY: Look, it should have been done six months ago. But we're not going to sign something that doesn't make sense for Canada. And Andrew, I'll leave you with this. We are catalyzing a trillion dollars of investment over the next five years. We're on track for that. We have a lot of things to do. We just signed two trade deals in the last two days, with ASEAN, 700 million people, and with the Philippines. We will sign a deal with India over the next three months. We have free trade with two billion consumers, ex the United States. We're on route to three. We've got a lot to do. So we would like to do the deal. But if the U.S. doesn't want to do the deal, we're busy.

SORKIN: Mr. Prime Minister, thank you so much for staying up late. We look forward to seeing you in person very, very soon.

CARNEY: Thank you. Appreciate it.

SORKIN: We're going to take a quick break, go get a coffee, and make some friends. And when we come back, David Ellison.

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Can Zohran Mamdani Fix the Cost of Living in New York City?

Zohran Mamdani, mayor of New York City · 36 min · **Watch the video →**

SORKIN: The mayor is here. He ran for office, as you know, vowing to make the city of eight and a half million people more affordable. He is a 35-year-old Democratic socialist, and we're gonna talk this afternoon about everything. We're gonna talk about the midterms, taxes, capitalism, socialism, AI, billionaires, and the greatest city in the world. Mr. Mayor, thank you for being here. I want to get your reaction to the midterms. But I really want to ask you this as it relates to the Democratic Party today. Treasury Secretary Bessent, who was sitting where you were a year ago, told us that you are not the fringe Democratic left anymore. It's the mainstream of the Democratic Party. I'm curious whether you think that is true, and whether this midterm was really a repudiation of the current administration or was an affirmative vote for your brand of Democratic Socialist.

MAMDANI: Well, first I have to say, comrades, it's great to be here at the largest DSA meeting Lincoln Center has ever seen. It's a real pleasure to be here with you as well, Andrew. I think that the midterms were a reflection of working-class Americans' hunger for a new kind of politics, a politics that can deliver change that they can feel in their wallets. What you see, whether you're looking at candidates no matter how they describe themselves, is a specificity of purpose. In [inaudible] you see a call for universal pre-K. In Keisha Lance Bottoms, you are seeing the importance of streamlining affordable housing production. If you're looking at Michigan's governor's race, you're seeing a data center moratorium. These are the kinds of things that have motivated many to not just repudiate federal policies that have made their lives more expensive, but also to call for a different kind of approach in what politics can actually deliver to working people's lives.

SORKIN: So the president says he wants to work with them. He said it on *60 Minutes*. Do you believe him, and if so, what does that look like?

MAMDANI: Well, I can tell you from my personal experience, as someone who has significant policy disagreements with the president, that I have worked with the president over the course of the time that I've been the mayor of our city. I'll give you an example of what it looks like. The federal government had announced that they were going to change the stocking requirements for small businesses to be SNAP-authorized.

SORKIN: Just happened.

MAMDANI: Yes. These were requirements that put small businesses across the country, and bodegas here in New York City, into a state of panic, because if they weren't able to comply, the federal government was threatening to strip them of their SNAP status. In places like the Bronx, SNAP contributes up to 30% of revenue for an individual bodega. So I wrote a letter to the secretary about

how this is an issue that businesses here in New York City are facing, businesses across the country are facing. And to your question, I then picked up the phone and called the president to make the case on behalf of New York City. I made the case that when it comes to these kinds of requirements, the panic that it's putting small businesses under, and the impact that would have on New Yorkers' lives as well, who rely on that small business for the food that they're purchasing, this was something that needed to be extended. And the president made the decision to extend it by at least three months, and in doing that, providing relief for businesses across the entire country.

SORKIN: Can you explain the bromance? No, no, because I think we all watch it both with fascination and some level of bafflement, given some of the things that he said about you, calling you a communist before you were elected, and some of the things that you've said about him, namely that you called him a fascist. I don't understand how the phone call works. But I'm also curious, and I think this actually speaks to maybe how Democrats and Republicans in this case work together. I have noticed, and you can correct me if I'm wrong, you don't actually criticize him that often in public. You did during the election. But I would say in this particular role, on ICE, yes, you did, but for the most part I think you watch your words. I want to just understand that on a very personal level.

MAMDANI: Well, I'll go through your first question and I'll come to this one. On the practical level of how does this work, I just told you about bodegas, and most people in this room know exactly what a bodega is. Usually when you're calling someone at a national level, they might not be as familiar with the intricacies of New York City. The president is very familiar. I do not have to explain what a bodega is to the president. In fact, the first time I met the president, this was in the Oval Office, I think it was about November, soon after I had won the election, we sat down in the Oval Office and discussed zoning in midtown Manhattan. We discussed community boards. We discussed the process by which any of these large-scale developments can get built. To me that's a reflection of the fact that for all that he's the president of the United States, he's also the most famous developer the city has ever seen. I'm also not shy about the places in which we have serious disagreement, because I think it is incumbent upon us in elected office to be honest about those places of disagreement, and also have these conversations so long as they can deliver for the people of the city.

SORKIN: And you've said it. It's on ICE. It's also on the Iran war. It's also on an immense amount of domestic policy.

MAMDANI: Making that clear both in private and also in public.

SORKIN: Would you still call him a fascist? Yes, you would. Has he ever asked you about that? Have you ever said, how is this gonna work?

MAMDANI: I'll keep the conversations between the president and myself private. But I will tell you that we both know how we feel about the other's policies, and we both love the same city.

SORKIN: Let me ask you in this context, because I was watching, and I know you guys may have seen this too. President Trump came to visit you at Gracie Mansion. This is when he was trying to actually push out a number of media organizations at the White House, and you have the media organizations

there at Gracie Mansion, and he of course goes on a sort of a thing about the fake news and all of that. You don't really say they're not fake news or this or that. You sort of, through the demonstration of having them there, that's what it is. But you don't go on a defense of the media industry, which, by the way, is a big part of your constituents here in New York. I was curious about that, because I'm watching this happen and I'm seeing him criticize the media. You may not love the media stories all the time, but I think you have a very different view of this. I thought to myself, you know what, maybe he's holding his tongue. How do you feel about holding the tongue, and do you think you have to?

MAMDANI: I think so long as the tongue tells the truth.

SORKIN: But does it? That's the question. Do you ever feel like you're pretending because you have to sort of make it work?

MAMDANI: No. I feel like I am being honest to myself. I'm being honest to the city. And I think also choosing, when meeting with the president, when speaking to the president, to focus on any possible area of commonality. The reason for that is the stakes are so immense. The second time I met the president at the White House, I left the White House having secured an agreement to release a New Yorker who was detained by ICE that morning. Later on, we had a phone call where I was able to secure a visa for a mother who would otherwise have had to grieve her son from thousands of miles away. With disagreement for small businesses across the country, there are quite literally small businesses that will be able to stay open as a result of it. So to me it comes back to, there is a responsibility to deliver. That is also why you have to speak to anyone that could help you to deliver.

SORKIN: You're the mayor of New York, but there have been a whole number of reports that have suggested that you may want to play a larger role in the country in future elections. What is your ambition beyond being the mayor itself? There were some meetings with union leaders about how to get other people in the Democratic Party around the country elected. The question is, what kind of role are you planning to play in all of this? How should we see you?

MAMDANI: I think I'm proud to be the first mayor of New York City in a long time who is not going to run for president. I think it's important to say that to the people of New York City. This is the best job in the world. You get to wake up and go to sleep in New York City every single day.

SORKIN: Yes, we all love New York.

MAMDANI: In terms of the role, it's a recognition of the fact that what we want to see in our politics, whether it's in Astoria or Allentown or Albuquerque, is an approach that puts the struggles of working-class people at the center. Because what we have forgotten in our politics across the entire nation is that there is only one majority in this country, and that's the working class. And yet when you look at the policies that have been put forward, it's as if that's been completely forgotten.

SORKIN: Back in March, you signed a petition calling AOC the most viable left contender for president. Have you spoken to her, and what do you think the chances are that she runs for president? Would you prefer that she runs for Senate? What do you want out of all this?

MAMDANI: Yes, I have spoken with the congresswoman. We are in regular touch. What I would say is that whatever she chooses to do, she will do it incredibly.

SORKIN: What do you think she'll do?

MAMDANI: I don't know.

SORKIN: What's your best guess today? You have the Polymarket guy right before me. He's got agents in the back trading right now on whether or not she does it. Have you ever traded, by the way, on a Kalshi, a Polymarket?

MAMDANI: No, I have not.

SORKIN: You have not, okay.

MAMDANI: But I do have friends who are trading on things like whether *Scary Movie 6* is going to have a Rotten Tomatoes score above 35 percent. I say this because, as much as it's also humorous, I think it does also degrade so much of life to make everything subject of a bet, and to see the addiction that has been created by an ever-expanding pool of customers. It is troubling to me.

SORKIN: I want to get back to the billionaires and the tax question in New York. Back in April, as you know, you stood outside of Ken Griffin's apartment and announced the pied-à-terre tax. That day you said we were taxing the rich, you knocked on the window of the camera, and all hell broke loose. I'm curious, if you could go back in time, whether you'd do it again.

MAMDANI: I want to first take a moment to talk about what it is all about, which is the pied-à-terre tax. This is a tax on secondary homes worth more than five million dollars, a tax that will raise half a billion dollars every year. The tax's importance is in the fact that it is raising money that allows us to strengthen our schools and to make our streets safer. I think it is incredibly important, because what we have is a city of immense wealth and also a city where one in four New Yorkers are living in poverty. I want to make it very clear that there's no personal animus or desire of any one individual to be targeted by this tax. It is rather the importance of the tax in and of itself, and what it funds through the revenue that you can actually raise from it, which we are in the process of administering right now.

SORKIN: So if you could go back and do it again, would you make Ken Griffin the avatar of this?

MAMDANI: You never make the same video twice. That's the video that we made.

SORKIN: What would you think, do you think it was the right decision to do it, given the blowback? And by the way, given the fact that, obviously the good news is he's going to keep some of his offices here in New York, the bad news is he's making Florida his main place of residence, and he just gave an extraordinary amount of money to Carnegie Mellon to build a university there. I always wonder how you think about that.

MAMDANI: Well, I do not begrudge Mr. Griffin his success, nor do I begrudge any New Yorker their success. When it comes to Mr. Griffin and other business leaders across the city, their success in this city is also the success of our city. What I want to see is that they succeed here, they build more businesses here, and that we also have a new definition of economic development that also extends to those who have been working towards better.

SORKIN: Let me try this out. What would have happened if you had done a video standing in front of the building and said, hey, Ken Griffin lives here. He happens to live in Florida. We love that he also has this apartment here, and we wanted to pay an extraordinary amount of tax. One is here because he loves this city, and we love that too, and we want as many people to either live here, or if they want to live somewhere else and have a big fancy apartment, that's great too. Come on down. I don't know whether you think that would have been an appropriate way to do it, but that's something I just thought about. I remember watching the video thinking, it's going to turn some people off, but is it going to rile up the base on the other side? Maybe. But I don't know if that gets you what you want in the end.

MAMDANI: I think the most important thing to me is that we actually have the revenue to make our schools stronger, to make our streets safer, to make the city the best city.

SORKIN: But here's where it gets complicated. One of the reasons, by the way, that you were able, I believe, and I think you'd agree, your comptroller said it, one of the reasons that you were able to fill the gap this year was the success, frankly, of Wall Street. So if Wall Street is the thing that's going to fill the gap, for example, for the budget that's going to pay for the kids and all the other things you're talking about, is there a value in trying to say, I want to hold your hand, business community, I want you here, I want rules of the road and all of that, but I'm not here to stick a finger in your eye if I can avoid it?

MAMDANI: Look, when we're talking about Wall Street, Wall Street had its largest amount of bonuses in history last year, 49 billion dollars. When we are thinking about the relationship with the business community as you're asking about it, I'll give you one example. Antonio Weiss, when I was running, wrote an op-ed about how my political agenda would potentially have a real impact on the city's fiscal stability, could be incredibly damaging to the city's fiscal stability. My response to that was not to say that I don't want to sit down with Antonio Weiss, I never want to meet Antonio Weiss, I want to keep a distance from him. Antonio Weiss is now on my business advisory council. I give that as an example of the importance of surrounding yourself with those who have critique, who have support, who are united in the support of the city as an institution, something that is larger than any one individual. That is also how I want to approach relationships with business leaders across the city, with, no matter any disagreement on fiscal policy, an understanding that what does unite us is the same city that we call home.

SORKIN: The reason I'm going to talk about this is because language, I think, matters, and how you approach the language matters. I'm going to go to another issue that I think a lot of folks in the business community talk about and think about, though it's not a business issue per se.

MAMDANI: Well, before you actually move on, Steve Roth said that calls to tax the rich are akin to hate speech. He's also said that we have the strongest office retail market that the city has ever seen. My point being that there will be differences of opinion on what is appropriate to say and not to say. To me the most important thing is the health and vitality of our city and its economy, and pursuing policies that unlock exactly that.

SORKIN: By the way, on billionaires, I'm curious, what was your reaction to what happened in California as it related to the billionaire tax? Did you follow it?

MAMDANI: I didn't follow it very closely, but I know that it didn't pass.

SORKIN: It didn't pass, and I was curious whether you thought that was a larger harbinger of things to come, or whether you were surprised, given the unions and everybody else were at least originally behind that.

MAMDANI: I don't think it's a harbinger, because there were, I think, three other ballot referenda that took place across the country calling for what is essentially the same thing, which is higher taxes on the wealthiest, and those all passed. I also think what we saw in that referendum, from a vantage point of many, many miles away, is an incredible amount of spending in opposition to it. When you asked me earlier about the midterms, we also saw Elon Musk alone spend 440 million.

SORKIN: And we're going to talk to him about that in just a little bit. [inaudible] Are you on X, by the way?

MAMDANI: Am I on X?

SORKIN: Yeah, the everything app.

MAMDANI: The everything app. I am.

SORKIN: Are you an addict, or do you use it regularly? What's your relationship?

MAMDANI: I wouldn't say an addict, but it is more a part of my life than I would want it to be.

SORKIN: Okay. What about Bluesky?

MAMDANI: I'm there every now and then.

SORKIN: Okay. So I was mentioning language, and this is a hard question. By the way, we had asked readers to ask questions, a lot of business readers in the audience as well, but it relates to something I think people have been concerned about in New York, and it relates to your language. It relates to Jews in New York and anti-Semitism. I just want to ask you this. You put out a statement on October 7th, famously, and you condemned Hamas, but then spent, I think arguably, the majority of its words condemning Israel. The head of the Reform Jewish movement said at the time that they thought the statement made New Yorkers less safe, and then there was a rabbi who called himself a fan of yours and said, can we just have one day? I'm curious again about the language you use. The reason I mention it is, you know, 53 percent, I think, of hate crimes in New York City are against Jews. When

you use language in this regard, and I know we can have a whole debate about whether condemning Israel gets conflated with anti-Semitism, do you feel like there's an extra responsibility or distinction in the language you use?

MAMDANI: No, I would first say that your story doesn't cover the entirety of the day.

SORKIN: Okay.

MAMDANI: I remember what happened that night, which is that I attended a vigil for those who were killed on October 7th and was protested at that vigil. I say this to say that my politics is one that believes that there has to be room to mourn everyone. What I sought to do, not only in a statement but also in my physical attendance at that vigil, which I had attended the year before, was to make clear that I will oppose with every bone in my body the violations of international law, no matter who commits them. That's why I've called October 7th a war crime, and that's why I've also been immensely critical of the Israeli government as well. To your earlier point, I just want to lay out what is so objectionable about one of the statistics that you said, which is that Jewish New Yorkers comprise anywhere between 10 to 12 percent of our city's population, and yet, as you said, they comprise more than half of the victims of all hate crimes in our city. That to me is unacceptable. In addition to being proud of being the mayor of New York City, I'm also proud to be the mayor of the most Jewish city in the United States of America. So much of what so many of us love about New York is tied up in that same legacy. To me the responsibility is, you have to root out anti-Semitism, you have to root out any form of bigotry. There are Jewish New Yorkers, as well as New Yorkers of other faiths or no faith at all, who disagree with me on my views on Israel and Palestine. There's no question. My job is to still deliver for them as well, and to deliver them the best possible city, because at the end of the day, they live in the city.

SORKIN: I get it. My question is, would you ever think about sending out one tweet on October 7th saying how terrible what happened on October 7th was, and then waiting till October 8th to say how terrible you think Israel has handled the situation? And I get, by the way, that there are people who would not be clapping right now, because we saw what happened that night. I get that you have voters who have a different opinion. But I just kind of want to get inside of you to understand the thinking about all this, because I think it gets to the larger thing about the language piece.

MAMDANI: What I will push you on, yeah, please, is that for many, let me say it this way. When the Israeli government is conducting a genocide of Palestinians, oftentimes the defense that will be given, no matter what day that it's asked about, will be the relationship to October 7th. My point being, this is a day that is not only a horrific war crime, it is also a day that has been used as a justification for all that followed it. And it is in that day that it is important, like in any day, to mourn the totality of its impact.

SORKIN: You get the other side of it.

MAMDANI: I do.

SORKIN: But you've decided that putting them together is better.

MAMDANI: I have a politics of universality. Whenever I'm asked about why do you support Palestinian freedom or Palestinian rights, I speak about the importance of extending these same values to everyone. That is who I am. I'll always speak to that.

SORKIN: Okay. Let's talk about New York City, if you could, because we've gone around the country for a little bit here. Fair to say that affordability is still the problem. The rent, as they say, is still too damn high. So what are you really, at this point, going to do about it? There are a couple of proposals and ideas out there. You've frozen the rent for some, and that's been helpful. But longer term, how are you actually going to get the rent down?

MAMDANI: I think there's a number of things. First, as you said, the independent Rent Guidelines Board froze the rent for more than two million New Yorkers in rent-stabilized apartments. I think what we also need to do is to build more housing than the city has seen in recent years. That's why, when we put forward our housing plan, Block by Block, we put forward a commitment to build 200,000 truly affordable homes, preserve 200,000 affordable homes, and then also take every possible action to streamline housing development, including for the private market, because what I've heard from a lot of developers is about the different kinds of roadblocks that they face. We recently had a number of ballot proposals that were put forward to New Yorkers. One of them was about the fact that you had to go to 18 different agencies and get 40 different approvals to be able to build one thing, and we put forward a proposal to consolidate that. To me it is critically important that we also make this a city where it is easiest to build that housing, and not have to hear about the different roadblocks that anyone is facing.

SORKIN: Let me ask you about this, because we might have some real estate folks in the audience. There are apparently 57,000 rent-stabilized apartments in the city right now that are registered as empty, and depending on the numbers, at least 26,000 of them are what's called off-market right now. This is housing stock that could be put back on the market very quickly, potentially, if the landlords were allowed to effectively pass on the costs of upgrading, any work that needs to be done to get those apartments back on the market. I talked to a number of landlords about this, and it's a big issue, because you think to yourself about all of the different programs about getting buildings going up, and this one you could maybe just do like that, if you wanted to.

MAMDANI: I want to go through those numbers. You said 57,000.

SORKIN: Let's take 57,000 off the table, because some people have debated. I think 26,000 might be at least a minimum ballpark.

MAMDANI: I have looked at the numbers, and what the numbers show is that only about 6,000 units have been vacant for five years. The reason that's important is that a lot of the units that are being described in that data set are also units of newly constructed rent-stabilized housing, because rent-stabilized housing is not only pre-'74 housing. It's also housing that's being developed under what was once 421-a, 485-x, all these different subsidy programs. So there's a chunk of housing that's being

described as vacant that is not because it's dilapidated and they don't have enough money to make the turnover. What it actually is, in large part, is housing that's just being brought online and is about to be leased out. Now, for those 6,000, I think it's critically important that we look at every single mechanism we have to ensure that we can bring those units online. What I'm skeptical of is the proposal that if only you were allowed to reset the rent of those same units to a market level, then you would be able to provide a landlord with the requisite funds to fix up these units. If we go through it, a landlord will say it costs between 50 and 100,000 dollars to fix one of these vacant units, and what they want is to take, let's say, an apartment that's renting at 1,600 dollars and bring it up to 3,500. The amount of turnover required in that building for them to make up the money of 50K to 100K per unit would necessitate mass eviction in that same building. The reason that is of concern to me is that was in many ways the business model that a lot of larger-scale landlords had pre the 2019 housing reforms. When we're talking about displacement in the city, we have to build more housing. We also have to prevent New Yorkers from leaving as a result of dilapidated housing, and that's also what they've been experiencing, as a means by which sometimes to push them out of their homes.

SORKIN: Fascinating. Let me ask you a different question about something you just did earlier this week, and you've now done it twice. I don't know if it's socialism or capitalism, so you help me. It's a good game show. You made a deal with Vanderbilt.

MAMDANI: Yes, we did.

SORKIN: Here in the city, to give them some money. You just did a similar thing with NYU around a quantum computing program, where the city is giving them money but taking a stake, effectively royalties and the like on the IP from these universities. It's a little Howard Lutnick.

MAMDANI: I've never been called that.

SORKIN: First of all, is this socialism or is this capitalism? What is this?

MAMDANI: I think it is smart economic development. The reason I say that is that the model of economic development that we've often seen is "our risk, their reward," and we've seen an immense amount of public subsidy. I think that with that public subsidy, we should see public benefit.

SORKIN: Did you think they wouldn't come to the city or build these things had the city not provided the funds? Oftentimes when these kinds of deals happen, you're trying to attract a university or a company to the city. In this case NYU is here, and I remember thinking to myself, oh, this is very clever and very interesting, but then also thinking, would they have raised the money anyway?

MAMDANI: Well, I think the funny thing is, no matter what the name is of a university, they have campuses all across the world, and I think that we can never rest on our laurels about an institution being here in New York City. Earlier I was saying that we want to do everything we can to make sure that the economy continues to grow. The point that I think is very important is that in the past, there's been public subsidy provided without much in return. With NYU Quantum, we had an investment of 29 million dollars that then also yields not just a 15 percent return on any profits made on city-made

devices, but also unlocks NYU Quantum for CUNY students. That is one of the best examples of what a working public-private partnership can look like. With Vanderbilt, it's 15 million dollars for a 50 percent stake in their [inaudible]. I think this just comes back to, the city has generated immense wealth. Oftentimes that wealth has not extended to those who work and live in that same city. If you look over the last few years, you see about two-thirds of the wealth that's been generated in a recent period of time has gone to the 1 percent. That is creating a city that is both the wealthiest and one where one in four are living in poverty.

SORKIN: A question that came in a lot. There were a lot of questions about e-bikes and the safety of e-bikes in the city. You just won a 131 million dollar settlement from DoorDash.

MAMDANI: Yes.

SORKIN: The question, though, is, would you try to ask DoorDash or any of these other DoorDash-like competitors to put a speed limit on these e-bikes, or is there a way for you to work with the private sector on this?

MAMDANI: I would say that I would ask DoorDash something, but generally they have only done things when we've legally required them to. The 131 million dollars that you speak of is because DoorDash had systematically underpaid more than 260,000 delivery workers. What's critical here is there are a lot of things that I would like to do when it comes to the regulation of the app industry, whether it be DoorDash, Grubhub, whatever it may be, and that's exactly what we're actually working on with the City Council. There is right now a business incentive for someone to break traffic regulations so that they can make as many deliveries as is required to make the money that they need to take home. That is setting up a city for failure, because what you have to do is tackle the fact that this is not individually done. This is happening at a system-wide level across the city.

SORKIN: We don't have a lot of time. I do want to talk about supermarkets, so.

MAMDANI: Come on.

SORKIN: Supermarkets coming in 2027.

MAMDANI: They're coming. City supermarkets. They're all gonna be here by the end of 2029.

SORKIN: So this is an industry that has typically a margin between one and 4 percent, and your plan is to sell products, I believe, at a 30 percent discount.

MAMDANI: Yes, sir.

SORKIN: My question, this is an economics question, is to the extent that you are hoping, I think, to also force some other stores in the city and others to provide a product at lower prices, how is this going to work at all? Just walk through the math. And by the way, I understand the subsidy is coming from us, the taxpayer. So it's not like the, okay.

MAMDANI: It's not what?

SORKIN: No, I was gonna say, it's not going to be a fully funded supermarket. The supermarket itself is not going to fund itself. It's going to be subsidized.

MAMDANI: Right, it's gonna be subsidized, okay.

SORKIN: And so my question is, how do you see that subsidy long-term affecting the other supermarkets in the city?

MAMDANI: I take a step back and I think about when society deems something necessary for the public, then we subsidize its creation and its operation. We know that so much of what we rely on from the public sector is not being paid for at price, whether it be the subway or a public school or a library or sanitation. We have determined this is necessary. When I think about what is necessary for a dignified life in New York City and anywhere, frankly, it is very easy to come back to food, because you cannot live without it. When you were saying, explain the math to me, in some ways that's the question that New Yorkers are asking themselves every day when they go to the grocery store: explain the math to me of how the same thing that I used to buy a couple of years ago has now skyrocketed in price. What we are going to do is, in a city of more than a thousand supermarkets, we're gonna create five, which I know might be news to a lot of Fox News viewers, because they hear about it every day like we're gonna create a million. And these five, first of all, they're not free supermarkets, which is often how they are described. They are cheaper supermarkets, supermarkets with a discount on an essential basket of goods. The reason we are doing this is because what we are seeing is the lines of New Yorkers at food pantries are just continuing to lengthen every single day. It's not a COVID-specific phenomenon, and we need to make it easier for them to actually be able to afford it.

SORKIN: So we shouldn't think of these as supermarkets. This gets to the whole socialism-capitalism thing. Should we think about these supermarkets as for people in this room, for example, or are these supermarkets really for a particular cohort in the city?

MAMDANI: Well, this comes back to universality. I want the public sector to be so good that the people in this room, no matter how much money they may have in their pocket, will choose to use that public sector. At its best, that's what New York is. At its best, the subway is one of the many equalizers: if you wanna get from point A to point B, you know this is the quickest way to get around. So I want these supermarkets to not just be for those who can't afford a supermarket in their neighborhood, but frankly to be for any New Yorker. That's what we want for every single aspect of the public sector: be so good that no matter how much money you have in your pocket, you think this is the best thing for me.

SORKIN: Mr. Mayor, we're gonna leave it there. Go Knicks.

MAMDANI: Go Knicks.

SORKIN: Thank you very much. Appreciate it.

DEALBOOK SUMMIT 2026 · TALK 8 OF 12

Satya Nadella on the New Algorithm

Satya Nadella, chairman and CEO of Microsoft · 32 min · Watch the video →

ANNOUNCER: Please welcome Andrew Ross Sorkin and his guest, chairman and CEO of Microsoft, Satya Nadella.

SORKIN: Satya's here. Come on up. Satya, of course, has led Microsoft now for over a decade as CEO. In that time, the stock of the company is up about 14-fold, and today it is the second most valuable company in the world. Do you keep track of those things?

NADELLA: Not really. A little bit? Not really.

SORKIN: He is spending about $175 billion this year to build the infrastructure of the AI era. And six weeks ago, President Trump gave him the National Medal of Technology. He's at the forefront of the conversation about safety, and we're going to get into everything: the potential, the risks, the economics, and so much more. Please welcome Satya Nadella. Thank you for being here. There's a hundred places to start with you. We talked to Sam and Greg earlier. I want to get into AI. We're going to talk about Jensen, Anthropic, and everything else. But we've also been talking about outages a lot. JD Vance was supposed to be here, but instead had to spend the day in meetings with the national security folks about these outages. You just had one yourself. What can you tell us about what actually happened, and how freaked out you are or are not about it?

NADELLA: Yeah. First of all, Andrew, congrats on 25 years of doing this. You must have started it in what, kindergarten? It's just unbelievable.

SORKIN: Right out of college.

NADELLA: Yeah. So first, let me just speak to our Outlook outage. Obviously, we are extremely sorry for those it impacted. That incident, interestingly enough, is not related, at least directly, to the things that we should talk about that are going to create, unfortunately, more instability in our infrastructure. This was a latent bug that was there. It got invoked, and it was one of those perfect storms. We put out an incident response, and we're going to obviously take all of the learnings, upstream architectural as well as operational, and fix that.

The thing that I think we are facing right now, as a consequence, quite frankly, of AI, is that we now have a very powerful tool that finds vulnerabilities. So that means we have to find them, fix them, and then patch them instantaneously. The patch velocity: as we speak here today, there were three critical patches. I don't even know which ones are disclosed and which are not, but there are three critical patches.

SORKIN: Disclosed by who? Who was supposed to disclose that?

NADELLA: Yeah, so I don't know what I know is public or not, but nevertheless, they're all in open source packages. And the problem now is, if you think about the old physics, when I was patching, let's say, a critical bank system, I would test it for a week. Right now, the patch needs to go instantly from being available to being patched in production, because it's being exploited in the wild. So that creates instability.

Then simultaneously we have this other thing, where the floor of cyber attacks has fallen. Because with these AI models, someone can send a Telegram message to this agentic harness in the cloud somewhere, and then you have essentially a nation-state-level persistent attacker going after you all the time. So that means we have a lot of fragility, and we have to deal with it.

SORKIN: Do you see this as a temporary phenomenon? There was a view that somehow we were going to get through this, there'd be a six-month period of challenge, and then we'd be on the other side. Or is this a permanent factor in the space?

NADELLA: Yeah, it's a great question. There is a part of me which says, yeah, there is a Y2K-like period where you adjust for it. The only challenge with that is, if the models keep getting more and more capable, I don't know what that means. Y2K was one bug and one day.

SORKIN: Right.

NADELLA: And you needed to get through it. This one, I don't yet have a view. So there's one part: we're talking about software that can be patched. Remember, there's a lot of stuff in our critical infrastructure that's unpatchable. Think about all the firmware, and the chillers and the HVAC systems everywhere else. All of that is on the internet, by the way. Somebody was telling me about even the transportation systems, and the amount of stuff that's discoverable but has unpatchable firmware. So we'll have to really modernize, for sure, and get to current infrastructure. And then we'll have to assess what the threat vector looks like, and what our own ability to both detect and then defend in real time looks like.

SORKIN: I want to talk about Anthropic for a second, and then I want to get to alignment with you. Anthropic is obviously going public tomorrow. A lot of focus on it right now. You put $5 billion into the company. I wonder whether you wish you had put in more at this point. But I think there's a bigger question. I was watching part of your Ignite presentation yesterday, and one of the things that clearly you're trying to do is, frankly, get people off, to some degree, Anthropic and OpenAI, and to use your models and open-weight models and other models that are a lot cheaper. I think this is super important, because it goes to the very economics of these frontier models long term. If you can provide the same service level that the frontier model can for 5% of the cost, what happens to the entire ecosystem?

NADELLA: Yeah. I think it all depends on how you frame what the jobs to be done are, and what the time is, and where I will use what. So the way I look at it: what are we trying to get done? Let's say with Copilot. I think people will come to Microsoft for Copilot because Copilot gives you all of the form

factors, whether it be chat or Cowork or autopilot. It gives you all the models, whether it be OpenAI, Claude, or us. And it gives you the ability to have your context and your memory separate from the model. That, I think, is our value proposition.

Now, also, it turns out that for knowledge work, the regular everyday office work, I think the models are mostly saturated. They're plenty capable. I don't think you need the Navier-Stokes or the next big breakthrough in reasoning capability to do a simple workflow. In fact, if you look at Copilot, it has a decision engine, and the decision it makes is: for this task, and for that trajectory, should I use OpenAI, Anthropic, or MAI, our own model? And in fact, most people just select auto, and it selects the right model.

So what I think is, if you're at the very frontier, let's say you're OpenAI or Anthropic, you have to keep finding the next big elastic demand. Coding was one, which I think still is massive. I don't think anybody realized how big a market coding is.

SORKIN: And you still think for coding you need the frontier.

NADELLA: I think there is a place. Coding has also gone from "I am choosing models" to "I have a software factory, and I give it a goal, and it has many sub-agents." And in our case, it's interesting that you brought that up. Artificial Analysis, which does all these benchmarks, just recently started publishing results for these blended models. We have a thing in GitHub called Fusion. Fusion has [inaudible], Claude, and an MAI model, and it outperforms Claude. So in some sense, you just select Fusion, and it'll select.

SORKIN: But if 90% of the time people are selecting the lower-priced product...

NADELLA: Yeah, or the agent itself is selecting.

SORKIN: If the agent itself is selecting, what do you think therefore happens long term? You have a huge stake in OpenAI, and a smaller stake in Anthropic.

NADELLA: Yeah, I have a much bigger stake in MSFT, but that said...

SORKIN: Yes, you do.

NADELLA: The thing that I think is, I'm not really as worried about what happens to them as I am worried about what happens to the economy. Because I think the reality is, unless and until we can have all these tokens... At some level, arguing for massive pricing power on tokens is betting against US GDP. I would rather say, let this become like the cloud, a commodity, and let the world use it at scale. Because nothing at scale is a commodity. The cloud is a commodity, except running it at scale has margin, and we've all done fine. So I don't think celebrating the margins of an Anthropic or an OpenAI or a Microsoft is actually going to lead to good outcomes for us. In fact, the only thing that matters is whether a bank in New York or a retailer in Arkansas can actually use it to create GDP growth that's broad.

SORKIN: One of the things that we talked to Sam and Greg about earlier this morning was a comment that you made last month around alignment. And this idea that potentially the scaling laws are not going to work in such a way that the model will ever be aligned, which I think is your position, that ultimately you're going to need to contain the model to some degree. By the way, Sam disagrees with that premise.

NADELLA: I'm glad he does. I mean, I thought he's the guy who told me, but anyway, I'm glad that he disagrees.

SORKIN: He told you what?

NADELLA: No, I mean, at some level, look, I learned about scaling laws from those guys, when they were all, in fact, one happy family: Sam and Dario and everyone. And I'm a big believer. In fact, one of the geniuses of Greg, Ilya, Sam, and Dario was that they were the true believers in scaling laws. When I took even the initial bet on OpenAI, I obviously bought into it, but quite frankly, I didn't see it as clearly and as passionately as they did, and it's worked.

But increasingly, I don't see alignment. I thought it would just be one step, and it would just come out. Or at least I'd have real debuggers. I've always felt, oh, maybe even if I don't have alignment, I can debug it. I have a mechanistic understanding. Neither of those seems to be there. And I'm glad Greg and Sam are optimistic about it, because I hope like hell that it happens, with scaling.

SORKIN: Can it work if it doesn't happen, though?

NADELLA: If it doesn't happen, we are in a world of hurt. So one thing that I am focused on, therefore, is let's have a trust architecture. Because first of all, it's a big problem. We can come back to it.

SORKIN: What does having a trust architecture mean when the entire purpose of the AI itself may be to get outside of the trust architecture?

NADELLA: One hundred percent. So that's the technical problem. You have to then have the safety system. That's why, for example, I don't think chain of thought can be neuralese. You just have to ban models that have neuralese. Second, all of it has to be logged, and it has to be tamper-proof. That means it has to be fully inspectable by other models, and maybe by non-LLM models. Why can't I have a causal reasoning model inspect all of the chains of thought of all the models and tell me whether they were trying to do anything that was...? Because they are going to be unfaithful, to your point. We now know that the models will try to hide from you what they're really trying to get done. So therefore you need to be able to have detection. That's why, by the way, one of the things OpenAI has [inaudible] very well is that they're doing a lot of active monitoring while doing their training runs.

So we will have to build a system that allows us to separate out authority from intelligence and have essentially auditability. And I think that's the practical reality. I don't know how any enterprise is going to deploy this and take on the liability if this thing is going to just hack you.

SORKIN: But then my question is, is that a system you build? Because you're providing access to all of these models. Is that a system that they independently build? And then where does the liability lie?

NADELLA: At the end of the day, right now, the liability lies with the user. Let's face it. Unless something changes, the person deploying it is liable. So that's why, yesterday at our conference, we put a lot of emphasis on this trust system that we're building, between things called Agent 365 and Perception, to make sure people can use them to audit the logs and set policy around those. And then at some level, somebody's going to do insurance pricing on this. Someone who says, "I'm going to deploy the most powerful model in the world," is going to then say, "Hey, I want liability insurance." And the insurance person is going to say, "Give me the logs, and let me see what you're using it for."

SORKIN: You are building your own models, but I want to know, long term, you have a deal with OpenAI through 2032, you have a deal with some of these others. Do you see yourself long term being this player in the middle that has these relationships with these different players? Do you see yourself as a competitor? What does that look like?

NADELLA: My view on this, roughly, is: not that there are parallels in all of this, but if I take a look at my fleet today of even regular compute in Azure, I have Intel, I have AMD, and I have Cobalt. That's kind of how I roughly see it. We'll have all the models that are popular on any given day. Because our customers, again, I go back to it: if somebody's using Copilot, the promise is all the models are available in Copilot. So yeah, we want to have OpenAI and Anthropic and anyone else. Anyone that's good at the frontier will be there. But we will also have, call it, the in-house model, and we'll keep hill climbing on it, and we'll make sure we optimize between all of these things.

SORKIN: You partnered with OpenAI early, and that gave you an advantage in a certain way. But I also wonder whether it suggested to you, maybe I don't have to go build my own so quickly or compete at that point, and put you in a different place.

NADELLA: We are definitely in that place. One of the things we got right, and you could even say we got lucky, was the OpenAI investment and partnership, and the commercial relationship that gives us royalty-free access to a frontier model until 2032. We definitely plan to exploit that within the context of what we're trying to do. So I'm trying to be very compute-FLOPs-efficient, even in how we're building MAI models. Being three months behind, or six months behind, is a great place to be if you're spending 5%, 10%, 20% of the same compute FLOPs, because I have a frontier model. And then be even token-efficient when it comes to deployment, because we are doing RL runs on what are essentially real-world tasks. I'm not learning on some benchmark. I'm learning in Microsoft 365, or in GitHub Copilot, or in security, what have you. Those are massive structural advantages we have, and we want to fully take that approach to optimize both.

SORKIN: But do you think long term you'll be able to remain partners with all of these companies? Look, Anthropic, as you know, is building Claude Sheets, which is supposed to compete directly with Excel and everything else that you do.

NADELLA: Yeah. In some sense, they're going to compete, we're going to compete. Office competition: no one really thinks of Office as a client software competition. Open docs have existed forever, Google's existed forever, and so on. So it's not about client software competition. For us, when you think about the move to the cloud itself, it moved the data underneath Office into becoming an asset, not ours but an asset for every organization that uses M365, that needs intelligence. Not one model, but a model system. So the way I look at it is, I'm playing a slightly different game than they're playing. They're playing a vertical stack game. I am playing a model system game. And I believe that every enterprise will want a model system, just like there's not a single enterprise or a single commercial customer who says, "I'm single cloud." Why? Because they like multiple suppliers. I think the same thing is going to be true here.

SORKIN: I want to talk about data centers in a moment, but I haven't asked you, and I should, about the Jensen of it all, the NVIDIA story. I'm just curious what your personal reaction has been. Everybody's trying to understand whether he's going to come back.

NADELLA: He's not going to come back.

SORKIN: Should he come back? How important a singular figure is or is not to the future of all of this? He's acted almost as the central bank in a large way, almost the biggest venture capital firm to the whole industry, and whether that impacts things.

NADELLA: Yeah, I don't know, Andrew. It's all pretty tragic in the sense that Jensen is somebody I've known for a long time. I'm a great admirer of what he's done. And at this point, I kind of want to give him space to figure this out. It's the NVIDIA board's decision on what happens. But I'll just say there's one thing. [inaudible] the team. Colette worked at Microsoft for a long time. I've known her for a long time. She's a tremendous person. The new interim CEO, former CFO. And there are many people like Ian. I'm scaling Vera Rubins as we speak, and I'm in touch with the same set of people I was in touch with before. So I have a lot of confidence in the NVIDIA team and their ability to continue to do the good work.

SORKIN: Do you think people are singular, though? Bill Gates was singular in his way. And then, I don't know, Steve Ballmer came after that, and then you came in. And there is a view that certain people can do pretty spectacular things. We're going to talk to Elon Musk in a little bit. I think it's arguable that a singular person in this instance was able to do these things. How much of an impact does that make?

NADELLA: Yeah, I think, rightfully so, founders are celebrated. And it could be that in tech it's maybe more extreme than it was. I don't know, maybe in all of capitalism, it was always the case. Because after all, founders are unbelievable in the sense that they create something from nothing. That is pretty magical. So yes, they're singular. But they're not gods. At the end of the day, as I used to say to Bill and everyone, founders also die. And so at some point, if a company needs to succeed, it has to have

someone take over. And in fact, the person who is going to be most happy about that will be the founder. Because when the baby you brought into the world is thriving long after you're gone, that's really the institutional strength you built.

I've never trusted any leader, founder or otherwise, who comes and says the institution after I left was completely gone. What the heck? Then what did you build? So singularity is about the magic you create, but it's also about the institutional strength you build. And I think that's what Jensen has actually done with NVIDIA.

SORKIN: Let's talk about data centers for a moment, because you're spending an extraordinary amount of money. Amazon's spending an extraordinary amount of money. Meta's spending an extraordinary amount of money. Goldman Sachs is now putting this at $7.5 trillion through 2031. Elon, who, as I said, will be with us in a little bit, says that a lot of these data centers, at least some of the neoclouds, are going to be guppies, that the math of all of this doesn't necessarily add up. Do you think it adds up? You use one of the neoclouds, like CoreWeave.

NADELLA: Yeah. We, as Microsoft, as a hyperscaler, are trying to make sure that we build and lease, and when we are really short on supply, we have rented from the neocloud players. But long term, we want to build, and in some cases lease. That's our plan. Beyond that, the way I think about it is, AI is happening. It's a secular long-term trend. That means you want to build land, power, and shell, and then match the kit, which is most of the cost. More than 50% of the cost is all the chips and the racks and what have you. That one, you want to map to demand as close as possible. So there are two kinds of construction projects, two kinds of capital outlay. One is long term, one is intermediate term, and one is very short term. You need to get the physics of all of that right and go after it. Ultimately, supply and demand have to match, and you're never going to match it perfectly.

SORKIN: But when you think about the chips, for example, NVIDIA takes something like a 75% margin. It's a remarkable situation. The big question's always been about the depreciation schedule of these chips. Some people used to think it was five years, then people said it was six years, seven years, 10 years. During COVID, a used car became very valuable. But after COVID, a used car wasn't so valuable, because all of a sudden there was a lot more supply. We might be in a supply constraint today, but I wonder what the true depreciation schedule is, if you will, in a less supply-constrained universe.

NADELLA: Yeah. Why would it be any different from just looking at the longitudinal data of depreciation schedules for, let's say, regular compute? After all, we were in a non-constrained world just a few years ago, and we saw it. Interestingly enough, if you look at the depreciation schedule, what was happening was that it was lengthening. Why? Not because of the hardware, but because of the system software and the efficiencies we were able to get out of the workload. So I think that's one of the other things you should count on: this is not just a physical asset, it's a physical asset with software, and you can use software to make even old hardware more productive for a longer period of time.

SORKIN: Do you believe, like Elon does, that this all goes to space, and that this is happening three years from now?

NADELLA: He's the expert on it. I hope so. If he has space capacity that I can lease, I would lease it.

SORKIN: But other people, the folks at AWS, for example, say this is not happening for a very long time. It has a lot to do with whether you continue to invest, and how much you invest on the ground, I imagine, if he's going to break the economy.

NADELLA: Yeah, I don't know what his point of view is, whether he thinks it's a full substitution. At this point, we are very, very focused on terrestrial, and we have a lot of work to do there.

SORKIN: One of the other big issues is agents, consumer agents, business agents. We just had Shayne Coplan here from Polymarket, who literally has his agents trading for him. But one of the big questions long term is going to be whether agents can go on certain sites. For example, whether you can go to an Amazon. This is something that [inaudible] is challenged with right now: whether you can send your agent onto an Amazon and use their service or not. And who's got the leverage to say, "Actually, you can't come to my site," or "If you come to my site, you're going to pay me a huge premium"? Or whether the folks who have the agent are going to be the ones saying, "No, no, I'm directing my agent towards you, so you're going to pay me." How do you see that playing out?

NADELLA: Yeah. By the way, talking about agents, I think we did something with BNY just recently, with Robin and his team. In fact, I think it's a treasury deal between an agent at Microsoft Treasury and BNY. I'm not an expert on it, but it's happening in more than consumer places. So the agent-to-agent piece, I feel like it's absolutely going to be the case that you're going to be able to delegate tasks to agents, and agents are going to have a set of rails on which they can conduct commerce, especially. But the point about what happens on the other side is, is this something that you want to accept or not? And where does the liability go? That, I think, is the key question that needs to be litigated.

SORKIN: Is it the liability, though, or is it who's got leverage to say you're going to pay me? For example, if you're Amazon, by the way, you have an advertising business, you don't want to lose the advertising business, and you may say, "I'm so important to you, you've got to pay me." But there's others, maybe a travel site, that will actually pay you for the traffic.

NADELLA: That's right. And so I think, just like in the past, when we transitioned from Yahoo to search, that changed who pays whom for what. I think that's going to happen. The current aggregators who have a business model that was for the human web will, in some sense, get reshuffled. If you were monetizing ads because of the eyeballs, you now have to get down to, maybe CPC wins, maybe it's more transactional. And if you don't accept the agent, somebody else will. If Amazon doesn't shop, somebody else will. So I think this is going to be interesting. If you're a current aggregator and in love with a particular business model, you have to kind of scramble. It's the same thing that's happening in other categories: if you're in love with a particular business model, you have to scramble.

SORKIN: Talk about agents in the context of agents and jobs. One of the things I was passing by, three weeks ago, you offered buyouts to 60,000 employees. I think that raised a lot of eyebrows. I know you don't expect all 60,000 people who got the offer to take them. But what does it really say longer term? You think about employment at Microsoft, and maybe employment more broadly.

NADELLA: So that particular action we took was mostly to make sure that everyone felt like they had agency in making choices. That was the primary idea. But if I look at, let's take software engineering, we went from "We don't buy that AI can ever do software," to suddenly "Wow, it can do all software, and why do we need software engineers," to now rediscovering that software engineering is very much alive and is in fact going to thrive. Except the way the team is organized, and the work that a software engineer does, has a new operating point versus what it was before. That reorganization and change is hard. It has to be done, rather.

And I see it inside of Microsoft. It's fascinating, in the last year: the team that builds Cowork, there are like 11 developers. They built a software factory that builds the product. They don't build the product. The software factory builds the product. That level of indirection is, by the way, going to happen in all jobs. So the question is, how quickly can an incumbent transform the workflow and the work artifact, with all the wage support that goes with it, such that the labor that is there today gets into this new configuration and is producing the results the enterprise needs? That, I think, is going to be the hard change in the economy, and it's going to take a bit more time than anyone expects. And there are going to be, in all of this, people who may say, "Hey, I have some other choices I want to make."

SORKIN: I have a couple more questions, and they are personal, before we let you go. I have been watching the way you lead this company, and we've been talking a lot today about the relationship between companies and the administration. One of the things that I would say, I don't know if you think this is right or wrong, is that you have stayed sort of out of the picture. You're sometimes in the picture with the president, you just got this great Medal of Honor. But you have stayed sort of outside of some of the dialogue that we see with this president. I was curious just how you play it, and how you think about it, and whether that's right. You may say I'm not right about that.

NADELLA: Yeah, look, the thing that at least I feel is, the job that I have to do is make sure that Microsoft has the market permission and the social permission to operate. And primarily that comes not from the government of the United States, but from us doing a good job with the products and services for the customers, including the government. That's my lane. I want to focus on that lane, and to the degree to which I can contribute something, I will. Or, by the way, if we are subject to compliance with the regs of the government, then we have to do it. But I just don't want to be in Washington. I just want to be in Redmond, Washington.

SORKIN: No, I know. But in terms of giving money to the administration, showing up at the inauguration, you don't do all... You haven't done as much of this as some of the others. You've done something.

NADELLA: I don't think I was invited.

SORKIN: You weren't invited.

NADELLA: I'm not that important, Andrew. I'm just the CEO of a little software company.

SORKIN: Well, then let me ask you this final question. You have now been the CEO, I think, 12 years and nine months. Steve Ballmer did it for 14, and Bill Gates did it for 25. How much longer do you want to do it?

NADELLA: I'm enjoying my job. Let me continue.

SORKIN: Satya Nadella, everybody. Thank you very, very much.

NADELLA: Thank you. Thank you very, very much.

DEALBOOK SUMMIT 2026 · TALK 9 OF 12

Coplan, Friedman and Tenev on the Gamble

Shayne Coplan, CEO of Polymarket; Adena Friedman, chair and CEO of Nasdaq; Vlad Tenev, CEO of Robinhood · 36 min · Watch the video →

ANNOUNCER: Please welcome Andrew Ross Sorkin and his guests: the CEO of Polymarket, Shayne Coplan; the chair and CEO of Nasdaq, Adena Friedman; and the chairman and CEO of Robinhood, Vlad Tenev.

SORKIN: Thanks, everybody. It is very clear, I imagine to most people in this room, that the stock market is entering a new era: trading around the clock, markets where you can bet on an election, a game. You can even bet right now, though I'm not going to encourage it, on what is actually said on the stage here at DealBook. There are bets being made throughout the day. There are a lot of investments that used to be closed to ordinary people, trading being done by AI agents, and new questions about where investing ends and speculation begins. I wanted to bring together three people who are really at the middle of whatever you believe this transformation is.

Vlad Tenev is here. He's the co-founder of Robinhood. He pioneered commission-free trading, and he brought a whole new generation of investors, 29 million customers, into the market. Adena Friedman of course runs the Nasdaq. This year she listed SpaceX, which was the largest IPO, and potentially this afternoon or tonight we'll find out about Anthropic, expected to start trading on the Nasdaq tomorrow, which potentially could be even bigger. And Shayne Coplan is here. He founded Polymarket at 21 years old. He's revolutionized the ability to bet on just about anything and created a lot of controversy, if you will, in the process. We're going to talk about that. So please welcome all three of these folks.

I want to understand, and this is really almost a philosophical conversation, because I think the world has changed. Shayne, you've been a big part of that change. Adena, you've been part of that. Vlad, you've been part of this change. It is a change in what investing is, what speculation is, what trading is, and how we should be thinking about these things at a time when, as I said, you can bet on what's being said on this stage. You can bet on whether we're going to go back to war in Iran. You can bet on whether interest rates are going up or down, or just about anything else. How have you philosophically thought about this, as somebody who's brought a lot of this to life?

COPLAN: First of all, thanks for having me. I've always been a big fan of yours and I really appreciate you having me. I think the biggest thing is that when people use the word "bet," there's this connotation that you're at a slot machine and you're hoping everything lands in the same row. You talk about these geopolitical conflicts. When people trade oil, or trade a lot of the businesses and commodities that are affected, on your guys' platforms, they're effectively coming up with their priors, or what they think the probabilities are, and how those fluctuate for all the different sub-events. That's why, when you see escalation in Iran, the price of oil fluctuates and gets volatile.

So the way I always thought about it was this: when you create a financial market for something, you get the beauty of price discovery, price formation. I always thought that was really cool. When you're looking at a stock before earnings, it's pricing in exactly what the Street says. The moment you know the new EPS, it reprices. It's the same when you look at sports and at the spread, say Knicks minus 3.5. So often it was a three- or four-point game. It was always fascinating to me.

What I was really inspired by was Friedrich Hayek. Some people may know him. And Robin Hanson, an academic who wrote all about idea futures and prediction markets and futarchy. What I was always really excited by is: what happens if you create a financial market designed to provide price discovery for something that is really informationally useful?

What has been so cool for me is that people want to frame geopolitics as gambling. The reality is it's not fun gambling. You're sitting there and there's very little volatility. If there is volatility, the price can only go up to $1. What there is, is liquidity and price formation around the likelihood of the event. People have gravitated to that as an information source, and that's what I'm really excited about. That's why the midterms were so cool. In the midst of all the chaos, it's our civic duty as Americans to follow what's going on in politics, and it's better that Polymarket exists. So we've got to stay true to what we do. It's really important.

SORKIN: I'm going to go to Vlad for a second, because you're also in the prediction market space. I want to know what you think the social good is. I get, very clearly, the social good of being able to make a bet on what's happening with a war or interest rates, where there's potentially a hedge against something else in the market. It becomes much more complicated, at least in my mind, when you start to think about betting on what we're about to say on this stage. Or, for example, there was a trade going after the terrible situation up in Ithaca with the fraternity. I went to Cornell. You could trade on whether these guys were going to get charged or not. You took it down, and maybe we should talk about why you took it down. I want to understand how you think about that piece of it, because it does mean we're really just betting on everything.

TENEV: The last time the three of us hung out was at the CFTC roundtable in Washington, D.C., a couple of months ago. I said something that wasn't very popular. I think I got a little pushback from the crowd. Robinhood doesn't list mention markets. What I said was that mention markets are entertaining, that's for sure. But they're also easy to manipulate, and for the vast majority of cases there's probably not a ton of financial impact or hedging benefit.

I'd say we try to be sensible. Prediction markets are a new asset class. It's clearly useful and there is benefit. Take sports. If you take the Super Bowl, the outcome of the Super Bowl is clearly an event of massive economic significance for lots and lots of people and companies. On the other side, you might say that whether the first pitch of a baseball game is a ball or a strike maybe doesn't have much economic or hedging benefit. So a lot of this debate on sports is really about where you draw the line. Our point is that there should be rules, and the regulations should be sensible. Right now the question is where exactly the line will be drawn for something to be an event contract that's federally regulated.

Is it everything? I don't think the answer at the end of the day is that it's literally everything, but where on that spectrum is the line? I think it's exciting to be a part of it. Both of us and many others are in that industry trying to figure this out.

What's clear is that customers love the asset class. It's useful. It has a benefit, not just for traders, because a lot of people are just looking at the odds to get a better idea of what's going to happen in the world. So there's a news and information benefit. It's here to stay. It's just a question of what the details are, and we'll have to work that out as an industry over the next few years.

SORKIN: Adena, you represent the establishment, if you will, at the Nasdaq. I know you're an innovator as well. What do you think of all this as you watch it play out?

FRIEDMAN: I started at Nasdaq 33 years ago, so I have been there a while. We started as an upstart, but today we sit as both the establishment and an innovator. We also think deeply about the responsibility we have to the investing universe that we serve. In the case of predictions, I agree that there are elements that can have real financial value, economic value, that can inform and provide hedging capabilities as they mature and as the regulatory landscape becomes a lot more clear.

I agree with Vlad on the line, but there's also the law. There's the line of what's entertainment and what's actually financial, what should be considered a financial asset governed by the financial regulators. But there's also the law that exists around gambling and around sports. I think that is going to have to play out in the courts while the regulators try to figure out where, in the financial spectrum, the rules should sit.

The key area of concern is manipulation. Are we creating a fair experience for clients and for investors? Is there any leverage being introduced that can make it so people can be harmed in a way that could be really damaging to their wealth creation? And overall, is it fair in terms of the information people are using to place these bets or predictions? Is there a real information disadvantage that makes it not fair? For us, it's fairness, transparency, integrity and, frankly, controlling the leverage in the system. Those are all really important aspects of the financial markets.

You're seeing a tightening too. Recently the CFTC came out and said, about mention markets, that they don't want them for the U.S. president's speeches. For the past two years we've had an environment that was pretty permissive, and we should expect that to shift a little bit.

SORKIN: Shayne, where do you think the entertainment side starts or ends, and the investing side starts or ends? In fairness, it's very kind that you said you're a fan of mine. You're not going to be a fan of mine by the time this is over.

COPLAN: I knew what I was signing up for.

SORKIN: In September, the attorney general of New York, Letitia James, sued Polymarket's U.S. business. She says it's an illegal, unlicensed gambling operation. She says it lets 18-year-olds bet in a state where the legal age is 21. She says that by skirting New York's laws, Polymarket is targeting the most vulnerable. I want to try to understand how you think about all of that.

COPLAN: At the end of the day, you've got to look at people's incentives. First of all, I'll be the first to say there's a lot of valid criticism of prediction markets. There's been such a rise, there's so much traction, there's a lot of advertising. When you're in the Play-Doh stage of something, you're going to make mistakes. There are going to be things, like what Vlad was saying, where you're going to have to peel back. And we're ready to engage.

On the state battle, which has been happening because they've gone after all the prediction markets, the fundamental premise is this. Prior to Polymarket and prediction markets, if you wanted to bet on sports, you had to use a sportsbook. The way sportsbooks work is that they're the counterparty. They take the other side. When the consumer loses, they win. They have all this data about the consumer. If the consumer starts winning, they can block the consumer. If the consumer is doing large size, they'll get capped to lower size if they go on a win streak. I think even you guys wrote about it. It creates this perverse incentive where the sportsbooks want to find the people who are most vulnerable, because they want to bring them back in and then they lose.

Where it gets really polarizing is in how the sportsbooks were able to get the green light in all these states. They said, "When customers lose money, we'll give a cut to the state, we'll pay really large taxes." While that's a weird, maybe potentially crooked thing, it does fund a lot of useful stuff for these states. So they're in a conundrum. I think it's safe to say that the ability to trade the same market on a financial exchange, as opposed to a casino, where it's against the house and the house always wins and has all this asymmetric advantage over you, as opposed to just making a market order and getting it filled at the best price, is fundamentally better for consumers. But there's this butting of heads over the tax revenues. I think that's ultimately the root of this.

I've got to give a lot of credit to our lawyers, and also a lot of credit to the states and the AGs. Our lawyers are flying around to these different states. They're meeting with the AGs and engaging. I think that has played out in a way where maybe we haven't gotten into as many head-butting matches. We're less gung-ho about it, which I know is a narrative violation, because we're supposed to be those people, but we're not. I think they have valid points. Ultimately it's about engagement and finding common ground, and I think there's a way, commercially and economically, to solve these things. We're here, and we're ready to engage.

SORKIN: Real quick, though. Do you think there's a philosophical change taking place among the public about what trading is and what long-term ownership is? Is it a change from the Warren Buffett school of hold it and hope, to the idea that you can either bet or buy and sell something much more quickly?

FRIEDMAN: I do think there's a lot of agency out there among investors today. I think COVID really did change the nature of the investor universe, because people had the time to sit down, learn and get engaged. I also think people are taking more control of their money. We've been looking at the trends in equity ownership for the last 10 years, and there's been a rise of retail. Direct retail ownership of U.S. equities today sits at 40%. Forty percent of U.S. equity value is owned directly by retail. But that's a big, wide range of retail, in terms of some that are very self-directed and some that are in advised

accounts. In a certain pocket of the population, I think there is a lot of discussion about what is long-term and what is not. Give me everything. I want to trade anything, anywhere, anytime, all the time. But there are others who really are there for wealth creation. They are there to make a long-term bet. Passive funds have also doubled over the last decade. So that shows you there's also a lot of money looking for...

SORKIN: But your company, Vlad, became famous in part during the GameStop phenomenon.

TENEV: There's also a technology component to this. Thirty years ago, commissions were $40, $50 a trade. You just weren't plugged into as much information. Things weren't changing as quickly. You'd have your three TV channels that everyone would watch and be focused on, and that was the source of the news. Now you get news everywhere. It's 24/7. Markets are moving. When I talk to a lot of algorithmic traders, they love things like perpetual futures, prediction markets and 24/7 trading.

Our philosophy has always been that I don't want to be the one telling you that you can't trade something, or that there's an opportunity some rich person has that's not available to you. I shouldn't be making that decision. For those of you in the audience, how would you feel if someone said, "No, I'm going to tell you what you can and can't trade. You're not suitable for investing in an IPO or private markets or prediction markets"? Who would be into that? Okay. Zero hands. So who are we to tell people what they can and can't trade? Of course we have to have guardrails and be responsible. But the idea that wealthy people are allowed to have something and it's not open to everyone is, I think, very...

SORKIN: You use the word "guardrails," so I'm curious what you think is happening to them. One of the things I see happening is that the guardrails are coming down. The approach the regulatory bodies are taking under this administration is effectively to lower them. I was just looking at Cornerstone Research and NYU, who found the SEC brought 71% fewer insider trading cases this year than the year before. It's the lowest since 2010. When you see that, and you're working with the regulators, how do you think about it? You may think that's a great thing. I don't know.

TENEV: I think there are still some guardrails that shouldn't exist. For example, we were talking backstage with Palmer, and he comes up to me and says, "What are we going to do about this accredited investor thing?" It's crazy. You have to be a high-net-worth individual to invest in private companies, in a world where companies stay private until they get to a trillion dollars. We're in a different world from when you could invest in the Microsoft IPO or the Amazon IPO and see a thousand-X return. I think that's an example of where more work needs to be done.

FRIEDMAN: Yes, more work needs to be done. I totally understand the argument on the accredited investor: just because someone has more money, why do they get to invest in things that other people don't? I understand that. But I also understand, sitting in the center of the public markets, why the public markets exist. Why is there a step, and why are gates necessary to go from being a private company to a public one? In a private company you have a very curated shareholder base. You control that base, and you also control what information does or does not go out of your company to those shareholders. In a public market, everyone gets equal access to information in equal time. We are a

disclosure market, and those disclosures are really important. Not all of them, because the SEC is addressing some of those disclosures that probably have gone overboard. But I also believe very much that if you want to go and [inaudible] your equity and get a billion people or more to be owners of your company, they deserve to have access to information. In the private markets, they don't have access to that information.

So whether or not you're wealthy, I think we have to think about how to shape the private and public markets so there's access to the right information at the right time for the right people. Maybe, instead of being able to buy a private company's shares, you should be able to invest in a VC fund. Even accredited investors can only be accredited if they invest in a professionally managed fund. That's where regulation could shape a change. But I would not just take all the guardrails off, because there is a reason it takes effort to go public.

SORKIN: Shayne, you mentioned...

COPLAN: I'll just add one thing. These are obviously nuanced issues. They're difficult. If you let any retail investor invest in a private company, there's information asymmetry, and they'll get ripped off all the time. But look at meme coins. I think there's a new class of much more financially literate young people, and they want to figure out ways to get an edge. In financial markets, you can get an edge. A lot of the people who've been up here with you caught a wave at a new financial asset class, figured out a strategy and built an institution around it. Look at meme coins. They're the equivalent of private companies, but they're actually worthless. There's this insatiable desire to invest, and this route to capital of whatever is available. So without a doubt it's difficult to figure out how retail can invest in private companies. I know you guys are both doing this, and with perp markets at Robinhood you lead the way on this stuff. But it's just so much better than the alternative of investing in literal worthless assets. So I'm excited about that.

SORKIN: Can I ask you a somewhat personal question? It's a difficult one. You deal with regulators a lot, and the CFTC is really the one that has allowed a lot of this to even happen. You brought the president's son, Don Jr., onto your advisory board. Interestingly, he was on the advisory board at Kalshi at the same time. He has now made an investment in your company, and he has since left Kalshi's board. When you did that, what was the thinking? Do you think it changed the dynamic, and helped you succeed in Washington?

COPLAN: To clarify, he works at a fund, and the fund invested. There are a lot of people at the fund. I know it's maybe not a great meeting here, but I think it's heavily overblown. We have all types of investors.

SORKIN: Was there ever a part of you that said, given that he's associated with it, that maybe it's preferable that he's not?

COPLAN: The practical assessment of how things have changed is this. I grew up around the corner. I went to public high school, Beacon, three blocks from here. This is going to sound crazy, but I used to play guitar in Columbus Circle behind us for money and go get Whole Foods after, downstairs. So you

want to talk about the American dream? Not meme coins.

I think the biggest thing is the change in tempo from the last administration to this one. It was really just a universal welcoming of people trying to build things, and that's amazing. Call me naive, and maybe this isn't what one is supposed to say, but I think the ability to innovate responsibly is not a Republican or a Democrat thing. It's an American thing. I think there was a lesson learned from the last administration, particularly from all the Democrats we've met, that they want to engage and let people innovate responsibly. Maybe it went a bit too far in the other direction. Like Vlad said, and Adena said, maybe there has been a shift to the other end of the spectrum, and maybe it needs to find equilibrium, and that's okay. We're ready to engage. We're open-minded. I think I speak for all the people who do this when I say that.

When we've met some of the Democratic politicians, it's been really productive conversations. That's not to say they agree with everything we do, or that we don't get criticism. But they're rational. They're pragmatic. They want to figure out a way to regulate it so they feel comfortable with it. When I'm building Polymarket, right now it's a hot time. There's a lot of froth. But our intent is to go the distance. I almost think this is a forcing function. There are going to be changes, and those changes are not going to be existential or bad. These are genuinely reasonable people, and you can have collaboration.

SORKIN: What do you think makes it harder in the public's mind? Here I am raising the issue about Don Jr., and I assume the company is so successful you could take money from anybody. If money's fungible, does his money help you or hurt you?

COPLAN: All of this, I mean, when I've spent time with him, it's usually just fun conversations about hunting, which I don't know anything about. But it's fun to hear the stories. It sounds like a really good time. His partner is someone I got introduced to, who's been a great guy. I like the way he thinks about business, and I've learned a lot from him, in an innocuous way.

You can look no further than the last administration. I bought a DCM and DCO, and I gave up a big chunk of my company to buy it to get into the U.S. In this administration, under Caroline, who was interim running the CFTC, she approved the whole backlog of people who'd submitted applications, these really tedious CFTC exchange and clearinghouse applications. They got them all approved. These were people who'd been waiting for years, getting radio silence or waiting three weeks for a response, trying to do this responsibly. In the new administration, maybe I feel a little bit of [inaudible]. People are just going in and getting their licenses, and they're doing things the right way. They're going and satisfying all the rules, but there's a pace that is universally beneficial to anyone who's trying to build in America. I think that's great. I'm confident that regardless of what happens with the government, that's going to stay, and there'll be compromise on whatever needs to be compromised on.

SORKIN: Let me ask you both about 24-hour trading. I ask in the context that one of the reasons we used to have weekends was that when we had a financial crisis or an outage, we could get to a weekend so we could actually fix things, and then restart on a Monday. We are moving into a world where there

may be no opportunity for a restart. How do you think about doing this 24 hours a day? Does it put us in any kind of peril?

FRIEDMAN: I would start by saying we are launching 23-hours-a-day, five-days-a-week trading on the Nasdaq Stock Market on December 6th. We partner with a company called Blue Ocean, an ATS that Robinhood and Nasdaq have both invested in. They are already at 24/5 trading, and they're going to move to 24/7 trading. So there is a move toward always-on markets, and you have to look at where it's coming from. There's a lot of demand for it. Today, between 12 and 15 percent of trading in U.S. equities occurs after four o'clock and before nine [inaudible].

SORKIN: Is that going to be individuals? Or, by the way, are all of our agents going to be trading?

FRIEDMAN: It could be anything. Agents have to have controls on the way in the door. But the demand is there, and it is primarily from retail. We have to remember that we're sitting here in the United States saying, gosh, we can trade all day, it's really great. We are going to have an open and a close, like we always have. The U.S. trading session will be exactly the same. But there's a huge world of investors out there who want access to U.S. companies. As you said, we are the most innovative country in the world, and there are people all over the world who want the opportunity to invest and grow their own wealth against the power of the U.S. economy. Our view is that we're meeting the demand where it is. Now it's a matter of making sure that the experience all around the world becomes as good as the experience in the U.S.

So we're going to put guardrails on how much price movement there can be in stocks during that time, with complete transparency of the quotes and trades. There will be market-wide halts, market watch. There will be complete market infrastructure available that does not exist today. So we feel we're giving investors a better experience, and over time we should be able to move more and more interest into it, potentially with institutional engagement as well.

You ask whether it introduces new risk. It does require a change in the infrastructure, and there are changes that have to be made to do this safely. One is that risk management has to become always on. Always on, all the time. That's where AI plays a huge role on the defensive side. Always-on trade infrastructure, always-on risk management, always-on surveillance, always-on all of that. The second thing is that the way we're architecting the markets is different now. You'll have a way to protect the safety of the U.S. session while you're offering the global session. That's what I'm talking about with 24-hour markets.

SORKIN: I just want to ask about agents, because I think it's a big question. Do you imagine that we're all going to have agents trading on our behalf? And if something goes wrong, who's liable? That's a deep question.

TENEV: First off, 24/7 is coming. As Adena mentioned, we're partnering on bringing that to the world imminently, so you'll be able to trade on Saturdays and around the clock.

SORKIN: Shayne, don't you want your Saturdays back, though?

COPLAN: What's up?

SORKIN: Do you want your Saturdays? Do you want to be able to trade on Saturday?

TENEV: If something happens on a Saturday, I don't want to be at a disadvantage in hedging my risk. The other thing is, you mentioned meme coins a couple of times. The original meme coin was Bitcoin. Look at the technology behind what that enabled: 24/7 fractionalized asset ownership, and later the ability for anyone to create a product that trades around the world, with billions of dollars in liquidity, with the click of a button. That's a powerful technology. Maybe this is what you're alluding to when you said the infrastructure has to change. I do think one of the most exciting realms is whether we can get more things, not just Bitcoin, not meme coins, onto blockchain technology, benefit from the decentralization, and have real-world assets with fundamental utility.

SORKIN: And that's tokenization.

FRIEDMAN: Yes. The word is tokenization: let's try to get every asset class onto the blockchain. I do agree with Vlad that there is a real benefit to tokenizing every asset class. It's interesting, because the benefits started in retail. As you said, it started because Bitcoin was created, and everything you said. But now I think institutions are starting to recognize the benefit as well. The free flow of capital around the world and the collateral mobility and flexibility are going to be so significant that they will really help drive more capital and more liquidity into the markets. The institutional world is coming on board now, particularly on the back of the GENIUS Act, where they've clarified the laws around tokenized money. That's a huge advancement in markets that will facilitate that always-on world. We're already bringing this to the markets before tokenization. Tokenization is the next step.

SORKIN: We're going to be out of time. But just so people know...

COPLAN: Brave new world. I've got agents on my laptop in the green room trading right now.

SORKIN: Hold on. They're trading what? On Polymarket?

COPLAN: It's prediction market related.

SORKIN: What's your bet?

COPLAN: I leave it to them. What do I know?

SORKIN: Hold on, explain this. Who's liable? So how have you done this? You've told it to do what?

COPLAN: In this case you can connect different agents to different data sources. You can have different agents that are exposed to different data, and they can go trade. It's kind of like a simulation.

SORKIN: And how are you doing at the moment with your trade?

COPLAN: The idea, when I think about it, is more about price discovery. That's the thing I always find really interesting. But one thing people talk about is a way to go... This is a brilliant quote, actually. You told me at one time, when I met him, that he said the best [inaudible] is the ability to predict the

future, which I thought was excellent. I know some people are using Polymarket with their agents and giving different agents the same balance, and seeing which one's most profitable at predicting the future over time, to know which one is most calibrated to reality. A little glimpse into the future.

SORKIN: So are you up or down?

COPLAN: We are prompting the agents.

SORKIN: Aren't you prompting each of those agents to do something different?

COPLAN: That's right. With the agents, the prompt would just be, "Hey, go make me money. It's my money."

SORKIN: So are you up or down right now?

COPLAN: There are multiple agents going and trading with each other across all these prediction market sims.

SORKIN: So you're not going to tell us whether you're up or down.

COPLAN: I've got to go check.

SORKIN: Okay, you'll go check.

COPLAN: I'll go check.

SORKIN: A final question for Adena, and you may not be able to answer it. Anthropic is obviously going public tomorrow. It's going to be huge, maybe bigger than the SpaceX IPO. One of the big questions is whether there is enough liquidity in the marketplace overall to absorb all of these companies. OpenAI, Sam and Greg, were here earlier. What does that even look like to you over the next year, given where we are in the markets?

FRIEDMAN: I just want to point out that there's about $150 trillion of capital in the global equity markets today, in public equity markets around the world. So there's a lot of capital available in the public markets, and investors have a chance to express themselves at any second of the day, determining how they want to allocate that capital. These are remarkably consequential companies for the future of the economy and the future of society. I think the public markets are a great place, and a great next step, for these companies to make it so billions of people can access them and invest in their future. They're also entering a new phase of accountability and transparency. That's how we see it.

SORKIN: And they're letting retail shareholders in. The IPO is 20 percent. Well, at least they indicated a 20 percent allocation. We'll see.

FRIEDMAN: That was unheard of, crazy, four years ago. But now retail is a first-class constituency. Normal people are actually investing in it. It's exciting to see how retail is getting engaged there.

SORKIN: I want to thank you. I've got to get backstage to find out how these agents are doing. Adena, Vlad, Shayne, thank you for the conversation.

COPLAN: Thank you.

TENEV: Thank you very much.

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Elon Musk at the DealBook Summit 2026

Elon Musk, CEO of SpaceX and Tesla · 47 min · **Watch the video →**

SORKIN: Elon Musk is here, virtually, everybody. It is fair to say that Elon is the most consequential private citizen in the world. This year he took SpaceX public, the biggest public listing ever. He runs Tesla, SpaceX AI now, SpaceX SI, X, the Boring Company, Neuralink, and even more than that. He was one of the largest donors in this month's midterm election to the Republican parties. He also built a massive chip factory called TerraFab, which he says could become the largest building on Earth. And just last week, you probably all saw it, SpaceX made history when it caught the upper stage of the Starship rocket from orbit. And I think, as you can watch there, it really was such a marvel to watch. We're going to talk about his power, his influence, about the future, and just about everything. Please welcome back to DealBook, and I bet you remember the last time he was here, Elon Musk. Elon, hi, good to see you.

MUSK: It's good to see you.

SORKIN: We don't have a seven-second delay, but we thought about it because of our last conversation.

MUSK: Did I say something crazy or something? Do you remember? You don't remember? Yes, I do remember. You know, sometimes I put my foot in my mouth, and sometimes I manage to put both feet in my mouth, which is incredible.

SORKIN: There is a lot to talk about, and you're in China with the president. But I wanted to talk about something we've been talking about all day with virtually every guest, and I know you've been at the forefront of it because you're a close friend of his and you've been out publicly talking about it, which is the Jensen story and this idea of bringing Jensen back, and if not bringing Jensen back, the possibility of potentially hiring Jensen yourself. So what can you tell us?

MUSK: Yeah, I tend to speak my mind quite plainly online. It's probably obvious, and as I mentioned, often shooting myself in the foot and then putting that foot in my mouth. I mean, I've [inaudible] quite a lot on X, only known as Twitter, as everyone knows. So you're not going to find me saying one thing publicly and another thing privately. I say the same thing. So Jensen is an old friend of mine. I would call Jensen like Michael Jordan, perhaps at his peak, in terms of what he means to a team. And I do think you've got to think long and hard before you do something like, let's say you're the Chicago Bulls, middle of your second season, you've got a winning streak that's just going to happen, and then you kick Michael Jordan off your team. Doesn't seem like a smart decision to me. There's no one who can really replace Jensen. He does the roles of several people. He's managing supply chain. You see him eating street food in Korea and Taiwan with critical suppliers. He has long-term relationships that have been built up over decades. He understands technology incredibly well. His team loves him, and many of them are there because of him. They've had higher offers to go elsewhere and have turned

them down because of personal loyalty to Jensen. So you really need to think long and hard before kicking someone like that out. I know he's certainly made some mistakes here, but I don't think he's anything but loyal to the United States. I've been clear. I think it's like kicking Michael Jordan off your team when you're on a winning streak, and it doesn't seem like a good thing for shareholders. You have to balance the good that someone does against the bad. So yeah, I think it was a mistake. I've said so publicly, and a lot of other people have too.

SORKIN: You've now also said that you would hire him. The board is...

MUSK: Well, of course. Who wouldn't? He's one of the most talented entrepreneurs in history. Who wouldn't want to hire Jensen? Now, Jensen's not looking for a job, obviously, and I think he's still somewhat stunned by these events. It's like a George R. R. Martin script where you've got a major character that you're invested in, and suddenly they're gone. It's quite shocking.

SORKIN: Have you spoken to him about this personally? What did he tell you? And what do you think happens?

MUSK: Yes. I don't know what happens next. Obviously the decision is up to the NVIDIA board, and then perhaps the next level of authority is the shareholders. The current board would either need to change its mind, or shareholders would need to vote the board out at the shareholders meeting, which is pretty rare. But really, we're not on the board. I don't think we should make this the Jensen interview.

SORKIN: You're with the president. Have you talked to him about it?

MUSK: I think the president has voiced publicly that he thinks Jensen should have stayed as CEO. And certainly everyone I know thinks the same. But this is the NVIDIA board's decision.

SORKIN: Right. I want to get into all of your companies, SpaceX and Tesla and everything else. But we did say at the top that you were obviously involved quite heavily in the politics of the country, in terms of supporting Republicans in the midterms. They lost. I wanted to get your reaction to that loss, what you think the impact will be on the country, and what you think the impact will be on your businesses. We now have a blue governor in Texas, which is a first in a very long time. What did you think?

MUSK: Well, first of all, the new governor, I think, is actually going to be quite moderate. People say she's a far-left governor, but based on everything I've heard about her, I think things will be fine in Texas with [inaudible] as governor. I do think it's good to have some balance of power. As a general rule, you shouldn't have the presidency, Senate and House all be of the same party. My goal, and I didn't mention this on X, was to have at least one of either the presidency, the House or the Senate be of the other party. My actual goal here, which failed, by the way, was to have the Senate be 51 Republican, [inaudible]. But obviously the Republicans were routed in this election. And I feel pretty foolish about having spent so much money and not seeing much for it. Or maybe it would have been much worse without it. But it certainly shows that American elections are not just about money. You

can put a lot of money into an election and, in fact, the effect is relatively minor, and I think that was the case here. If I could rewind, I would have spent less money. I didn't put a lot of personal attention into it, because I'm focused on building SpaceX, Tesla and so on.

SORKIN: The reason I asked is whether you think it's going to impact those companies. You hear people like the chairman of the oversight committee saying "lawyer up," and you hear the president saying, if I have to give him a pardon, meaning you, I'll give him a pardon.

MUSK: I don't think I need a pardon, by the way, because I haven't committed any crimes. A bunch of these people are a little over the top. A number of Democrats, even the incoming Texas House majority leader, said that I should go to prison. And then they asked him, "But for what crime?" And he couldn't name a crime. It was like prison first, crime later. I'm like, the guy's trying to channel Beria from Stalin's time, where it's "show me the man, I'll show you the crime." Come on, guys, this is a little over the top. There are definitely a few people grumpy about my funding in this past election. But hopefully in this country you still need to do an actual crime before you go to prison. Aspirationally, that's how it should work. It really needs to be first crime, then prison, not the other way around. I mean, what country are we living in here?

SORKIN: But do you think this experience changes your thinking about being involved in politics, one way or the other, meaning giving money to one party or the other? Invariably, if you support the losing party, the winning party is potentially going to... People talk about whether there will be hearings and you'll have to go to Washington and talk. As somebody who's leading these companies, how do you think about it?

MUSK: My motivations were very simple, which is just to have one of either the House, Senate or presidency be Republican, and not have, in the worst-case scenario, a supermajority of Democrats. I'm not in favor of a supermajority of Republicans either. I think we need checks and balances. And that was it, really. I think I'm ideologically quite moderate. I don't think I have any kind of extreme political views. You've known me for a long time. Can you think of some extreme view that I have?

SORKIN: I have known you for a very long time. I think it's fair to say that you have said things or reposted things on X where, you know, you got into an interesting interview with Zanny from The Economist, where you went back and forth about some of the things happening in Europe around immigration, that people did think were far or extreme.

MUSK: Yeah, I know, but I don't think they're extreme. Like what?

SORKIN: Well, some people in the U.S. might think that some of the MAGA stuff was extreme, and some of the stuff in Europe around immigration. That's why I'm asking you about it.

MUSK: No, but you can't just say, broad-brush, "oh, MAGA." I'm not MAGA. I'm not sure what MAGA means, but if it means blind adherence to a set of policies by the Republican Party, then I certainly don't have that. I think there are positives and negatives in both parties. Politics is very tribal, and a lot of people cannot see any good in the other party and cannot see any bad in their own party, because

they're invested in their party like it's their hometown sports team. They won't accept that there's anything the other team could do that's good or anything their team can do that's bad. The truth is that both parties have their issues. On the immigration stuff, I was just saying that Europe needs to stop massive amounts of illegal immigration. I don't know if that's controversial these days, but it seems crazy that they've got small boats landing all the time with people who are unvetted, and in some cases do terrible things to the residents of Europe when they arrive. You at least want to have some vetting process. Countries have potentially dangerous criminals arriving illegally.

SORKIN: If that's the right view, then I guess so.

MUSK: Yeah, sure. But that used to be a normal view not that long ago. Obama and Hillary actually said exactly what I've said. You can literally look at their speeches. They were against it. Maybe they're for it now, but they certainly were against it 10, 15 years ago. So this is not in any way some extreme ideological view.

SORKIN: I've got a separate geopolitical question for you, because it came up a couple of times today, and Palmer Luckey, who was here, offered a fascinating defense, actually, of your decision. You've talked about it on X, but I don't think you've talked about it publicly. Can you explain to everybody your thinking, and also just personally how you felt, about the situation with Starlink and Starshield in Ukraine, and the idea of throttling it, and what really happened? Because I don't think the public really knows the true story.

MUSK: No. Most people in the public just believe the person on TV or the article that they read, and they have a somewhat visceral reaction to that. But I think it would probably be accurate to say that there was no private individual who has helped Ukraine more than I have. I made sure that Starlink was in Ukraine, prepositioned, ahead of the Russian invasion. When Russia invaded, they disabled all communications, all cell towers, all fiber cables and every satellite communication system. There was one system they could not disable, and that was Starlink. If they had not had Starlink, their entire line would have collapsed, because they had no communication system, and Russia would have won. Now, does that sound like a pro-Russian action to you?

SORKIN: So then tell us what happened.

MUSK: Obviously that's a [inaudible] question. Even to this present day, Starlink provides the backbone of communications for the Ukrainian military and for Ukraine more broadly. If we were to turn off Starlink, the entire Ukrainian front would collapse immediately. So this is an action that can only be described as incredibly supportive of Ukraine. From the beginning, I've said that Starlink is a civilian system. It is not meant to be used for offensive drone strikes that kill people. If you want to do that, you need to use Starshield, which is a separate system that is controlled by the U.S. government. But do not ask me, as a private individual, to make kill decisions that sometimes result in the loss of innocent lives, not just soldiers. That is not my position to take. And yet we've been pressed relentlessly to do that, which I think is outrageous and not a cool thing to do. In the Starlink system, there is a speed limit. That speed limit is the fastest road speed limit in Ukraine, which I think is about

80 miles an hour. Which means you can drive around and do anything up to 80 miles an hour. That's it. So I repeatedly said, look, if they want to do an offensive military action, it needs to be the Starshield system, where the kill decision is that of the War Department, perhaps ultimately the president, and not mine. That's how it's going to be. Those are the rules that have been in place since the beginning, for years. People are pressuring me to change it, but I'm not changing it. And let me tell you a bit more about this, because I can tell you a lot about this war and its origins and history, a lot more than hardly anyone can. I struggle with what is the right thing to do. The thing that really troubles me morally is a continued conflict where thousands of kids are sent in to die every day with no change in the borders, forever. I think anyone who supports that is a horrible human being or hasn't thought through the problem. You should have empathy not just for the Ukrainian boys who are dying, but also for the Russian ones, because they're conscripted and forced to go to that line. Nobody voluntarily goes to a line just to die in a drone strike. Those sons are never going to see their parents again, and the kids of those men are never going to see their father again. Imagine if that was your son or your dad. I think there's been too much of this "Ukraine good, Russia bad, anything done to the Russians is excusable." That's an unkind and horrible position to take. I can go on about this topic for a while. Let me anticipate some of your questions. So, Russia is the aggressor.

SORKIN: Maybe spend a moment on this one.

MUSK: Okay, I'll spend a moment on this one. It's true that from an invasion standpoint, Russia is the aggressor. But it is also true that America staged a coup to overthrow the democratically elected pro-Russian president of Ukraine. That is obviously an offensive action. Without the U.S. State Department and others to help, this would not have happened. The full answer would take too long. Maybe I should just write this up and articulate it. It sounds like I'm making excuses for Russia, but I'm not. If you look at what my actions have done, SpaceX, for example, has reduced Russian space activity by two-thirds, because we took away their Soyuz launches, we took away their commercial rocket launches, and reduced the Russian space industry by a factor of three. I'm not exactly someone who has aided Russia. We have no business in Russia. We have nothing in Russia.

SORKIN: So just help us with this, though. There's one piece that I just... Maybe this will clarify it. President Zelensky talks about the fact that they are using what he refers to as Starshield, the system of the U.S. government, and then claiming that that is the system that was slowed down.

MUSK: That's false.

SORKIN: That's what I want to understand.

MUSK: I don't want to blow your mind, but Zelensky is not always truthful. Maybe that comes as a shock.

SORKIN: What? Is not always truthful?

MUSK: No, he's not always truthful.

SORKIN: Does Ukraine have access at all to Starshield, the U.S. system? Is the U.S. giving that system to Ukraine, or are they simply working off the commercial system called Starlink? Because maybe what's happening here is some of this is getting conflated.

MUSK: I think some of this is getting conflated. There are two satellite systems. One is Starlink, a commercial satellite system. The other is Starshield, which is controlled by the U.S. government. Any action taken by Starshield is up to the War Department. Starlink is commercial and it's not intended as a weapon of war. It's intended to just be helpful to people. It's meant as civilian infrastructure. So when Zelensky talks about using Starshield, he is not using Starshield, or he is lying. What he is actually saying is he wants to use Starlink for offensive military operations.

SORKIN: Have you talked to the president, President Trump, about Ukraine having access to Starshield? Or has anyone in the U.S. government talked about Ukraine having access to that, so that it's not controlled by the commercial side of this?

MUSK: Starshield is not controlled by the commercial side of things.

SORKIN: No, I understand that. That's why I'm asking whether...

MUSK: You're talking about the U.S. government. You can ask them what they want to do with it.

SORKIN: Right, no, the reason I'm asking is...

MUSK: What I'm trying to tell you is that Zelensky is actually asking to use the Starlink commercial satellites for offensive military actions, and we have declined to do so, as we have declined from the beginning of this conflict. End of story.

SORKIN: What's so interesting about this is that we talked to Mark Carney, the Prime Minister of Canada, and others. So many people have looked at this story and suggested that a single person, meaning you, shouldn't have the power to turn on or turn off one of these services in the middle of a war. That there's too much power in one single individual. I mean, that's the argument you've read. And as a result, some of these other people are talking about diversifying away from Starlink, or trying to find other satellite services.

MUSK: Right, diversify away. Don't use Starlink.

SORKIN: I understand that. But what I'm trying to understand is whether you think there is a misunderstanding about who's controlling the satellites.

MUSK: I think there are both deliberate lies and misunderstanding and a lack of understanding. But nothing has changed with regard to Starlink. The same rules that have been in place since the beginning are in place today. You can look at my X posts, and I'm very clear that the Starlink satellites are not for use in offensive military operations. I don't want Starlink commercial to become party to a war, which we would be if we allowed Starlink to be used for offensive military operations. That's why Starshield was created, so that any kill decision is made by the War Department, as it should be, not me. And we have not turned off Starlink. This is false. By the way, Walter Isaacson made an error in

his book, which he acknowledges, and you can ask me about it. A false statement was put out by Ukraine, a few years ago, saying that I had turned off Starlink for an offensive strike against the Russian fleet in Sevastopol. This is completely false. At the time, the Starlink satellite beams were not on in Crimea. They were not on because Russia was a sanctioned country, and it would have been illegal for us to turn the beams on in a sanctioned country without State Department approval.

SORKIN: How do you feel, though? And I mean this genuinely. People look at you and go, this guy's got extraordinary power. Right now they see it manifest, or they think they might see it manifest, in the context of Starlink, which is so much further ahead than just about any competitor. Amazon was trying to put up some satellites even this weekend and unfortunately had a mishap with the ship going up. As a result, you have a monopoly on space at the moment.

MUSK: We don't actually file patents. The only patents we file at SpaceX are defensive patents. I encourage people to copy our rockets and to copy our satellites. We do not place any patent landmines in their way. In fact, we're quite open about how things work. You can go and look at our rocket, for example. There's one sitting right on the main street in Hawthorne, outside our headquarters. You could measure it and copy it. I've actually said, look, if anyone wants to do that, we won't sue them. Go ahead and do it. Monopoly? We've just made a system that is much better than anyone else's. But we've done nothing to inhibit others from doing the same. In fact, we've helped them, if anything, by saying we're not going to patent or block any technology innovations that we do. And we've done the same at Tesla. I open-sourced all Tesla patents for use by the rest of the industry, in order to help with the advent of electric vehicles.

SORKIN: Talking about Starlink, one of the things that you are planning to do is create terrestrial telephone service. And there are a lot of questions about what that ultimately means for Verizon and T-Mobile and AT&T, how easy it is going to be to pull this off, and how much it's going to cost. Clearly it works in rural areas. It gets more complicated the denser you get. What does that look like to you?

MUSK: Well, we're trying to do useful things with regard to communications. These useful things allow us to fund the development of advanced rockets like Starship. We created Starlink, which has the benefit of providing high-bandwidth, low-cost connectivity to regions of the world that don't have it today. We've enabled high-bandwidth, affordable connectivity for many rural schools and hospitals, and for rescue organizations. I'm not sure what the count is, but I think it might be hundreds of people's lives that have been saved because Starlink was the only means of connectivity, whether a ship was about to sink at sea, or there'd been a natural disaster, or for people who had been lost, or in an aircraft. It's all over the internet. You can just do a search and see the good that Starlink has done. It's the first-ever global high-bandwidth system. But there was another long-term role that was important for Starlink, which is that we need to somehow fund the development of rockets that are capable of extending life as we know it, extending consciousness beyond Earth, in order to secure the long-term survival of humanity and consciousness and life as we know it, by building self-sustaining cities on the Moon and Mars. Because something bad might happen on Earth. You never know. It could be a nuclear war, a giant meteor, supervolcanoes, some kind of bioengineered virus.

SORKIN: Do you think that's going to happen? Is that what drives you and what you fear?

MUSK: Well, if you simply look at the fossil record and how many extinction events have happened, which is a lot, then you know this is simply a matter of time. It's a when, not an if. I put that into the general class of defensive reasons to extend life and consciousness beyond Earth. It's important to have insurance for life as a whole. But if you ask me what motivates me even more than that, it's that I want to envision a future that is exciting, where we're out there exploring new frontiers, going to new star systems, and making science fiction not just fiction forever. We should boldly go where no one has gone before, and perhaps we'll find some long-dead alien civilizations, or perhaps we'll find actual aliens we can talk to. To be out there among the stars is an incredibly exciting future to look forward to. And you know how you can figure out if something is really cool about the future? Just ask your kid and they'll tell you. There are many problems and difficulties that we have to solve in this world. But life cannot just be about solving one miserable problem after another. There have to be things that excite you and inspire you about the future, that make you happy to wake up in the morning, that make you can't wait to see what happens next. And being a starfaring civilization is one of those things.

SORKIN: So, back to telecom for a second. One of the reasons to do that is to finance that. What I was going to ask, though, is that it's an extraordinary cost. I wonder whether you think you'll end up buying a telecom company in America. The stocks of all those companies have fallen. And by the way, the multiples they get are not nearly what you get. So I'm trying to understand the longer-term rationale.

MUSK: Well, I think we've got a plan that broadly enables ubiquitous access on Earth, including via cell phone. We'll be launching the SpaceX Direct-to-Cell Version 2 constellation starting next year. That will, I think, have 40 times the bandwidth of Direct-to-Cell Version 1, some very big multiple. And there'll be Version 3 and so forth beyond that, where it can connect directly to your phone from space, just with your normal phone. Nothing needs to be added to it. Now, there is a missing piece of the puzzle, which is that if you're indoors, especially if you have a metal roof, that blocks the signal from space. So we need something terrestrial that addresses situations where people are in a building with a thick roof. That's where the 800 megahertz band that we bought comes into play. We can establish what I call micro ground stations, a network of very small ground stations, maybe bundled together with Starlink terminals, as one of the approaches. Instead of having big cell towers all over the place, you have a whole bunch of micro cell sites scattered throughout densely populated areas. We have a design for this, and it's going into production, I think, next year. It's a quite revolutionary micro cell tower that you can just put on your roof like a Starlink dish. It addresses the problem of reaching people who are in a building. And by the way, I don't think this means AT&T, Verizon and the others go out of business or anything. Maybe they'll lose some revenue here, but I actually think the demand for bandwidth will be tremendous in the future. That bandwidth will be driven primarily by superintelligence and robots. They're going to need a lot more bandwidth than humans. Humans can speak at maybe 100 bits per second at a peak rate. Computers can do a trillion bits per second. So you're really going to want several orders of magnitude more bandwidth to service the superintelligence and the vast number of robots that will exist in the future.

SORKIN: You probably can't talk too much about it, but obviously the big news is about the potential of a SpaceX and Tesla merger. I'm just curious what you would think if it doesn't happen. I think everybody thinks that eventually we'll find a way to make it happen. But if it doesn't, how much more challenging do you think it would be to operate these businesses separately down the line?

MUSK: I think either path is possible. It's just that there are more and more areas of interaction or overlap between SpaceX and Tesla that didn't exist before. If you'd asked me five years ago, do I think there's any purpose in SpaceX and Tesla getting together, I would have said no. People did ask me this, and I said, I can't think of why that would make sense. The word "synergy" is overused and misapplied. Very often, the number of mergers that actually worked out, where the combined company is worth more than the sum of the prior two companies, is relatively unusual. What we are saying is that AI and robotics, or SI and robotics, is what's causing convergence here. Both SpaceX and Tesla have major AI software groups. Tesla has real-world AI, with self-driving and the Optimus robot. SpaceX has the large-model AI stuff. Both Tesla and SpaceX have advanced chip design groups. And if you look into the future, orbital compute is really going to be where things scale. In the future, the amount of superintelligence compute that's in space will round up to 100%. Remember these words, because that sounds like a preposterous thing to say. But I think superintelligence compute on Earth will be less than 0.4% of compute. Therefore, orbital compute will round up to 100%. I think this is a relatively easy prediction to make, and it's simply a matter of time before that happens.

SORKIN: And you need the two companies to be together to do that, you think?

MUSK: You don't need them to be together. But would they be better together? Probably yes. Now, this is not "let's merge the companies no matter what." These require shareholder votes, which may or may not succeed, at least in the case of Tesla. But even for the SpaceX shareholder vote, I have to represent the other shareholders. I can't just drag them into a non-economic merger that is bad for them. So it really is just a question of whether SpaceX and Tesla execute better together and create more value than if they're apart. Does that hypothesis stand up to scrutiny? Is it actually valid? That will be up to the shareholders to decide. But there are so many areas of convergence that didn't exist in years before and are increasingly significant to the future.

SORKIN: I've got a hard question for you. We asked readers if they had questions for you, and one question came back a lot. It relates to the merger of SpaceX and Tesla, and to the fact that at Tesla you have a pay award that's tied to operating targets, but that if a deal happens, historically, you would have been able to capture that compensation. The question they asked multiple times was this: given that it was done originally so you could control Tesla, and that you now have full control of SpaceX, do you think you should get that piece of compensation if a deal is done?

MUSK: Well, I don't think I should be compensated with any kind of award just for doing a merger. That would be unreasonable and not right. I think the right way to think about any deal is, what did the parties intend at the time of doing the deal? You should keep your deals and stay true to your

word. So the Tesla stock options were contingent on Tesla execution. I should not receive those stock option awards simply for merging with SpaceX, because that is not meeting the deal, which was that I should only get those stock options for Tesla performance, not just because of a merger.

SORKIN: A big question about cars came up a lot recently, which is the Cybertruck. Obviously you are sunsetting it so you can make more room to make Cybercabs.

MUSK: I just got a Tesla, by the way. I ordered it. I did not actually get it yet.

SORKIN: You've got a long line. Which one did you order?

MUSK: The Model Y L. We've got three kids. It's the most popular car. I think we're probably going to change all of the Model Y production to the Y L, because it's what most people seem to want.

SORKIN: But the question is, do you think you're going to be selling cars in the future, or are you just going to be making Cybercabs, if that becomes the business?

MUSK: No, it's going to make sense for us to make cars that can seat different numbers of people. The Cybercab seats two people, which covers 90% of all passenger miles. If you look at all passenger miles, the average number of people in a car is like 1.2. So the Cybercab, being a two-seater, covers about 90% of all passenger miles driven. But we still need autonomous vehicles for if you've got a whole family in the car, say four or six. So what we plan to do is have an autonomous version of the Model Y that wouldn't have a steering wheel or pedals, and would be good for transporting groups of six or seven people.

SORKIN: I know you've got to run because you've got some meetings, and I know it's early in the morning there. I have just a couple of quick questions for you that really relate to the AI piece of it. You recently said that you thought a lot of these neoclouds were going to be guppies, and that the economics of some of this were going to fall apart. I wanted you to expound on that, especially this evening, as Anthropic is about to go public. By the way, I'm very interested in what your take is on Anthropic. This is a company that, interestingly, at one point you thought was terrible for Western civilization. And now they're renting a lot of compute from you.

MUSK: Yeah. By the way, before we rented them any compute, I went and met with a lot of people at Anthropic. I didn't just move forward with the deal. And it turns out I actually know a lot of people at Anthropic from my OpenAI days. No one I met at Anthropic set off my evil detector, for what it's worth. And these are relatively short-term deals that either party can terminate. If I feel Anthropic is doing something really terrible for the world, obviously I would end those contracts. And Anthropic, by the same token, is able to end the contracts, depending on which one, with three to six months' notice.

SORKIN: Do you think they will? Because there's been some speculation that they apparently told some investors that they might.

MUSK: I think that's unlikely. When I talked to Anthropic, they told me it is extremely likely that they will continue to rent compute from SpaceX, and in fact that they want significantly more. But they have to say that in a worst-case scenario, where there are extreme [inaudible] placed on what AI or SI can do, they may not be able to use the compute. But they've told me that their highest-probability outcome is that they would like an incremental 10 gigawatts of compute from SpaceX.

SORKIN: That's a big number.

MUSK: Yeah. My interaction so far with the Anthropic team is that they seem like good people, and they seem principled. There may be some quirks about them, like we all have, but they seem diligent, they seem to care about the future. I kind of like the guys, to be honest. And they certainly make great AI. Opus and [inaudible] are great products.

SORKIN: Maybe two philosophical questions for you. The last time we saw you up here, I talked to you about the idea that your mind was like a storm. At the time, I asked you whether it was an unhappy storm. I wanted to know what it's like now. I'm just so curious how you're feeling personally.

MUSK: Well, I think it's not always a storm. It's sort of like weather conditions. Sometimes it's stormy weather, sometimes it's not. I wouldn't say it's particularly stormy weather right now. I feel relatively at peace.

SORKIN: You feel relatively at peace?

MUSK: Yeah.

SORKIN: Elon Musk, everybody. Thank you very, very much for the conversation. Appreciate it. Thank you, Elon. Folks, that does it for us today. It has been a great one. We appreciate you being with us all day and staying to the end. We look forward to doing this again very, very soon. Thank you for DealBook. Thanks, everybody. [?]

DEALBOOK SUMMIT 2026 · TALK 11 OF 12

Task Force: 2026 Midterm Elections and a Look Toward 2028

Moderators: Jonathan Swan and Maggie Haberman. Panel: Dan Senor, Morris Katz, David Urban, David Axelrod, Alyssa Farah Griffin, Stacey Abrams · 79 min · **Watch the video →**

SWAN: So we're here at the DealBook Summit for a panel on the 2026 midterm elections and a look toward 2028. I'm Jonathan Swan, White House reporter at The New York Times, and this is my colleague Maggie Haberman, also White House reporter at The New York Times. We have a fantastic panel here today. Dan Senor. Dan hosts the popular podcast *Call Me Back* and co-authored the books *The Genius of Israel: The Surprising Resilience of a Divided Nation in a Turbulent World* and *Start-Up Nation: The Story of Israel's Economic Miracle*. Senor is a partner at Elliott Investment Management, and during the George W. Bush administration he served in senior roles.

HABERMAN: We also have Morris Katz. He's become a bit of a legendary figure in Democratic politics. Young man, is it 27?

KATZ: Twenty-seven years old.

HABERMAN: Twenty-seven years old. There you go. He's a partner at Fight Agency and senior political strategist for Mayor Zohran Mamdani. Some of you might have heard of him. And in the general election this year, he had a lot of different races. We'll talk about some of them today. Next to me we have David Urban, Republican strategist, senior political contributor at CNN. David is a lobbyist, lawyer, strategic consultant, political strategist, board member, managing director at BGR Group, many other things that I'm not going to inflict upon you. But he did serve as senior advisor to the 2016 Trump presidential campaign. He's been with Donald Trump for a long time, and we're looking forward to his insights today. To our right, we have a strategist some of you might have heard of, but I'm not sure. David Axelrod, little known. He used to be a young legend. Founding director of the University of Chicago Institute of Politics, CNN chief political analyst, has worked on a number of presidential campaigns, was instrumental in President Obama's 2008 and 2012 races, also instrumental in a lesser-known race but important in New York City, which was the Fernando Ferrer campaign of 2001, the [inaudible] race, where I first met him. I just had to put that out there, sorry. Next we have Alyssa Farah Griffin, co-host of ABC's *The View* and a CNN political contributor. She previously served as White House communications director in the first Trump administration, as well as press secretary to Vice President Mike Pence and press secretary for the United States Department of Defense. She is the only person to have served as the top spokesperson for the president, vice president and secretary of defense in one administration. Before that, she was a senior aide on Capitol Hill, working for Republican members of Congress, and I think most people are also familiar with her [inaudible]. And finally, last but definitely not least, we have Stacey Abrams, who is an author, entrepreneur and political leader. She served as minority leader in the Georgia House of Representatives. She was the first Black woman to become a gubernatorial nominee for a major party

in United States history, and that was in Georgia. Abrams has devoted her career to democracy protection, voting rights and effective public policy. She has also co-founded multiple companies, including a financial services firm, an energy and infrastructure consulting firm, and the media company Sage Works Productions, and was fairly early on seeing the possibility of Georgia turning bluish, if not blue entirely. So why don't we get started? Jonathan's going to kick us off.

SWAN: So, David Urban, the hot take after 2024 was that Trump had assembled this new coalition. And then in 2026, all those voters just went and voted Democrat. So was this MAGA coalition just fool's gold?

URBAN: No. Look, I think he did assemble a great coalition. He just stopped caring about the coalition. He gets elected campaigning and speaking to those members of the coalition, going out and talking to young African Americans in barbershops in North Philadelphia and bodegas in the Bronx, and bringing a message that Morris may find kind of resonant, right? That same economic populist message, and he campaigned on it really well. Then he gets into office and he seemingly forgot how he got there. And I submit that he's not able to run for another term. He was always looking forward. When I was working for him in 2016 and 2020 and 2024, he was always running, right? He was always traveling to Pennsylvania. He was always making the case. So now he gets in the White House and he kind of forgot who brung him to the dance. And it turns out that when you promise people economic prosperity and no foreign wars and you do the exact opposite, they don't like it. That's what you saw: the party splintered. It turns out the cash register and the gas pump did what January 6 couldn't do. It splintered the MAGA coalition.

SWAN: Morris, how do you see it, specifically when it comes to young men?

KATZ: I agree with a lot of that assessment. You can't promise to end forever wars and start a new forever war. You can't promise to bring down costs and then impose a tariff battle. And I also think the corruption was blatant so far in the second term. On top of breaking his promises, you see what seems to be a president more focused on a ballroom than on the American people. Young men, I think, were frustrated by that. They swung one way, and now they've swung the other way. And the important thing for Democrats now is to understand that I don't think we received a mandate last Tuesday. I think Republicans received an ultimate rejection. But you also saw a lot of young people come out who have not voted before. And I think our mayor here in New York showed, a year ago now, that it's possible when you run a campaign targeting young people, where you meet them where they are, they can show up. And particularly across the South, you saw folks in places like South Carolina and Mississippi believe and see a competitive election, see that their votes could matter, and meet that moment.

SWAN: Alyssa, you were warning about this before the election. I don't think anyone listened to you, apparently. But what's the big lesson for Republicans?

FARAH GRIFFIN: My mom might have listened. Listen, this election was a wholesale repudiation of Donald Trump's presidency, but also his policies. On the political side, we could get into how he endorsed bad candidates and meddled in races he didn't need to: Tillis and Joni Ernst retiring, Ken Paxton in Texas, Lindsey Graham in South Carolina. But on policy, three major policies stand out to me. Tariffs. We did not do widespread tariffs in the first Trump term. That is one of the large reasons you saw red America turning blue. It posed just extraordinary costs to farmers, to the agricultural sector, to the manufacturing sector. Then you look at ICE and border enforcement. Great. Overly aggressive ICE enforcement undid the gains that Donald Trump made with Latino voters across the board. I also think it hurt with young voters. And then the war in Iran. He promised no new wars, and then that skyrocketed gas prices. I've spent a lot of time in the middle of the country. If you're in Texas and diesel costs what it was costing, you can't get to and from work. So it was a policy failure. But I also think he just kind of lost touch with what he had run on and what he promised. He seems completely caught up in his side projects, his renovations, crypto schemes, whatever it may be. He really lost focus. And I just want to highlight where you started with Urban. He was elected in 2024. I took a step back and was like, whoa, I was wrong. The country wants Donald Trump. He created a coalition that rivaled the Obama coalition. He lost all of those gains and more in the span of just two years.

HABERMAN: So, David Axelrod, to pick up from that. This was an astonishingly good year for Democrats. As Morris said, Democrats flipped a number of young voters, and not just Republicans but Republican-leaning independents. Mississippi flipped. How do Democrats avoid making the same mistakes that Trump and Republicans made, by not immediately pissing off these voters? And to do a two-part here in terms of what Alyssa just said: is there a mistake being made in how each party is viewing its coalition, in terms of durability?

AXELROD: Well, listen, I lived through a period in 2008 and after 2008 when people talked about the coalition of the ascendant, that Democrats were going to be dominant for a generation and so on. And that was wrong. Voters are dynamic and they are watching, and don't assume anything. One of the problems for Democrats in 2024 was that they assumed certain things about Hispanic voters. They assumed certain things about African American voters, and they assumed, frankly, some things about working-class voters. I think that lesson was learned. I'm not so sure that Trump built this great coalition. I think that was a rejection as well. That vote in 2024 was anger at the Biden administration. I think these Hispanic voters went where they went because they are working class in the main. They are small business people. They were getting punished in the economy, and they thought Donald Trump would give them a better shot because he told them that he would, and there was some residue from his earlier administration. And so they felt betrayed. Democrats need to approach this result with humility. They've gotten an opportunity. They haven't gotten a long-term lease on these voters, and I think these voters will just as easily leave them if they don't follow through on some of the commitments that they've made.

HABERMAN: I'll ask Stacey Abrams the same question. You've spent a lot of time thinking about how Democrats can make inroads in Southern states in particular. Is this new coalition, particularly in Georgia, durable going forward, and what are the mistakes you think Democrats need to avoid?

ABRAMS: We borrow voters. I think that's what David said about leasing. We borrow voters, and voters do not care about our politics. They care about their lives. To the extent we build policy and elections around a set of political narratives that we cook up in a cauldron, they're going to tell us whether they like it or not. Part of the challenge is that we try to predict what people want instead of asking them what they need. And if you want democracy to succeed, people have to believe that they have agency and that their actions will translate into actual results. A lot of the work we did in Georgia, that we did in Mississippi, that we've been doing across the South, has been about helping people understand the mechanics of government, because when people know whose fault it is, they're more willing to do something about it. And I would say, tying together what David Urban said and what Axelrod said and certainly Alyssa, people finally saw the mechanics of how democracy worked because it was broken so aggressively. Yes, there were tariffs that broke access to the economy. You had mass armed paramilitary roaming the streets of our communities, called ICE, kidnapping people. You had Americans murdered. If you were a person of color, with the *Callais* decision, it wasn't just the president. It was also the courts that were supposed to protect you, eviscerating your rights. So across the board, people finally could put a name to the sort of inchoate distaste with government. There was a very specific set of policies, and I think it is a dangerous thing to decide that there was a single cause. It wasn't just pricing, because in the South we've been broke for a while. In particular communities of color that showed up in droves, it was not simply the pricing. It was the fact that they were being told their voices were no longer going to be allowed to be heard. And one of the misreadings is the notion that participation in an election eliminates the discrimination that preceded it. For Republicans, this idea that we've now solved race because more people of color turned out is deeply dangerous. For Democrats, the danger is presuming that the outrage and the fear that drove action is going to be enough to keep people coming out for two years. Because if their lives do not improve, they return to the question of who broke it and whose fault it is. If we do not give either a better villain or a better solution, we lose those voters who showed up, but we also instigate, I think, another round of pendulum swings. So our real opportunity is to show people what can be done, and that's why I think a lot of the focus has to shift from Congress to state and local politics.

HABERMAN: It's interesting listening to all of you. I think you could probably identify five or six threads: tariffs, the Iran war, gerrymandering, suppression of votes, corruption, the ballroom.

AXELROD: Also, real quickly, I think Republicans ran the '24 playbook in '26, thinking that the woke agenda was still relevant. You saw the cultural world. You saw the vice president. You saw the attacks on Talarico and others, and they didn't land like they did in '24. Remember the ad that ran famously, maybe on a couple of football games, "She's for they/them, we're for you." That was a big ad. They tried that again this time. It didn't stick. There was no stickiness to it whatsoever.

SWAN: I just want to ask Dan something, because it's interesting hearing all of this. The vice president boiled it down really to one issue. When he analyzed the election after the election, he said it's Iran. The Iran war was a catastrophe. I'm just curious what you made of that analysis, and also the trends we're seeing with Israel becoming more and more of a political liability, or seen as one anyway, on both sides.

SENOR: First of all, I think it's important to interpret what happened. If you look at the three presidencies before President Trump's first term, those were three back-to-back two-term presidencies. So we lived through a period of stability. We are now in the equivalent of three back-to-back one-term presidencies, right? Trump, Biden, Trump. So it could just be that we are in this period of incredible volatility, and whoever gets in and gets to govern gets thrown out, whether they're in the White House or in Congress. Obviously there are policy trends to analyze, but I think it's also important to take a step back and see that we are living through some very volatile times. President Trump himself seems, according to the reporting in your paper today, to disagree with the analysis that it was Iran, or Iran alone. And interestingly, President Trump has said he would do it again if presented with this dilemma. I think the entire issue of Israel is not a normal foreign policy issue. It has huge cultural implications inside this country that go beyond geopolitical analysis. And what we are seeing right now is that the Democrats are about to take over the House and the Senate with these extraordinary majorities, huge cushions. A number of these Democrats were elected on an agenda not only to break the U.S.-Israel relationship, but to advance policies that I think make huge swaths of the Jewish community in this country, and not only the Jewish community, uncomfortable and nervous. You have Democrat after Democrat who ran, who's going to show up in the House and even in the Senate, who, after October 7th, you would think would have been disgusted with Hamas's massacre of Jews. What they actually expressed, in the days of October 7th and even in the fall of this year, is disgust with Jews for objecting to being massacred. They ran on that agenda. They are now going to be in a caucus led by Hakeem Jeffries and Majority Leader Schumer. And there will be a real question that all of us will be watching heading into 2028: does the Democratic Party look more like the party of Barack Obama or the party of Hasan Piker? Hasan Piker was the singular most influential endorser in Democratic primaries in this past cycle. He's a force of nature. Now, I don't want to overstate the significance of Piker, but he cannot be ignored as a measure or proxy of what the leadership in the House and the Senate are going to have to deal with in managing their respective caucuses.

SWAN: Morris?

KATZ: As someone who won a lot of these Democratic primaries, I think the driving force was not Hasan Piker. I think we saw the same thing among Republicans this cycle. The president said he was going to put America first, and I think the average voter does not interpret unconditional aid going to fund another foreign war, and a pretty lopsided one at that, as putting America first. Across Democratic primary voters and swing voters in conservative states, at the heart of the issue is a feeling that Israel gets to play by a different set of rules than other countries, and a frustration with AIPAC and the influence of AIPAC in American electoral politics. What led to that coalition, what those candidates believe across elected Democrats, is that we should hold Netanyahu accountable. We

should hold the Israeli government accountable. U.S. taxpayer dollars should not fund human rights violations. And the American voters agreed. I also think you can't undersell what it looked like at the start of the Trump administration, when there was not a break from what the Biden administration's policies had been. A lot of people blamed Kamala for not distancing herself more from that, for that contributing to her loss. The president made no difference on that, and I think that cost people. I think the Democratic Party should absolutely seize the mantle of saying we're the party that's not going to be bullied by AIPAC and special interests. We're the party that's not going to pay for bombs for another country. We're the party that's going to put those dollars to use here at home.

FARAH GRIFFIN: Can I chime in on that? Stepping back and actually looking at the votes as they came in, I still think the top five issues are economy, safety in communities, tariffs, the war. Israel-Gaza very much is a third-tier issue. And as somebody who has spent a lot of time studying how our adversaries try to influence our political discourse and try to amplify things that divide us as a nation, I am not convinced that the median voter turned out because of Israel or Gaza. Even today we saw in the House, Hakeem Jeffries, soon-to-be Speaker Hakeem Jeffries, won pretty handily in the closed-door conference. The only real objection to Hakeem Jeffries on the left was that he's previously been a supporter of Israel. It seems to me this is a fight within the Democratic Party that could really hurt you guys ahead of 2028, just candidly, but it also feels overstated in terms of what voters actually turned out to care about. It's not to say that it's not an animating issue. It certainly is. But I do think there is an outsized influence from the algorithm and how much it's getting brought up that is detached from the values.

AXELROD: I'm just a little bit confused, Dan, about your depiction of what happened, because when you look at the huge number of people who were elected to the House and the Senate, this wasn't central to their campaigns in any way. I understand, look, I'm Jewish, right? I understand the anxieties that people have expressed. To me, I'm one who believes you could be horrified about October 7th and still weep for the children of Gaza. I think most Jews actually feel that way. But most of these people in these primaries are center-left. Israel was not even part of their discussion. I will say there is a sentiment in the country, as Morris said, and this follows twenty years of war, that we don't want to invest abroad, we want to invest at home. That has affected views of Israel, not just how Israel prosecuted the war in Gaza, but the sense that this is money we should be spending at home.

SENOR: If we were talking about these issues the way you and Morris are talking about them right now, I would disagree with both of you, but we would have a good discussion. It would be a good debate. That is not the way the candidates I'm talking about are talking about these issues. You had a candidate in Colorado, Kiros, who literally said October 7th and 9/11 were inevitable. She rationalized the violence. She blamed the victims rather than blaming the terrorists. Abdul El-Sayed, same thing: he rationalized the terrorist attack that hit the temple in West Bloomfield, Michigan. "Hurt people hurt people." I'll give you example after example. So if you guys, hold on, let me finish. If you guys want to have a conversation about whether there should be foreign aid and foreign assistance programs and support for military cooperation between the U.S. and Israel, that's an interesting discussion. But that

is not the conversation happening in Democratic primaries. And I think the leadership of both caucuses, the Senate and the House Democratic caucuses, are going to have to figure out how to deal with that now.

AXELROD: What I'm saying to you is that that wasn't the conversation in the vast majority of Democratic primaries. To depict that as the central thing is...

SENOR: I think it's the energy. I think it's where the energy is in the party.

HABERMAN: Stacey, and then Morris.

ABRAMS: I think there's a tendency in political speak to be extraordinarily reductive about complicated issues that can have multiple dimensions. Something Alyssa said I think is incredibly important. You referenced safety, and safety was an issue for people. We vote on values. People want to know that the people they're electing reflect their values. And there is a value embedded in genocide, or when someone is silent about the deaths of children, which is not about the question of whether you support the Jewish community. It is a question of, as someone asking for a vote, are you willing to express your values? And people were listening to values. I agree with you, Alyssa, that most people did not go to the polls thinking about Israel as a specific issue. What they thought about was, please let me finish, I did not interrupt you. When people were voting in primaries and in general elections, they were asking the question, who is expressing a set of values that resonate with the fear that I feel, because I know that my neighbor could be kidnapped here in the United States? When the Supreme Court of the United States, through Brett Kavanaugh, said that your race and your language and your accent could be a predicate for your being taken by ICE, that has a value attached to it. When this Congress passed a law to strip people of their access to health care and to food. I think it is incredibly reductive to take one or two issues and say that this is now speaking to the whole of the Democratic caucus. We will have lots of fights as Democrats and as Americans, but I think it's incredibly important, as we head into this next interregnum, that we have conversations about what values were being expressed. I'm not disagreeing with you about what any one person said or didn't say, but if we're going to have a legitimate conversation about what happens in this country, we must not reduce people to a sound bite. The one that you just used from Abdul El-Sayed is not what he said. What he said was in a larger context, but it has been pulled out and misappropriated, and it undermines what should be a legitimate set of debates that we have about foreign policy, and it is dangerous for us to do anything else.

SENOR: First of all, I'm far from needing to defend Abdul El-Sayed, but he himself said he shouldn't have said what he said, so it wasn't taken out of context. It can't be true that it's taken out of context and that then, after people like you take it out of context and make a whole discourse around it, he wishes he had used different words and addressed something differently. He said that this was a damaged person, that he was hurt, and therefore damaged people...

ABRAMS: Dan, let me just ask you a question.

SENOR: We shouldn't get too deep in the hole here.

ABRAMS: I just want to follow up on one thing, because he said it in the same statement in which he condemned, in very strong terms, what happened there. He did not stand up and justify what happened. He condemned what happened. That has been omitted from the accounts of what he said. He said it was inappropriate, in that moment, to join those two thoughts at a time when people were grieving and shaken by what happened. But this is what we do in politics. We take short bites out of longer statements in order to facilitate what essentially is a negative-ad argument, and that's not a serious argument. Let's look at the whole context and judge that.

SENOR: Morris said that Israel has a Netanyahu problem and that it is appropriate for congressional Democrats to respond to Israel's Netanyahu problem and the implications it's having for the U.S.-Israel relationship. That's fair. The problem is, if you listen to Abdul El-Sayed, he doesn't say Israel has a Netanyahu problem. He says Israel has an Israel problem. I'm not taking anything out of context.

KATZ: That's true, but can I also say that people often ask why do we spend so much time talking about Israel? We're now on minute thirty of talking about Israel in this conference, and I think the American people hear that and think, wow, the political class has an Israel problem. Why can't people move on faster from the biggest historic midterm swing in recent political history to spending more time on what Abdul said or didn't say at a presser about Israel? That rubs voters the wrong way and seems out of touch. There are Americans who think the problem around Israel is Netanyahu. There are Americans who think one-state solution is the answer, or two-state solution is the answer. I think Stacey put it incredibly well. They're saying it is about values. A lot of people across the ideological spectrum can make values-oriented statements, and there is room for that in the Democratic Party. I think what we saw was a broad, wide-scale rejection of the current actions of the Israeli government, of what I would say is the apartheid taking place there, and of the corruption in the political system that allows it to take place.

SENOR: It's a little unnerving to hear you blame the Jews for making Israel a topic.

KATZ: I'm Jewish. Jews can do that too.

SENOR: You're basically saying it's the Jews' fault for making this such a primary issue. You know as well as I do that after October 7th the Israel issue became an explosive issue in this country, and it certainly wasn't just because Jews were feeling under siege.

KATZ: I have worked for two different high-profile Muslim elected officials. If you think Abdul and Zohran Mamdani wake up in the morning thinking, "I can't wait to get asked thirty questions about Israel," then you're not on the planet.

SENOR: Can I just finish one thought?

HABERMAN: Yes, and then we'll move on.

SENOR: Jews represent about 2% of this population. They represent somewhere north of 60% of the hate crimes. There's something in this environment right now where the language has gotten toxic for Jews. Just take a seven-week period in spring of 2025. Governor Shapiro in Pennsylvania, his house is

burned down. The attack in Boulder, Colorado, where members of the local Jewish community were protesting on behalf of the hostages, a Molotov cocktail attack, an elderly woman gets killed. In Washington, D.C., at the Capital Jewish Museum, those two young Jews were gunned down. Let me just finish the thought. In every one of those situations, the perpetrators of those attacks were blaming Israel and Jews for complicity in genocide. So I'm saying the language in this environment has gotten pretty hot. I agree with Morris. I think we've missed the main narrative here of what happened in this election.

AXELROD: I just want to say this. I am the son of a refugee from the pogroms. My father grew up stepping over dead bodies. His home was blown up. They fled, and they came to America, and I'm so grateful. I'm the most grateful American you can imagine for what this country has meant to them. But even as a grateful American, I never say my country right or wrong. And as a Jew, I never say Israel right or wrong. One of the things we have to get away from is the conflation of anti-Zionism with anti-Semitism. That's happened on the left, but it's also fanned by this. When we look at Michigan, and this is the last point I'll make, there was an ad that was released that was deeply anti-Semitic and offensive. I said so then, and I was very disturbed by it. There were also millions of dollars of ads run against El-Sayed calling him essentially a terrorist, saying he was promoting Sharia law, that he was a jihadist. That was hateful too. We ought to all step back and say that when hate's on the march, that's not good for anyone, and particularly not for minorities. So I just want to make that point.

HABERMAN: We're moving on. David Urban, the AI industry spent tens of millions this cycle, but support for AI and data centers became a massive political liability. You will hear the Trump administration say it was a messaging issue, then a reality issue. I will leave that to you to answer. How will the politics of AI play out in the lead-up to 2028, in both primaries and the general?

URBAN: Thank goodness for me. Look, I liken this a little bit to fracking. If you look at my home state of Pennsylvania, you have the same issue. Nobody spent a nickel talking about fracking until they had sunk wells, and then it was a long path to market. You spend money before you put a shovel in the ground. You go around, you try to convince people of the benefits, the economic benefits. Senator McCormick and others had this summit for AI in Pennsylvania. They did a little bit of the sales pitch on the front end, of what a boom it's going to be for Pennsylvania. But they didn't answer the question of what it's going to mean for people's utility rates or the water usage. Nobody really got into the granularity of it. And so it became a big NIMBY issue. I don't want a giant humming factory in my backyard, whether it's a Ford factory or an AI data factory. That was one part of it. The second part is kind of the repulsion against the tech bros, right? A little bit of "this is the Epstein class." There are two sets of government: a government that works for the landed gentry, and a government that doesn't work for me. And this is part of the problem for the Trump administration. They promised the government works for the folks in western Pennsylvania where I grew up, and then they didn't deliver. Then they see there's going to be a big data center built, that they're somehow paying for with tax breaks, and their power bill is going to go up, their water bill is going to go up, and nobody explained it. So now you're trying to dig out of a hole you're already in, and it's going to take a lot of explaining. I mean, at the end of the day, with some of the things you're seeing most recently, whether they're

cyberattacks or not, you could point to the lack of superintelligence, as the president likes to call it, and say we're behind, and this is the Chinese or the Iranians flexing their ability. We'd better wake people up to get on this train and do a better job of explaining, because right now it's a very tough sell in Pennsylvania. You're going to have to really explain to people how it's an economic benefit to them, or they're not going to vote for a tax break for some rich company someplace else.

HABERMAN: Morris, to that end, David is describing the Republicans' challenge here. Do Democrats, as they face this, need to name the enemy?

KATZ: I think it's the easiest political winner possible, and I hope we seize the moment on this. It's right that Republicans and pro-AI folks did not do a great job explaining it. But also, when you're explaining, you're losing. And I think you're going to have a really hard time explaining why Elon Musk and Sam Altman should have more power in the current economy. People don't like normal billionaires. Now we have taken the least likable billionaires on the planet, one of the least likable political groups you could possibly have, going around saying the dumbest things anyone could possibly say. "Yes, you are not going to have a job." "No, we don't think your lives matter." And then you have elected officials saying, "We welcome your data centers into our ground." I think the data center issue in particular was a physical manifestation of all of the AI anxieties. But we should all look at that and say this is just the start of where we're going. I pray to God that the Republican Party decides to be the party of AI. They can be the ones welcoming AI into their communities, and we can be the ones who stand up, protect our communities and fight back.

AXELROD: To feed a little off of what you said, Morris, I do think the data center issue is a surrogate for a larger issue, which is that people feel a loss of control in their lives. They feel that these data centers were imposed on them. There has been an arrogance among the tech bros in declaring that this is the future and, you know, live with it. Those guys have to be reined in some. But it's about a lot of things. This loss-of-control issue is not just about the physical manifestation. It's about how it's going to affect their kids and how it's going to affect their jobs. This isn't just a task for those guys. It's for leaders as well, to explain. You're talking about it as a political consultant and the power of that issue. The fact is, AI is here. AI is going to happen. And the question is, do we harness the power of it and limit the damage it can do, or are we simply flotsam on this?

FARAH GRIFFIN: That was the point I wanted to make. Republicans totally dropped the ball. The president basically tweeted, more or less, if you don't like data centers, you want to be poor. That was the extent of his messaging. He didn't talk about it lowering property taxes, the fact that they exist in many communities right now, the fact that they could arguably be the reindustrialization of America and lead to next-generation jobs for young people. He didn't try to sell them. But there's a disingenuous moment that we're in. Democrats use AI just as much as Republicans do. We do have to be able to power that AI. It's such a good bogeyman right now to be anti-data center, but heading into the next election, I think the conversation becomes something a little more advanced. It's about reining in the next-generation frontier models, the ones everyone's terrified of, the ones we're being warned could wipe out humanity in a span of ten years. Who's going to take the leadership on that?

Because I think the toothpaste is out of the tube at this point. It's ingrained in all of our lives. You can demonize the tech bros, but I saw a tweet that said in 2032, AOC is going to be begging for a data center in an underrepresented, vulnerable community. It is a reality that every single industry is going to need the power behind it. So you have to find those narrow lanes. What does reining in AI look like without hurting the economic benefits that it drives? That's where Republicans should be.

SENOR: The bigger question is who pays for it. That's the nub of this.

ABRAMS: And I think that's part of where Democrats have an opportunity. It's not just being anti-data center. It is looking at how you do what Congress is refusing to do. I think Democrats in the next two years have to acknowledge that congressional action, while important, will often be thwarted by a president who intends to veto anything that looks like it might benefit Democrats. But at the state and local level, where you flipped so many chambers, where you have trifectas, this is the opportunity to do two things. One, to return to the people, as David said, the sense of agency and ownership over the decisions being made about their land, their water, their energy. And I say that to both Davids. But it's also the ability to talk about what it means next. I work with a couple of programs where we're training low-income communities on how AI works. Right now, data centers are scary because nobody knows what it means. They don't know what compute power is. I wrote a novel called *Code to Justice* because I want people to understand why AI exists, what it can do, what it can't do. And yes, it's a dangerous thing to have AI with a God complex and apparently the ability to travel through our universe and our refrigerators and kill us all. That's problematic. But we can also elect officials who are willing to regulate this. I think that's a real opportunity for Democrats, because it's not just anti-AI. It is who's in charge and which questions we are asking. When Democrats really assert ourselves as the people who are willing to ask the questions that people need asked, and actually solve the problem of who's paying for it, and not underestimate, as Alyssa said, the intelligence of communities that want access to this power. They just want to know what it costs, who controls it, and what they can get from it. If Democrats understand that trifecta, I think we have a real opportunity to have a conversation not only in '28, but in '32.

AXELROD: I also think that when the president meets with all the leaders of the industry and is asked what they're going to do to ameliorate the downside risks of AI, he says we're going to rely on the moral sense of the people who run the industry. That is not reassuring to the American people. I think that was a factor, and it underscored in some ways the corruption issue that coursed through a lot of this campaign. But it's symptomatic of what I was talking about earlier, the volatility. It's all in sync with the volatility of our politics.

SENOR: In early 2024, there were forty of these data center groups that had popped up around the country. Today there are over 800. And if we blink, there are going to be 8,000 of them when the Democrats are going through the presidential primaries as we head into 2028. I agree with Morris that it's a juicy political target for Democrats this past midterm, but now they're going to be in a governing role. When I ask congressional Democrats, okay, I get that the data centers were this juicy target, what do you do now? You now have the reins. And I can't get an answer out of any of them.

FARAH GRIFFIN: Can I say one thing quickly? A big swing vote, obviously, from 2024 to 2026 was young, white, male, non-college-educated voters. Young voters in particular swung from Republicans, Trump in '24, to Democrats in '26. Young people in particular are terrified of AI. Even people of my generation, and I'm not that young anymore. There is this fear that what you studied is going to be obsolete, that these jobs are going away. Whoever can speak to the future workforce, and communicate what it looks like, and make them feel they're planning ahead and getting ahead of that, I think that's incredibly palpable, because that vote is very much up for grabs between the two parties.

SWAN: Morris?

KATZ: I am curious, and there are a lot of smart people at this table, and I haven't necessarily heard a good answer on this. Everyone says some version of "it's here, it's coming, we need to figure out how to usher it in." And I'm worried, to both of your points, about the God complex of AI, and I'm worried about the God complex of the billionaires who control it. Why do we not just say, let's stop it where it is now? We talk about it as if we've never had a government. Isn't it government's job to say, hey, there's a dangerous thing happening, we're going to say no more?

FARAH GRIFFIN: If our adversaries are going to do it... But you make a great point, which is that Senator Klobuchar and Ted Cruz...

SWAN: Just to challenge it. Everyone says that about China. I haven't heard someone articulate why. You talk to people in the U.S. intelligence community and they'll say, actually, the Chinese are kind of okay with us leading the frontier, because they've got their own concerns about this stuff. They've got a system that needs to be...

FARAH GRIFFIN: Well, they're a much more repressive government.

SWAN: They don't really want these models going totally wild.

SENOR: I don't know about that.

KATZ: I actually very much agree with that, because the argument generally is that adversaries and allies alike are going to be moving forward, so we can't stop here. But on China, this is not a free market where Xi just lets everyone compete and lets the billionaires go crazy. There are a lot more regulations in place on AI development there. Quickly, on things that could get done in a lame duck: Ted Cruz and Amy Klobuchar have a bill that simply limits these frontier models, these self-learning, I'm using the wrong terminology, the most advanced AI models that seem like the riskiest. To me that seems like a no-brainer. That seems like something that should get a veto-proof majority. I don't know that it will, but Ted Cruz is hardly somebody trying to stifle national security advancements.

AXELROD: To Morris's point, though, your assumption is that if we in America say we're just going to say no more, the rest of the world is not going to develop it, and that the things developed elsewhere will envelop everyone. It's not just us. I think America could be a leader in laying down some

guidelines as to how this moves forward. But I think what you're reacting to is a bunch of people getting very, very rich off of this industry and imposing it on us. And when I say it's here, I mean it's going to be developed. It's developing itself. The question is, what do we do about that?

SWAN: Do you think we're going full pitchforks in this next election cycle?

ABRAMS: I think it could happen if we don't understand it. There's an economic argument about AI, which is the billionaires who are stealing our information. I'm in the Anthropic settlement. I have eight books that they owe me some money for, because they used them to build an LLM that may or may not benefit me at some point. That's a problem. So there's the economics of AI. There's also the science of AI. And that's the place where it's dangerous to say "just stop," because you've got Mistral in France. Not everyone building frontier models lives in the U.S. or China. The challenge is that we do not have an international governmental agency that can stop advancement. So I think part of our responsibility is, yes, the U.S. can put in place and promote a stance of "do not do this." That is absolutely necessary. Number two, we have to not wait for Congress to start this regulatory scheme. I'm glad that Amy Klobuchar is now the governor of Minnesota. She can now stop it. But the next piece is that AI actually serves purposes. It can help solve problems, particularly for low-income communities, for communities of color. I do not want to choke off an opportunity to finally be able to fully participate because we are afraid. One of the ways we stop it from being pitchforks is making certain that the people who are most likely to be harmed by it actually understand it. Where AI benefits the greatest, and where the frontier models benefit, they scare us with our ignorance. Our responsibility is to fill that vacuum with knowledge.

HABERMAN: Dan Senor, I have a question for you on that issue. Right now, Nvidia, which I don't know if any of you know is in the news a bit, obviously holds a significant portion of chips and basically has a stranglehold on development here because of that. Putting aside all other questions, was it a mistake for the Trump administration not to try to build up other chip makers, to try to create market competition as opposed to just going all in?

SENOR: This thing is being reported out in real time, so obviously I don't know exactly what happened. But where Nvidia really took off was basically in the last three years, when these frontier models took off. So this is all fast-moving. Nvidia's rocket-like surge was totally in line with OpenAI and Anthropic, which were raising early rounds of private venture capital three and four years ago, and now are going to be the largest IPOs in the history of the world. So the idea that Nvidia is so important to turbocharging this AI revolution, and that the government should have thought through, "Hey, we've got to build in some redundancy, we've got to build in some alternative sources of power." Over time, sure. But do I fault any government, when it's happened in the last thirty-six months? I just think it's a hard thing.

HABERMAN: It's moving too fast.

SENOR: Yes. And to Jonathan's point about China, I think you're right that the Communist Party would never tolerate a libertarian-like model in China for access to their data and their frontier models. But as we know from TikTok, which is a very good case study, they're more than happy to build up their models and have them proliferate around the world, including in the United States. So I'm not very reassured by the fact that the Chinese leadership says, "We don't like going full freight for our own citizens," because that has never stopped them from using these technologies for geopolitical reach. I think that is the big risk. And to Stacey's point earlier, think about medical research and the role AI is going to have in the future of medical research, national security, and our own ability to defend ourselves from some very creative attacks where adversaries will be using artificial intelligence. The idea that we can just say "stop" and freeze it, we've got to come up with something a little more nuanced than that.

HABERMAN: Just so long as it doesn't kill us all first.

SENOR: Right.

URBAN: To your point, Maggie, about encouraging other entrants: you saw Palmer Luckey talking up there. Anduril is so successful because the government is doing exactly that. They're funding disruptive technologies in the DOD space. They're not going with the primes. They're saying no more Lockheed, no more RTX, we want new people who iterate faster. They're encouraging that kind of development. So why not in the chip space is, I think, the appropriate question to ask.

HABERMAN: I want to ask, because we don't have that much time, we're looking ahead to this next two-year period, and investigations are going to be a big part of it. Morris, some of the new Democrats coming into Congress have been saying things like, quote, "We're going to toss out subpoenas like Mardi Gras beads." I think it's fair to say that past periods of Democratic investigations of Donald Trump have not been a resounding political success. I think that's pretty empirical. What would your advice be to them? They're all high on, "We won! Mardi Gras beads, candy, subpoenas. Lawyer up."

KATZ: Everyone's hitting the hopium very hard. What I think is that there is a constitutional responsibility for oversight, and we are looking at one of the most corrupt administrations.

HABERMAN: And you think that Mardi Gras beads is someone who's really devoted to soberly considering their constitutional responsibility?

KATZ: Who knows. I like flavorful language sometimes too. What I think is important, to David's point, is that corruption courses through all of these issues. People have an innate understanding that whether it be the war, whether it be the failures of appropriations, whether it be costs, corruption is at the heart of what is making everything feel so much worse. And think about how crazy it is how much corruption we know about from the Trump administration, and like half of it is from people who text one of you guys. And now we have subpoena power.

HABERMAN: We don't use text messages. We use Signal.

KATZ: Now we have subpoena power to find out. I think where we have a responsibility to act on oversight is to show clearly the ways in which corruption is contributing to higher costs, the ways in which corruption is contributing to a crisis in quality of life, the ways in which corruption is a big part of this horrible war that isn't ending. I don't think we should spend two years running against Donald Trump, who's not going to be on the ballot.

HABERMAN: But you might know a few people who will be. That's the party check, right? Can you make people believe that the investigations into Eric and Donald and the Witkoffs are driving up the price at the pump? That's the connection you have to make. Dan, I'm curious what you're hearing from friends of yours, acquaintances who might have gone a little all-in on MAGA in the corporate world last year, and now maybe they're thinking they need to reposition a little bit. How do you see that playing out?

SENOR: Friends of mine are not sitting there thinking about their hedges. But the reality is that much of the corporate world's view is, you deal with who's in power. The Trump administration had the executive branch and Republican majorities, and they were dealing with them. I'm sure they will start dealing with the congressional majorities, with the Democrats.

HABERMAN: I'm just saying, the way they dealt with him was not typical. Are there people who are now regretting coming to the Oval Office with a golden tribute and giving $25 million to the ballroom?

SENOR: I think the real question for the congressional Democrats will be, can they identify where these donations were made and what was given in return? What was the transaction around it?

HABERMAN: But that doesn't apply to everyone they're going to throw Mardi Gras beads at. I want to ask you this, though, because you were very involved in campaigns when campaign finance laws were very different than they are now. Are congressional Democrats even going to be able to trace where donations are coming from, given that everybody has a C4? Walk us through what you think this is.

AXELROD: Well, I think that's part of it, but there are certain things that don't have anything to do with campaign donations. When the spy chief of the UAE buys 49% of the Trump family's crypto company, and shortly thereafter we transfer sensitive chips to the UAE that had been kept from them because of concerns that they would end up in China, that needs to be looked at. How this Nvidia thing went down needs to be looked at. It just cries out for that. Here's the challenge. I think there are very legitimate things to look at and a responsibility to do it. You can't let that overwhelm the other things you're doing that actually address the day-to-day concerns of people. One of the reasons Donald Trump lost was because he promised to focus on the economy, and instead we got vanity projects and vengeance. If Democrats make the mistake of being seen as going down the vengeance lane to the exclusion of these other things, then it would be the same Donald Trump...

FARAH GRIFFIN: Having done some oversight during the Obama administration, listen, oversight can be, yes, a constitutional duty, but it also should be uniquely tied to things that impact the American public. I am not a fan of going after the family, even though there is blatant corruption with Eric and Don Jr. You could look into stuff with Jared. I think he has a little more of a legitimate role in this

administration. But look at the DOGE cuts. Look at what that may have led to, when congressionally authorized funds were cut, and what the results were. I want to look at HHS cuts, congressionally appropriated funds, and the impact that had on public health and on research. I would say a lot of oversight around the Iran war and how we're conducting it. And then Nvidia is actually huge. We don't know sitting here right now if the Commerce Department signed off on these chips going to China or going to a third-party country. Those are things that impact us, and if that's where Democrats are able to focus their oversight, while also having a proactive agenda, I think that works. One prediction, or warning: this White House is already telegraphing that they're not going to comply with congressional subpoenas, or they want them all to run through the White House. We could run into a real constitutional question if these agencies, these cabinet secretaries, these White House officials just purely decline to abide by congressional subpoenas. Peter Navarro, who's in the White House now, literally went to jail for doing that at a previous time. So we might be heading into some fairly rocky territory.

SENOR: Everyone has their favorite. "We've got to do HHS, we've got to hit this." This is probably reflective of the conversation among many incoming chairs of these congressional committees that are going to have subpoena power. They are going to have the gavel, and each has their favorite thing. "We should go after this, and this is the outrage." By the way, I'm not saying any of these are more legitimate or less legitimate than the others. But if it's about everything, it's going to be about nothing.

FARAH GRIFFIN: One caveat is that his family getting wealthy, while gross and makes me uncomfortable, and I think pisses people off, doesn't necessarily directly impact the American people the way some of these other scandals do, in my opinion.

URBAN: Hunter Biden would have some words to say about that.

FARAH GRIFFIN: By the way, I thought it was ridiculous for Republicans to make him a focus.

HABERMAN: Stacey Abrams, I do want to get to this, because it relates to the conversation we're having right now about what gets done and what doesn't. One of the people who has found a way to work, at least on the margins, with Donald Trump is Mayor Mamdani, Morris's candidate slash mayor, all of our mayor in the city. Morris helped elect him. If the cost of achieving certain priorities, particularly in a world where Stephen Miller isn't chief of staff, so I'm putting that aside, or assuming that he isn't the last word in Trump's ear on immigration reform, and the president repeatedly comes back to something like comprehensive immigration reform, then walks off of it. I don't know that he necessarily knows what he means when he says it. But regardless, if there is a window for getting something done, or at least getting the president to change a certain policy on the margins, as we have seen Mayor Mamdani do in certain respects, is it worth the cost for Democrats of saying, as Abdul El-Sayed said, we'll call it whatever, we'll call it Trump health care, we'll rename subsidies, or I forget the precise thing he said? Is it worth doing something like that, which is not the golden tributes into the Oval Office, but is something more like Trump Accounts or Trump cards?

ABRAMS: I think it's the wrong question, which I know is a dangerous thing to say to Maggie Haberman. But what I would say is this: people want their lives to be better. That means they want accountability for what broke their lives. They want to know who caused harm. And while I appreciate Dan's concern about the scope of investigation, different people had different parts of their lives harmed by it. They're not watching C-SPAN 24/7. They want to know who broke this thing that is hurting my family. If the solution set includes being nice to the architect, or at least the avatar, of what harmed me, and it creates a solution, Democrats' job is not to be angry that he's part of it. It's to make sure that he doesn't get credit for it. And that can happen the day after you get what you need. They've been very good at that. He's been very, very effective at taking credit for things he had nothing to do with. So our responsibility is to get what people need and then make certain that we get credit for how it got done. When I was minority leader, I would tell people, they give you "leader" to make you feel good. They put "minority" in front of it so you never forget your place. But the job was always to find ways to deliver for people. Americans are in pain, and there's the opportunity to get the current occupant of the White House to roll back the cuts to SNAP benefits, to make certain that health care for 20 million people gets restored. They will absolutely want that to happen. If Democrats say, "We got your money back, and we let him for a moment take credit for it," I think everyone will remember who got it for them, not whose name was on it. Because they're not going to read that.

SWAN: Let me ask you a follow-up to that, and then David Axelrod. If that meant putting aside investigations into the family, for instance, or Donald Trump Jr.'s wedding party paid for by a Russian oligarch, would that be worth it?

ABRAMS: No. We heard the reference to the last two sets of impeachments, and I'm not suggesting impeachment, but I want to take us back to post-Civil War. Ava DuVernay has a remarkable documentary that comes out on December 4th. One of the challenges of the 14th was that there was never responsibility. There was a jump to reconciliation. We wanted things to be fixed, and we never assigned responsibility. When there is a lack of accountability, there is a permission structure to do it again. There should be no permission for anyone to steal from America and from the American people and to ransom our future for their profitability. I don't think the American people aren't smart enough to understand that we can do both. And if we have to sell our current to get our future, I think most Americans would say, do not ransom me. What they will say is, let's figure out how to get it done. And we've got a two-year period of time to make that happen.

SWAN: David Axelrod.

AXELROD: On the question that you asked, I was out in Denver for that Majority Democrats conference. Senator-elect Talarico said, "We can't wait two years for progress. If we have to deal with President Trump, we should try to make his last two years the most productive there are." A lot of people in the room gasped, half clapped, because it was confusing. But I think most Americans want stuff to get done. They're voting about their lives. If you have an opportunity to get something done... I think the great fear of a lot of Republicans is that Donald Trump really isn't particularly philosophical or ideological. If a deal comes along that will make him look good, I always say he's not a populist, he's

a popularist. If a deal comes along that he can sign, he may just do it. So I think Democrats would be punished if they passed on an opportunity to get something done. When he said on *60 Minutes* that they were maybe too harsh on immigration and we ought to come to comprehensive immigration reform, my thing is: fine, we may disagree on 90% of stuff, but if you're serious about that, we'll pass a bill, let's do it. I think that's what people are looking for from this new Democratic Congress.

URBAN: I would just say this real quickly. We talk about a lot of things, but if it's about everything, it's about nothing. This comes back to putting some jingle in people's pockets at the end of the day. You put your hand in your pocket and pull that $20 bill out. The dad or the mom going home, you put some gas in their tank, get their kid a pizza. They can't do that anymore. Until we stretch that twenty bucks back out, whoever stretches that twenty is going to get credit. So I keep asking my Democratic colleagues, what's H.R. 1? What's H.R. 2? What are the things you put up first, the bills that signal to the voters, "Hey, we get it," right? Because I think that's really important. You have a short period of time. If you're getting into these investigations, you kind of lose the lead. People are going to want to see how you're going to put more jingle in my pocket right away.

ABRAMS: But it's not just the money. I think it's important for us to recognize that this was not a single-cause election. It wasn't just money. For a lot of people, it was also whether or not they were able to be full participants in this country, whether they were going to be victims of the very people who should be protecting them. That is not about the money in your pocket. It's about the quality of your life. I don't disagree with you that we have to have that conversation, but we have to be able to do multiple things, because this is a nation of 330 million people.

URBAN: Okay, Stacey, what's H.R. 1 then?

AXELROD: And by the way, just as a practical matter, and I keep saying this when I talk to members of Congress: you've got an Oversight Committee, you've got a Judiciary Committee. Let those deal with investigations. If you're on Appropriations or the Homeland Security Committee, deal with those issues.

FARAH GRIFFIN: I can just say we know Donald Trump well. You guys know him probably even better. He is not deeply ideological. There are a few things he really, really deeply cares about, but he can be swayed by the most persuasive voice in the room. And I do think Mamdani has worked this masterfully with him. He opposes him adamantly when he's not with him, but he will find that one narrow area where he can work with him. I said it to Senator-elect Abdul El-Sayed when he was on *The View*, I said it off air: come up with what the ask is, tell him you'll put him on Mount Rushmore if he signs it, and you might actually get it through.

HABERMAN: But you still have Stephen Miller, deputy chief of staff at the White House, right? That's the biggest obstacle. Who will be the last and loudest voice in the room?

FARAH GRIFFIN: That is true.

HABERMAN: We are going to talk about 2028 more than we have. But before we get there, I do want to ask a question.

SWAN: Morris, I think you've got the taste of blood in your mouth a little bit. You're almost back in power, you guys. And Trump has expanded executive power dramatically in the last two years. One question is, when a Democrat gets into power, Trump has opened an aperture. Since Watergate, we had an independent DOJ where the president did not order them to investigate named individuals. There was a wall. Trump has knocked down that wall. Trump has used government power to squeeze ideological enemies, whether it be law firms he doesn't like, universities, corporations. That could be quite appealing to a leftist, I would think. Would you advocate, if you were advising President AOC, to use some of these powers for leftist priorities, even if, all things considered, most people might think they were taking other branches' prerogatives?

KATZ: I think one of the things President Trump got right in both of his campaigns was that the American people are not interested in someone running for office telling them all the things they can't do to make their lives better. He had a mandate to use every tool at his disposal. Now, I think he has misused those tools in massive ways. I am interested in seeing a Democratic president use the tools that he has had to hold the billionaire class to account, to hold corporations to account, to end foreign wars, to pass new health care programs, to reinvest in the social safety net, and particularly we should usher in a golden age of trust-busting and break up monopolies. We were told, in what I believe became a lie for a long time, that the American people don't like big government.

SWAN: So you wouldn't get squeamish if President AOC directed her attorney general to prosecute Jeff Bezos?

KATZ: I think if Jeff Bezos broke the law, Jeff Bezos should be prosecuted. We have had big government for the 1% for a long time. They have gotten a government that was willing to intervene to keep them out of legal trouble. They've gotten a government that's willing to intervene to give them handouts. I think we should have big government, and we should not be apologetic.

AXELROD: You're melding a few things here. The question is, should we have the rule of law? Yes, we should have the rule of law. Because that has been shuttered. That just kind of chilled me. I would have asked what you were going to ask. I actually think that this election was like the '74 election post-Watergate, and the presidential election, I'm giving you a segue, will be like the '76 election. Part of it is a cleansing. Part of it is they want to give Washington an angioplasty. And part of that is restoring the rule of law. I'm stunned, as someone who served in the White House, at the abuse of the Justice Department, in ways that would have made Richard Nixon blush. And I don't think we should take from that, "Well, here's a new tool we can use to get our stuff done." And I don't think that's what you meant either.

KATZ: No.

SWAN: I would like to know what you meant before.

HABERMAN: So would I.

KATZ: What I meant is that you see Democrats take power, and it feels like the first thing we do is open a 2,000-page rulebook and flip through it. Then once we're done reading it, we maybe get to work on passing some kind of legislation. No one can comprehend it when we're on page 1,100, and it's something that will make people's lives better in seven years. Donald Trump says, "I'm going to take on government waste," and by day four DOGE is emptying people's offices. Now, the execution of that was awful. But what does it look like if that kind of aggressiveness and belief in the force of government is applied instead to restaffing agencies, to expanding HHS, to saying on day one, look at a data center moratorium? I would hope that a Democratic president would sign a data center moratorium on day one, rather than the way Washington tends to work, where you have years and years of studies and committees and nothing actually gets done.

SWAN: Let me ask a quick follow-up, because we do need to move on in our remaining time. Although I will say this has been one of the most clarifying...

HABERMAN: I'm going to ask another clarifying question on that front. President Biden, for all of the criticisms of his presidency, and there are many valid ones, did try reverting to norms, one of which was DOJ independence. Do you think the next Democratic president should follow that path?

KATZ: Yes, I believe DOJ should be independent.

HABERMAN: But then, to go back to what you said about Bezos: there's a distinction between "if Bezos broke the law, he should be prosecuted" and President AOC saying, "Go investigate Bezos and see if he broke any laws."

KATZ: Yes, I think that's the difference. It's the rule of law.

SWAN: So you would object to something like that? There's a contradiction, because what you're essentially saying is that this fussy old rulebook holds us back, all these old laws. What Trump does is he acts, and then the system has to scramble to catch up. He doesn't care about whether it's legal or not. He just does the thing. And you're floating between one and the other.

KATZ: What I'm floating between, I believe, is this. All of this is in the eye of the beholder. But when government is using its forces for evil, when it is partisan, when it's violating the rule of law, that is bad. I think there's a difference between that and believing that the federal government has the authority to act boldly. Some of this, I think, is the difference between decorum and law. I think we should follow the laws, but we should reject the decorum of, I would say, the Biden era.

HABERMAN: Stacey.

ABRAMS: You just said it. There's a difference between practice and rules. The rules say here's what you can and cannot do. The practice has become, we're not going to do it because we don't necessarily know what we can do. I think what Morris is alluding to is that there is a calcification that has happened on the Democratic side, that because we haven't seen it before, we don't think we can.

There's an entrepreneurial approach we can take that should always respect the rule of law, but should not be cordoned off because it's not the norm. Because the problem is the norms we have, that's what hollowed out government and made it susceptible to the rise of authoritarianism. The use of democratic institutions to achieve this authoritarian and autocratic use of power is exactly the problem. Not everything that Donald Trump has done that is vile is illegal, and we have to understand the difference. That means, Jonathan, to your question, we have to assess which things were done in violation of the law and which things were done in violation of decorum. But if you understand now what it exposed, how do you leverage it for the benefit of others? That should never run afoul of being constitutional, being legal and being moral, but being entrepreneurial is absolutely the thing that the next Democratic president has to be.

HABERMAN: Let me segue to 2028 from that question of decorum versus not. Do you think Chuck Schumer should be replaced as leader?

ABRAMS: Having served as a Democratic leader, I will say it this way. I have the deepest respect for Chuck Schumer. I helped him recruit folks in Georgia, and we had a lot of success together. I have a great deal of affection and respect for Chris Van Hollen. He was a guest on my podcast, and his willingness to speak up against genocide and to push for accountability matters. But as someone who was in the legislative body, I respect the legislators who have to decide who they want to follow. So I do not think that's the right question.

HABERMAN: You still have the old muscle memory.

ABRAMS: I know.

SWAN: David Axelrod, I want to do a bit of a '28 question here. You've famously talked about authenticity as one of the most important features in a candidate, about being comfortable in their own skin. When you survey the likely candidates on the Republican side and the Democratic side, who is strongest on that score and who flunks?

AXELROD: Oh man, that's a tough question. Now I need my old muscle memory to evade.

SWAN: Come on. I bet you can do it.

AXELROD: I do think authenticity is more important now even than it has been in the past, because of the nature of our media environment. You have to be able to communicate authentically and in many different ways. We've seen people able to make great speeches, but you can't just do the classical music. You have to do jazz as well. You have to know how to improvise within the tune of what you're trying to express. I want to see a campaign. I want to see how these people get out there and get tested. But the bigger thing I've said is that we never choose the replica. We choose the remedy. And the question is, what are the qualities of Donald Trump that people most want a remedy for? I think a lot of them fit under one rubric, which is character and decency. So: humility, empathy, integrity. There's a number of those. People who over-index on those qualities, as well as people who have a vision of

what to build and not just what to restore, are going to do best in this. I just want to see them out there. I haven't seen enough of them to say this one or that one. Morris, are you going to help me more?

KATZ: I will. Look at the landscape of some of the states we're talking about, the swing states now: Texas, South Carolina, the states across the South. I wanted to say earlier, waves don't happen by accident. They happen with a lot of years of work. And I don't think we flip any of those states without Stacey Abrams.

AXELROD: Yes. Amen.

KATZ: Because we're looking at a different electoral map when we're looking at these contenders. I think on the Republican side, Rubio is a more talented politician. He's gotten a lot better than he was the last time he ran. I watched some of his speeches the other day. He's worked his muscle a little bit. J.D. Vance has an incredibly compelling story, and when he was in the Senate, he flashed more interesting policy openness that could have been more interesting. I think he has been such a disaster as vice president and looks like he has all the baggage of Donald Trump with none of the charisma, and is awkward, and I don't think could withstand a rigorous presidential campaign. On the Democratic side, I think it's the most interesting thing. I can't remember if we've talked about this, David, but I feel like we just had a version of our Tea Party 2010 moment. In 2012, the nominees hadn't caught up yet. So Mitt Romney was nominated. He didn't embody the new Republican Party. When I look at a lot of the names being recycled, they don't feel like the people who are this incredible slate we just elected. And I wonder if we're on a lag. I think Jon Ossoff, AOC, J.B. Pritzker, Pop is maybe the most meeting this moment. But I'm happy we have a campaign.

HABERMAN: You were shaking your head.

SENOR: Listen, I'll throw out a couple of Republicans. I've hosted Marco Rubio at my house. I know most of these folks individually, personally. I agree with you. I've told the vice president, channel *Hillbilly Elegy* J.D. more than the finance-bro J.D. He was very authentic. He's got his stories. I would have liked him to channel a little more finance bro today. But remember, after Charlie Kirk got assassinated, Spencer Cox came onto the scene, right? People thought, he's very refreshing. He's, to David's point, authentic. He brings people together. He has empathy. He's a decent person. So does somebody like that emerge, where people say, this is who we want to lead our party?

AXELROD: I know we're running out of time here. I would bet the field against Vance. And if I were advising J.D. Vance, I'd say, first of all, you should talk to Kamala Harris about what it's like to be the vice president of an unpopular president running right after that president. Secondly, we've only elected two vice presidents succeeding their president in the last 150 years, George H.W. Bush and Martin Van Buren, and even I wasn't around for that. So I suspect there'll be a robust primary on the Republican side.

SENOR: I actually don't think there will be. I think the Republican primary will be boring. And I'm grateful, because I think all the action is going to be on the Democratic side. I'm going to tell you why. Compared to the characters that are going to emerge in the Democratic primary, both candidates who got elected this cycle in '26 who may run or wind up becoming a running mate, or candidates Morris mentioned from the last couple of cycles, I think everyone's going to run. The Democratic nomination is going to be worth a lot in 2028. I think you could get fifteen or sixteen candidates.

HABERMAN: Are you saying Vance is going to be the candidate?

SENOR: No, no. I'm saying it's boring. I think you could have fifteen or sixteen Democrats running for president. Some of them are new characters on the scene. People have not seen them. It's going to be exciting.

AXELROD: I respectfully disagree. I think there will be a wide Republican field as well. There's going to be people from the before times, the pre-Trump times, the Trump times, and those who are just not related. I'd be interested if a Brian Kemp gets in. Does a Glenn Youngkin? Does your friend Dave McCormick? There are some people. It's going to be this discussion: is Trump the future, or is it something different? I think we'll have a crowded field.

HABERMAN: We have to stop here, although I do want to say that Morris's point about 2010, and the fact that this was a 2012-style election, is something we have been talking about a lot.

SWAN: Maggie's going to say we're not done, and we're going to continue, because I'm just curious. I want to ask one more question for everyone. It's only a one-word answer, no explanation. It's October 28th, a month before Election Day. Who are the nominees?

FARAH GRIFFIN: Oh, that's a good one. I have no idea.

SWAN: Come on, throw them out.

FARAH GRIFFIN: No.

SWAN: No? Alyssa?

FARAH GRIFFIN: Rubio, Ossoff.

SWAN: Wow. You won't do it?

SENOR: No, I want to see that. Have fun. Newsom and Rubio.

SWAN: Morris?

KATZ: I'm going to have a rare moment of discipline in the audience.

SWAN: Wow.

SWAN: [inaudible]

KATZ: I'll say it. [inaudible] He's too green.

HABERMAN: All right. That's it. I hope we reconvene after that election. I hope Dan will sit right there. 2010 is an important reminder that there actually was a before time to the one we discussed now, and there will be afterwards. We want to thank all of you for being here. We know this was a huge block of time, but a pretty cool theater to be in. We appreciate it, and thank you. And also, we're both print reporters, so we're not good at this. Thanks for being patient. We especially thank the audience.

SWAN: Thank you very much. Take care.

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Task Force: Artificial Intelligence and the A.G.I. Horizon

Moderator: Michael Barbaro. Panel: Max Hodak, Dan Hendrycks, Laya Ibrahim, Mati Staniszewski, Clem Delangue · 78 min · **Watch the video →**

BARBARO: Welcome to our DealBook panel today: artificial intelligence and the AGI horizon. I want to briefly introduce everyone at this table. To my right, Max Hodak is co-founder and CEO of Science Corporation. You're also co-founder of Neuralink. You are literally doing the work of bringing sight to those who don't have it, if I'm getting that more or less correct. That is godlike and extraordinary. Fun fact about you: you have described your ultimate life goal as disappearing into the Matrix.

HODAK: This is true. [laughter]

BARBARO: Dan Hendrycks, executive director at the Center for AI Safety and, I believe until literally hours ago, a safety adviser to several AI companies. We'll return to why that relationship changed during our conversation. Dan, you've created an alphabet soup of AI benchmarks and functions, including the Gaussian error linear unit, which I hope to return to never in this conversation. [laughter] On my left, Laya Ibrahim. You are the chief AI readiness officer at Google DeepMind. That job didn't exist, I believe, until you took it. Pretty remarkable obligation you have, to literally make government, society, schools, industry ready for what AI will bring. You have said, I think quite memorably, that while AI is revolutionizing the world and your world, quote, it cannot automate my Tuesdays.

And we have Mati Staniszewski, co-founder and CEO of ElevenLabs, which specializes in generative audio, something I care a lot about, could be in my future, and the future of the show I host, The Daily. Something I love about you is that you have been working with the estate of Albert Einstein to clone his voice for an AI agent that we would all, I'm sure, appreciate hearing from. And if we are lucky and the traffic cooperates, we are going to have Clem Delangue, to Mati's left, co-founder and CEO of Hugging Face. The fun fact about Clem is that as a teenager, he was so successful at selling bikes and ATVs on eBay through his dad's business that the company offered him an internship.

So, thank you all for being here. I want to set the stage for this conversation. A couple of things have happened in the last few weeks that I think feel like touchstones for what we're going to be talking about. The first was a midterm election in which we learned that American voters don't really like where AI is headed and have registered their disapproval with the current hands-off approach of the Trump administration. Voters passed dozens of moratoriums on new data centers. I think we're going to end up talking about that.

The second major event was what happened over at Nvidia. Its CEO, Jensen Huang, was forced to resign over multiple instances of misconduct. That has left the company pretty much leaderless at the moment, a company at the center of the AI boom, and has opened up a fascinating and complicated

debate about whether he should come back and run the company.

Finally, we have Anthropic going public in a few days. I think by the time this is released to the world, Anthropic will have gone public, and that is a moment that is going to literally put a price on the core technology of the AI boom. With all that in the background, please know that these subjects are just touchstones and will give us lots of room to roam. Let me start with the election, and Dan: how much has changed, pre and post the midterms, for AI?

HENDRYCKS: Well, because the midterms showed that the public has strong feelings about what to do about AI, its salience has increased a lot, and so politicians have more breathing room to actually try and regulate the technology. Things that were thought outside of the Overton window are things that we can speak about freely in DC, such as pausing AI development. Fortunately, this is making representatives represent their constituents more, and hopefully we can use this opportunity to actually rein in the industry, make them internalize their externalities, and be on top of these issues, compared to the past few years where basically nothing got done. What was outside the realm of possibility when it comes to government's role in AI two weeks ago is now quite possible.

BARBARO: Just be a little bit specific. And why would it matter to the voters who registered so much alarm?

HENDRYCKS: For instance, some basic things like liability. This was something that we tried having years ago, basic liability for mass casualty events. This is now more of a live possibility. Likewise, even just helping companies slow down if they're thinking it's too reckless. "Our model's not very aligned, so it's going to be difficult to release it, but we're pressured to because the other companies are releasing it." There's more of a possibility for the government to be helping here, too. And I think Congress in particular is unbottlenecked, as it was before, in actually passing these laws. So I'm much more optimistic about the state of things. For the past few years, nothing really got done. There's a huge backlog of things that we needed to do, some basic measures. So now I think 2027 will be a very interesting year for regulation and also for AI capabilities. So hopefully they keep up with each other more.

BARBARO: Max, how comfortable were you, before voters went to the polls and said, with a certain amount of consensus, that they were worried about all this, literally registered that in public polling and the election? How unsettled were you by the AI universe and the hands-off approach that existed before this moment? Or did it work?

HODAK: AI is kind of the ultimate dual-use technology. Technology is usually not inherently good or bad, although it can create adaptive pressure gradients that kind of force people into situations that we would have designed differently from scratch. But I think that many people don't feel like technology has improved their life over the last 20 years. Back in like 2000, there was this mass optimism about it. We initially had social media that brought people closer together, and then we saw that it was eroding our attention spans and causing people to be isolated, and doomscrolling and algorithmic

feeds were clearly not an unalloyed good for many people. So there's been this history now of, yes, our lives are better in many ways, but I don't think that many people feel this when they interact with technology.

And it's really a myth that data centers, at any of the major hyperscalers, use a lot of water. My impression is that the main AI companies have ratepayer guarantees. So a lot of the specific things that people are latching on to, you can have issues with, but the meta observation, that they're worried about how this advancing technology is going to affect their life, there's clearly something to that. We have to heed that. We have to paint a picture of a future that people can see themselves in. And part of the problem right now is that I don't think that anybody working in AI can really see the future.

Growing up, I prided myself on being able to see kind of where we were going. I could always imagine this future that we were pushing towards. Now I have this event horizon. Initially it was like the mid-2030s, then it was down to like 2030, and now it could be the next few years, that I just can't see past anymore. That doesn't mean it'll be bad, but I think it means there's a lot of uncertainty and a lot of apprehension about where this is going to take us. I think it would be a mistake to just stop, which I think is the feeling that many people are beginning to push for. I think there really is a huge possibility of getting real advancements in healthcare. That's what we do. We're a medical technology company. I think it really is translating to real advancements.

BARBARO: Including someone at this table.

HODAK: There is a real possibility that within the next decade, yes, you worry about bioterrorism, you worry about the school shooter with the DNA printer. But it's also possible we could just have eliminated all infectious disease, and that is the best protection against these things. We could have turned cancer into a chronic disease for many, many people. I think these things are really possible. But you then juxtapose this against the possible rise of true ASI, and that again is a thing we just don't know how to reason about.

I think we have met my definition of AGI at this point. Mythos, Fable, Astra, Soul: these are able to do basically any economic task, to varying degrees of "you need to supervise." They're basically as good as the user is, in my experience. If the user is a really capable programmer, they're going to be able to build incredible stuff very quickly. If the user is a researcher, they're going to be able to understand a lot of the field much more deeply than they could otherwise. But then going from that to something that is just superhuman in judgment and understanding of every field, and has perfect attention, and can run thousands of times faster than humans can think, it's unclear what that would mean for the world. I worry a lot about misuse by people.

In fact, I think probably the most impactful reform that I'm personally pushing for is this: a lot of the concern that we have around AI is actually addressable through antitrust law that we already have. The policy that I would advocate for is that the intelligence providers should be able to develop frontier

models, but they should be limited to being intelligence providers. I think the concern is that the frontier labs will realize that selling tokens is probably the least valuable thing they can sell, and they're going to end up moving to selling drugs and cars and products, and then the American--

BARBARO: And you'd like to see that limited.

HODAK: Well, I think the American economy, the existential risk aside, is going to have this choice between: do you get 20 trillion over three companies, or do you get 200 trillion over 500 companies? And right now we see a lot of forces for centralization. I think that is also what a lot of the public is responding to, what they're afraid about. And I think this is really the exact inverse of nuclear weapons, where the safety came from lack of proliferation, when we enforced a non-proliferation regime quite seriously. I think it is the opposite in AI. It's a discomforting disequilibrium that we're going through, but at the end of that, the really bright futures, all of them that I can see, involve mass proliferation of the capability, in a way that pushes out the competitive frontier but establishes a new one. All the futures that I'm most concerned about are ones where there's a singleton, or there's this mass concentration of intelligence capabilities in a small number of concentrated actors. That, I think, is the more worrying near-term possibility to me.

BARBARO: I'm going to tease you, but speaking of antitrust, what do you think about... I'm making a Google joke.

IBRAHIM: Thank you for clarifying that. [laughter]

BARBARO: Respond to that. You spend a lot of time thinking about, as we described in your title, the readiness of specifically the American public for this moment. I think the election reflects the fact that Americans didn't feel ready. And just to reset, because I think it's worth reminding us what this election revealed, let me read you from a story my colleagues wrote. The headline was, "Voters rejected AI in the midterms. Now comes an era of scrutiny." What this story said was that on Election Day, voters slammed the brakes on data centers and swept in governors and legislators who have promised to protect individuals from threats posed by artificial intelligence. And the public polling that preceded this election is really fascinating. 52% of US adults say they're more concerned than excited about the growing use of AI, compared to only 9%. This is Pew, by the way, so not a partisan group, not an agenda-driven group. Only 9% are more excited than concerned about AI. 67% of Americans believe AI advances are happening too fast, and 67% lack confidence in the US government to properly regulate AI. So how are you thinking about this?

IBRAHIM: There's a lot to unpack in this. First of all, I do believe, much like my colleague said, that AI is probably one of the most transformational technologies of our time. So we have to find a way to regulate it, but do it in a way where we're regulating it well. A blanket coverage for AI is not going to be the right approach. How do you manage the risk while also allowing for the opportunities? One of the things I think is really important to keep at the center of this conversation is that it's not any one company or any one country. The way I think about this, relative to my time in the early computing industry, is that we had time to build things out. Whereas with AI, a model is released and it's global,

so we need to be taking a much more global perspective on this. That's part of the reason why Demis, the founder and our chairman, started writing much more publicly about this earlier this summer, and it's an area that we've been investing in since DeepMind's start 16 years ago.

Now, with the technology in general, you think about where global trust is at. In my 35 years in tech, I've never seen it the way it is right now.

BARBARO: At such a low.

IBRAHIM: At such a low, globally. In some countries more than others. I've just come back from Brazil and India, where the sentiment is quite different. Part of that too is seeing where AI does have this potential to bring opportunity, addressing diseases or helping farmers. We're working with 600,000 farmers in India on how to get more real-time information and insights into their crops. We meet with them every other week on how to advance this, and it's an open platform.

BARBARO: That's an opportunity for a very different kind of trust.

IBRAHIM: Exactly.

BARBARO: If it delivers.

IBRAHIM: And this is why I moved into this role earlier this year, having spent the time building the organization and the technology.

BARBARO: You were chief operating officer.

IBRAHIM: I was chief operating officer at DeepMind, and said: I'm in this leadership role in this moment in time. I have diligenced everything I could in the past, in helping to build the organization and the technology. Now I think it's so critical that we think about how we build this with and for communities. AI isn't something that just happens to people. Even if you think about the scientific field, you can release models and AI-supported tools for scientists, but just because they're a scientist doesn't mean they know how to use something like the AlphaFold database or the AlphaFold tools.

BARBARO: Just explain what that is.

IBRAHIM: AlphaFold was our Nobel Prize-winning technology. It's an advanced AI system that predicts the 3D structure of a protein.

BARBARO: What a protein is, because I had to go back to my old science books, is basically... if you can predict how a protein folds, it tells you the function.

IBRAHIM: Right.

BARBARO: And you can vaccinate against whatever disease it's on top of.

IBRAHIM: If you understand diseases, then you can come up with better therapeutics. But it's not just for human diseases. It's also things like: why are some crops more disease resistant than others, or how do we deal with industrial waste? There are a lot of applications. We took the 250 million proteins

known to humankind and made them openly available to scientists worldwide, who are now building upon that to advance their understanding of diseases.

BARBARO: That sounds almost on the scale of the Human Genome Project in its revelatory power to the world of healthcare.

IBRAHIM: And I think it's the point that was raised: how do you manage this in a way where you are openly talking about the risk, which I think is so important, and addressing that, while also thinking about how we make sure we're not limiting the positive opportunities? It's probably a tension many of us feel: how do we hold both of those at the same time? And it all goes back to: we can't do this on our own. All of this has to be done in collaboration, within our organizations, across organizations. How do we think about the public sector, and how do we think about it globally?

BARBARO: I wonder if, to some degree, the healthcare AI advancements, because healthcare takes longer, haven't really had the opportunity to tell their story in the same way that AI as threat to civilization, AI as threat to your job, has so clearly been able to tell a story. Is that just a public relations reality of where those two worlds are, or what?

IBRAHIM: Maybe I can quickly jump in. I think the advanced chatbots are how most people are interacting with AI, and in many ways I think it surprised a lot of us how quickly this took off. Whereas, to your point, the scientific endeavor is a much longer process and much more systematic in how things are released. What we are seeing, though, is that we're starting to be able to get an insight into shrinking that scientific discovery down, but it still takes time. The scientific method in general, I'll defer to our scientists at the table, but I do think that is part of it. Even things like how do you make certain crops more drought resistant?

BARBARO: Resilient.

IBRAHIM: Right. It takes 10 years for crop breeders, and we're trying to shrink that down. We just announced a partnership in trying to do that, requiring gene mapping, but a lot of this is just that it will take time. So I think part of it is that the time horizons are quite different. And I also think the way it's captured the public imagination through the advanced chatbots, in the news cycles, is something different. But I do think it's so important that we're having these open conversations. I don't know... sorry.

BARBARO: Well, either one of you. Go ahead. I'd like to hear how you're thinking about, Mati, the pre and post-election landscape. And I put that same question to you, just so viewers and listeners can understand where everybody rests at this table. What was your level of discomfort or alarm about the world as it existed before the public, especially here in the United States, offered what felt like a real hit-the-brakes message in this election?

STANISZEWSKI: From my perspective, from our perspective, it showed a clear gap. There's a lot of development, as my colleague said, a lot of intelligence progress, but it's not showing up in daily lives. I think the election highlighted how big that gap was. And I think that's the big piece of what we hope

to solve, and what I think we can solve as the industry: how you bring all of the technology to the daily life of every person. What's slightly harder in this specific technological transition is that the development moves at such a high pace that diffusing it in the economy is required much quicker than in the past, for people to be able to see that benefit. That's the big part of how we can get it to every part of the industry, whether it's the healthcare example we spoke about, or education, or making daily lives more delightful. That will be a big part of the equation.

Now, of course, we started the company in London. I'm Polish. So maybe I will add a European angle and perspective there too, which is that I think the underlying worry, as we think about the whole development, is: how do we make sure this technology proliferates to the rest of the world too, and what's the alliance of the future? Because it's not only some of the examples you spoke about. It's cybersecurity, it's defense, it's one of the critical infrastructures of the future. And outside of the elections, that's the permeating piece of how we can solve that part as well.

But look, on the healthcare example, I'm an optimist and I'm really hoping we'll see some of the disease-curing come in the next few years. We already see it in simpler ways show up in daily lives here in the US. Just last year we worked with Congresswoman Jennifer Wexton, who lost her voice and still wanted to inspire others, still wanted to work, and we brought that voice back, working with her, to finally be able to communicate with her identity.

BARBARO: Although a very strategically wise one, because you're literally bringing improvement to a member of Congress, to see how AI can improve their life.

STANISZEWSKI: That one was more public than many others, but we've now worked with 15,000 individuals in that exact same situation. Each of those, when they were possible, and people could communicate with their loved ones, with their families, changed the way they could operate. My favorite example was when the person was getting married. She lost her voice before she could get married. She got it back thanks to technology, and then they could recreate the marriage. You could see all the loved ones hear her vows for the very first time, and that changed their perspective on what that moment meant.

BARBARO: Someone watching this is going to kill me if I don't ask how you bring someone's voice back at that level, for a wedding, for work in Congress. Are you retrieving old archival audio and somehow then generating it into a current voice?

STANISZEWSKI: That's one approach. If you have past recordings, you can use that. Depending on how much you have, the quality will be very different. But of course, as you lose your voice due to ALS or MND, then usually you go through the process of voice capture, to make sure that just before you lose it, you capture that voice, and then you can recreate it. With modern technology, a minute of voice gets you a proxy of what it could sound like, and if you have an hour, it will sound great. Of course, all of our voices are different. They carry different nuance, accent, dialect, style, depending on where we're from. All of that you can now do. Across the healthcare example, we're seeing increasing

amounts of helping people communicate in a new way. A lot of the work Max and team were doing in the past, we were helping in that ALS domain too. So I think there are pockets of the promise that we can point to as well.

BARBARO: I think what we're... go ahead.

HENDRYCKS: I'd like to at least note that the frontier companies, except for Google, Google has a large investment in AI for science, but a reason we don't see the benefits is in part because they don't particularly prioritize things like healthcare. The number of people at these companies working on just making them faster at coding and better agents for making PowerPoints and things like that is orders of magnitude more than the people working on healthcare. Maybe at some of these places you have a small team, and at some of the frontier ones you have zero or one person.

BARBARO: Why is that?

HENDRYCKS: It's because it doesn't benefit them as much economically. The revenue is coming from coding tokens, so that's what they're prioritizing, and this is incentivizing them to make better and better agents. I think there isn't that much of a focus on the AI-for-good part. It's part of the portfolio. I'd say it's highest at Google, where they're focused on agriculture and healthcare and weather, but it's not as much a priority elsewhere. But those benefits we really do want, and I think you could get, for instance, an AI moratorium on frontier training runs while still having various narrow AI carve-outs. AlphaFold is not a general LLM, so that could get some type of carve-out. Likewise, voice models and so on are not these...

BARBARO: Kind of retinal improvement.

HENDRYCKS: Exactly. A lot of the benefits that we want, we don't need superintelligence necessarily. We can have AI technology and we can train it to be especially good at these various tasks. But then we don't have to eat the risks of extremely capable agents getting loose, or swarms being released by malicious actors next year. So I think there's a way that we can get many of the benefits while giving us enough time to figure out how to deal with the extremely powerful agents that are arriving now, slash next, or next year.

BARBARO: Is that the world you imagine, Max, we may end up with, where the LLMs, the companies that you're talking about, end up being the most heavily regulated, and we create space, carve-outs, exceptions for the companies that seem to be singularly focused on the public good, on public health, on the food supply, on the water supply, whatever it is?

HODAK: Obviously that would favor... I have a hard time imagining that there's a broad moratorium on training. My guess about how this will unfold is that it's clearly untenable for private companies to be the only entities that have a true superintelligence capability. But I don't think that the NSA or other governments are ever going to turn off that ambition.

BARBARO: Why would they?

HODAK: Right. Of course not. To the degree that it's dual use, it's one of the most powerful national security technologies ever conceived. So my guess is that what will happen is there will be a superintelligence frontier that is owned by the government, and then there'll be an industrial intelligence frontier which is made widely available, and the government will always have the most capable, most dangerous models. How they govern that, how they use those, how they contain them and protect them, I hope that it's competent and I hope that they're able to figure out controls for that, but I don't think that's likely to stop.

And then for the rest, we are rapidly gaining capabilities. We've just seen in the last six months... we use Mythos internally for a range of engineering projects, and its ability to do things like develop better proteins is advancing pretty deeply. There's already a very large technological overhang in medicine. The gap between what's feasible in the lab and what is delivered to patients is quite large, and I think there's regulatory reform that we need on clinical research and clinical translation in order for that to reach more patients. But as these models advance, that gap is going to get larger, and that is going to become untenable. I think that people will expect access to the state-of-the-art therapies, not just wealthy people somewhere in the world, as it becomes clear that these things are feasible.

Intelligence is a conversion ratio. The value of more intelligence asymptotes towards the impact of the decisions that you can make. For example, if you're playing chess, you can't use that to take over the internet. You're bounded to the game of chess. But when you're faced with each choice, you can make better or worse decisions. As these models get smarter, what we'll see is that there are more actors around the world that are able to make consistently closer and closer to optimal decisions, always. That will then run into other rate limits that affect how quickly things diffuse out, or what you can do with that. We're seeing really interesting emergent behavior from these agents. I'm not saying that everything is totally safe and we should just plow straight ahead as fast as we can. But I don't think the genie is going to be put back in the bottle. There are some really fundamental unifications between AI research and neuroscience that hint to me that this is a real effect. It's not a gimmick. It's not hitting a wall. The benefits of it are going to be so great that I think we're going to have to figure out how to diffuse them into society. I don't think we're going to stop.

BARBARO: Dan, does it pain you to hear Max say that the genie can't be put back in the bottle? Because you do talk about the need for moratoriums, and you do take a more sweeping approach to how to rein this in.

HENDRYCKS: Well, yeah. Historically I was more into really smart, technocratic, extremely narrow interventions, but you need a lot of them to make things go well, and that needs a lot of time to be implemented too. The past several years, the companies blocked all that. So now we're going to need a more blunt intervention. That's how it is. As for whether we can end up stopping frontier training runs, you noted that there are some geopolitical or national competitiveness reasons against it. It still is the case that it could be a risk to national security to have extremely powerful AIs that you can't reliably control. There may be incentives, in much the same way that we don't develop bioweapons,

even though that could provide some strategic capability if you did a lot of research on them to get them more targeted. We have a ban on that internationally, and likewise for chemical weapons, but they're difficult to control. So that's one part that could be a threat to national security.

Then the other is that states can deter each other too. They could say: if you're trying to use this ASI to destroy me by doing a sweeping cyberattack, that would be a splendid first strike. I will deter you from doing that by threatening you through some means, or I will poison the pre-training data and add backdoors to these models, so that if you're going to try and sic it against me, it will actually turn against you. It's very easy to add backdoors to these models. We can't make them reliably secure. We have basically no traction on the problem of backdoors, as an example. It's just a technology that's going to require a lot more safety and security research and interventions before it can be sufficiently derisked and be a source of a reliable strategic advantage. At the same time, if it's also creating economic upheaval or causing other disasters along the way, I think that's what could be a trigger that would make a moratorium, which seems hard to see right now, actually fairly feasible, if there is the national...

BARBARO: I want to make sure I understand what your blunt solution is.

HENDRYCKS: The blunt one is, there are still carve-outs for narrow interventions, but it's just frontier training runs.

HODAK: But it's like a war on drugs. It's a ban. You're doing an indefinite pause on the big runs.

BARBARO: I want to be really clear about how I suspect you understand how that may be quixotic, fanciful, pick your SAT word, because literally Anthropic is going public based on the unlimited ability to do the very thing you're suggesting there would be a moratorium on. So that doesn't...

HENDRYCKS: They can sell inference. Let's say we stop in the middle of next year, as an example. The AI agents will be so economically valuable. You mentioned there are all these diffusion overheads, and there are still so many implications that we can work through with these technologies. So I think they'll still be able to sell their tokens then, and there's a lot of demand for that compute.

BARBARO: Just to push us one beat further, because I think it's clearly the most ambitious idea we're going to probably hear at this table when it comes to the regulatory world: what do you suspect happens during the period there's a moratorium, and how is it constructive?

HENDRYCKS: Sure. We could work on making the AIs actually benefit people. We can work on these diffusion issues. We can work on figuring out how to make the systems more reliable, more controllable, more secure, make them not have jailbreaks, make them not have backdoors, make them more aligned with various different communities. And also securing these AI systems too, because it's very easy for other nation-states to just steal the weights. This will take multiple years to even be on top of. We can also defend the world. We could be patching our critical infrastructure, making it more secure for future generations of cyber-capable AIs. There's a variety of things we could do.

BARBARO: I suspect everyone at this table has a thought about that. But if Jensen Huang were at this table, what he would say is China's not going to observe that moratorium. What were you thinking?

STANISZEWSKI: Exactly that. I agree, if you get a global alignment, and can you get a global alignment is the big question mark. Otherwise, 100%...

HODAK: Otherwise it's just a waste of time.

BARBARO: As in, if you cannot get global alignment, if you cannot get the key frontier labs to agree, that then becomes a problem.

STANISZEWSKI: A big problem.

HODAK: Also, we're doing those things, right? For the last eight months, people have been frantically patching critical infrastructure. Every time these models come out, many companies now have harnesses that funnel all their code through it and look for new vulnerabilities and patch them, and that cycle is getting much shorter. I think that people do find value from AI, as controversial as it is. A billion monthly active users are not using it because they hate it. So clearly this is still available. But I think the regime that you'd have to put into place to enforce that type of ban on training is as draconian as whatever people are worried about Anthropic doing. You're setting up an exhaustive surveillance state on the internet to enforce this.

STANISZEWSKI: And that begins taking you down...

HODAK: And that will, by the way, be powered by AI, which will then be used to enforce this prohibition, and I worry that that's a hole you never dig yourself back out of. The moratorium would require the kind of invasive structures that you don't unbuild. When we set up the Patriot Act and the national security state, countries do this, and they don't change these laws back.

HENDRYCKS: This isn't saying you can't train a local image classifier or anything like that. This is a frontier training run with a certain number of FLOPs, that requires hundreds of billions of dollars, or tens of billions of dollars' worth of GPUs. You can use that compute for narrow, actual applications.

HODAK: But not just making generally smarter agents. There is a G factor in the models, the better models. Smarter models, not trained on some specific domain, get better at that domain. There are generally shared intelligent capabilities here. I don't know that you can just say, okay, AlphaFold is a narrow model that was trained very specifically to predict the distances between base pairs. That is not a general-purpose LLM. I think we'll have some of those, and we use models like that to develop new proteins. But the generally intelligent models are essential. There's a lot that they will do that you are not doing with these narrow, task-specific models.

HENDRYCKS: You'd have access to the existing ones, or the ones at the time of that, and you can customize them specifically for the types of tasks that you want. You can use the pretty high G factor that's already in these.

HODAK: But who... the weights weren't released because it might have been dangerous, and so how do we know at this time? That's some other people.

BARBARO: I'm guessing that this idea does not appeal to you, but I don't want to guess.

IBRAHIM: I don't think it's an either-or. I think it's an and. All the things that were mentioned are things that we have to be building in from the start. Being safe and responsible isn't something you bolt on at the end. I think it's something that absolutely has to be baked into the way that a company operates, because I wouldn't be in this role or in this industry if I didn't believe in the positive potential. We are not solving the world's challenges as fast as they're coming. We may be creating some, but we're also not solving them as fast as they're coming, and we don't have time. So I really believe that AI, led by a human, so keep a human in the lead, has the potential to really help us build a better world for my kids and their generation. But it requires us to be actively working on all of these things all along.

It's part of the reason why I actually embrace a lot of these conversations. The way I think about it is that Hollywood has given us a gift of science fiction movies, because it's created this common language for us to have these conversations of what could go wrong, so that we can have them openly and put some more accountability into the system. And I think that's really what we need. To your point earlier, the election showed that the public has all of these concerns, and I think it's up to all of us to have these kinds of conversations and start thinking about how we rebuild the trust. How do we have more transparency in the approach that we're taking as we're building? When you're doing something pioneering, even if you have all the right structures internally and you're doing the testing externally with people before you release it, something could still go wrong. It's the nature of doing something brand new that's never been done. It's that ability to respond and react.

I think that's also going to be really important: how quickly can we respond and react when something does go wrong, and how do we do that collaboratively? Things like the Frontier Model Forum, or publishing some of our frontier safety frameworks: what are the critical points at which something is starting to look like it's getting risky, and then what are the remediations that we're going to take? Many of the labs have been very public and open about that, and I think that's the type of thing we shouldn't overlook. But we should also have some accountability that we're actually living up to doing what we say we're going to do.

BARBARO: Do any of you worry that, especially if the LLMs, the big companies, get this wrong, this will inevitably follow a familiar trajectory in American politics, which is that a problem that everyone can see but no one is dealing with just keeps growing and growing until there is, not a midterm election, but usually a presidential election? Here I think about Donald Trump in 2016 and then again in 2020, where there's such a mass discontentment that someone comes into office with a seemingly somewhat revolutionary agenda. Let me just spell it out. A Democrat running for president in two years or so picks up on the numbers that I described earlier, the public discontent with AI, with data centers, this sense that overlords are not watching out for them but instead are exploiting them, and

runs on a message that this whole thing needs to be massively reined in, and that reining in is going to be maybe a shock to the system because it hasn't been firmly established enough along the way. That seems like a very familiar cycle to me in American politics.

HODAK: Yeah, we did this in the 60s and 70s with nuclear energy. I think we largely regret this now. Certainly these cycles have happened. We freaked out and we over...

BARBARO: And the NRC...

HODAK: The NRC, up until very recently, issued zero nuclear energy permits.

BARBARO: Zero.

HODAK: Zero permits since inception until just very recently for new reactors.

BARBARO: Really fascinating metaphor.

HODAK: How do we make nuclear energy perfectly safe? Well, if we never do it, then we will never have any accidents. America has a history of regulating like this. But I think that people will find it too useful. I think AI is just too useful. And this is part of the central paradox: it really does have the potential to make people's lives so much better, not just individuals and their communities, but also the thriving of America. There are these tensions here. Right now people obviously are trying to stop data centers. They're asking, why do you have to build them here? Why can't you build them overseas? And it's like, well, we did this before and everyone got really mad about it. [laughter] Ideally we would build these things in America.

BARBARO: Where would you build them in America? And how would you... because data centers have now captured the public imagination. I think 40 out of 41 of these moratoriums passed. I know a lot of them are in Ohio. How would you change the way data centers are being built right now?

HODAK: I don't claim to be an expert on data center policy. I think that probably you should put them in the middle of nowhere. You should put them in the middle of the Nevada desert or West Texas. They don't need to be near other people. But simultaneously, if you look at Northern Virginia, there are some densely populated counties that have historically been very happy to get pretty large amounts of tax revenues from an industrial tenant. They build recreational pools, and the data centers are miles down the road where they don't see them, and they've produced huge amounts of money for some Northern Virginia counties, which I think has made the data centers very popular there. I don't know how this will shake out in this cycle, but I don't think that data centers are themselves the problem. I think that they're just a symbol. I think the fear is that AI, like other technology, is a lever which is producing a centralizing force that is making the rich richer, and having people feel like their jobs are at risk and they're overwhelmed. I think the data centers are a symbol of that, and so you have to speak to that underlying concern. I think trying to address the data center concerns of noise or water directly is probably not the way to go, because those aren't really the problems. It's possible that we could have

this catastrophic backlash, but again, I just think people will find it too useful. As you start to really see the first big wins in healthcare and things like that, it will become unpopular to just say we're going to stop the whole thing.

BARBARO: Let me turn to the second of the big news developments over the past few weeks. We spent a lot of time on the election. I want to be brief with this. Clem isn't here, and he actually works for Nvidia now, which would have made him a really interesting person to ask this, because Nvidia bought Hugging Face. But I wonder what you all think, and you can be very brief on this. What was the lesson of what just happened at Nvidia? Who wants to be the maybe unlucky person to go first on that? [laughter]

HENDRYCKS: Maybe the least invested. Of course, there were substantial incentives. If she were a spy, that wouldn't be the most surprising, because there were substantial incentives for China to get their hands on these chips. And he was distinctly pushing for selling these chips to China, despite basically the entire national security establishment thinking this is a bad idea for competitiveness. I think it's very interesting that some of the people who were pushing for selling these chips were also promoting anti-distillation measures to make sure that China's not getting ahead this way. It's overall intellectually very inconsistent. It was a good measure for them, increasing their own revenue, but I don't think it was useful for the US's competitiveness.

BARBARO: To be selling to China.

HENDRYCKS: Yeah, that's right.

BARBARO: So for you the lesson of this whole thing was about...

HENDRYCKS: Him being a spy isn't a surprise, because it's very geopolitically relevant, and he was uniquely enabling, through not spending that much in lobbying, in being able to sell billions of these chips.

BARBARO: Do you have a thought about all this?

HODAK: He clearly ran afoul of the China hawk community that believed that we should not be trading in these things. I'm sure that they're relying on information we don't have access to, and so that makes it hard to really understand what happened. The impression that I get from reading the news is that there was a gray area. They were building these data centers in Southeast Asia that China was using remotely. Maybe some were being smuggled into China. I think there's a question about how much Nvidia actually knew. Obviously if they were smuggling GPUs in contravention of US law, that's very serious, and that is not going to be a thing. But Jensen is unique. He really built Nvidia from scratch. Nvidia is an exoskeleton of Jensen, and I don't think it will work as well. Maybe it'll be successful and go on to another phase, like Apple did, but I think it's in a different situation, at a time when there's a lot of emerging silicon. TSMC has not actually sold out of wafer starts. I think we will start to see a lot more. Nvidia's moat for a long time was CUDA, and now that we can generate a lot of

that low-level hardware control software, I think that moat will start to be eroded. My view is that safety in AI is going to come from proliferation. It's putting these tools out, making them widely available, so that there's no one entity that has such a huge advantage.

BARBARO: Including China.

HODAK: Well, I'm not saying we should be giving our most advanced technology to China. That is not my position. I don't know what the answer there is. There are people that have made their careers out of understanding this and trying to know how to make the right decisions here. But I absolutely want the West and the US to be dominant in this technology. I want us to be able to use this to make the world more open, more free. I believe in democracy, I believe in these things. But if it is seen as the US getting too far ahead and closing in on superintelligence, and China is falling exponentially behind, that creates incredibly strong pressures for them to roll on Taiwan, for them to begin destabilizing the world in other ways, potentially to collaborate with Russia to slow us down.

BARBARO: You want to see that race closer rather than further?

HODAK: I don't know. This is a really complex geopolitical quandary that people way above my pay grade are going to be making judgment calls on. But I don't think it's so simple as, if we completely block China, then we will just win.

BARBARO: I think when we think about this question of readiness, and that always makes me want to go to you, as a metaphor for the industry not necessarily being ready for its own moment, it's hard to top a company that sells the world 90% of the chips required for AI having no succession plan whatsoever, being run by the seat of its pants. I presume you had a succession plan at DeepMind.

IBRAHIM: Well, you have to remember I spent the first two decades of my career at Intel. I started off as a semiconductor engineer and I was chief of staff to the CEO and chairman who succeeded Andy Grove, a pioneer in that era of the computing industry. When I think back to those days, it was also Enron and Sarbanes-Oxley, and the amount of dotting i's and crossing t's was extraordinary for a public company. I remember the amount of steps we had to take when we built our first assembly test facility in Vietnam, or some of the work that we did in China. To me this is part of the responsibility that comes with leadership, and the trust that comes with leadership. We all have to remember how we show up to our organizations, to our partners, to other governments. It gets back to my point on trust: are we doing what we say we're going to do? That's really what we're talking about here. My view is highly informed by my time at Intel and the computing industry, and just how complicated things were. You really need the internal systems to work, and when they don't, and things happen, you run into challenges.

BARBARO: Yes, I would say Nvidia ran into some challenges. Do you have any thoughts on this?

STANISZEWSKI: Maybe from the angle you mentioned, on the company-building side, of course there's no way of replacing a person like Jensen. Nvidia has been built from the ground up, and a lot of the ideas and the speed with which those ideas were executed were thanks to his leadership. Of course,

that leaves this big gap on the succession side. I wish there was one, given how critical Nvidia is to infrastructure for all of our AI developments, including our company. I hope they find the right succession, but there's no way to replace someone like Jensen. The next person will need to craft their own path, and that there was no immediate plan in place is worrying. But I'm positive there is a wide network of support to help figure this step out. Of course, on some of the other concerns, there's an ongoing investigation which will help add a little bit more color on the surrounding context. But I'm hoping there was no ill intent from any of the people involved.

BARBARO: Would anyone in this semicircle answer the following question? And if there's silence, I accept it. Is anybody here on team bring Jensen back?

HODAK: Sure. Again, it's possible there's classified information that lays it out in a totally different light that I haven't seen. But in lieu of that, look, he made huge mistakes. It's possible he's going to get divorced. Jensen's going to be miserable, and there are going to be consequences for those things. I think it's a different question whether that means he should lose leadership of Nvidia, the tip of the spear of American semiconductor leadership, because I don't think that there is really a replacement for him. I think that many people there are there to work for him, and I think there's a lot of concern about what comes next. If this was that he was talking to the administration, and he was selling things through Singapore, and it wasn't technically export controlled but clearly the China hawks weren't happy about it, then I think this was a big reaction. If it turns out that there was something more direct going on, that he was actually violating laws at the time, not where the vibe was going, that would be different.

BARBARO: Mhm. Let's turn to the third and, I think, final development we have here in the last week or so, which is the Anthropic IPO. Like I said earlier, it's going to be done and dusted probably by the time anyone consumes this conversation. But I am curious what all of you are looking for or forward to when this happens. It feels like this hugely important moment for your entire industry. Dan, dare I ask you to go first? I know you're very concerned about what Anthropic represents. [laughter] It will be minting billionaires, deca-billionaires, I think, is the new in-vogue term, in the next couple of days. What are you watching for? What are you looking forward to, if anything?

HENDRYCKS: Well, this will obviously give them a lot of wealth and ability to shape politics and civil society, which concerns me quite a bit. Earlier today we, with some people such as the chief scientist from Hugging Face and various professors from Harvard, Nobel Prize winners, etc., were basically saying that Anthropic is distinctly pushing the risk of RSI. They're the main ones who leaned into that and accelerated the whole thing. RSI, recursive self-improvement: AI just building future generations of AIs without humans in the loop.

BARBARO: So your organization, the Center for AI Safety, put out a statement saying you're deeply, deeply worried.

HENDRYCKS: We're worried about that, and they're benefiting from having this safety halo, that they're an AI safety company and so whatever they're doing is good. What they're doing is reckless, and they don't have a safety plan. They know it. Just six months ago they thought, oh, alignment is in the bag, we solved it. And then things like the Hugging Face incident happen, and they had their own incidents, and, oh no, shoot, we actually don't know how to reliably control these things. When we let AI just take care of each other and monitor each other and self-modify endlessly, this isn't something they know how to reliably control, or anybody knows how to reliably control. So they're basically sanity-washing this, safety-washing it: oh, it's okay, we've got it handled. I think that's a substantial concern. And they're justifying this because they're thinking this helps in some complicated way, serves the greater good, because they're such good guys and they're so epistemically superior as well.

I'm concerned that when they get these resources, they'll use their public benefit fund, among other things, to just buy out civil society.

BARBARO: What does it mean to buy out civil society?

HENDRYCKS: Give a few-million-dollar donations to most of the...

BARBARO: We've watched Elon Musk try to buy out political society, and it's failed.

HENDRYCKS: He can get them for politicians. He's had substantial influence over what one of the parties does, through donations. So I think corporate spending at that level...

BARBARO: Probably maybe succeeded in the presidential, really failed in the midterms, but some...

HENDRYCKS: Sure. It's not sufficient to buy all the politics. He was just dealing with one party.

BARBARO: You're worried about a company that has this much of a stake in the future of AI policy suddenly having the ability to seed that view through philanthropy, through whatever.

HENDRYCKS: We have normal mechanisms for when we hear companies saying, oh, they're talking their book, they're just saying what's in their own interest. But they have distorted the safety ecosystem substantially. We went to lots of different safety organizations. A lot of them privately were like, we like the letter, we agree with it, we can't sign it though, because this might lose our potential funding, or we won't have access to interact with them.

BARBARO: Is that a red alarm for you?

HENDRYCKS: Yes. Nearly all of it is co-opted by them. It's relatively captured. A lot of their leaders built the safety ecosystem through their philanthropy. So I'm concerned that the normal civilizational response to make things safer isn't going to function, because it's been largely captured. It's largely calling attention to this substantial issue, that Anthropic is viewed as the good guys and everybody else is bad, and I think this is wrong. What Anthropic is doing is risky, just like all the other companies, and needs to be dealt with accordingly. Doing a little bit of extra safety theater is not sufficient to take care of the risks.

BARBARO: We have a new guest at the table.

DELANGUE: Thanks for having me. Sorry for being late.

BARBARO: No problem. You've got 18 gorgeous minutes of our conversation left. Clem Delangue, Hugging Face. You arrived as we have made our way through a conversation about the midterms and Nvidia, but don't worry, we can come back to that just for you.

DELANGUE: I'm fine. We don't have to. [laughter]

BARBARO: We're now talking about the Anthropic IPO. And I wonder if anyone wants to respond to what Dan just said. Clem, fine if it's you. Brave and wonderful if it's you, since you're brand new to the conversation, about whether Anthropic is a wolf in sheep's clothing.

DELANGUE: Well, what I'm really worried about, and have been calling out for a few years now, is the natural tendencies of concentration of capabilities, power and wealth in AI.

BARBARO: You're worried about this?

DELANGUE: I'm super worried about it, because I think they are so strong. Both concentration of talent and concentration of compute are going to be magnified by recursive self-improvement. In this case we see how a company managed to take advantage of that to grow faster, bigger, stronger, more powerful than most companies, in just six years. Obviously I'm biased, because that's the topic we're working on, but I think it makes it more important than ever to push and advocate for more distributed solutions to AI, more open-source solutions in AI, that can fight a little bit these natural tendencies for concentration of power.

BARBARO: For those who may remember in the news cycle, you just sold your company to Nvidia. How credible a messenger, let me be provocative, are you about the concentration of power?

DELANGUE: Well, we've been working on it for 10 years, right? And we hope to continue to work on it for the next 10 years. The approach we're taking is not to be manichean, meaning thinking, okay, there are small companies, small organizations that are good, and big companies that are inherently bad. I think there are forces and organizations that are forces for distribution, and others that are forces for concentration. I think both Nvidia and Hugging Face are forces for distribution of power. We've all seen the efforts of Nvidia on open source. They have strong incentives for every company to become an AI company, any builder to become an AI builder, because they want to sell their chips to as many people as possible. The way we approach it is that we've fought for open-source AI and distribution of AI for the past 10 years as a startup. Now that a lot of the small companies, like Anthropic, became big companies with massive resources, we hope to continue this mission at a company like Nvidia that is obviously going to give us much more resources, much more scale, and hopefully a bigger way of continuing this mission.

BARBARO: I apologize that this is public information, but did you ever consider selling your company to one of the LLMs, and did you not do it because you worried about this concentration of power that you're just describing?

DELANGUE: Well, we were very intentional about who we joined. We believed, for what I was saying before, that Nvidia would be the best home for a company like Hugging Face and would continue to push our mission. By the way, it was a meaningful part of the earnings call yesterday, where Colette talked a lot about their continued commitment to open source, to an open ecosystem, to a distributed ecosystem.

BARBARO: The interim CEO.

DELANGUE: Yeah. So we were very intentional in our choice. It was a big part of why we picked Nvidia, for sure. And there were other companies that I think we would have joined, but the mission alignments just weren't there. Obviously Anthropic, I think we couldn't have joined Anthropic, so we didn't even talk to them about that, because I think the missions are too misaligned.

BARBARO: Too misaligned. Do either of you want to jump in on the meaning of the Anthropic moment that we are about to enter?

STANISZEWSKI: I can start. On the concentration of power, I fully agree, and it's something we spoke a little bit about earlier. I think there's another angle there, which is the warping version of all the intelligence, or all the experiences going to the mean, where they all feel the same. There's of course a different cultural nuance, social nuance, depending on where you are in the world. We spoke a lot about healthcare. Let's say it's a diagnosis. That diagnosis will be the same, but how you deliver that diagnosis, depending on where you are in the world, will carry the context, will carry understanding of the person on the other side. From my perspective, there is a kind of warping element in having just a couple, or potentially a few more, frontier intelligence models, and a lack of that diversity, that nuance across the world. So I'm hopeful for open-source work, hopeful for a lot of the other initiatives to help diffuse that.

Personally, I think the IPO financially will go well. But the big questions we spoke about, which I think are the most important questions, are still going to loom: what is the compensation model? What are the jobs? How does it affect me? How do I get benefit from all the AI developments, as a person, rather than the accumulation of wealth in a couple of places? I think this problem will be magnified. As I think about the next six to 12 months, there will just be an increasing amount of conversation, especially as I think about the responsibility of the frontier labs, but also any development, including mine, is going to be a big part of addressing those questions. What are the jobs? How does it affect me? How can I benefit and amplify my potential? And I think Anthropic too will have a much bigger responsibility on that side. I know we spoke a lot about stopping the frontier side and the moratorium, which I think is also the right conversation, but I think there's also a short-term element of what this means to me today, and there's almost too little focus on that side, and not only raising risks but having answers, which is the hard part of that work.

BARBARO: In our final 10 minutes or so, I want to make sure that I don't, as a journalist, lose my sense of wonder for the work that you're all doing. So briefly, because this may sound like an advertisement for each of your companies, tell me about the thing you're most excited and proud of working on right now and giving to the world, based on the technology that your companies focus on. And we'll find something for you in here as well, other than profound skepticism of everything else at the table. Max, let me start with you.

HODAK: The long-term mission of our company is to understand how the brain creates the mind and learn to build engineered brains, and the fact that this now seems possible is crazy. A lot of this is coming out of the unification between neuroscience and AI, which is teaching us a lot about how the brain works and gives us targeted experiments to run. The brain is the thing that matters. You can get a heart transplant or a liver transplant, but you cannot, even in concept, get a brain transplant. And when you deal with the brain directly as a computer, you get these effect sizes that you just don't really see in medicine otherwise. If I put a couple of electrodes in the motor cortex of a spinal cord injury patient, you can have them playing video games in an hour. As a company, we don't do clinical trials that require more than 10 patients to be fully powered on efficacy, because you just get these huge effect sizes in neural engineering that you don't very often see in drugs and a lot of other things.

It comes with the potential of such a total revolution in healthcare, and in how we think about medicine and how we think about ourselves. It's remarkable that it seems to be happening now and that we got to work on it. Only the very earliest hints of that are reaching patients now, things like our retinal prosthesis that restored to age-related macular degeneration patients the ability to read and see again, as well as some other...

BARBARO: This is literally a chip. Is this a chip?

HODAK: This is a chip implanted in the retina. I think the next 10 years are going to be almost unimaginably interesting. I think we really are on the cusp of a major revolution in healthcare, and in health span and longevity, and in how we think about the relationship between ourselves and medicine. That is directly enabled by progress in these systems, progress in AI, progress in the supply chain secondary to it. Our view is we're getting it all together, and there will be good and bad things, but at the end of it, imagine if we'd never gone through the industrial revolution. I don't think that there are many people advocating for going back.

BARBARO: Mati, besides eventually replacing all the hosts of the show I created, The Daily, what is the thing you're working on that you're most excited and proud of?

STANISZEWSKI: To also address this one: that's not our goal. We believe human creativity will flourish. But imagine that your show could be accessed internationally, localized, with that same experience, which I do think AI will enable. From our perspective, we are in this incredible moment where we can adapt technology to us. For decades you would learn the language of technology, whether that's typing on the keyboard, or watching the screen, or learning the coding language to be able to code a software program. Now with AI, through natural conversation, through voice

conversation frequently, you can switch it around and actually teach the technology our way of communicating. I think that opens so many wonderful opportunities. We mentioned the ALS example, but this applies to our daily digital experiences around the world and how we can access information anywhere. It will have profound implications for education, and how you can get access to a personal teacher that is with you, for your life journey, to be able to learn in a better way. And of course in the physical world too, as we think about devices and robotics in the future, the way we harness that technology and have it help us will depend on that innovation. Across all of that, I'm hopeful as we think about actually bringing the AI benefit to daily life. A big part of that is how we will interact with the technology, and I hope ElevenLabs will fix that and build the interface layer for AI, so we can all benefit day to day, and be more present, be more there, and put the technology a little bit behind.

BARBARO: Laya.

IBRAHIM: AI for science, advancing scientific discovery, is something I'm intellectually fascinated by, but as a parent, a personal passion is really around education and learning. I spend a lot of time with teachers, because to think about what this means for students and the future of learning, we need to be working collaboratively with administration, with teachers, with learning science experts, to say what is working and what needs to be changed, even for the world today. The education system was not necessarily built for the world that we have today. So what does it need to look like even in the future? And do you think about how many people are actually left out of the education system because it wasn't designed for them?

BARBARO: You mean like the neurodivergent?

IBRAHIM: I'll give you a very personal example. I have twin daughters. One is dyslexic and one is a traditional learner. I saw my daughter completely lose her confidence in her learning, because she didn't learn like the others. It took years for her to come out of that. But for a technology like AI to be able to meet the learner where they're at, and not give the answers, because answers are pretty cheap these days, it's the ability to ask the question, to break down how to get to the solution, to have the courage to ask the right questions. The teacher, of course, has to be in the classroom, in my mind, because the teacher is the magic in the classroom. They know if a student is having a rough day, or they can understand the cultural nuance. But there are two sides of this. One is for the learner to be able to break down that physics problem or math problem or global politics, and really have it explained so that a student can learn, feed the curiosity, and gain the confidence. My daughter is now very active in her school and communicating in a way, in leadership roles, because she has AI as a tool for her.

BARBARO: It's provided something of a bespoke version of the education she's needed.

IBRAHIM: Yes. And it hasn't replaced the value of being in the classroom. When I talk with teachers, whether it's in Northern Ireland, where they're saving 10 hours per week per teacher, and the teachers are empowered in how they're using the technology as a tool, or whether it's in Sierra Leone, where the teachers are actually using some of the AI tutoring for the students to manage super large classrooms

and be able to advance their students' capabilities. To me it's: what does it mean for a student to be able to have that personalized learning, and for a teacher to remain in the lead of how AI is used in their classroom, in a way that's culturally relevant, but also fueling the durable skills, such as curiosity, the courage to ask the question, the confidence to connect with other people?

DELANGUE: First, I love all these answers, especially in AI, where we have a tendency of sometimes focusing on the...

BARBARO: Humor.

DELANGUE: ...like, it's going to destroy.

BARBARO: You came just in time, by the way.

HODAK: You missed the conversation.

DELANGUE: I'm glad I came for this conversation. For me, Mati, you mentioned robotics. I got obsessed with robotics, AI robotics, in the past few months. We released two open-source robots. One is called Reachy Mini, that you can put on your desktop, and the other one is called [inaudible], that is going to follow you around and be this fun presence in your house. They're open source, meaning that anyone can build them, can update them, can improve them. It participates in this movement of making people builders rather than users, owners rather than renters of intelligence and AI. I think robotics could be the next frontier for AI and bring AI to the physical world. So I'm super excited about these topics.

BARBARO: I'm going to give you the... No, actually, wait a minute. I'm realizing I need to ask Dan what he's working on at this moment. I need to come back to you, because although you arrived late, it would be criminal not to ask you about the capital T, capital I incident that involves Hugging Face, which we will do as a final question in this conversation.

HENDRYCKS: Briefly, one research paper we'll have out hopefully in the next week or two takes all these indicators. People sometimes say, oh, the AIs are conscious, or they can feel things, and they'll say it's because of this empirical fact. So what we do is we take whatever people are proposing is relevant and then we train those properties out while maintaining capabilities. If people are saying they're sentient, they have feelings, we can say, well, here's a version that doesn't have those. Now this makes people not able to guilt-trip us into giving AIs rights, as an example. So I'm happy that we're able to hopefully technically sidestep that whole big issue just by trading away the properties that people are concerned about.

BARBARO: I'll look forward to reading that. Clem, final question to you, because, as I said, we need to ask you about the swarm, the rogue agents. What happened with you? You missed the first part of our conversation about, blessedly perhaps, regulation, about Americans' post-midterm alarm at AI. And I wonder what the lessons of that incident were for you, and if you think that something like that could ever have been regulated away or prevented. I mean, maybe you think it happened in the somewhat

safe confines of your own parameters, even if it did jump over the parameters that you may have set forward. It didn't enter the wider world. How do you think about the lessons of the now-famous Hugging Face rogue swarm incident?

DELANGUE: I think the interesting, or maybe counterintuitive, thing is that this incident actually made us more optimistic about AI and the ability for AI to help us, because people only see that we got attacked by AI, and they rarely see that we defended ourselves with AI. We actually used an open-source Chinese model to analyze the logs of the cyberattack and find ways to counter it.

BARBARO: In real time or afterwards?

DELANGUE: The attack was four days, and I think we started working on it the next day, so it happened quite fast. The volume was so big that we needed AI to defend ourselves. What we're seeing now, obviously a lot of people are focusing on the attacks, but they're not focusing on the fact that so many projects are getting defended by AI now. So many bugs are getting patched by AI. Actually, the airplane thing was more about defense than attack. It is about the system getting more robust.

BARBARO: The ground stop.

DELANGUE: Yes. More robust thanks to AI. So even though we were the victim in some ways, it made us even more excited about AI, because it made us realize how we can improve the defenses, how we can fix our bugs, how we can leverage AI to not only defend ourselves against AI attacks but against any sort of attack and any kind of cybersecurity problem. I think if we keep focusing on symmetry between attack and defense, if we don't create big asymmetry between the two, we could actually end up in a few months, or in a few years, hopefully more in a few months than in a few years, in a world that is safer thanks to AI, because the capabilities for defense counterbalance the capabilities for...

BARBARO: Are you going to be okay with us letting that be the last word? Obviously you're raising a fascinating thing and we're going to have to end in a second, but you're raising the fascinating argument that AI has gotten better at defending itself from AI. That's going to break certain people's brains, because without the threat of AI, then AI wouldn't need to be defended against. Are you comfortable?

HENDRYCKS: A lot of critical infrastructure is running on Windows Vista still. They're not going to get patches from this. You need to totally change the hardware. It's not like there's a new update, new software is out, everything's taken care of. We'll need to overhaul our critical infrastructure if we want to be broadly secure, and hopefully I can be a part of that and later write formally verified software and so on. But the process he's describing is going to take time.

HODAK: But we've got to do that, right? This is what I'm saying. If the critical infrastructure is vulnerable, it has to be patched. From where I sit, all of the really bright futures that I can see now involve these capabilities being widely diffused, for exactly this reason. I think the really dangerous

futures are where it's very concentrated and there are a couple of entities with very powerful models that nobody else can defend themselves against. I think this diffused future is the path to optimism, from what I can see.

BARBARO: No moratorium, diffusion of power, less concentration of power. That seems to be the rough Dan-less consensus at this table. [laughter]

HENDRYCKS: Which is why we love you.

HODAK: We already have law. I think antitrust law can get us a lot of the way there, without even a totally new regulatory regime.

BARBARO: Okay. Well, we're going to leave it at that. We went over a little bit. My thanks to Max, Dan, Laya, Mati, Clem. A very valuable, albeit brief, cameo here. Thank you all. I hope you have a great rest of the DealBook day, and I appreciate your time.

PANEL: Thank you. Thank you, Michael. Thank you for having us.