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Joe Lonsdale: I think you're taught to shut up and virtue signal and be very careful what you say

That's the exact opposite of what a liberal education is supposed to be.

You think these kids at these top universities are pursuing truth. They're not pursuing truth. They're pursuing how to advance themselves by shutting up and going along

but it takes courage. It takes one person saying, no, this is ridiculous. In being willing to stand up and be that leader. And others can say, yeah, I agree with him. That's ridiculous. So, I mean, the question is, do we have enough courageous people to lead us out of this?

Scarlett 2i2 USB: This is 20 VC with me, Harry Stebbings and my world. What a show we have for you today with one of the most interesting people in startups, Joe Lonsdale. Now, Joe is the founder and managing partner at eight VC, an early stage venture firm managing over \$6 billion today. Now in 2003, Joe co-founded Palantir, which now has a market cap of over \$57 billion.

Since then he's gone on to found over a dozen companies, including apple. Most recently valued at 2.1 billion. Um, OpenGov recently sold for 1.8 billion. In this discussion, we discussed China, Israel, the rise of [00:01:00] woke Mayan virus and so much more. It's a very wide and broad discussion.

And I want to say huge. Thank you, Joe, for being so open and honest with it.

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Harry Stebbings: Joe, I've been so looking forward to this. First off, thank you so much for joining me today.

Joe Lonsdale: Thanks for having me, Harry.

Harry Stebbings: Listen, sham gave me many suggestions of some tricky questions, so we're gonna have a lot of fun. I wanna start there with, with, yeah, be nervous, but with one, which is like, I didn't really know how to say this, but you are one of the most fascinating people in tech, and I wanted to start with children and what you were like as a child.

How would your parents or your [00:04:00] teachers have described you?

Joe Lonsdale: oh. listen, I was always probably an overconfident. A child. I, I, I, I was lucky to be born gifted. I got, you know, 90 nines on everything and skipped some grades in math with my friends you know, my friends and I were chess champions and math champions. And I, I always had a lot of opinions.

I generally felt like I was probably smarter than my teachers. So, very obnoxious kid. Right. Lots of, lots of confidence there. My, you know, unfortunately my grandma finally passed last year at 103 and she would always tell my, I called her my bubby, 'cause that's a word, Yiddish for grandma.

And she would always tell stories of me wowing her and oppressing people at age 2, 3, 4, 5. So I guess I kind of grew up with like, a lot of confidence. I was the oldest of my generation, the oldest of 20 cousins on one side and nine cousins on the other side. so I guess I've always been lucky to be a leader, been talented, and, and have lots of opinions, which we got to hear today.

Harry Stebbings: Did it ever catch up with you? Everything came easy to you 'cause you were very talented.

Joe Lonsdale: We were very, very competitive. So I think, I think when you're pushing yourself and you're competitive, you're always hyper aware of your failings, right? So I, I guess, yes, I was always talented, but I was always [00:05:00] very aware if something wasn't right or that I couldn't do something yet, or there was people who were better than me at something.

'cause you know what, there's always someone who's better than you at whatever you're good at. in some ways I was just very, very aware of what I needed to be better at if I was gonna get to be the best. And, you know, I mean, even when I taught time, I got to Stanford, I was feeling very good about myself and math, and I took the hardest math class.

There's 30 kids that, you know, back then, they would get together in one class. And I was, I was probably somewhere right in the middle, which was very annoying. I did not like being in the middle of any class. You know, there are people who are clearly just always gonna be much better than me at that I realized I was not gonna be a mathematician.

So, you know, I, I think part of being very competitive and talented is you're constantly aware of the fact that there are people, much like Elon Musk here in Austin, is far ahead of me as an entrepreneur, even though I've also started multiple billion dollar companies, uh, there's still a long way to, to go to get better, you know?

Harry Stebbings: I always think that comparing yourself to others or competition is the secret to unhappiness. I could compare myself to Alex Wang at scale and you know, the dude has created a multi-billion dollar company where I've created a fucking podcast and a fund, like, which I love, but like, let's just call the spade a spade.

But like, [00:06:00] actually not many 27 year olds have done what I've done. So it's like, is

Joe Lonsdale: I think you're an amazing guy, Harry, and I think you should feel really good about yourself. I

feel pretty good about myself too. you know what's funny, when you, when you posted, you're gonna interview me, you get all these trolls online, trying to poke you and hit you. And I got a few really nasty comments and reply, which I actually appreciate.

'cause you kind of need the haters to, to drive you to kind of sh prove 'em wrong and keep going, you know? But, I think, listen, you gotta compare yourself to others to see what's possible and to challenge yourself. Uh, doesn't mean you can't feel good about yourself too. I think it annoys people that I feel good about myself, but I do, I think it's cool.

Harry Stebbings: question for you, what was the biggest needle moving moment in your career? I do think careers take step functions. What was the step function for you that was the most significant?

Joe Lonsdale: You know, being allowed in at PayPal was a really big deal. I think Max rejected me the first time as a freshman. We had an argument on a whiteboard and I thought he was gonna bring me in anyway. I don't think he

remembers this. so being at PayPal and learning from people there was really important. Peter, taking me to work for him directly afterwards. And, you know, I got exposed of course at that point to like the Facebook people and to the Kevin Harts at Zoom and all these guys I was getting to work [00:07:00] with, in the macro fund.

And then, convincing him to fund. Palantir and keep it going when a lot of people were trying to fight against it. You know, at the, at the time you, you probably know there were all sorts of crazy projects that, uh, were going on in kind of Peter Teal World. there was one thing that was giving people nightmares and other things that you have some brain stimulation.

There was like a spam company. There was a restaurant that I think ended up losing \$7 million 'cause a chef got into arguments with people. This is, by the way, very typical Peter's, a genius I've learned a lot from is when you've had success. You have a lot of stuff. You try, but, but imagine Palantir was like these, like, I think three of us who were like 21, and, and we were all building things for spies, for intelligence that sounded probably even crazier than the restaurant and, and the brain simulation thing, right?

We're trying to try to get budget to travel to DC and talk to the spies so people were trying to turn it off. So convincing them to keep that going, I think that was really critical as well at the time.

Harry Stebbings: I wanna start, stay on something that you've said before, which I think is really important, which you've said, America's a frontier nation. If we start here, what did you mean when you said frontier?

Joe Lonsdale: So America is best as a frontier nation. So, you [00:08:00] know, human nature is such that you have. These places that are the core, they're like the cities. It's where the committees are in charge. The people are playing status games. There's lots of NIMBYs around saying no to everyone. really hard to change things and get things done, but things are safer in general.

You know, maybe not today in the city, but in general, in the core, things are safer, things are protected. There's rules where on the frontier, on the frontier, you, it's a place where it's dangerous, where you're constantly able to try new things. It's, you can have one bold man go out and actually start something and, and prove it.

And there's accountability on the frontier. On the frontier. If something doesn't work, it fails, something doesn't work with a new settlement. People could die.

If you go to Jamestown, you know, and have a settlement and it's not working, the Indians can get you, the weather can get you, you know, all sorts of things can go wrong.

And so, you know, the spirit of the frontier, Harry is a spirit of entrepreneurship. It's a spirit of innovation but really fundamentally, it's a spirit of accountability. Like it's actually a place where you don't have time to spend time arguing about status games and virtue signaling. You have to make things work on the frontier.

Harry Stebbings: God, I'm such an annoying ship because I agree with you [00:09:00] entirely, but I'm playing a, you know, devil's advocate game here. You're also a father with children, and I'm from Europe where we mostly have welfare states and most people in Scandinavia still study at the age of 50

and haven't

Joe Lonsdale: no frontiers left in Europe.

Harry Stebbings: There's no frontiers left in Europe, but when you get sick, you are looked after. When you need medical care, you are looked after. You need education. That is a good enough standard. It is there. It is a better standard of living. Is it not in a coronation

Joe Lonsdale: this is why most people are not crazy enough to go leave to the frontier. 'cause it is more dangerous. It is rougher. And what, what you really want is a dialectic, right? Let's be honest, I'm raising four young daughters. You don't want to raise four young daughters purely on the frontier. Uh, you want to raise your family somewhere where there is some aspects of the core.

but for a nation to advance, for a nation to solve problems, for a nation to not become decadent and broken and insular, it needs places that are the frontier. And so what a dialectic is, is it's, it's a reality. I think it's an important reality for all of us, is that there's truth on both [00:10:00] extremes.

You clearly need things to be more like the core, but you also need some things to be more like the frontier. You need to take the properties to the frontier. You need to find ways of injecting them into parts of your society to allow it to be dynamic, to allow it to advance and innovate.

Harry Stebbings: one of the things that's preventing that is lack of accountability. Why is America's core sick and lacking accountability?

Joe Lonsdale: Well, I think this is what happens frankly, to every civilization over time. One of my favorite authors on this, there's something called Evolution of Civilizations by Carol Quigley. I think Quigley was one of Bill Clinton's mentors, but real, real great thinker. And he maps out the different stages of civilizations.

And you kind of mapped institutions as well. But one of the kind of ideas is that as, as these things become dominant, the same things that led you to kind of grow and win and that you had to support to grow, become special interests. And the special interests, uh, start to like worry less about what they're doing for civilization or for the company and more about what they're doing for themselves.

start having loss of special interests fighting for themselves. and not for the common good and that, and that, [00:11:00] that really breaks things over time. And you know what, what you see in the US government, which you see in every other government, is you have hundreds of thousands, millions of rules.

And the rules tend to be put in place by the big companies, by the unions, For example, with prisons, let's go to a specific, prisons in America are very badly run. People can blame for-profit prisons, but 90% of 'em are non-profit. they're run by government unions you have the best paid prison guards in the world in California, and you have 37 prisons there.

And whether or not that people come out and have jobs and succeed, or whether or not they come out and commit more crimes, these people still get paid the same amount. There's no accountability. So if, if you actually want, if you actually cared and you wanted these people to come back and be, do a better job in their community, you'd test ideas, you'd, you'd reward the people running the prisons that where people were coming out doing better.

You'd replace the people that were, where they're coming out doing worse and, and fix the broken cultures, running those prisons. That's just one example of hundreds of organizations in our society where it's just, there's no accountability and it's broken and the leadership spends more time a, fighting for raises for prison guards and raises for the unions with no accountability, and b, doing whatever virtue [00:12:00] signaling is popular.

I'm sure there's all sorts of key words about whatever trans and whatever minority and whatever other stuff, but the actual truth is you're hurting those exact people. You're using the words, the virtue signal for by not having accountability and not running it well.

Harry Stebbings: Should we have more for-profit prisons? They're run better. They have the profit incentive,

Joe Lonsdale: the step back, no exactly. Profit incentive, you're exactly right is not a problem. It is a problem the way the current profit incentive works for prisons. 'cause that's not good either. If your only profit incentive is to house more people and get more people to come to jail, that's bad too, what you should be doing and act actually on as a side note, we have a group, we're sponsoring social, social profit corrections. SPC. What we're doing is we're taking a non-profit. We're gonna buy a for-profit prison. And we're gonna run it as if the only way to make profit was pay for performance was lower recidivism, higher employment.

So we wanna show people, I don't care if it's for-profit or non-profit, I wanna show people that that innovation and metrics and accountability could lead to much better results. And, and we've already done this now on probation and parole with my policy group and just by [00:13:00] putting in metrics there, but I really wanna show what's possible as an entrepreneur in this non-profit area.

something very important to do. There's, there's all sorts of ways in which, which is these, these gaps in the world that no one's going after that. And sometimes you have to use nonprofits to go after 'em.

Harry Stebbings: you mentioned the virtue signaling earlier. It made me think of bluntly woke mind virus. Why do you believe woke mind virus is real? Others suggest or denigrated. As not being actually as prevalent as people think, and why is it such a problem?

Joe Lonsdale: I mean, I think all of us look around and you see this is something that, it's probably some sort of postmodern religion, right? I think, I think there's, it seems to, as best I could tell human nature is that we all, or at least most of us, have some kind of innate bias or desire, for transcendence and for something that's more important than us and for in front to understand our, our place and what meaning in the world and higher power.

And, you know, I think there's a lot of wisdom in the ancient religions that have evolved over, you know, thousands of years. I think a lot of people when, when they're, when they completely reject all of those, they need to find meaning in something else. I think a lot of them have grasped onto this kind of system, which, you know, I think [00:14:00] Elon and, and Richard Dawkins have originally most famously called the woke mind virus.

It's a problem, Harry, because it's basically focusing on virtue signaling and focusing on things that, don't matter as much at the sake of, of competence or the sake of a functional society. You know, I, I think a lot of the woke mind virus is reflecting progressive values that come from a good place.

I think a lot of people, they feel like they're being a good person by going along with it. Of course, you want. Everyone treated fairly but the woke mind virus, the way it expresses itself, it's not about helping them effectively.

It's not about what's functional in a society. It's not tied to meritocracy. It's not tied to, to actually doing things that, that are useful. It's, it's, it's tied to kind of a performative, strange thing where you shame people where you're very hateful towards people. Uh, and don't forgive them if they ever violate your shibas.

I mean, it's, it's, it is, it is basically a very bad religion is what it is. And it's not, it's not, it's not correlated with a functional society.

Harry Stebbings: Do you say what you think and are you nervous of the woke crowd coming after you?

Joe Lonsdale: I say the vast majority of what I think, now, it hasn't stopped me from [00:15:00] building many, many billion dollar companies, hasn't stopped me from raising, uh, a lot of great funds because I'm very good at what I do at my fund and I'm very good at what I do with my companies.

You know, that said, I don't think all of us need to always say everything. We think in a, in a polite, modern, civilized society, you may have thoughts that it's good to dwell on yourself or to explore in private with other people first because you, you may have thoughts that are very offensive and you turn out to be wrong.

You, you, you know, and I think that's actually, that's partly how we learn, is we have things that we think and we say, wow, I think this. And you actually talk about it with people you trust close to you. 'cause you realize it's controversial and you say, actually, I see why I was, I was too extreme there. I see why that wasn't right.

And it's probably, it's probably healthy not to always expose every last thought in public right away. Is, is, uh, you know, something I've learned over time.

Harry Stebbings: Is wokeness not the product of having just a completely fully developed core. If you look at an emerging economy, they do not have

wokeness 'cause they are fighting for survival, for food, for the next dollar, for a better life. When you have the fully developed core. we can argue about a You are. He she, her [00:16:00] cat, dog wool Because we we're fully developed.

Joe Lonsdale: Yeah. No, and I, and I, well, I appreciate you read the Frontier Core essay. I, I, first of all, I'd pushed back a little bit on fully developed. I still think that if you go forward a hundred years in time, we'll look at everything around today as kind of an embarrassingly backwards like emerging economy relative to what's possible for humanity.

So I, I definitely don't think we've reached kind of like the apotheosis of like where we should be. you know, if you go back in time, a hundred, 150 years from now. We, we know how backwards that was versus what was possible. Now there's many parts about society a hundred years ago that might be more civilized than today in certain ways, but there's also things that were very backwards.

Uh, you know, and that's, that that'll probably be true in the future. But, but, but yes to, to the point of your question, Harry. lot of people use the term luxury beliefs. There's things you can afford to waste time on, when you already have a certain level of wealth and comfort. There's also, I think, a sense in a lot of parts of our society that when you take away accountability, there doesn't really, things don't really matter as much anymore.

So you could spend time on nonsense. if you're, if you're living in a place where, you know, if you have to work to eat and feed your family, and if your work fails, [00:17:00] then it's, you're not gonna be able to feed your family. Like people are focused on reality 'cause they're tied to reality.

'cause it matters to them. If you're living in a place where you have kind of a nonsense, bureaucratic job basically virtue signaling at work anyway and, and just kind of going through the motions and, and you're gonna be funded no matter what by the city or by the government or whatever it is, and it's, and there's no sense of possible failure, because you're in, in know, in a monopoly or in something tied to the government.

Yeah. You have more time to basically screw around and, and, and have nonsense beliefs and, and spend all your time woke virtue signaling. So yeah, there's, there's definitely something about the unaccountable core that leads to kind of nonsense stuff.

Harry Stebbings: Why is wokeness also a sideshow? You said this in your piece and I thought it was a fascinating element. Why is wokeness a sideshow?

Joe Lonsdale: because it's coming out of something that's decadent. Like the fact that that thing is decadent is what we should be fixing if there, if there's a health system that has a monopoly and it's very wasteful and spending twice as much as it should in making healthcare unaffordable to the poor in our country and un and unaffordable in general, uh, because we don't have infinite resources.

It's something people don't always understand. We don't have infinite resources, you know? So I mean, if, if we have more [00:18:00] resources, we could, we can all have better results for everyone. So, so if you have something that's broken and decadent and it's not facing competition, it's not forcing itself to become more fit, to improve, to compete, that's a problem, right?

So, so the things in our society that are, that are not fit, that are lazy, that are broken, that are incompetent. Those are the things we should be focused on. We should be fixing, we should be exposing 'em to competition. We should be exposing 'em to metrics. We should be finding ways to take broken things and make them compete against other things and replace the leaders that are not succeeding and inspire people to, to take notes.

I, I'll give you another example 'cause I think it's important to go down to the details. You know, the counties in California or responsible for probation. And the state's responsible for state prison. And so you had all these counties that would just send people right to prison right away. 'cause who cares?

They just get 'em out, get 'em outta here. It's wasting our time. And you know, there was a bipartisan law passed about 15 years ago and it said the counties are gonna get measured on how well they do rehabilitation. They're gonna get to keep the upside of not sending people back to prison. Suddenly all these counties, these same offices that were lazy and doing nothing before, now they're being measured.

Now they have, [00:19:00] they have goals. a lot of them started sharing the results. They started sharing best practices to rehabilitate people, to make people commit less crimes, to help them get back on their feet. They started experimenting with things and you know, that it basically saved the state a billion dollars over the next decade.

And it was a huge success. 'cause you took something that was broken. and yes, by the way, that's, those places became less woke. when, when you make these things accountable, whatever they are, they become less woke because they're now focused on, on actually getting things done.

So the wokeness was like a, maybe an indicator of brokenness, but the brokenness itself that was hurting people, that's what really matters to society.

Harry Stebbings: One of the other broken institutions is universities. Many would suggest, you've done a lot obviously in the university field, Why do you think universities are a broken institution and what should and can be done there to change it?

Joe Lonsdale: Well, you know, we're very famously with my co-founders, Barry Weiss of the Free Press, and Neil Ferguson, the great historian. Uh, we've been starting the University of Austin. It's going extremely well. We've admitted a big part of our first undergraduate class for this fall. The goal is to have a, a university where people come and rather than focus on [00:20:00] not offending people.

They focus on learning about the intellectual foundations of the West and, and, you know, having strong interdisciplinary centers where we, teach, you know, bold, courageous leaders to go out into the world and to build things

Harry Stebbings: Do you not think we do that today in universities?

Joe Lonsdale: Uh, I think you're taught to shut up and virtue signal and be very careful what you say. And, and you learn like that there's something wrong with you. I think it's even worse in the UK frankly, but in the US it's pretty bad too. You, there's something wrong with you if you wanna speak out something wrong with you.

If you have your own opinions that are different than the status quo you know, you know, so, so Harry, what's happened is that there's now more administrators at Yale than there are students and almost as many at Harvard. And you know, the professor, it's always been a little to the left. That's no big deal.

That's kind of like a normal natural consequence of the culture of these places. but it's moved a lot, lot more that way. To the point where you can't even get to be a PhD, postdoc or get into these programs at all. There's no chance you're getting tenure if you're not basically a Marxist. And most of these like departments at this point on the humanities side so that's a problem.

The administrators then, which, which of which there are thousands and tens of thousands. Or to the, like [00:21:00] radical left of the professors. The professors themselves are afraid to speak out. Even the ones that are the moderate left. the students, you know, two thirds report self-censorship to not just not say what they think because they're afraid to get in trouble at these places.

That's the exact opposite of what a liberal education is supposed to be. A liberal education supposed to be. You come at university and you explore ideas and you test out ideas. You test out the boundaries of different ideas. you learn who you are. You learn about the world, pursuing knowledge, you're pursuing truth above all else.

You think these kids at these top universities are pursuing truth. They're not pursuing truth. They're pursuing how to advance themselves by shutting up and going along. I mean, it is the opposite of what it's supposed to be, and it's, it's been conquered by a perverse ideology over the last 50 years that really has been a source of a lot of the nonsense in our society has spread from these universities.

I.

Harry Stebbings: Would you send your daughters to university?

Joe Lonsdale: Well, I'm trying to build one that I would send them to. no, listen, I think going to these places, eyes wide open, they've gotten a lot worse. By the way, the last 20 years, like when I went to Stanford, it was not like this.

there were always issues. Of course, they got in some trouble. I think I got my first B [00:22:00] ever, 'cause I wrote a defense of John Locke, which our introduction to human, you know, group did not like at all. They told, they laughed at me for, for trying to defend John Locke, this horrible old, naive white man who believed in property and life and liberty and these, these silly, outdated concepts.

but listen, I mean, think things were a little annoying then They've gotten much, much worse. Now. Now if you go in eyes wide open, it's, you know, you're learning how to deal with it. but it's tough. It's like your social life now is hurt really badly at Stanford, if you're part of the conservative paper.

I mean, it's, it's kind of ridiculous. And listen, after October 7th, as a as, as a Jew, I. like seeing what's happened where, there's very clear discrimination

against Jews on these campuses. There's very clear unwillingness to condemn the, you know, genocide or whatever else. Like the, the whole thing has gone very strange.

Harry Stebbings: Can we turn back the clock on the severity and penetration of woke minds, though? Is it not too far to turn back now?

Joe Lonsdale: I really am an optimist, but I'm also a realist. So we have to say like, here is the mess we're facing. Now here is what we do. It turns out that these crazy radical ideologues are [00:23:00] only a small percentage of our society.

That small percent has managed to borrow itself into a lot of departments at our universities, to the administrations at our universities. It's managed to borrow itself into, to a lot of, you know, parts of like marketing and hr, a lot of our big companies. but a lot of cases it's not really the true believers, it's just that they're kind of scared everyone around them to going along with them.

'cause they aren't the majority. partly what we need to do here is we need to convince people to stand up, to be confident to, to not let these people cancel us. And it's really up to institutions, like our institution's going to let these people cancel people. And I think most of them don't want to.

but it takes courage. It takes one person saying, no, this is ridiculous. In being willing to stand up and be that leader. And others can say, yeah, I agree with him. That's ridiculous. Or I agree with her. That's ridiculous. So, I mean, the question is, do we have enough courageous people to lead us out of this?

And I, and I, I think we can by modeling this behavior. Elon Musk has done more than anybody else to model this behavior, to stand up to this nonsense and to, and to call out things You're not supposed to call out and to reveal things you're not supposed to reveal. And I'm trying to do that as well.

And I think there's dozens of others of us standing up now trying to [00:24:00] do this as well. So I, I don't think they're going to win. for all it takes for evil to win is for good men to do nothing. we need people to stand up and we need people to model what leadership and courage looks like here.

Harry Stebbings: Can I ask you then, if you are in charge of restoring the frontiers in American governance? Is that what we need? Courageous people who stand up? what are the steps to restore America as a frontier nation?

Joe Lonsdale: we need the intellectual sophistication as well, to go in and to say, okay, here is the unaccountable bureaucracies. Here's the way the regulatory state works. Now here's, here's the, here's the solution, here's the way we're gonna fix this system. what's really dangerous when things start to break hairy is you get populists on the right.

You get populists on the left, and they just wanna tear everything down. And that is not a healthy attitude. you need, you need a scalpel. Not, uh, a sledgehammer. so there's a lot of things to fix here. Like, one of the most important things to fix is the administrative state. The administrative state has millions of rules.

They've been captured by corporations. They've been captured by special interest. We need an administrative state that has a system that, that, that eliminates rules over time, that makes it really hard for rules to fight for [00:25:00] themselves, that forces them to fight for themselves in accountable data-driven ways, and makes itself naturally shrink in a healthy data-driven way.

so there's all sorts of really smart policy you're drawing up for how you can use technology, how you can use data to make the administrative state have to justify itself to make every rule have to justify itself or else go away. And there's a lot of things like this. Maybe that sounds too technocratic, but the, but the solution here unfortunately involves, involves details.

It involves smart people standing up and saying, no, this is the wrong direction. We're gonna put in a direction that that preserves our property rights, that preserves our court systems, that preserves our liberty. preserves the fundamental, you know, constitution of, of our country. But that pushes back on this nonsense.

And it goes after every last unaccountable bureaucracy. Everywhere you see something unaccountable, we're gonna make it accountable. We're gonna put laws in to make it accountable. We're gonna tie its performance to its pay. if you get rid of these unaccountable things, you get rid of the local monopolies.

I think over time we're gonna win this battle. it's gonna be one thing at a time. It's gonna be actual people who are entrepreneurs, who are thoughtful doing this. It's not just gonna be some sledgehammer approach.

Harry Stebbings: You said that the scalpel and the sledgehammer, I love that. I think then of the [00:26:00] election coming and Trump, do you think Trump

will win? And what do you think the ramifications and impact of his win will be?

Joe Lonsdale: I tend to be more on the side of the focus on the states because I think that's what I can control and what matters. I do agree this is a really important election. And I think we have, very, very imperfect, people in the sides who are running. overall I probably tend to agree with a lot more of Trump's policy.

And even though he himself is a bit of a sledgehammer, I think a lot of the people around him, for example, the person who ran the Office of Information Regulatory Affairs, OIRA, Paul Ray basically the regulator of the regulators who goes in and tries to make the rules to shrink the regulatory state.

So I think, I think the people who are smart with a bias towards going after unaccountable bureaucracy, shrinking the wasteful parts of government, making it accountable, tend to be more on the right. I, I, I think Trump's extremely imperfect. He has all sorts of issues that bother me. you know, I think it's very problematic.

I wish we had other people, but I think his side is more likely to push these things in the right direction, uh, in terms of the stuff that's really, really broken and hopefully he doesn't break things in [00:27:00] the meantime.

Harry Stebbings: One thing he was very vocal about was his concerns around China, and China's obviously never had such penetration into consumer audiences in America. From TikTok to shine to Temu. Are you concerned by China's influence and how would you approach it with its increasing strength?

Joe Lonsdale: Yeah, I, I would force them to, to divest of TikTok. I think that, I think that's fine for Americans own TikTok. I think right now China controls the TikTok algorithms. I don't care if the guys based in Singapore or some of the data's here. It's very clear China controls algorithms that are able to brainwash tens of millions of our people.

That's totally unacceptable. listen, uh, Xi Jinping is a very problematic guy. He is. We talk about Trump and Biden and all their issues. This Xi Jinping was like basically like turned in by his mother. And his youth to this terrible government. I think he's saying poems with other maoists, you know, as they were killing tens of millions of people.

He was saying poems about hearting your heart to the destruction of America. Like, this guy's a problem. he's a wacky guy. He's very scary. China is by far our biggest threat to have that kind of dictatorship. A lot of people like to pretend [00:28:00] it's just like, oh, Americans are just being like nativist or hawkish or whatever.

No, this, this guy was hiring a lot of his best and brightest to build military technology and, and is obsessed with, obsessed with us. And so, so I think China's a huge threat. Now, that said, Harry, the Chinese people are amazing, again, this is a dialectic. On one hand you have a crazy government, a crazy dictator.

It's very scary. On the other hand. Oh gosh. I wish we could work with the Chinese people more because there's, they're innovative, they're smart, there's real innovation happening. They're not just copying there like they were 20 years ago. A lot more. I'm very bullish on what could be done and will be done in Chinese tech.

And I'm not as bullish right now because Xi Jinping just killed a bunch of our friends there and it's scared off a bunch of 'em. We running things so it's a bad time for them. But gosh, I wish we could have a free China that we could work with. The whole world would benefit from that so much. And so I really hope that in our lifetimes we get past this kind of like, fight that's going on right now between these two sides and find ways to work again with the Chinese people because, 'cause that would really help all of us.

Harry Stebbings: Do you know what you think? We're entering this kind of very long-term segment of deglobalization where we will be incredibly insular, where [00:29:00] your, you, your friends are very few and you have many enemies, and each nation is really fighting for itself.

Joe Lonsdale: I think that's like a very, very terrible way for the world to go the next 20 years. I do think that thanks to the people running China and the things we're facing with them, that we are currently in a deglobalization period. as much as possible, we need to have blocks where we all work together and where we, you know, I think comparative advantage and trade is a great thing for the world.

We maybe shouldn't have traded quite how we did with China, given this run by crazy people who he made more powerful. there's some legit arguments not to do that. I think there's some legit arguments that AI with manufacturing could

bring some things back on shore in the us and the US more than any other nation is able to be self-sufficient.

But even though we're able to be self-sufficient, we're actually much stronger as a nation when we're working well, you know, with our partners. And so even if we have to decouple some from China for now, I really hope we still work with the rest of the world. I think it'd be a disaster to completely cut ourselves off.

It would be bad for everyone.

Harry Stebbings: Should we trade with Russia?

Joe Lonsdale: Well, we probably should not be trading as much with Russia while they are being an aggressor nation. I think there's rumors recently of, of [00:30:00] space nukes and all sorts of things they're doing. I, I think we showed them how far ahead we are using space, and so now they might try to like go after us there.

listen, Russia has some really strong, smart people doing some, some very scary things, and I, I'm not a fan of Putin. I'm not a fan of what they're doing in Ukraine. We probably need to cut off people when they're bad actors. but we should be trying to trade with as many people as possible who are not run by crazy dictators.

Harry Stebbings: Would you continue funding Zelensky in Ukraine?

Joe Lonsdale: That's a really complicated one. overall.

My bias is, is done the right way. It is correct to push back on Putin and it is correct to basically both push back on him, but also push back so hard that you come to the table and end the conflict. I think the idea that we want to keep the conflict going is a ter terrible mistake. And I think that this conflict was unnecessary if we'd had a president who was savvier about how to handle it.

but at the same time, I wouldn't just leave them out to dry. I am very frustrated with a lot of the money we've, we've wasted with bad elements there. I'm very frustrated with a lot of our policy leads to war more, more war than necessary.

but I wouldn't leave them out to dry either.

Harry Stebbings: You mentioned, obviously some of the horrific events we saw [00:31:00] in Israel. I'm sorry for the naive question, what do you think happens there? '

Joe Lonsdale: this is a very, this is a very, very difficult topic. You know, I was just reading Ben Gian. Last night, talking about how everyone told him, even, even his friends like Marshall at the time, uh, general Marshall, you know, told him not to declare independence in 1948 because they'd be attacked and destroyed.

And these people had worked their whole lives, basically. Like he, you know, the context is these people had grown up. this is my grandmother's, parents and grandparents constantly under pogroms, constantly being raped, killed, slaughtered with no home of their own. People have no idea that how tough that history was for so long.

It wasn't just the Holocaust and just this dreams to have a home of their own again. And so, even though it was a tough odds, they decided to declare independence. And the Arab Army's attacked and tried to destroy them completely and, you know, fighting for their survival. They were barely able to survive and, and make it.

Israel is a home to the Jewish people. it's a definitely something that's extremely important to our peoples A needed home. We're not gonna give it up. what we faced until we had that, what we still face now in other places is, is really bad. So the way Israel [00:32:00] was attacked by Hamas, Hamas now has to be destroyed. I'm very, very frustrated with people who kind of misunderstand what's going on here and are trying to, as usual, kind of go against the Jews, basically, like Hamas uses, civilians as human shields, they have our hostages, and it's very sad that they're using these civilians as human shields.

but after they attacked us and went to war against us, we're not gonna stop going after them. So, I, we'd like, I'd like them to stop using these people as human shields. I'd like them to give up the hostages. But, you know, the way it stands now is, is we're gonna keep fighting. We're gonna wipe out Hamas, and hopefully we can work with others to have a government there that's, that's not, you know, does not allow terrorism.

Harry Stebbings: forgive me for this. Does that not just create another generation of, civilians who continue to hate Israel?

Joe Lonsdale: I think basically what creates a generation of civilians that hate Israel is you have the schools in that area have been run by people who teach people that Jews are pigs and Jews are wrong, and our religion hates Jews and these are terrible people. And you have kindergartens where people are going in and practicing showing how they're fighting and killing Jews.

You have kids literally after they cross in October [00:33:00] 7th, calling their mom and dad saying, I've killed 10 Jews, mom and dad, and celebrating it. So you have basically effectively a death cult. And there's been a lot of death cults in history. There's been the Nazis. there's been some of the, what the Comanches did here.

There's just been all sorts of these horrible death cults throughout history. We can go back and name a bunch more of 'em and when you have these things, it's very, very terrible and you can let them attack you and destroy you or you can attack them and, and make sure to take out the bad guys amongst them.

Now, are there gonna be people there who are angry at Israel? Yes. The whole generation has been brainwashed, like the whole generation has been brainwashed. There are some good ones, by the way. Despite being brainwashed, people are people and they're smart. And you know, despite being brainwashed, they still deserve human dignity as much as possible.

We do every, to do everything we can, you know, to help them and get that. But when someone attacks you and kills you and, and is, and is and is a bad guy and guilty, you have to go after the bad guys who did it and wipe them out. That's that, that's what you do when someone does that and, and there's no other option.

Harry Stebbings: You mentioned that kind of the bringing up of children there in obviously a horrible and very negative way. I spoke to many of your mutual friends and um, mutual friends and your team before the show, and they mentioned what a central role your family plays in your life. You've [00:34:00] mentioned your daughters.

how has your style of parenting changed over the years? This is one of the most interesting topics. Like how has what being a good father changes to you.

Joe Lonsdale: uh, Harry, this is one where I'm still learning. I'll tell you what, I was one of three boys and we were, I guess, like I told you, we're a very competitive family.

My father was so good at figuring out what I was interested in and then getting me to just go after it and be really competitive. And I, I haven't figured out how to do that quite as well with them.

But I'm doing my best to support them and I think, I think it's most important to spend lots of time with them and show them I really care about them. Give them individual attention. you know, and encourage them. But listen, I'm, I'm not an expert yet. Right. I'm, I'm definitely learning as I go.

Harry Stebbings: Dude, you do so many different things and you also have four girls and like a fifth soon how do you not see spending time with children as an opportunity cost away from work and doing what your mission is? And I know that sounds awful and horrible and forgive me for it.

I love kids, but me and you're both pretty also focused.

Joe Lonsdale: I'm pretty rigorous about my scheduling. there's a lot of hours in the day. I, I find I work a lot better if I get at least seven hours [00:35:00] of sleep.

I finally have to work out. And so you, you schedule, you schedule with your kids. You schedule a workout, the time with the kids, the time with for your health, all of those are, are sacred. You only cut into them if it's an absolute emergency and, and you really, really push back and you, and you make sure you hold those times.

I try to be here for Shabbat dinner on Friday nights. We start at early at five. Like I have lots of things that are just kinda sacred time with the kids. Then in the rest of the day, you do what you can. It, it turns out here you just gotta go really fast in, in the, in the kind of 60, 70 hours you have, you know?

Harry Stebbings: How do you bring children up with hunger, ambition, hustle. In a world where there is financial abundance, it's one of the hardest things as a bluntly wealthy parent.

Joe Lonsdale: Yeah. You know, you got exposed to them, the challenges and the problems in the world and listen, I wish we could do this and here's like, I, I guess I'm kind of lucky in a sense that I have so many areas where I see gaps. Like I think what makes. A strong entrepreneur and a strong venture investor is you, is you see the gaps in the world and, and you, and you wanna fix them.

You see, like, this is broken here. This is broken here. So I, there's just so many [00:36:00] gaps in the world we should be fixing and we're not. And if I had more resources, if I had more wealth, if I had more time, if I had more competent people, we could be fixing this. We'd be helping so many people. So I think for me, trying to expose them to these gaps, trying to expose them to the fact that if we do have resources, if we are gifted, where we're gifted with, with a great mind or a great ability, it's our job to like go run towards these gaps and try to fix them and, and hopefully share some of that passion.

And, and, and I'm, I'm, I hope that I'll, I'll rub off and, and they'll wanna do the same.

Harry Stebbings: I'm so interested. You said there about kind of exposing the gaps, the cracks of opportunity. How does that mean you view the importance of people versus markets when starting something, when investing in your new business? Where do you weigh those two?

Joe Lonsdale: they're both necessary, right? you have to have the smartest, hardest working, most passionate people in the world to build these giant companies or even to build these nonprofits successfully. You have to have the best people. anything I do, if it's not the best people, I don't know how to make it

Harry Stebbings: Do, do you though? I mean, I, I mean it nicely, like I've seen quite a few businesses where like they've reached like very, very [00:37:00] big outcomes. And the people are, seven great markets.

Joe Lonsdale: I, there are always exceptions. Now listen, there's always listen. If you pick like the best market ever, for some reason, no one's going after. And the people, even if they're not the most talented, have some special ability maybe to do that area. Sure, it's possible. we always used to give the example of Twitter back in the day I think Mark Zuckerberg very put it very well. He said it was a clown car that fell into a gold mine, right? So, I mean, there, there are, there are gold mines you can fall into if you're, if you're not the most talented people necessarily. But, I think that's very rare. I think that's the exception that proves the rule.

And, and, and you know, a lot of times I'll start with the best people and we'll go towards a gap and we'll realize the way we were approaching it was wrong and it's not working. But because you have the people, you figure it out, you iterate, you make it work. So, so, I mean, you get a lot more shots on goal, uh, when you may have the right teams and the right culture.

Harry Stebbings: How many shots on gold do you think you need? Do you believe in diversification or are you like, I know this, I can go concentrated.

Joe Lonsdale: If I was gonna criticize myself over the last decade, I probably was too diversified that I think that's [00:38:00] a very fair Listen, like Palantir. I think now it's trading as a 50 something billion dollars company. It's, it's doing very, very well as, as I'd expect with the, with the amazing team and leaders.

And my, my friend's still in charge there, you know, add a par despite what some of the trolls online we're saying has had, had a record a couple years. It's doing amazingly well. I think it's gonna be one of the biggest FinTech companies. I'd be very disappointed if it's not, 20, \$30 billion company at the end of the decade.

just really making great strides. OpenGov is obviously a unicorn I created that's impacting thousands of governments. And, you know, and more recently started Epes, which is probably the most important EMP defense company in the world. That sh values a unicorn, should be a really big company.

Resilience bio. I started with Bob Nelson and my team, it's valued at, eight or \$9 billion is, is doing really important things in Biomanufacturing. So I I, I have done a lot of things I've gotten going that are working that we're, you know, it's good. And then obviously as an investor in a VC, we have so many others with our big themes right now.

Harry Stebbings: if you were to have done less and concentrated efforts, would the ones you concentrated efforts into have been four times [00:39:00] bigger

Joe Lonsdale: I think Adipar could have been bigger, faster if we'd gotten some things right earlier on. Now I might've still made the same mistakes, spending more time on it, but I might've not, I might've figured some things out and, probably cost us a couple years with some of the missing things where we had certain types of leadership, certain types of talent early on, could have helped us save, you know, save some trouble. That's for sure. Probably same thing with OpenGov, open Gov's in a really strong spot, also had a record quarter recently.

It's a, it's amazing company. I mean EST as well, amazing defense company, but there were some leadership choices we made in, in, in, in DC where we probably could have done things faster and better. And, and really Andrew really got some of those things right?

and Epes is some of the most important technology in this space, and now has a great business side as well. But it, but I think, I think again, there's probably like if, when you're not doing something full time, there's gonna be things you miss. And I, I, I go back and forth on this 'cause I'm able to get a lot of things going really well that are important.

That might not have happened otherwise. But I think there is a reason why like a lot of our most talented entrepreneurs who really focus are the wealthiest people in the world. I think there's some lessons from that. So, so maybe, maybe, [00:40:00] maybe that was a mistake. I'm, I'm proud to have been able to do so many things.

That's something that's kind of a unique skill of mine.

so it really is a trade off you make and, and, and maybe I shouldn't have made it, but you know what, I, I guess I have to, at the end of the day, I do really enjoy running a VC, working with my partners there, working with all these themes and entrepreneurs kind of understanding what's going on in the economy.

It's a fun thing to do. maybe I'm a little bit less financially successful, but still, whatever, we're still making billions of dollars here, so I think it's kind of silly to focus on money at that point, you know?

Harry Stebbings: Joe, do you think about your net worth when you, when you think across those companies? I'm sorry for the base question, but No, but like, do you, is it like, There's a lot of billion dollar companies there,

Joe Lonsdale: I, I definitely get a report in add apar every week that tells me my net worth, which I'm not going to share on the podcast. But no, it's, uh,

no, it, it's, uh, I mean you

Harry Stebbings: Spoiler. A lot.

Joe Lonsdale: spoiler alert, it has a nice statue of a lion on it and it says Lonsdale. It's very cool. on, put on my, my robe, you know, and just sit back and sip the coffee and look at it.

No, no, it's, it's not something I think, I think you focus on your liquidity to do more things. I mean, I'm kind of one of those [00:41:00] crazy guys who's 95% illi liquid. 'cause I'm constantly. Putting money into new things and building things and putting money into my university, putting money into steroid.

I spend a huge amount of money and cash flow on these nonprofits to try to have this impact. And it's kind of fun 'cause every time you make more money, Harry, you can use it to do things like, you can use it to send it to the Philippines or Africa and you can like help like a thousand people with a relatively small amount of money and help 'em a lot if you pick the right nonprofits.

with, you know, with Cicero, with these laws we're passing, it's hard to measure Exactly. 'cause it's not perfect. 'cause you still have to convince people and it has to be good. But for a couple hundred thousand dollars, you could take a law that's a really good law. It's gonna help a lot of people and hire people and go testify.

And there's a good chance you can get it done in, in a state where you're making a big difference and you're teaching 'em something. So, and you're impacting tens of thousands of lives. And so, I think of money, I think of it as like an ability to use it to do these things, which is, which is really fun.

Harry Stebbings: Joe, does money make you happy? And then tied to that, when you think about your wealth journey, what were the biggest needle moving moments in your mindset? I.

Joe Lonsdale: well. And what makes me happy is, is using it to fix things that are broken. Right. [00:42:00] And, and with these legislation, with the university. with a lot of the other causes we do. And frankly, using it to build things that should exist in the fixed problems too. Sometimes the best way to have an impact on the world is creating for-profit companies.

You know, when we, when we started OpenGov, I, I'd done pretty well at Palantir, although it was still Earlyish, I'd done well with Peter at the hedge fund and with some other, other angel investing

Harry Stebbings: Do you sell along the way in Palantir or

Joe Lonsdale: Oh, yes, you have to, you have to. I mean, I'm too embarrassed to tell you things I've sold along the way 'cause it was so stupid of me to have got out of them early.

'cause I've been in a lot of the top companies and, the lesson all of us face who were born and by the time I was born, I. Was just basically to hold onto everything great forever. Of course, it didn't work anymore in 2021, briefly, we

had had some things that, that spiked and then went down, but, but the lesson was that I probably should have held everything for an extra 10 or 15 years.

And I and Peter Teal had the same lesson, and I've learned a lot from Peter, and he obviously sold out of Facebook too soon too. And, and, but I mean, these things are really, really hard to figure out. I've definitely sold out of a lot of things too soon. but you know, you have to, to do new things money and success lets you have, do more things that help have a positive impact. And that's, that's kinda how I look at it.

Harry Stebbings: I [00:43:00] hope I'm okay to ask, but there's so many success stories. One that maybe didn't quite go to plan as well was wish. I think one does learn from mistakes

Joe Lonsdale: I, I'm happy to talk about that. I've definitely had other failures, if that's what you're trying to get at. So, my friend started a company with Lady Gaga called Back Plane. I was the chairman. it was like her social media, little monsters.com.

She would come and sit in the engineer's laps. It was very cool. We all thought we were really cool. It was just the height of her fame. it turned out we were able to triple her merch sales by like getting feedback from other people that we tried to apply to other artists. And it just totally failed.

turned out that she was very different. How she worked, her fan base was very different. The technology was relevant to anyone else. she's still popular, but she wasn't quite as hot the next year and this thing just like had to shut down. It was, wasn't able to be self-sustaining. And so that was, very fun to get to know her and do something with my friend with her, but, but not successful.

Harry Stebbings: what did you learn from that? If you were to reflect on

Joe Lonsdale: Um, I learned a few things. One is I learned, you know, a lot of people who do really well in different enterprise software areas, their next thing they want to do is to try consumer. Because [00:44:00] consumer is just so different and so interesting. And it, and it turns out that A, I probably didn't have myself the magic touch when it came to like.

Consumer online product stuff that just wasn't necessarily a thing. I was, I'm very good at product for lots of their enterprise context is like what I really enjoy doing. Lots of different strategy there In defense, I've created some cool defense things. I think I, I think I probably wasn't as good on the consumer side.

And then also, like a lot, like the framework I use is like a gap in the world where like I'm solving something that should exist in healthcare, should exist in defense. either there wasn't a gap in the world in that part of consumer or else I wasn't the one to identify it. so I learned that, you know, I'm gonna focus on the things I'm good at I'm good at a lot of other things, so, so I don't need to do like more stuff with celebrities online.

and also I think things that are too much fun, there's probably like a warning flag,

Harry Stebbings: You said wish, and

What were you gonna say on Wish?

Joe Lonsdale: Yeah. wish was an exception on the consumer stuff.

I thought, because I identified what was a really, really top data culture. So I invested in Wish at \$6 million post in 2010 out of my Angel Fund, and I led around with Jerry Yang and others at about 40 million posts, a Series [00:45:00] A, and the company went on to grow very, very quickly. It was basically like, going after Walmart online.

basically going after very cheap goods. There's about 600,000 merchants in China that were like, very cheap, very hard to work with, constantly trying to defraud you. the, the idea was, of course, this stuff is, is like not the best quality, but it's also the cheapest, and you can kind of iterate to make it better quality.

And listen, the company raised billions of dollars from lots of really smart investors. Goldman Sachs took a public at a \$25 billion valuation. obviously we got something right. And now, unfortunately, as of, you know, recently the company's crashed and it's gone. And so obviously got something wrong too.

I think that there's, there's, there's a few things that happened. there's definitely laws and regulations and rules that were changed. There's definitely ways that Chinese government. Did not like the fact after we went public, I think that they realized this was such a big company making money from America off of their, stuff.

They wanted the Chinese companies to dominate. They did lots of things to help the Chinese companies. The Chinese companies probably also did things that were smart. Uh, I think our CEO ended up having a very hard time. And I think

you ended [00:46:00] up going through what I can only assume was a hard time in his life based on how he acted.

And this is not something, you know, you know, you wanna talk about too much in public, but there were, there was just a combination of these features both inside and outside of the company that, that, that, that created dysfunction. And I think people didn't realize how dysfunctional it was after he left.

and so unfortunately, and it ended up not working out and losing to the competition.

Harry Stebbings: Did you sell on the way up?

Joe Lonsdale: there's different rules for how these things work. Unfortunately, our core fund, you know, formation eight, did not get it out. Uh, I personally did not get any, any out. My Angel Fund was able to get a lot out. I. Uh, to, for everyone else, and, and I took the distributions, didn't sell them. So unfortunately I didn't end up, you know, I probably lost a few hundred million dollars from, from not, from not selling, which is unfortunate.

Now, we got about a quarter of it out when we were unlocked, six months in when the price was already down. Somewhat wish we'd taken even more off then. So, so definitely, definitely some mistakes made there in, in terms of, in terms of making money on it, that fund, I mean, listen, the Angel Fund was without it like over a 10 x formation, eight fund one's, a big fund was still very, very good returns despite not end up, [00:47:00] you know, cashing in on the three or four x multiple from this, but obviously it's a big loss.

Harry Stebbings: Final one. Do you think venture's still a good business? Doug only said before that Venture has transitioned from a boutique high margin business to a commoditized low margin business. Do you agree? And is venture still good with the commoditization of capital?

Joe Lonsdale: I think if you are amongst the best in the world at something, it is worth doing almost no matter what. I think venture done by people who are not great entrepreneurs and don't have unfair advantages is very hard. I think it's possible if, if you have some unique skills to, to still do it Well, I, I tend to be biased that I just have so many unfair advantages being a great entrepreneur who's built all these companies, who has all these networks of talent.

Listen, Harry, I think this AI services trend, we didn't end up talking much about. Is extremely important. I think a, I think AI is going to raise productivity

and there's just a lot of ways that we're gonna make a lot of money over that probably a lot of the returns go to existing big companies, but there's also gonna be a lot of returns to people who are doing full stack companies and [00:48:00] replacing and fixing big parts of the economy.

So, and, and that, that that's gonna be captured by entrepreneurs. It's gonna be captured by the venture capitalists to partner with the entrepreneurs. you know, on average does every venture fund do well know, but do the top venture funds still continue doing really well, especially if you're raising the right size funds?

Yeah, it's definitely a good thing to be doing.

Harry Stebbings: tell me AI services. Where does the bullishness come from and can you explain how you think that through?

Joe Lonsdale: You know, one way to look at this what have we been doing for the last 15 years? We call it the smart enterprise wave, right? You had the cloud, you had big data, suddenly you had probably about 500, you know, unicorns that are legit unicorns formed from the cloud and big data going after enterprise.

And what were we really doing there? we were, we were taking things from where they were to what's possible, you know, by upgrading infrastructure, by allowing nonlinear workflows, listen, a lot of people throw a lot of shade at these enterprise companies. they have created trillions of dollars in value the last 15 years by upgrading a lot of parts of the economy.

I've, I've invested in and created a lot of these companies. A lot of them are still growing very quickly. They're very valuable companies. So that, that's something that I was able to do consistently [00:49:00] with dozens of companies. Now, there's not as many of those left to do right now, right? there's not like a whole nother 500 companies that have not been upgraded a whole nother 500 subsectors of the economy.

They need to be attacked. And so, so question is, what do you do now in venture? So I think a lot of people who are focused on this enterprise model, they're stuck and they're confused, and they're saying, what happens? Now, what is ai? AI first of all, is gonna help all of those 500 companies that still have good tech cultures do a lot better.

So it's gonna make the existing SaaS companies worth a lot more. But, but what else can AI do? And this is where it's kind of fun. So if you, if you think about.

If you think about starting a company in like 2015, going after a sub-sector in SaaS a lot of what you were doing is kind of like, this is kind of meme, but it's kinda like being a bully.

'cause you're basically taking a company in that sub-sector and that part of logistics and that part of finance usually a pre-internet company, or if not pre-internet company, it was a pre-cloud company. And that was your competition, right? Your competition was stuff built in the 1980s, 1990s most of the time.

And so you're kind of being a bully because you're taking a modern tech culture. And you're just, you're, you're wiping the floor with these guys. That's why we're able to win again and again and again with a very high percent chance. [00:50:00] What is AI services? Well, in effect, what AI has done is it's opened up a big part of the economy that we couldn't go after with SaaS.

A lot of these old services companies that were also started in the 1970s, eighties and nineties, and it's opened them up to competition from the tech world. So suddenly we have that same, it kind of sounds silly, but you have that same kind of process of, of being a bully, but in effect, you're not really being a bully.

You're going, you're upgrading this part of this, the, the economy, but you're going in, you're competing again. With pre-internet companies. And so you have a chance to go after with top tech cultures, these kind of old kind of lazy areas. And that's a very, very good thing to do as an investor, as an entrepreneur, you want easy competition.

You want to compete against things that are broken. When Elon's starting SpaceX, he's competing against like a decadent, broken government department that is not the NASA of the sixties. Right? Competing against something that's basically not exploring the new possibilities anymore. And that's why SpaceX was possible.

The same thing here. You have all these old, you know, there's like 200 billion plus a year made doing healthcare billing by hand with people who are probably, you know, overweight, sitting in big office buildings, working nine to [00:51:00] three. And that's a very good thing to compete against, you know, and the fact that AI allows you to go after that to make it three times, four times more efficient, there's gonna be some really big companies.

We've identified about 12 areas like this, where we think there's gonna be more than a hundred billion dollars pulled out of those areas in terms of being able to

go after 'em and create more efficient things. That's great for the economy. It's great space for venture to attack right now.

Harry Stebbings: I always laugh there 'cause I see these people, you know, going up against foundational models and Sam Altman or any of the greats who are doing it. And I'm like, the secret success is weak competition. And you chose him really? that was where you identified the opportunity, Hey, you are fucked, like.

Joe Lonsdale: Yeah. Bob McGrew was, uh, one of my superstars who ran Palantir engineering early on. A key person we hired very early that made Peter Moore bullish in our company. He's been running research at OpenAI and doing a lot of work there for the last eight years. And, and I'd much rather be on Bob's team than competing against him.

So by go doing what I'm doing, I get to, I get to do something complimentary to Bob and Sam. That's probably the

best strategy.

Harry Stebbings: listen, I wanna do a quick fire round. So I say a short statement, you gimme your immediate thoughts. Does that sound okay?

Joe Lonsdale: [00:52:00] Sounds good.

Harry Stebbings: Okay. What have you changed your mind on most in the last 12 months?

Joe Lonsdale: Probably, I've read a lot of parenting books and I thought I knew what I was doing and I'm realized I still have no idea what I'm doing. So they're, my kids are great, but I'm still learning.

Harry Stebbings: The best advice I've got from speaking to many is, uh, watch the National Geographic look at the elephants parents train by leading the way. Just show the way.

Joe Lonsdale: That's great advice.

Harry Stebbings: What are you most concerned about in the world today?

Joe Lonsdale: I'm very concerned about the geopolitical situation with China and Russia and the potential of war. Uh, when I was in, a country in Asia, I won't say the name, seeing our ambassador there who's on the other political side, but a very smart guy, even he was telling me he thinks China is likely to strike in the next four years because a lot, they realize how much stronger we're getting and, and how much weaker they're getting.

And so I'm just very worried about possibility of war, this decade, which is just a very terrible thing and, and would derail everything for everyone and hurt a lot of people.

Harry Stebbings: If you could choose one person as a co-founder of a new company [00:53:00] today, who would you choose first?

Joe Lonsdale: Well, you know, it's dependent. If like, for example, Elon wasn't doing six other things, I think he would probably be the best one. But I think he's very busy. He'd still be very talented.

Harry Stebbings: What do you think makes Ebon so good? Joe, you know him?

Joe Lonsdale: he, is like very high iq, very high clock speed, willingness just to go right to what matters and dismiss all the other bullshit not worried about offending or anything else. Just like going towards like the truth and the substance and the thing that matters the most, and like attracting the best talent and driving towards the outcome.

It's, it's just very, very, like no nonsense and, and, and kind of raw, raw like substance.

Harry Stebbings: What's the biggest

piece of BS advice that you hear most often. So I think radical candor is complete shit. You have a problem, say it right away. No, most often it needs time. You need to be delicate. It's how it's heard, not what's said.

Joe Lonsdale: that, that's the sort of fear, although I, I do think you need to like drive right away as fast as possible towards the area of dysfunction.

Harry Stebbings: in marriage, it's a little bit different. It's not about like driving towards the, you know, optimal [00:54:00] edge.

Joe Lonsdale: That's true. It depends who you marry. It depends who you marry. My wife, my wife is very rational. We, we get along pretty well going after things, but you're right, there's, there's something in general, my father, you know, was a champion chess coach and our team won 20 years in a row even after I was gone.

He's coached his kid's team in elementary school and he was really good at getting people to see what they were good at. He was really good at like giving positive reinforcement that was true. You can't just do fake positive reinforcement. You have to like find what they're good at, help them discover what they're good at and make them confident about it.

So I think driving towards, that's probably the most important thing I've found in general with, with management. But, you know, in terms of bad advice, I basically just, everyone's wrong about most things, Harry. So it's hard for me. I don't have anyone in mind in particular,

Harry Stebbings: the single biggest lesson from the many years working with Peter Thiel?

Joe Lonsdale: you know, there's a lot of 'em. The one that, one of the one that stands out a lot to me all the time, like in all these conversations I have every day usually there's like one reason that dominates all the other reasons. And if you have three or four reasons for something, that means you have no reason for something.

Like if you have four ways you're gonna make money, you have zero ways you're gonna make money. what's the one that's gonna [00:55:00] dominate? I. If you haven't got to that, you're either thinking sloppily or you haven't figured it out yet. that's one of my favorite of those nine.

Harry Stebbings: Joe, where do you want to be in 10 years?

Joe Lonsdale: I want to have a very happy and healthy family, I want the people I'm working with to be very satisfied in their careers and successful. And I want to have gone after and solved hundreds of problems of things that were broken in our society and and, and lifted up millions of lives.

Harry Stebbings: Honestly, I can't thank you enough. Man, we've gone all over the shop here. It's been fantastic. So thank you for being such a wonderful guest.

Joe Lonsdale: Thanks, Harry. It's great to be on.

Scarlett 2i2 USB-4: I mean, my word that was such a special show for me to do. So you can watch that episode actually live in the studio on YouTube by searching for two zero. VC. I always love to hear your thoughts and feedback that, but before we leave you today,

Scarlett 2i2 USB-5: As your company stays private for longer, it's crucial to enable a robust secondary market for your stock. Whether you are looking to sell your heart and equity or set up a liquidity program for your value shareholders, you have to speak to the team at [hive](#). [hive](#) enables companies to offer their employees [00:56:00] flexible liquidity in a compliant environment with minimal effort in 2023 alone, over 150 of the top pre IPO companies in the world worked with [hive](#) to unlock liquidity. City for more than 700 early investors and employees.

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Scarlett 2i2 USB-6: As always, I so appreciate the support and stay tuned for an absolute banger of an episode. This coming Wednesday.