# Goldman Sachs CEO David Solomon on Running a Bank in the Age of AI | Odd Lots

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SUMMARY

*The discussion centers on the evolving landscape of public companies, the impact of AI on the job market, and insights from David Solomon, CEO of Goldman Sachs. Solomon emphasizes that many companies are going public out of necessity due to capital needs, and he believes the regulatory environment makes it less attractive to remain private. He also discusses the importance of human relationships in banking, the role of AI in transforming job functions, and the ongoing challenges of integrating technology while maintaining personal connections.*

- *Companies are increasingly going public due to urgent capital needs rather than strategic choice.*
- *The regulatory structure currently discourages companies from going public until absolutely necessary.*
- *Solomon advises companies to wait as long as possible before going public to maintain operational control.*
- *AI is expected to disrupt white-collar jobs, particularly in banking, but human relationships remain crucial.*
- *The landscape of job creation is shifting, with fewer entry-level positions in certain sectors, but opportunities still exist in various fields.*
- *Solomon highlights the importance of personal connections and interpersonal skills in banking, which AI cannot replicate.*
- *The current market environment shows a concentration of wealth in a few large companies, raising concerns about public investment access.*
- *Solomon is optimistic about the potential for AI to enhance productivity but acknowledges the need for careful integration and human oversight.*

I do think we've created a regulatory structure and a market structure that really makes it unattractive to go public until you have to. The reason these companies are going public now is because they have to. They have capital needs that are so voracious that it is not prudent for them to try to do 100% of it in the private market and not have a public currency. It's just not prudent. And, and that's why I think you're going to see a bunch of these companies go public because they actually need the capital.

It's interesting. I've advised companies for years, and at 1.25 years ago, I actually ran the equity capital markets business at Goldman Sachs. It was job I had early in my career at Goldman Sachs. And and I used to say to companies, you know, there are a few reasons to go public. You need the capital,

you need the currency. You have to create liquidity for,
you know, early investors. But all the other
stuff that people talk about is really not critical.

And you have to recognize that
if you're running a company successfully and you don't need those things, when you take it public,
you will run it differently. You will run it differently. It is different running a public company
than a private company. There are different pressures. There's a different life
cycle of how you have to respond. You will run it differently. And so my advice has always been wait as long as you possibly can
to go public.

Hello and welcome to another episode
of the Odd Lots podcast. I'm Tracy Alloway.
-And I'm Joe Weisenthal. So Joe, when we talk about AI
and its impact on jobs and businesses. One of the things we like to do,
or one of the prisms through which we like to explore
AI, is through banks. Absolutely.
-So you think about banks. They've got big tech budgets. They're talking to AI companies
all the time. They're their clients essentially. So they're deploying
a lot of this technology.

And then they have
this whole array of jobs. Right. You have the classic sort of process
workers in the back office. Yeah. You've got the junior analysts who are churning out PowerPoints,
but you also have bankers in IB who are doing more,
I guess, relationship driven business. So you have this really good cross-section
of the sort of white collar jobs that people think about
when we think about AI disruption. Do you remember in the 2010s
when every bank CEO 1 like, you know, we actually like to think of ourselves
as a tech company.

I remember that was a fun bring
in the ping pong tables for the engineers. Was it right? There was a fun little era.
But no, you're absolutely right. And of course, you know, AI is largely expected, at least
until we have much more advanced robotics. Expect to affect white collar labor first. You mentioned the whole range, but there are aspects of
when I think about being a bank or working a bank that, to your point,
really do feel like no relationships.

And like there's the cliche is like,

you know, go out and golf. But I think they do actually golf a lot. That is part of the business.
All right. Well, we'll find out. We have spoken to Marco Argenti
at Goldman Sachs before. He's the CTO about how the bank
is actually deploying technology. But today we have an even more,
more perfect. You have the perfect if that's possible. We're going to be speaking,
of course, to David Solomon.

He's the CEO and chairman
of Goldman Sachs. And he just penned an op ed in The New York Times with the headline,
I'm the CEO of Goldman Sachs. The I job apocalypse is overblown. So truly the perfect guests
to talk about all of this. David, thanks for coming on Odd Lots. Thank you for having me.
I'm delighted to be with you guys. Congrats on the op ed. You're in the media industry now. Well, I'm trying not to be
in the media industry, but I'm I'm glad.

I'm glad I wrote the op ed, by the way,
not my title, the New York Times, the New York Times title, but,
but I'm glad. I'm glad I wrote the. Why did you write it? Well,
I wrote the op ed. I haven't written a lot of op eds. I think in my eight years
I've written two. And the last one was back in 2019
before Covid, and it was around. It was around energy. What I where I was trying to talk about,
the fact that I thought there was going to be real change
in the context of the energy supply chain.

And it was very important
that we made investments in things that were greener
and we moved in that direction. But I also stated at the time and took a little heat for this very
emphatically, that oil and gas was going to be a significant part of the energy
supply chain for decades to come. Goldman Sachs would be financing, you know, fossil
fuel companies for a long, long time. And, you know, looking at the lens,
you know, now, I, I think that that it is very important
that we have a thoughtful and detailed discussion about the change
that's going on.

And let's just start if you don't if you don't mind, if I can step back,
I am hugely, hugely optimistic about this technology and the impact that this technology can have on large
scale enterprises like Goldman Sachs, and the productivity gains
that it can create, which I do believe can increase
economic growth, create more prosperity and, you know, more impact,
you know, on our economic system broadly in a very, very positive way.
I am hugely optimistic.

And I think about things and 5 to 10 year,
you know, time bites, like, what should we expect
to see over the next ten years. Let's when I think about things when when I make a statement like that
at the same point, I'm extraordinarily cognizant about the fact
that it's not going to be a straight line, know there's going to be disruption,
there are going to be jobs displaced, as there have been with any other technology acceleration
over the course of of history.

And, you know, we as a, as an important company
and governments also do to play a role in, you know, thinking about
what's the best way to make this go as well as possible, but with the ultimate goal
of having the technology make our society more productive and therefore allow for more economic
growth and more participation by, you know, by everyone
and I was listening to a variety of things that were being said,
and they didn't really make sense to me.

And I thought it was important for Goldman Sachs
to get into the discussion. And so, you know, my general, there are
things that are always different. But I generally, you know, if you want to
talk about kind of fundamental principles that I have after 40 some years of doing
this, it's never different this time. Meaning, meaning I don't think we're going
to wake up in a world where nobody works and there has to be a universal basic
income, and we have massive unemployment.

I just don't think that's the way
our economy works. And and when people start talking about those things
or postulating about those things, I don't think they're being thoughtful
about really looking in a granular way at the labor force and how job
creation works in our economy and, and how technology disruption in the past
has has changed and shifted, you know, the nature or the
makeup of labor and the economy in the US. I think to even begin
the discussion of like, Will I cause a white collar wipe out
or as you, as you did say in the op ed, like some some areas will really change
and headcount will change.

But to begin this conversation, you have
to know, like, well, what is a job? What does someone actually do
at their job? And so I don't maybe this is a chance
I'll let you like butter you up, let you bring yourself for a little bit. I saw a quote. I was doing some prep and you're
talking about early in your career and going from Bear Stearns to Goldman,

you say, and you said I was a big producer
at Bear Stearns.

I built a lot of relationships there
and brought a lot of relationships to the firm. There's the part you can. What made you good at your job? What was like a lot of people
there at the time. You eventually became
the CEO of Goldman Sachs. What was it that like,
the skill that you had or that successful people in that role
had that made them do their jobs? Well? Well, finance has evolved. You know, I started in 1984.

I recently referred to
that is the prehistoric days of finance, when, by the way,
I had long flowing hair, and you know, it's
just a very different world. And so let's just start with the fact
that finance was a relatively nascent industry
and also had been relatively stagnant for 15 years, because we really went
through a period from the late 60s to the early 1980s where interest rates
were going straight up. Yeah. September 15th, 1982 is a very, very important day
in the history of financial markets, because that is the day that the ten year
Treasury had 15.9%.

And it also happens to be things
that are also happens to be, you know,
a little less than two years before, you know, I landed at the Irving
Trust Company at one Wall Street to, to start my, my career. And, you know, at the time,
you got trained to do analysis, but the business was very entrepreneurial. There was very little structure,
and there was so much open running room, you know, to go out and participate
that young people, especially when you got away
from the most white shoe firms, which at the time were Goldman
Sachs and Morgan Stanley, were really encouraged
to go make their way.

And so I was working at, at Irving Trust, and this was a time when almost everybody
in finance went to business school, and I was applying a business school
in, in 1985. And I got a job offer to work in the jump
on business at Drexel Burnham. And I decided to take it
because it appeared lucrative. And my dad junk bonds were like the only thing taking off, basically,
in finance in the early 80s. It was definitely an area of finance
that was accelerating, and it was very entrepreneurial.

And, and I said to my dad,
you know, this is taking a risk because everybody else
is going to business school. And my dad said, go try it for two years. If it doesn't work,
you go to business school in two years. I mean, it was really it was a pretty good
it was a pretty simple. Yeah, you know, piece of advice,
but I went to Drexel. Burnham was very entrepreneurial. And the culture, there were good things
and bad things about the culture at Drexel.

And some of the bad things are the reason why in 1990, on February 14th, 1990,
Drexel Burnham went out of business. But, as many other Wall Street
firms have in the history of Wall Street. But, you know, for the four
and a half years that I was there, basically, I was told, go find a way to build relationships
and make money, go find a way to build. You know, I was 24 years old. Go bring business into the firm.

Did you call the desk? I, I got out a little bit, but,
you know, we sat on a desk and we called people and talked to people, and it was a time
when it was a time in the world when if you picked up the phone
and called someone, you would get them on the phone
and you would talk to them. And if you were an effective salesperson,
you could you could do a lot of business.

To some extent.
You were like, good at sales. You were good at making that call. One of the great experiences I have,
this is an experience I've talked about a little bit,
but I haven't talked about a lot. But a seminal experience
in my personal development was the summer
after my freshman year in college. I got an internship in a Merrill Lynch office. It happened to be the office that was, at, I think it was,
I think it was like ten Penn Plaza.

It was by Madison Square Garden. And I got the internship because I was my my high school girlfriend's
father ran that Merrill Lynch office. That always helped. And, and he said, why don't you come
and do an internship for the summer? And I said, what would you do? And he said,
you know, you'd call on clients. I really had no idea
what he was talking about. So I show up at this Merrill Lynch office and they plop me down
and they give me a zip code list.

Okay. Basically. And it was the zip code was 1028 and 10128, basically
the Upper East Side of Manhattan. This is 1981. Okay. They give me a zip code list
and they say, make 100 phone calls a day and ask people if they're interested
in talking to a Merrill Lynch broker. And during the course of the summer, okay, for eight weeks,

I made 100 phone calls a day. I got five people to talk
to, a Merrill Lynch broker, and we went and had one meeting
and opened one account.

Oh my God. Okay. It was brutal, brutal,
and after after the first week, I said to my dad, I was like, I don't know
if I can do this for the whole summer. He said, yes, you can. You took it on. You got to finish it. And I started
thinking about it. And this is the seminal thing
that I'm trying to point to. I started to think about
how am I going to make this more fun?

Because it is very difficult to cold
call now. This was a time when people
would answer the telephone, but and I just started making it a game
and but what did it teach me? It taught me to pick up the phone
and talk to anybody. And when I got to Drexel Burnham and here,
there were real financial incentives for picking up the phone
and talking to people. I mean, there
they weren't paying me anything. And they just wanted me to do this,
and I was doing it to learn.

You put financial incentives in place.
I found I could call anybody. I could get people on the phone.
I could keep people on the phone. I could go see people. I could relate to people,
even though I was very young and I could bring business into the firm. And very quickly I became good at that.
And when I arrived, you know, at Bear
Stearns, after Drexel Burnham went out of business,
I very quickly became a very significant producer in a culture
that was kind of what you kill.

And it was a great experience. I don't think that's the way
I don't think it was the perfect culture. And, you know, cultures evolved. But I do think there's something here.
And one of the things we're talking about, a lot of Goldman,
I think it's really important. I still think human to human
contact matters a lot. And I think one of the great opportunities
we have with this technology expansion is to get our young people out
with clients, talking to clients, broadening our client footprint.

They're incredibly capable, well,
incredibly capable. This shifted over the last 30 or 40 years,
and it really I don't think it's shifted for the better. And now we're going to shift it back.

And I think it's a real opportunity. We say more about this because in your op
ed, you talk about the Stanford data showing like a 16% decline in entry
level hiring. So this is something that's happening
right now. And presumably a lot of the work that,
you know, younger analysts at Goldman Sachs do right now
could be commoditized through AI.

Right? If I'm building a PowerPoint presentation,
I no longer need like ten analysts to stay up all night. To do that,
I can just generate it through a platform. So how do you how do you see
the role of junior analysts? And then how do you, I guess, train
the next generation of banking talent? I hope I, I, I think
that's a really, really good question and I want to get to that, but I just
I just want to comment on one of the things that you said that I think is a really interesting thing
for us to think about, because I did quote that statistic.

But I think it's important for us to think about
and see that statistic for what it is. Okay. Because when I graduated from college,
it was very, very hard to get a job. But not everybody wanted to get a job. Okay. In the white collar professions
that are defined by the 16%. But I'd also argue even today, if you
graduate from a liberal arts college and you want to go be a schoolteacher,
okay, that's not counted in the 16%.

Okay? There's not a there's not a decline. What they've done is they've taken a handful of industries
that they're looking at that fit this kind of social narrative of what the right kind of job is
when you're coming out of college. Okay. Which, by the way, I think is
a very faulty lens to look through. And that group is declining by 16%. Okay. But if you want what if you want
to go by what if you graduate from college
and you say, you know what, I really think I can do something
really cool and entrepreneurial by making the world's best sub sandwich.

I'm going to go open a store and start a sub business
and try to grow a sub business. And over the next however many decades
you grow a huge sub business. Joe used to be in the sandwich business.
Do you want a sandwich business after college? That's a nice way of saying
I had a job at a deli. There are so many, but there's
so many different things you can do. I've got great friends
I went to college with.

I have one friend that I went to college with that
basically graduated from college. You know, he had you know, he had studied

science, you know, physical sciences, and he decided
he wanted to be an electrician. And he had his own electrical business in upstate New York, where I went to college. But then ultimately he got pulled into, you know, other kinds of businesses where the skills he had developed over 10 or 20 years, you know, building his electrician business could be put into other, you know, things.

And he's, you know, his career evolved. And so, you know, there's there's a narrative about jobs and entry level jobs and what I mean, I don't even know what it all means. What I know is you want to be a learner through life. You go to school to get educated and to broaden yourself and to meet people. Not everybody should go to a traditional school. There should be lots of different paths, but the goal is to start on the journey of figuring out what you're passionate about, what you enjoy.

How are you going to make money? How are you going to support yourself? How are you going to support hopefully the family that you have and there are lots of different paths. So lots and lots of different paths. Okay, but assume that we're talking about someone who wants to get into Goldman out of college. Yeah, and I don't mean to I don't mean to, but no no no no it's fine. So really important. Yeah. You know think because this goes to the op ed and kind of the labor force, there's a lot of the labor force that has nothing to do with what we're talking about.

I think that's something that we've got to keep coming back to in the discussion. So, you know, coming out, you know, coming out to Goldman, you know, coming to Goldman at this point in time. You know, we hire you know, this we just right now okay. We just have 2500. It might be 2400 interns starting now. And in July we have approximately the same number of permanent, you know, new hires that are starting. The first thing is there are a bunch of them are in quote, you know, client facing jobs and roles.

There are a bunch of them that are in operational roles. There are a bunch of them that are in technology and engineering roles. I mean, there's there's a wide, wide range of jobs. I mean, there's yeah, there are a couple of them that are working in marketing, okay. And advertising, I mean, there's a wide, wide range of jobs. All the experiences are different. All the opportunity sets are different. When I was talking to you

about out With clients, I was talking about the people
that are in the client facing roles.

And, you know, one of the things
I truly believe and look, I see this I sat with a group of venture backed founders
at dinner in my apartment the other night. The average age was like 28. So impressive. So smart. By the way,
the people are hiring. Goldman Sachs are so impressive, so smart. Their peers with these people
that are going and starting businesses, they can't go out and talk to clients
and have an impact. And so with the technology,
it makes it more leveraging.

And I think you guys saw it, you know,
because I've used this example of when I started doing a common stock
comparison. Took six hours, you know, microfiche. Wall Street Journal, the only source
of historical stock prices. Put it on graph paper.
Take a picture of it. If you really think about that example. What that example is actually saying is,
if you were a company and you wanted to know where your stock
was trading during the day, yeah, you had two choices.
You could call with three choices.

I guess
technically you could call your investment banker and say,
hey, where is my stock trading right now? And the fact that we had a, quote, run,
you know, in our office, okay, we could tell them they could they
didn't know they don't have, quote, run. Or you could call your stockbroker
if you had one or go outside your office
and find a Merrill Lynch or an E.F. Hutton or a Dean Witter,
you know, office on the street.

And look at the ticker tape and wait until
your stock would buy in the ticker tape. Okay. Or, you know,
or you could wait until the next day and open up the Wall Street Journal
and see where your stock traded that day. So we were offering a huge value service
by simply having this technological machine that allowed us
to tell them where the stock was trading. So if you think about
what young people were doing when I started, a lot of what we were doing
was taking very primitive technology and giving information to people
that were trying to run their businesses, and the pace of everything was very,
very slow.

We've now over 40

some years accelerated that enormously. And so the productivity level of all these
people is going up, up and up and up. We haven't had fewer people. Now, maybe this technology is accelerating or way we're over time, we will actually fundamentally
have fewer people. But what I would argue
is the real challenge for us is we've got to find ways
to apprentice them and teach them a variety of things that they're
not going to intuitively learn, because they don't actually have to work
as hard to get the answer.

When I had to go to the microfiche
and look at the different stocks and see how they were trading,
actually put it on graph paper and absorb the differences and do the math to explain what the
percentage compounding differences were. I was learning something. Yeah, that. Now if you if you ask for it, you get it
instantaneously. You know, has your brain really absorbed
what's actually happening. And so the challenge is how do we apprentice
and give people the base of knowledge, but how do we also allow these tools
to allow them to get out into the world so that they can really have
a bigger impact faster?

And we don't have the answers to this yet,
but we're really thinking about that. So just a two sort of short job
related questions. First one was yes or no. It's like those skills that you had,
you were very comfortable picking up the phone and so forth
and getting people to answer just today, if someone is there a role for that person
still that that same. Definitely. Okay. That's that's a by the way
I don't think that's going to change.

I just you can you guys can go. Look, I gave a commencement
speech at Wharton, you know, last month. And one of the lines of the commencement
speech was the phone. The telephone is one of the greatest
pieces of technology in the world. You know, use it. A telephone call to
someone is ten times more valuable. Yeah, than a text or an email. My daughter says
that's an unverified statistic. I know that's true. And it is if I if I call you personally on the phone, it's going to have
a completely different impact than if I sent you a text or it,
but I don't know your number.

I would also accept a text
from David Solomon just as the follow up,
and this is more of a sort of specific thing

that's not going away. I mean, I really believe Joe, that's not
going to go away of that mix of new hires. You know, the range of jobs,
including engineering jobs, including wood, has that do you can you identify
is there a change different between today and 2026 versus, say, the pre ChatGPT era 2021, in terms
like have you seen a difference yet just in terms of like the allocations
of anything with any hiring decisions, subtle subtle changes.

But you can't
you can't look at it in a vacuum. So you said, you said to me,
I can be very detailed. Yeah. Please. I think, you know,
I think with all this stuff, it's nuance. Details matter. If you look over the last ten years, I'd say what's happened
is the amount of engineering talent we had at the firm grew
materially on a relative basis to operational talent or client talent. Okay. There are a variety of things
that happened because of the pandemic, that bloated or inflated hiring across
all large enterprises.

Yeah. And so if you
if you say, you know, since ChatGPT. Yeah. Like if you take 20, 22 is that that was
like the high watermark of the bloat. This is the problem. Yeah. High watermark carries
the high watermark of the story. Yeah. Historians will be vexed by the
confounding variables of 2022 I'm sorry. Absolutely. So so if you ask me a question, I'm like,
okay, 2022. Yes. But that's the wrong starting point. Because if you look at 2022, a bunch
of what we've done from 2022 to 2025 and now in 2026 was correcting the stupid
things that we did in 2020 and 2021.

And so I think you've got to look at it
through a ten year lens. And what I would say is at this point,
you know, if you look at a ten year lens, it shifted to more heavily
weighted engineering. My guess is that's going to shift
differently going forward given the power these tools and our ability to code. And you're going to see nuanced
changes that probably to some degree reduce the number of people that we start
with over the next few years, but probably not
what you and I would call dramatically.

Okay. So I don't want to be,
you know, predictive because if I throw out a number, you know, here everybody's going to start
holding me to the number. But, you know, I just told you
we were running it at, you know, 2500, which, by the way, looks similar
to what we were running at pre-COVID. Okay. But lower than the 3000
plus we were running in 2021. Okay. You know, my guess is it's going to be
in the next three years that will contract a little,

but not in a way.

When you and I would say,
wow, this is a huge, huge change. We're still going to hire
a lot of people out of school. I mean, aside from potential headcount
reductions and like cost savings, how do you actually measure
productivity gains at Goldman? That is a great question, Tracy. You know, we're... I can tell you some examples of things
we're doing where I know we'll be able to quantify
some significant productivity gains, but they're more in the category
of remaking operating processes.

So what we're doing under what I know
you guys have read about one GHz 3.0. So if if we redo our client waterboarding,
anti-money laundering, KYC processes, and we had a process
that had 3800 people touching it, not 100% of the job, but touching it, and now we'll have a process
with a few hundred people touching it. That's a productivity. When it's done, we can measure
the productivity gain of that process. Okay. That's different than saying to me, okay, you've got a bunch of people who work in
investment banking, okay.

How much more productive are they now? One measure is I can look at the revenues. We have an investment banking, earnings and investment banking and the number of investment bankers
we have and the amount of capital we allocate to that business
over the last ten years. And you know what? Our people are more productive
because we're making, on a per person basis, more revenue, more, more, more profit. On a per person basis. But we definitely allocating more capital
to the business.

And the capital is helping
and creating leverage. But there's no question
they have better tools. They can do more. We've found ways for them to do more. We also have collaborative power going on
inside the firm in the context of one GTS 1.0 and 2.0 that are adding to revenue
growth. It's very hard to pull it apart,
but but I think every five years we can directionally say,
is it more productive? Yes, it is, because our, you know,
you go back when the firm was public, you know, the firm had $6
billion of capital, I believe, and we had 16,000 people, you know,
something like that order of magnitude.

You know, today we have 45,000 people,
$110 billion a capital. The firm is much more productive
against producing reasonable returns
on that capital than it was 27 years ago. I mean, that's clear, but that's a 27 year
look, not a year to year to you. Look,
I works when there's access, when there's a lot of data pooling together,
a lot of unstructured data. When I think of a firm
like a Goldman Sachs or maybe a law firm, etc.,
there's always a little bit of an I think, I suspect, an alignment problem
where maybe the big producer doesn't want to share all their data
with the rest of the firm, doesn't want everything in their head just to be in some big knowledge pool
that everyone has access to.

You might want to be able to take your book of business
to a rival shop every once in a while. That's probably always been the case,
but I think it's probably a bigger deal with AI because I could, in theory,
in theory, really leverage all of that latent knowledge
that exists in a lot of people's heads. How do you think about getting a firm,
wide understanding of what's truly known and understood within many people's heads,
so that you can really maximize this technology at a time when, again,
it might make sense for at least some relationship players to keep a little
bit of knowledge inside their own head.

Well, it's an insightful question. And I, you know, I I'd start with the fact
that one of the things I'm really proud of about Goldman Sachs is Goldman
Sachs is less what you describe, I believe, than any other thing. The other one, I think that we really have for a long time, it's
been part of the culture, but we really have a culture
of sharing and collaboration. It is not a star system. People share, share, share.

It is like it's just such an ethos
at Goldman Sachs that I think we have less of this problem
than other organizations have. But what's interesting to me
about your question, and it makes me really think about it,
is it's something that I deeply believe that you started with,
and I'd frame it in three buckets. This technology is incredibly powerful. When you have a clean data set. Yeah.
Put these models against a clean data set. It is extraordinary.
Like it is mind blowing to me.

What you can do, the speed with,
what you can do with the information that you can accumulate,

and how powerful that is when you have a clean data set,
it wouldn't surprise you. Goldman Sachs has an extraordinarily
amazing data set that we're working very hard on
to make as clean as possible on everything we've ever done, from a trading
and investment banking perspective over the last, you know, 40 plus years. We happened to build a system 40 years ago
called seq DB that was a trading system.

So we have data from all our trading that goes back long before
most other firms kept data on this stuff. And so we're working very hard on that. But these tools are extraordinary. When you have a clean data set, when you don't have a clean data set and you send them out into the world,
you get really, really cockamamie answers. So let me give you a simple example. You know,
just tell a story from a few weeks ago.

That was another one of these data points
for me and really understanding how this all works. It's pretty simple. I was down at the Masters
and Rory McIlroy was up by six strokes. After two days. I was like, Holy cow,
he's probably going to win twice in a row. How many people have won the Masters
twice in a row? I know Tiger Woods has. Okay, I think Jack Nicklaus has,
but I don't know if there's I can't remember if there's anybody else.

So I asked one of the models, hey, how many people have won
the Masters twice in a row? And the answer comes back
Jack Nicklaus and Nick Faldo. Oh, yeah, Nick Faldo did it,
but it didn't say Tiger Woods. So I said to the model,
I said to the model, hey, I don't think you're right. Didn't Tiger Woods
win the Masters two years in a row? Model says wait, one second. Comes back. Yes you're right, Tiger Woods did win the Masters twice in a row.

Why did you get that wrong? I said to the model, Malcolm's back. Well, I use this source,
I did this, I did this source. The bottom line is not a clean data set. Yeah, not a clean data set. Garbage in, garbage out. Now, human judgment had to look at that
and say no, no, no I don't think that's right. So that's you know,
are we going to get to a place where the datasets get better
and better and better? Yes.

But as long as one of the functions of
the model is they go out into the internet and they go out into social media,
and they go out into the media and they go out into the world. There's going to be a lot of garbage
in, garbage out in. The models can get better

and better and better, but that's going to be it's
going to be really interesting to see over time how the models get better
and better at distinguishing.

And one of the things
that's interesting is I then ask the model, you know, hey, okay. Will you search this differently
the next time? Because wherever you went got it wrong. And the model
said, no, no, that's not the way it works. Now, one day I think it will work that way
and also differently. But that's just interesting to me. What we are here is the third thing. Okay. You were talking about what's inside
people's heads.

Yeah. I personally believe the answer to
this is never. And this is one of the magic,
the magic things about humanity. This is one of the magic
things about creative things. And by the way, part of investment banking
and client relationship is creative. It's EQ, it's emotional intelligence
around spending time with people, how to connect with people,
how to build trust with people. Okay, machines can be really, really good. Tools can be really, really good. But unless you're in the camp
that humanity is not going to be about trust and relationships, you know, I think this is like
I think this is like a never a thing.

And so the bridge is
how do you use the tools? Okay. And with the tools, leverage
more of your humanity and your connectivity in a special way
to be more impactful with people. Now here's an example I think is an easier
example to kind of to kind of look at. I have a daughter who's a screenwriter. I've talked to her extensively about this because people talk
when somebody writes about the voice. Okay. And one of the reasons why,
if you really understand the process of writing a movie.

Okay. Sure. Can I write a script. Absolutely. But the first thing is that script is if, if my daughter is the screenwriter,
it is not in her voice. Unless that model has access
to every single thing she's ever written, every single experience
she's had in her life, every single emotions he's ever felt,
never going to have that. And so voice matters. When you're writing,
you're doing something creative. Now here's the thing. She puts. She puts her voice on whatever she writes.

Now she goes to the studio. The producer says, you know,

I don't like this. I don't like that.
That's a personal feeling. It's not asking the model to say
whether I like it or I don't like it. He's reacting to it emotionally
because it's creative. It's like relationship. I don't like this, by the way. Somebody came in and pitched an investment
banking deal and the CEO said, you know, there's just something
that I just didn't like the way that guy talked to me,
okay, that's a that's a human emotion.

Yeah. That matters. That's not going to change. And so this concept of getting things
out of people's head, what you're really talking about
is human intelligence, humanity, you know, IQ and I just I think we're going to figure out
how to use these models more powerfully. The data sets are going to cleaner.
Cleaner? Yes. Maybe we'll expand better into the second
and clean up when you go out in the world. But when it comes to the way
human beings interact, I actually think this is a superpower
that's going to get more valuable and more valuable and more valuable,
and it's something we want.

I think people should think about. People should try to learn. You know, I think public speaking
still matters. I think writing is still going to matter. I think how you communicate and talk to
people is no matter how you spend time with people, how you build
and all this stuff's not going away. All right. So Goldman Sachs
bankers should be, social maxing, I guess. Yeah. That's right. Social skill. Max. Well, by the way, the most successful
people at Goldman Sachs have extraordinary interpersonal skills,
I believe it.

We interviewed, Lloyd Blankfein
a couple months ago. And Lloyd, like, he's a funny guy. He's
super funny. Yeah, he's really funny. Super fun. Fun guy too. Yes. You too. I'm not as funny. I'm really not as funny.
I mean, he's much funnier than I do. You mentioned looking up share prices
earlier on the quotes on machines. And speaking of share price,
your stock recently crossed a $1,000 Goldman stock. An all time high. So congratulations. Thank you very much on that.

My question is how often do you
look at the share price of Goldman Sachs. Is that like the first thing you look at
when you wake up in the morning? Well, I don't it's not the first thing
I look at when I wake up in the morning, because I looked at it

when I closed the day before. Oh, I like and it doesn't it
generally doesn't change overnight. Look, I when, when the stocks
you know, during the week I would say I look at the stock price
you know most days during the week.

But as I'm doing if I'm in the office,
if it happens to be a day when I'm in the office
going from meeting to meeting and in between meetings, you know, I jump on my desktop and I'm responding
to emails or making telephone calls. The screens up and I'm looking at our
stock price, but I'm looking at a bunch. I'm trying to look at
what's going on on the market, have an absorption as to
what's going on in the market that day.

You know, if it's
a day where I'm in a bunch of meetings and I'm on the road, I might not
look at the stock price at all, but probably at the end of the day I'd
look and say, hey, what happened today? And by the way, it's
not just our stock price. It's actually what happened in the market
today. For me to be effective,
I have to be super in touch with what's happening in the market.

You know, every day, and I spend time
on the weekend also catching up on it, you know, from my perspective about our
stock price, of course, it's human nature. I'm going to look and see. But what I really care about is kind of year to year to year
and what I really believe deeply. That's been
one of the things that the leadership team has really been focused on
for the last eight years is if you grow the earnings of the firm,
if you invest in growth of the firm and you grow the earnings of the firm,
the stock will do just fine.

You know, the multiple will move around. But if you grow the earnings of the firm,
the stock will do just fine. And so we've been focused on investing in the business
and growing there and a firm. And we've grown the earnings of the firm
material. We put it. We had our first investor Day
in January 2020. We put out a plan and we've been executing
against that plan. And since then we've grown the revenues
of the firm, you know, 65 ish percent.

We've grown the earnings of the firm
about 140, 145%. And what do you know? The stock's reacted really well. And we've gotten a little bit of a

better multiple because it's a much bigger,
more diverse durable business. The durable nature of the business
is better. So we're getting a better
you know a better multiple you know on on what we're doing. But I'm super excited because I
now look ahead for the next 5 to 10 years.

And I look at this technology and
our ability to remake operating processes and take the most productive people
and have them spend more time with clients and broaden our client footprint in areas
like wealth management, etc. I'm like, wow,
we can really grow the firm. We can really go to the firm
and grow the earnings further because we're going
have more capacity to invest in growth. And so that's super exciting. And so it's been a journey.

I mean, when I started
the stock was around 200. And and you know
now the stock's over 1000 by the way. It could go back, you know,
but it's not going back to 200. But you know, the stock can back off
the multiple come down. Our earnings could slow if we went into
a tough economic environment. But fundamentally the firm is bigger,
broader, more diverse, more durable. And I think on a super course,
you know, for more earnings growth and more performance for our shareholders
over the next five years.

So the performance is objectively strong. But you know no offense. You can see a lot of shorts right now
in the market that are going straight up into the absolutely the
the important the important thing. And I know you know this, Joe,
the important thing is to look at the relative
and the relative performance, the relative performance over the time
we're talking about is top of the heap. Totally. And we're going to keep driving
to try to deliver that.

But I got a sort of a capital markets
question for you that sort of maybe as a banker,
you might have, some thoughts on what do you make of, so connecting it
to the I conversation, what do you make of what was your thought when you saw
or maybe yours had some involved in it? Google making an equity raise to continue
I like that was interesting because there's been a lot of debt
financing from the big tech companies for the AI buildout, which we could
have done a whole episode just on that.

What do you make of, a company that big doing an equity
raise at these levels, and you've been doing
like a private placement? When I looked at when they jumped. And I could be wrong. Your example with Tiger Woods noted
when I asked about comparables, like, what other big companies did
these private raises, they're almost all crisis era Berkshire investments
putting money in Goldman. But what do you what did you make of that? Google doing an equity raise to finance
rather than a debt raised.

Well they're they're, they're they're
are you know, a couple things, you know, to think about here. But, you know, first of all,
I know a little bit about this. Yeah, I know some things I can talk about. Some things I can't,
but I think, you know, that the firm ran this whole process,
and the firm was the only bank that was involved in this
for the last five months, you know, up until a couple of days ago.

And other banks,
you know, were brought in to participate. Okay. The firm
ran this over the last five months. This was Goldman Sachs deal on the team,
you know, that led by Yasmeen Koppel and Kim Posit, and David Ludwig,
you know, entire equity capital markets business did an extraordinary job. This one of the largest, if not the largest secondary fall
on equity offering ever. Yeah. And were ultimately,
if the green shoes exercised, you know, were going to raise 85.

You know the 90s up. There's just morning from 80 to 84.6.
Yeah. We upsized it in the green shoe. My guess is given the way
the stock's trading will probably be exercised
in the coming days. And so the raised $90 billion. And so it's it's it's
it's it's really extraordinary. And by the way I think
one of the interesting things to think about this is the first concrete,
tangible data point on investor demand at this scale.

And we have some other things
coming up, coming up at this kind of scale that, that. And so this is a very important,
tangible investor data point. I think one of the things that's that's very helpful to
the firm is sitting in the middle of this. We got a lot of information on how
investors are thinking about all this. And, and, and the others that I think
is super, super interesting for us. But this
is, you know, it's unprecedented scale and it's reflective of the fact

that we now have some of the largest companies in the world
that have capital plans.

Yeah, over the next five years
that are very, very significant. And they can fund a lot of it with debt. But I think you're going to see and alphabet
is the first one to make this decision. I think you're going to see
a bunch of them fund a bunch of it with debt,
but also raise more equity because they're starting to think about,
okay, what does this look like? It's one thing.
What does it look like this year?

But what does it look like
over the next five years. How much capital do we need?
How much debt? Equity markets are good. Our multiples are pretty high
given the way the market's responding at the moment. We've got to think about our leverage
going forward. The capital's available. And so the analysis is and this
is not all public but in specifics. But I'll talk. Generally a company has to look and say not just what's a one to a three year
capital plan.

What do we think a capital plan is over
the next 5 to 10 years? How is that going to change our leverage? What if there was a change in the market multiple okay. And our leverage is up?
How are we going to feel about that? And it requires kind of a long term
conviction on what you're doing
from a capital deployment standpoint and making the decision as to
what makes you more comfortable. In kind of the leverage and balance
between debt and equity, I think you're going to see more companies
issue equity because, you know, this is not capital is available, and you want to be cautious
about this if you get it wrong, if you totally rely on debt and you get it
wrong, you will really regret if if you wind up having a downside
scenario that's tougher than you expected.

So I think you can see more companies,
you know, think that through. And Alphabet's the first company
to step forward. Our our team, you know, spend
a lot of time, you know, over the last five months really helping them
think through these kinds of issues. They were I think they were very smart
to really think it all through. Well, speaking of equity raisings,
you got the lead on the space IPO. So again congrats on that. I mean our team you know really really

the team on that really were extraordinary Dandy's compassionate
I mean just just really Susie show really, really extraordinary partners of the firm of just just done
an extraordinary job over, over years.

I mean, three years, I imagine
this was a very competitive process. Right. And you were talking a lot about
the importance of relationships earlier, using space as a concrete example, like, what does that relationship
actually look like? Is it true that you were,
you know, sliding into Elon Musk's DMs to pitch yourself like, what is it that you offer to a potential client
that other banks can't offer? Well, I mean, there are things
that I'm willing to say and try to give you some perspective on it,
but the most important point that I could amplify about
this is we didn't win this in the last six months.

We won this over the last 20 years. Well, the decision wasn't made. The decision wasn't made
until the last six months. And there's a lot of things
that the team did over the last six months that contributed to the ultimate result,
which, by the way, now we have to execute. But but this is a cumulative effort
of lots and lots of people over 20 years. And we first as a firm,
we first met Elon Musk. And the person that first was responsible
for covering it was a guy named Stuart Bernstein, who was doing a bunch of stuff around,
you know, kind of green energy and he was.

Yeah, he and his brother had Solar City. And that's that's where that's
where we first connected with Elon. And then, you know,
we took Tesla public, when Tesla went public, you know, some time around
Solar City and Tesla. I first met Elon. And so I've known Elon, you know,
for more than more than 15 years. Dandy's, you know, Stuart Bernstein
kind of semi-retired from the firm in, the early part of the last decade. So let's say 2012, 2013.

And Dan Dees, who now runs our global
banking and markets business, was an investment banker, who was just coming back to the US
after having been in Asia for a long time, and he was based out of the West Coast
and running our TMT banking business, and he started building
a personal relationship with Elon. And Dan has built a really,
you know, wonderful dialog with Elon over a long time.
But it's not a straight line. And there are times, you know, there are times where we're doing things
and we're not completely in sync.

But at the end of the day, as a firm,
we've been long term committed to Elon. His companies, his teams, by the way,

you know, in this situation, you know, Brett Johnson,
the CEO is a hugely, hugely important guy. And we've had people spending time
with him for years and years and years. And you know, that's what
that's what our business is. Our business is building
trusting relationships over time with people, giving the right advice,
taking a long term view, not being transactional
and trying to earn trust.

So when the biggest, most important things
happen in the world, we have a better chance
of being asked to provide services. And that's kind of what we do. Did you send them a DM? So with respect to the DM, it is it is. Unfortunately, it's untrue
that I pitched Elon via DM about the deal. Okay. What is what is true? And this is the way facts get confused. Elon, some point in the last year stopped taking texts on his phone or emails
and started telling people that he knew that if you wanted to get in touch
with him, direct message him on X.

And so because I have a relationship
where I reach out to Elon and we exchange messages
about a whole variety of different things, I stopped sending him texts on his phone and started direct messaging him
when I wanted to. When I was how Joe communicates with Jason
and I want to I want to communicate,
I started communicate, so I actually I went back
actually, and looked at the chain. Yeah. You know, in my account, you know, over the last six months,
just to make sure I wasn't wrong about this
when I saw it in the press.

And I said to Tony,
I don't think this is true, and I never, I never I never asked Elon in a text
message about, about about the IPO. We focused on his team. We focused on the work that we had to do. And we're really proud
and pleased to be leading us. And we're going to do everything we can
working with the other banks to get the best result
that we can for SpaceX. So it looks like this
year is going to be a year of mega IPOs.

We had the private,
confidential filing from anthropic. We'll probably get a couple others, etc. however, the much bigger story
is still generally private capital markets have gotten so liquid
that some of these very successful companies, they could, in theory, maybe

never go public if they didn't want to. Do you think, is this some people think
this is bad for capitalism, that a bunch of big companies
are going to come in and that unlike the Microsofts
and the apples and so forth, where the broad public really got to participate, even if you were just
an index fund investor in a lot of the upside, these companies are going to be coming
at some of the biggest, market cap companies in the index,
and the public investor will not have caught any of the ride from the 500th
biggest in the S&P 500 to the 20th, etc..

Does this, does this break capitalism? Is this bad for the U.S or is this,
is this fine? Well, I'm going to give you a conclusion
first. Okay. We can try to dig in a little bit
to the details, which I know you guys love to do. But I just start I don't think
this is going to break capitalism, okay. And I think it's
and I think it's good for the read. Yes. There goes your headline.
I think it's good.

I think it's good for the,
for the U.S that we have the biggest, you know, by the way, breaking hot hot
headline just moved on the terminal anthropic sent to tap Morgan
Stanley Goldman Sachs to lead IPO. This just came out okay.
So there you go okay. Anyway keep going. So I I think this is good for the United States to have the biggest,
most important companies in the world. When you when you talk about,
you know, what's happening, you know, there are a lot of complex
things happening about why we have fewer public companies today
than we had 25 years ago.

Yeah. And, you know,
this is a long term journey around policy decisions and market structure
over a very long period of time. The reason that companies
like Microsoft went public when they did it,
the size that they did was there was no capital available to them
other than going into the public market. Right. But it's not fair to say that, you know,
that investors got to participate, you know, in everything, because it's not
like there's more access for investors.

We're talking about the 900 companies that went to zero,
that went public at the same years. I mean, that's I mean, that's so
and by the way, that's another thing. Most companies don't survive. So it's you know, it's it's
just it's just not, you know, that simple. I do think we've created a regulatory
structure and a market structure that really makes it unattractive

to go public until you have to. The reason these companies are going
public now is because they have to.

They have capital needs that are so
voracious that it is not prudent for them to try to do 100% of it in the private
market and not have a public currency. It's just not prudent. And, and that's why
I think you're going to see a bunch of these companies go public
because they actually need the capital. It's interesting. I've advised companies for years,
and at 1.25 years ago, I actually ran the equity
capital markets business at Goldman Sachs.

It was job
I had early in my career at Goldman Sachs. And and I used to say to companies,
you know, there are a few reasons to go public. You need the capital,
you need the currency. You have to create liquidity for,
you know, early investors. But all the other
stuff that people talk about is really not critical. And you have to recognize that
if you're running a company successfully and you don't need those things, when you take it public,
you will run it differently.

You will run it differently. It is different running a public company
than a private company. There are different pressures. There's a different life
cycle of how you have to respond. You will run it differently. And so my advice has always been wait as long as you possibly can
to go public, okay. If you're giving advice to companies. And I think companies have recognized the capital has been available privately
at most scale, but liquidity has been available in a variety of different ways
at most scale.

The currency thing is tricky,
but generally speaking, with these growth companies, they don't need the currency because they're growing,
they're not doing M&A. And so I, I think you're going to
see a bunch of these companies go public because they need the capital,
because they've reached the scale. And they have they have a demand
for capital where they need the, they need the capital. I think the current SEC chairman
is working on a variety of things that hopefully
will take some of the friction, you know, out of going,
you know, out of going public, which will help a little bit.

But at the end of the day,
given the way markets work and indexation and passive funds and ETFs, you know, a $5 billion market

cap company with an $800 million IPO is just it's the discount
associated with getting that going has been less attractive
to, you know, to investors. And part of the reason
is, is B public capital's but private capital has been available
without a discount. Yeah. But that by the way
that could be a cyclical thing.

In other words
we could see periods of time where private capital
have a bigger discount. The public market will be more efficient.
And then you'll see more of those companies
come to the come to the public market. But I think fundamentally,
you know, we're going to operate with fewer public companies
and the companies are going to be bigger. I mean, that's just that's that's the way
the market structures evolve. Okay. So speaking of capital being available,
which is kind of putting it mildly, the markets right now
seem kind of crazy to me.

And you were at the Economic Club
of New York yesterday talking about markets
being in more of a greed stage than a fear stage,
based on your Wall Street experience. And again, you mentioned
you started in the early 1980s. Have you ever seen anything like this? Does the current time period, I don't know, have a historical analogy for you? Sure there are there. In fact, somebody said to me recently,
this is unprecedented. They were talking about ten companies, having 30 some percent of, you know, 31% of the S&P.

Yeah,
you know, waiting on a market cap base. And I was like, no, it's not a precedent. How about the 1920s? How about the 1960s? How about how about,
you know, the late 1990s to 2000? You know, this is I made the comment yesterday
at the Economic Club because I was asked about the way
the stock market's running. And if you actually look at the whole
segment, I said a lot more than that. And I actually said before I said it,
I said, look, I'm going to say something.

I know
it's going to create a lot of headlines, but I do I do think it should be said,
because I do think I've seen some of that behavior
that I've seen before. And, you know, people are worried
about missing out on this technology boom. Whether it's compute, whether

it's storage, whether it's chips, etc.. And so people are crowding in
and that is a that's a greed thing because they want to participate
in their fear of of missing out.

What I should have said, okay,
at that moment was all of that. But then I should have said, but,
you know, it's kind of interesting because if you look at the S&P 500,
the top ten companies, which, by the way, are, you know, mid to high 30s, market cap
and those other three periods, you know, the the top
ten companies were also in the 30s. And one of the things
I have pointed out to people is these top ten companies actually have more earnings
right than the companies did and generate a lot of cash.

They generate a lot of cash. So that's that's something to absorb. But what what I should have
said is the market multiple the earnings multiple on the top
ten companies in the S&P. These are approximate numbers. So don't hold them to me directly. I actually looked
at this this morning. Because
I thought this would this would come up. And so hold it as approximate. The top ten companies are trading on
forward earnings in the low 30s.

Okay. In the 1990s, late 90s, 2000 internet boom, those companies
were trading at more like high 40s to 50. Yeah. Okay. You think about Cisco and its market
cap was over 600 billion. So these multiples yeah are high. But the growth is pretty good. The earnings are real.
Those numbers are on the high end of the distribution for sure,
but not crazy. The other for 90 okay. Are trading between kind of 17 to 20
which by the way 20 high side.

When you add it all together
it's kind of 22 times forward. A lot of it's at 17. You know, I actually think the 17 sounds
pretty attractive. If you think that all these companies are going to be able to use technology,
not all of them will execute successfully, but be able to use technology to improve operating processes
and create more efficiency and therefore faster earnings growth
and more investment in their business. You should see over the next five years
improvement in the earnings growth of that other 490.

I'm talking on average. So is the market running? Yes. Are people crowding into a handful of stocks
because their fear of missing out? Yes. That's what I meant about the greed
versus, you know, versus versus fear. But this could go for quite some time
because it's narrow. And on a historical context, you know,
it doesn't look like Polaroid at 80 times. Earnings in the 1960s
doesn't look like RCA in an infinite amount of time, times

earnings in the 1920s.

So it's, you know, it's, I'm not sure is the bottom line. I'm not sure, but but there's no question
for a narrow group of stocks. The market's the market's
the market's really running. And we've got a lot of
what's interesting to me is we have a lot of things
going on in the macro with with the war
with the oil shock supply chains, inflation, getting stickier,
that are going to have an effect. And you know, the market may absorb
all that differently than it's absorbing it at the moment. At the moment
it's kind of brushing it aside.

Things can always get crazier. As Joe likes to say. That's right. You're going to be involved
in the anthropic IPO. Congrats on that. Just between the three of us
here, just between the three of us, the three of us here,
I know you're part of, Mythos and Project Glass Wing,
and there's this cynical take. It's like, oh, they did. They just released it to a small group because they actually didn't
have enough compute. Whatever. Have you what have you seen?

And is it really like is it keeping
your cybersecurity people up at night? Have you found a bunch of bugs
that you didn't know about? Tell us. Oh, here's here's
what I can say publicly. I think it's very important. These models are incredibly powerful. And I think it's very,
very important that these companies that are producing
these incredibly powerful models work collaboratively with the government
and with the private sector to give people opportunities
to understand, you know, what these models can do
and to try to continue to secure our critical infrastructure
as effectively as we can do.

I think the it that the process around
this was perfect. No, but we're learning as we go,
and I think there are a lot of things in the process that have been good
and have been helpful. It wouldn't surprise you that just using financial services,
for example, is the eight largest banks are significantly ahead
on cyber investment and cyber protection over the last decade than bank
number 2000. That sits in the middle of the country. Yeah. In in Arkansas.

Okay. And the risk in financial services,
it doesn't mean that there can't be issues for the biggest banks. And the biggest banks need to constantly,

constantly, constantly, constantly
think about this. We invest a lot in this
and we're all over this. That doesn't mean we can't have a problem. We could. But the risk is that, you know, a medium
sized bank has a problem and it creates fear in a broader
group of medium sized banks. And you don't have to look that far.

If you look at SVB and now
SVB had a problem and it created fear. Yeah. And a variety of banks. You could see a cyber attack
at a mid-sized bank creating ripples through the banking system which will be
which will be, you know, dislocating. And so, you know, I think it's
really important that we figure out, you know, how to help the broader
business community get more invested. And by the way, that's something's
got to happen, both by the private sector investing more, but also the government
finding ways, you know, to help.

So, you know,
I do think that the administration's, executive
order to get these models is important. There's got to be coordination between
the government and business on this. And I think the process
will continue to get better. They're going to be more models. There's going to be more process. And, you know, we've obviously had a team
that's that's learning, looking, you know,
we learn things making adjustments. And we're going to continue to do that. But that's
that has been a part of what we do.

This might be accelerating a little bit,
but it's not that different from what
we've been doing for a long time. Just maybe the pace of some of the change, what these models can do
is going a little bit faster. And so we've got to be more nimble
and we have the resources to do that. What I worry about is all the companies
that don't have the resources to do it. And it's by the way, it's
not just financial infrastructure.

We think about energy infrastructure. The biggest utility company
is going to be way ahead of, you know, a local water
company in Akron, Ohio. Right. And so,
you know, everybody's vulnerable. And so we've got to figure out
how to help people and bring people along. I want to pivot. I guess
we're going to run out of time soon. So I want to pivot slightly to a very important question,
which is your own use of I, Joe.

And I know that you're into music. You like to deejay famously. Have you been experimenting with,
AI generated music? Yeah. I mean, I've been
I've been playing with it. You know,
I've been I've been playing with it. And what I'd say is
what I think is cool about it, as someone who's who's produced
a bunch of music, and I want to come back to that
because I think there's an important kind of lesson to learn about history in terms
of music production, to where it is.

I, I think it's super cool, but
what it does is it opens up the creative channel to people that would never have
an opportunity to produce music. Okay, let's just a little bit of history
about music production, because by the way, 30 or 40 years ago
I could never have produced music. Now it's so happens I played an instrument when I was in elementary school
and high school. I played the saxophone. I can read music. I understand music theory
because I played an instrument for, for, you know, 12 years when I was in out of,
you know, out of college, you know, I would call myself
a recreational drummer.

I mean, I could sit on a drum set
and carry it to for beaten and, you know, so I, I understand
bass music theory, but, you know,
I've been a rock and roll guy forever. Like, I love Bruce Springsteen. Okay. I saw my first Bruce Springsteen
show in 1978, the darkness on the Edge of Town tour,
when he wrote that album. And by the way, the albums that came
before had a bunch of them that came after he sat in a studio, or he sat at a piano,
or he sat with a guitar.

He wrote notes down on paper,
he wrote lyrics down on paper. He played around with it. Then he invited human beings
into the studio with them that played piano, organ, drums, guitar, horns, saxophone, all different things. And
they sat there and they made the music and somebody recorded it
and it got pressed onto a vinyl album. Okay,
a lot of the music that we listen to today has been made on a computer, on platforms
called Logic Pro or Ableton.

Which is actually how I work to produce
the music that I produced. And so if you want horns,
you can choose from 150 different horns. Okay. You don't need 15 different musicians
okay. Nobody's talked about you know
the difference how technology evolved. And by the way what it did

is because Logic Pro and Ableton exist and I'm relatively dysfunctional
on the platforms. You know, I can muddle my way around,
but I need an expert dealt me because they can do in three seconds
what takes me ten minutes.

But what it allowed is it for somebody to say to me, hey,
I want this kind of a sound, okay? I didn't now
have to write the musical notes down. Okay. You could basically,
you know, basically take out a piano and, you know, say this chord sound, this
chord progression, try it on the computer. You could say, I want this to be done
in horns instead of in a piano click. It's now horns. And you can basically,
you know, put a top line together.

That's very interesting with the computer,
a lot of the music that's produced today that we listen to is produced that way. Okay. Now what you've got is
you've got an application that's basically doing that. Okay. And I think there are
a couple of big issues that need to be wrestled
through with this. The first is these AI apps are using other people's content
in some way. Right. And the artists aren't getting in any way,
compensated, you know, for that.

And I think you've got to think about
how you're going to bring the artist community
and their IP, you know, in the discussion of this over
time. And, you know, it's
not gotten a lot of attention, but I think is a very, very important, a very, very important thing
that has to be dealt with. And secondly, this goes back
to the whole discussion I had about voice when I was talking about my daughter
and screenwriting. Oh yeah. Okay.

You know, the stuff I produced, okay. It's my voice. I said, I like
I like the way this sounds to me. So do it this way. I like the way this feels. So let's try it this way. Okay. And
then you put it out there and you see
whether or not anybody likes it. Obviously
the technology allows you to do it faster, but without a human being really,
then massaging it and tempering it. Okay. You know, I, I think you get you're going
to get at the moment certainly mediocrity and as opposed to, you know, really,
really interesting, resonant stuff.

David Solomon, clearly you've given,
the music industry quite a lot of thought. Thank you so much for coming

on Odd Lots. Really appreciate it. Well,
thank you for having me, guys. And I appreciate
appreciate the conversation. Yeah. It was of I appreciate you guys.
Thank you Joe. That was a lot of fun
a lot of fun a lot of fun. Kind of surprised how much thought David puts
into the music industry, to be honest. Like, oh, I love it, I love it.

I love that you asked that last question
and I liked how thoroughly he had. Yeah, I wasn't sure
if that would be the type of thing where he was like,
well, you got to focus on the banking. You know, the thing that really sharp. And there's a number of themes within the conversation
that are very important in to think about. But I mean, he's really good with dates
and names and as someone who is not good with names, frankly, and I'm
okay with dates, like I think, okay.

Like what is something I asked him
that question is like, what do you have that like, okay, you know, are other bankers
and you were like a producer. You get some of those,
you get that sense, right? Someone who's like that
good at like crediting the right people, knows the name, knows
the days, knows what they contributed. I kind of wish I had that skill
a bit more. Yeah. You can always tell a good all guest,
but like how many specific dates and data points
they actually bring up with?

I know a good data point, by the way.
Oh go on. Just the one. There's one data point. So in the music question. Yeah. And he, mentioned
having gone to see Bruce Springsteen's Darkness on the Edge of Town
tour in a 1976. That was, that album came out
really close to the bottom in the 1970s. And but this is why it's interesting,
because when developers came out, Bruce Springsteen rereleased darkness
on the Edge of Town in 2010.

So twice that album has been associated with sort
of like generational historic lows. Oh that's funny. Okay, so okay, well know the the crash is coming when Bruce Springsteen
rereleases this for the third. The next second is going to be a similar
the way another crash when he rereleases it. That's the bottom. Yeah. Buy signal. All right, all right. An important data point here. But no, I did, thinking about the
I job situation. This is a theme that keeps coming up,

which is if knowledge is commodified, if knowledge and experience
gets commodified on a single platform, then the human interaction social maxing
looks, maxing.

Yeah, whatever you want to call
it seems to be getting more important. I would actually even say there's
another thing. It's absolutely true. And I would say there's something else, which is that okay, like everyone
gets this sort of like commodified I. Yeah. So okay. Then you can infer that
the human touch will be more important. But then you add in the fact
that the last 15 years of mobile phones has destroyed
so many people's like ability, like make less contact data,
probably even more in a premium.

Even setting aside AI because the skills
are probably just going to get rarer as so many people lose their minds
to the phone and they're all right. So everyone remember
to look into each other's eyes when you're speaking with someone. And,
I guess, pick up the phone. Yeah. You know, David's advice. I also just thought it was really interesting
that he thinks we're going to see more, public companies doing private equity. Yeah, that because I did that, that alphabet headline, the Google headline, that was a big deal.

And, called a lot of people by surprise. So the fact that it's like
this is the first of multiple he expects is a very interesting. Yeah. The trend to watch for sure. All right. Should we leave it there?
Yeah, let's leave it there. This has been another episode
of the Odd Lots podcast. I'm Tracy Alloway. You can follow me @tracyalloway. And I’m Joe Weisenthal, you can follow
me @thestalwart. Follow our producers Carmen Rodriguez
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