

THE ECONOMIC CLUB

O F W A S H I N G T O N, D. C.

Amazon CEO and Founder Jeff Bezos was the Special Guest at the Economic Club's Milestone Celebration Event, and discussed his successes in various industries through Amazon, The Washington Post, and Blue Origin.

**Jeff Bezos
CEO and Founder
Amazon
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DAVID M. RUBENSTEIN: Now, your stock is actually up 70 percent this year. Is there one thing that you think is responsible for that or several things, because 70 percent is pretty good? [Laughter.]

JEFF BEZOS: No, I – you know, I have been lecturing – we have all-hands meetings at Amazon. And for 20 years, ever since we’ve been, what, 21 years now, in 1997, at almost every all-hands meeting, I say, look, when the stock is up 30 percent in a month, don’t feel 30 percent smarter, because when the stock is down 30 percent in a month, it’s not going to feel so good to feel 30 percent dumber. [Laughter.] And that’s what happens.

You know, the great quote that Warren Buffett brings up all the time, that Benjamin Graham said, which is, in the short run the stock market is a voting machine, in the long run it’s a weighing machine. And what you need to do is operate your company in such a way knowing that it will be weighed one day and just let it be weighed, never spend any time thinking about the daily stock price. I don’t.

MR. RUBENSTEIN: OK. So as a result of going up 70 percent this year, you have become the wealthiest man in the world. Is that a title that you really wanted, or not? [Laughter.] Is it a burden?

MR. BEZOS: I can assure you I have never sought that title. And it was fine being the second-wealthiest person in the world, that actually worked fine. [Laughter.]

It’s not – it isn’t a – I would say it’s something people naturally are curious about. You know, it’s a kind of interesting curiosity. But it’s not – the thing I would much rather, if they said, like, you know, “inventor Jeff Bezos” or “entrepreneur Jeff Bezos” or, you know, “father Jeff Bezos.” Those kinds of things are much more meaningful to me.

And the, you know, the – it’s an output measure. If you look at the financial success of Amazon and the stock, I own 16 percent of Amazon. Amazon is worth roughly a trillion dollars. That means that what we have built over 20 years, we have built \$840 billion of wealth for other people. And that’s really what we – that’s, from a financial point of view, that’s what we’ve done, we’ve built \$840 billion of wealth for other people. And that’s great, that’s how it should be.

You know, I believe so powerfully in the ability of entrepreneurial capitalism and free markets to solve so many of the world’s problems – not all of them, but so many of them.

MR. RUBENSTEIN: So, you live in Washington state in Seattle or outside of Seattle.

MR. BEZOS: Yeah.

MR. RUBENSTEIN: Now, the man who was the richest man for about 20 years is named Bill Gates.

MR. BEZOS: Yeah.

MR. RUBENSTEIN: And what is the likelihood that the two richest men in the world live not only in the same country, not only the same state, not only the same city, but in the same neighborhood? I mean, is there something in that neighborhood that we should know about? [Laughter.] And are there, I mean, are there any more houses for sale there? [Laughter.]

MR. BEZOS: After I [laughter] – after I saw Bill not too long ago, you know, we were joking about the world’s richest man thing and I basically said thank – you know, I said you’re welcome. And he immediately turned to me and said thank you. [Laughter.]

But no, Medina is a great little – it’s a suburb of Seattle. And, you know, I don’t think there’s anything special in the water there.

MR. RUBENSTEIN: OK.

MR. BEZOS: You know, I did locate Amazon in Seattle because of Microsoft. I thought that that big pool of technical talent would provide a good place to recruit talented people from and that did turn out to be true. So, it’s not a complete coincidence, there’s some correlation there.

MR. RUBENSTEIN: But when you are the richest man in the world, you go into a store, when you want to buy something, do you have to put a credit card down? Do you just say I’m Jeff Bezos and they send you the stuff? [Laughter.] How do you do that? And do you have to carry – you carry cash around or you carry something?

MR. BEZOS: Yeah, I do carry cash. And I have credit cards, yeah.

MR. RUBENSTEIN: And have your credit cards –

MR. BEZOS: I have to show my driver’s license and, you know –

MR. RUBENSTEIN: But have you ever had a credit card denied? Has that ever happened? [Laughter.]

MR. BEZOS: I have. I’ve had my credit card denied.

MR. RUBENSTEIN: So, what do you say when that – you say, don’t you know who I am?

MR. BEZOS: I give them another credit card. I say here, try this one. [Laughter.]

MR. RUBENSTEIN: OK. So earlier today, you made an announcement that is the most significant philanthropic gift you have made of this type.

MR. BEZOS: Yeah.

MR. RUBENSTEIN: It was a – [applause] –

MR. BEZOS: Thank you.

MR. RUBENSTEIN: About a year ago, you said you wanted to look for some good philanthropic ideas. And you got, I think, 47,000 of them.

MR. BEZOS: Yeah.

MR. RUBENSTEIN: And you reviewed them. And how did you decide where to put this \$2 billion? And would you describe exactly what you're going to do?

MR. BEZOS: Well, that process was very helpful. So, I solicited ideas, kind of crowdsourced and I got literally, as you said, something like 47,000, maybe even a little more. Some of them came to my inbox, most of them came on social media. And I read through thousands and thousands of them. My office kind of correlated them all and put them into buckets and there were some themes that emerged.

But the other thing that's fascinating about this kind of actually is you see just how long-tailed it is. People are interested in trying to help the world in so many different ways. And it's all the things you would expect, you know, but also some more unusual things. But it's, you know, some people are very interested in the arts and opera and they think that's underfunded. And a lot of people are interested in medicine and particular diseases and think that those deserve more R&D dollars. All these things are correct.

A lot of people are very interested in homelessness, including me. A lot of people are very interested in education of all kinds, all kinds of education, both kind of college scholarship-type education, but also apprenticeship programs. So, you name it and people are interested in education.

I'm very interested in early education. And I – you know, the apple doesn't fall far from the tree. My mother has become, in running the Bezos Family Foundation, she has become an expert in early education. [Applause.] I'm a student of Montessori schools. I started at Montessori when I was two years old. And the teacher complained to my mother, the Montessori school teacher complained to my mother that I was too task focused and that she couldn't get me to switch tasks, so she would have to just pick up my chair and move me. [Laughter.] And by the way, I think that's – if you ask the people who work with me, that's still probably true today.

MR. RUBENSTEIN: Did that teacher ever call you since and say she was responsible for your success? Did she ever call you? No? [Laughter.]

MR. BEZOS: No. I'm in touch with several my high school and elementary school teachers, though, but I don't know any of my Montessori school teachers.

MR. RUBENSTEIN: OK. So, the gift that you're giving, essentially, you're going to have some for preschool, for children who need preschool, free preschool.

MR. BEZOS: Yeah, full-tuition preschool, Montessori-inspired. I'm very excited about that because I'm going to operate that. That's going to be an operating nonprofit. I'm going to hire an executive team. There's going to be a leadership team. We're going to operate these schools and we're going to put them in low-income neighborhoods. It's just – there's no doubt. We know for a fact that if a kid falls behind, it's really, really hard to catch up. And if you can give somebody a leg up when they're two, three, or four years old, by the time they get to kindergarten or first grade, they're much less likely to fall behind. It can still happen, but you've really improved their odds.

And a lot of – and, you know – and, you know, probably most of the people in this room have been very mindful about making sure that their kids got very good preschool educations and, you know, got that kind of head start. That head start compounds fantastically. And if you can get that, you know, starting at age two, three, four, there's a powerful compounding effect there.

So, it's highly levered, that's all that really means. You know, you can – the money spent there is going to pay gigantic dividends for decades.

MR. RUBENSTEIN: And the other part of your gift will be to give awards out to –

MR. BEZOS: Yes, and that's going to be more traditional grant-making philanthropy. So there, I'm going to identify, with the help of a team, I'm going to identify – that we're going to hire, it will be a full-time team – identify and fund, vet and fund family homeless shelters.

MR. RUBENSTEIN: And that will be – you've said you would give an initial \$2 billion.

MR. BEZOS: Yeah.

MR. RUBENSTEIN: Do you expect to add to that?

MR. BEZOS: Yeah, it's day one. Everything I have ever done has started small. [Laughter.] Amazon started with a couple of people. And Blue Origin¹ started with five people. And the budget at Blue Origin was very, very small, now the budget at Blue Origin approaches a billion dollars a year and next year it will be more than a billion dollars. And Amazon, literally it was 10 people, today it's half-a-million people. But it's hard to remember for you guys, but for me it's like yesterday I was driving the packages to the post office myself and hoping one day we could afford a forklift.

And so, for me, I've seen small things get big. And it's part of this day-one mentality. I like treating things as if – if they're small – you know, Amazon, even though it is a large

¹ Blue Origin, LLC is a privately-funded U.S.-based aerospace manufacturer and spaceflight services company headquartered in Kent, Washington, and founded in 2000 by Jeff Bezos.

company, I want it to have the heart and spirit of a small one. So, anyway, the Day One Foundation² is going to be like that.

We'll wander a little bit, too. So, I – we have some very specific ideas about what we want to do, but I believe in the power of wandering. All of my best decisions in business and in life have been made with heart, intuition, guts, you know, not – not – analysis. When you can make a decision with analysis, you should do so, but it turns out in life that your most important decisions are always made with instinct, intuition, taste, heart. And that's what we'll do with this Day One Foundation, too. It's part of that day-one mentality.

As we go about, you know, building out this network of nonprofit schools, we will – we'll learn new things and we'll figure out how to make it better.

MR. RUBENSTEIN: So, one of the decisions that you are doing by –

MR. BEZOS: And the customer is going to be the child. This is – this is so important because that is – the secret sauce of Amazon – there are several principles of Amazon, but the number-one thing that has made us successful by far is obsessive-compulsive focus on the customer as opposed to obsession over the competitor.

And I talk so often to other CEOs – some other CEOs and also founders and entrepreneurs. And I can tell that even though they're talking about customers, they're really focusing on competitors. And it is a huge advantage to any company if you can stay focused on your customer instead of your competitor. So, then you have to identify, who is your customer?

So, at The Washington Post, for example, is the customer the people who buy advertisements from us? No, the customer is the reader, full stop, the customer is the reader. [Applause.] And then, by the way, where do advertisers want to be? Advertisers want to be where there are readers. So, it's really not that complicated. You know, it sort of – it comes around really well.

And in the school, who are the customers? Is it the parents? Is it the teachers? No, it is the child. And that's what we're going to do, we're going to be obsessively compulsively focused on the child. We're going to be scientific when we can be. And we're going to use heart and intuition when we – when we need to.

MR. RUBENSTEIN: Well, when you use your intuition to make decisions, where is the intuition leading you now on your second headquarters? [Laughter, applause.]

MR. BEZOS: All right. Can we just take a moment to acknowledge that that may be the best segue in the history of interviewing? [Laughter, applause.]

Seriously, David, that is – that is – that's amazing.

² The Day One Foundation or Bezos Day One Fund is the name of Jeff Bezos' new \$2 billion charitable fund focused on fighting homelessness and providing quality education.

MR. RUBENSTEIN: All right. So, the answer is? [Laughter.]

MR. BEZOS: The answer is very simple. We will announce a decision before the end of this year. So, we've made tremendous progress. The team is working their butts off on it. And we will get there. No, no, hey, be nice, come on. [Laughter.]

MR. RUBENSTEIN: But, you know, you already have something in one Washington and what about another Washington area? You've got –

MR. BEZOS: Yeah. No. That's right. [Applause.] In Seattle, we call this the other Washington. This is –

MR. RUBENSTEIN: OK. So, speaking of Washington, you bought a few years ago, as you mentioned, The Washington Post. Why did you buy The Washington Post? You had no background in that area. What convinced you to do that?

MR. BEZOS: Yeah. OK, first of all, I was not looking for a newspaper. I had no intention of buying a newspaper, I had never thought about the idea, it had never occurred to me. It was never something – it wasn't like a childhood dream, knew nothing. And my friend Don Graham – who at that time I had known 15 years, I know him 20 years now – he approached me through an intermediary and wanted to know if I would be interested in buying The Washington Post. And I sent back word that I would not because I didn't really know anything about newspapers.

And Don, over a series of conversations, convinced me that that was unimportant because we had, inside The Washington Post, was have so much talent that understands newspapers. That wasn't what the problem was. What they needed was somebody who had an understanding of the internet. And so that was the first thing. That's kind of how it got started.

And then I – so I did some soul-searching. And again, my decision-making process on something like this would definitely be intuition and not analysis. The financial situation of The Washington Post at that time – this is 2013 – was very upside-down. And it's a fixed-cost business and they had lost a lot of revenue over the previous five or six years, not through any fault of the people working there or of the leadership team. The paper had been managed very, very well. The problem was a secular one, the internet was just eroding all of the traditional advantages that local newspapers had, all of them. I mean, it was just taking away every gift that the local newspaper had was kind of systematically removed by the internet. And so that's why you see this, it's a – it's a profound problem across local newspapers all around the country and in fact the world.

And so, I had to do some soul-searching. And I said, you know, is this something I want to get involved in? If I'm going to do it, I'm going to put some heart into it and some work into it. And I decided I would only do that if I really believed it was an important institution. And I said to myself, if this were a financially upside-down, salty snack-food company, the answer would be no.

But it was very – as soon as I started thinking about it that way, I was like this is – this is an important institution, it’s really – it is the newspaper in the capital city of the most important country in the world. The Washington Post has an incredibly important role to play in this democracy. There’s just no doubt in my mind about that. [Applause.]

And so as soon as I had passed through that gate, I only had one more gate that I had to go through before telling Don yes, and that was I wanted to look myself, you know, be really open with myself and look in a mirror and sort of think about the company and be sure that I was optimistic that it could work. Because, you know, if it were hopeless, that would also be not something I would get involved in. And I looked at that and I was super optimistic. And it needed to be transitioned to a national and a global publication.

There’s one gift that the internet brings newspapers. It destroys almost everything, but it brings one gift and that is free global distribution. In the old days of paper newspapers, you would have to build printing plants everywhere and your logistics operations to have a truly global newspaper or even really a national newspaper – super expensive, heavy CAPEX³ investments. That’s why so few papers actually became national or global, really no global ones to speak of, depending on what you count. And so – but today with the internet, you get that gift of free distribution, so we had to take advantage of that gift. And that’s the – that was the basic strategy. We had to switch from a business model where we made a lot of money per reader with a relatively small number of readers to a little tiny bit of money per reader on a very large number of readers. And that’s the transition that we did with our site.

I’m pleased to report to you that The Post is profitable today. The newsroom is growing. [Applause.] It’s been growing every year since I’ve been there. Marty Baron who leads the newsroom is killing it. I think he’s the best editor in the newspaper business. [Applause.] We have Fred Ryan who is the publisher. Fred Hiatt at the editorial page, they’re killing it. Shailesh our head of technology is a superstar. So, we are – you know, that – it’s working and I’m so proud of that team.

And I know for a fact, when I’m 80 or, let’s say – I always project myself forward to age 80, but as I get older I’m starting to do 90. [Laughter.] So, I know that when I’m 90 it’s going to be one of the things I’m most proud of is that I took on The Washington Post and helped them through a very rough transition. [Applause.]

MR. RUBENSTEIN: So, when you – when you agreed to buy it, I think the asking price was \$250 million. Did you negotiate?

MR. BEZOS: No. Don, I asked him how much he wanted, he said 250 (million dollars). I said fine, I didn’t negotiate with him and I did no due diligence. [Laughter.] And I wouldn’t need to with Don. He told me –

MR. RUBENSTEIN: I have something I’d like to sell. [Laughter.]

³ CAPEX – capital expenditures

MR. BEZOS: I had – you know, Don told me every wart and pimple and he told me all the things that were great. And every single thing he told me on both sides of that ledger turned out to be true.

MR. RUBENSTEIN: OK. So now that you own The Washington Post, sometimes there are some people who criticize some things that The Washington Post says – [laughter] – and you’ve been remarkably quiet.

MR. BEZOS: I have no idea what you’re talking about. [Laughter.]

MR. RUBENSTEIN: Well, you’ve been remarkably quiet in not defending yourself.

MR. BEZOS: Well, I do defend The Post. And so, I don’t – I don’t – I don’t feel the need to defend Amazon, but I do – I will say this. It is a mistake for any elected official, in my opinion – I don’t think this is a very out-there opinion – to attack media and journalists. [Applause.] I believe that it is an essential component of our democracy.

There has never been – I was going to say never been an elected official who liked their headlines. I think there’s probably no public figure who has ever liked their headlines. It’s OK. It’s part of the process. You know, it’s – if you’re the president of the United States or a governor of a state or whatever, you don’t take that job thinking you’re not going to get scrutinized. You’re going to get scrutinized and it’s healthy. And somebody very – you know, what the president should say is this is right, this is good, I’m glad I’m being scrutinized, and that would be so secure and confident. But it’s really dangerous to demonize the media. It’s dangerous to call the media lowlives. It’s dangerous to say that they’re the enemy of the people.

We live in a society where it’s not just the laws of the land that protect us. We do have freedom of the press, it’s in the Constitution. But what we – but it’s also the social norms that protect us. It works because we believe those words on that piece of paper. And every time you attack that, you’re eroding a little bit around the edges.

Now, look, I don’t want to be dramatic here. We are so robust in this country. The media is going to be fine, we’re going to push through this.

And by the way, Marty Baron would tell you – this is a super-important point – he will always say – when he meets with the newsroom, I’ve heard him say it many times. I say it myself when I meet with journalists at The Washington Post. Marty says we – the administration may be at war with us, we are not at war with the administration; just do the work, just do the work. That’s Marty’s phrase. [Applause.]

MR. RUBENSTEIN: And so, you have – I didn’t mention the president, but you mentioned the president. So, since you mentioned the president – [laughter] – have you met the president?

MR. BEZOS: He was a lawyer, wasn’t he? [Laughter.]

MR. RUBENSTEIN: Right. So, you’ve met the president on a couple of occasions –

MR. BEZOS: Yeah.

MR. RUBENSTEIN: – and you’ve to him very much. Does he call you in for lunch or dinner or anything? Not that much?

MR. BEZOS: Well, I’ll keep my conversations with the president to myself. But yes, I’ve had a couple of conversations with him.

MR. RUBENSTEIN: And this doesn’t make you think you want the job yourself, though, right? It’s not a job you would ever aspire to?

MR. BEZOS: Are you asking me if I would run for president?

MR. RUBENSTEIN: Yes.

MR. BEZOS: I’ll be your VP. [Laughter.] You run. You run.

MR. RUBENSTEIN: Well, no, I think you’d be a better candidate.

But, yeah, let’s talk about how you came to the situation where you are today. So, you grew up in Texas, initially.

MR. BEZOS: Yes. I was born in Albuquerque –

MR. RUBENSTEIN: All right.

MR. BEZOS: – but I left when I was 3 or 4 and I moved to Texas.

MR. RUBENSTEIN: You moved to Texas. And from early age, were you a pretty smart student? Did your teachers tell you, you know, you were good or –

MR. BEZOS: I have always been academically smart. And that, you know – by the way, the older I get, I realize how many kinds of smart there are. There are a lot of kinds of smart. There are a lot of kinds of stupid, too. [Laughter.] But there are – you know, I see people all the time who I know they wouldn’t have gotten A-pluses on, you know, their calculus exams, but they’re – they’re incredibly smart. But yes, I was a very good student.

MR. RUBENSTEIN: Right. So, you ultimately moved to high school in Miami.

MR. BEZOS: Yes.

MR. RUBENSTEIN: And then you were valedictorian of your class.

MR. BEZOS: Yes.

MR. RUBENSTEIN: And then you gave a speech as the valedictorian saying you thought we should colonize space or something like that?

MR. BEZOS: I did. It was 1982. I graduated from high school in 1982, a big public high school, Miami Palmetto Senior High. Go Panthers! [Laughter.] And there were 750 kids in my graduating class. And I loved high school. I had so much fun. We had – I lost my library privileges because I laughed too loudly in the library.

MR. RUBENSTEIN: What about that laugh? Where did you get that laugh from? You know, it is distinctive.

MR. BEZOS: I've had that laugh all my life. There was a short – not that short, there was a multiyear period where my brother and sister would not see a movie with me because they thought it was too embarrassing. And my – but I don't know why I have this laugh. It's just – it's just – and I laugh easily and often. And people who know me – you know, you ask my mom or anybody who knows me well and they'll say if Jeff's unhappy, wait five minutes. And I can't maintain unhappiness. I guess I have, you know, good serotonin levels or something. I don't know.

MR. RUBENSTEIN: So, you graduated as valedictorian. And you decided to go to Princeton. How come you decided to go to Princeton?

MR. BEZOS: Because I wanted to be a theoretical physicist. So, I went to Princeton and I was a really good student, as I pointed out already. I got A-pluses on almost everything I had. I was in the honors physics track which starts out with, you know, a hundred students and by the time you get to quantum mechanics it's, like, 30.

So, I'm in quantum mechanics. I think this is, like, junior year. And I've also been taking a bunch of computer science classes and electrical engineering classes, which I'm also enjoying. And I can't solve this partial differential equation. It's really, really hard. And I've been studying with my roommate, Joe, who also was really good at math. And the two of us worked on this one homework problem for three hours and got nowhere. And we finally said – we looked up at each other over the table at the same moment, we said: Yasantha. Because Yasantha (ph) was the smartest guy at Princeton.

And we went to Yasantha room. And he was Sri Lankan. And in the face book, which was an actual paper book at that time – [laughter] – there were – his name was three lines long because I guess in Sri Lanka when you do something good for the king they give you an extra syllable on your name and so he had a super-long last name. He was the most humble, wonderful guy. And we show him this problem. And he looks at it, he stares at it for a while and he says cosine. And I'm, like, what do you mean? He's, like, that's the answer. And I'm, like, that's the answer? And he's, like, yeah, let me show you. So, he brings us into his room, he sits us down, he writes out three pages of detailed algebra, everything crosses out and the answer is cosine. And I said listen, Yasantha, did you just do that in your head? [Laughter.] And he said, no, that would be impossible. Three years ago, I solved a very similar problem and I was

able to map this problem onto that problem and then it was immediately obvious that the answer was cosine. [Laughter.]

And I – that was an important moment for me because that was the very moment when I realized I was never going to be a great theoretical physicist. [Laughter.] And so, I started doing some soul-searching. And I was, like, that, you know, that is a magic trick. It's a – the people who – you know, theoretical – in most occupations, if you're in the 90th percentile or above, you're going to contribute. In theoretical physics, you've got to be, like, one of the top 50 people in the world or you're really just not helping out much. [Laughter.] You know, you're – and so I was very clear. I saw the writing on the wall and I changed my major very quickly to electrical engineering and computer science.

MR. RUBENSTEIN: But you graduated summa cum laude.

MR. BEZOS: I graduated summa cum laude.

MR. RUBENSTEIN: Phi beta kappa.

MR. BEZOS: Phi beta kappa.

MR. RUBENSTEIN: And then you went into the highest calling of mankind: finance. [Laughter.]

MR. BEZOS: Yes. I went – I went to New York City and I ended up working at a quantitative hedge fund run by a brilliant man named David Shaw, D.E. Shaw & Co. And I started there when there were only 30 people, when I left there were about 300. And David is still one of the most brilliant people I've ever met. I learned so much from him. I used a lot of his ideas and principles on things like HR and recruiting and what kind of people to hire when I started Amazon.

MR. RUBENSTEIN: That's a very, very good, well-known hedge fund.

MR. BEZOS: Yeah.

MR. RUBENSTEIN: And you were a star there, as I understand. What propelled you to say I'm quitting this, I'm going to start a company selling books over the internet and I'm going to do it from Seattle? Where did that idea come from?

MR. BEZOS: I came across the fact – so this is 1994, nobody has heard of the internet, very, very few people. It was used at that time mostly by scientists and physicists and things like that. We used it a little bit at D.E. Shaw for some things, but not much. And I came across the fact that the web, the world wide web, was growing at something, like, 2,300 percent a year. This is in 1994. And anything growing that fast, even if its baseline usage today is tiny, it's growing so fast, it's going to be big.

And so, I looked at that and I was, like, there's got to be – I should come up with a business idea, you know, on the internet and then let the internet grow around this and keep working on it. And so, I made a list of products that I might sell online, and I started force-ranking them. And I picked books because books are super-unusual in one respect, which is that there are more book items in the book category than there are items in any other category. There are 3 million different books active and in print around the world at any given time.

So, my – the founding idea of Amazon was to build universal selection of books. The biggest bookstores only had 150,000 titles. And so that's what I did. And I, you know, I hired a small team and we built – we built the software. I moved to Seattle.

MR. RUBENSTEIN: Why did you pick Seattle? Because of Microsoft?

MR. BEZOS: Yeah, it was two things: The largest book warehouse in the world at that time was nearby in a town called Roseburg, Oregon, and then also the recruiting pool that was available from Microsoft.

MR. RUBENSTEIN: I mean, you told your parents you were going to quit D.E. Shaw where you were successful, making, presumably a fair amount of money –

MR. BEZOS: Yeah.

MR. RUBENSTEIN: – and you told your wife, McKenzie, that you were going to move across the country. What did they all say?

MR. BEZOS: They were immediately and reflexively supportive right after they asked the question, what's the internet? [Laughter.] And so – no, but this is right. You know – you know, with your loved ones, you bet on them. You're not betting on the idea, you are betting on the person.

I told my – when I told my boss, David Shaw, that I was going to do this thing, I went on a long walk with him at Central Park and he said finally, you know, after a lot of listening, he said, you know what, Jeff, this is a really good idea, I think you're onto a good idea here, but this would be a better idea for somebody who didn't already have a good job. [Laughter.] And that actually made so much sense to me that he convinced me to think about it for two days before making a final decision.

And that was – and it's one of those decisions that I made with my heart and not my head. And I basically said I don't want to regret – I don't – when I'm 80, now 90 – [laughter] – I want to have minimized the number of regrets that I have in my life. [Applause.] And most of our regrets are acts of omission, they're things we didn't try, it's the path untraveled. Those are the things that haunt us. So anyway –

MR. RUBENSTEIN: Well, I have one of those that relates to this.

MR. BEZOS: [Chuckles.] Yeah, I know what you're going to say.

MR. RUBENSTEIN: When you were trying to get the bibliography of books in print to sell –

MR. BEZOS: Yeah.

MR. RUBENSTEIN: – you went to a company that my firms owns –

MR. BEZOS: Baker & Taylor.

MR. RUBENSTEIN: – Baker & Taylor which had started in 1839, never made a profit since 1839, it was always breakeven. [Laughter.] And as I understand it, the salesman was told by you that you would give them a small piece of the company you were starting. You didn't have a lot of cash. And our salesman said no, we don't want a piece of a company, we want some cash.

MR. BEZOS: Yeah.

MR. RUBENSTEIN: So, you gave some cash. And later when I heard about this, I flew out to see you –

MR. BEZOS: Yeah.

MR. RUBENSTEIN: – in your ramshackle little office building.

MR. BEZOS: Yes.

MR. RUBENSTEIN: And I said, you know, I think that deal –

MR. BEZOS: This is, like, 1997.

MR. RUBENSTEIN: Right.

MR. BEZOS: This was a long time ago, the first time we met.

MR. RUBENSTEIN: And so, I said that deal wasn't so good, we'd like a piece of the company, whatever you were thinking of giving us. And you were actually very gracious. You didn't say get out of here, I don't need you anymore. You said, look, I don't really need you, frankly, but you were helpful in the beginning, so we'll cut up the deal and I'll give you a little piece of the stock.

MR. BEZOS: Yeah.

MR. RUBENSTEIN: And you did. And that stock today is worth about \$5 billion. [Laughter.]

MR. BEZOS: Yeah.

MR. RUBENSTEIN: Unfortunately, we sold it right at the IPO. [Laughter.]

MR. BEZOS: Yeah. But it's a testament to your character that that doesn't bother you.

MR. RUBENSTEIN: No, it does bother me. [Laughter, applause.] I mention it every – actually, I think about it every day, every day. But I do remember, when I went out there, you had your desks were table – you had, like, doors where the –

MR. BEZOS: Yeah. Yeah, we still do.

MR. RUBENSTEIN: And you were telling me that you had to go deliver the books –

MR. BEZOS: Yeah.

MR. RUBENSTEIN: – to the post office yourself.

MR. BEZOS: I still – I don't still deliver to the post office, but I was doing that for years.

MR. RUBENSTEIN: And I –

MR. BEZOS: And I was packing boxes on my hands and knees. In the first month, I was packing boxes on my hands and knees on the hard cement floors. And with somebody else standing next to me, kneeling next to me, we're packing. And I said, you know what we need? Kneepads because this is killing my knees. And this guy packing alongside of me said we need packing tables. [Laughter.] And I was, like, that's the most brilliant idea I've ever heard. [Laughter.] And the next day I went and bought packing tables and it, like, doubled our productivity.

MR. RUBENSTEIN: So where did the name Amazon come from?

MR. BEZOS: Earth's biggest river, earth's biggest selection.

MR. RUBENSTEIN: OK, that seems simple. Was that an easy choice or were there other candidates?

MR. BEZOS: Well, the first name I named it Cadabra. I was – I had – it's hard to – it's really hard to impress upon you how small this beginning was. But when I was driving to Seattle, I wanted to hit the ground running, I wanted to have a company incorporated and I wanted to have bank accounts set up. And so, I called a friend and he recommended his lawyer to me. It turned out this guy was actually his divorce attorney. [Laughter.] But this guy incorporated the company for me and set up bank accounts and said I need to know what name you want the company to be for the incorporation papers. And I said – this is over the phone – and I said Cadabra, like abracadabra, but I just said Cadabra. And he said, cadaver? [Laughter.] And I was, like, OK, that's not going to work. But I, like, go ahead with Cadabra for now and I'll change it. And so, like, three months later I changed it to Amazon.

MR. RUBENSTEIN: OK. So, what propelled you to sell things more than books? I mean, obviously, if you're only selling books today, you wouldn't be the richest man in the world, presumably. It's the idea that you're selling other things. When did you first get the idea to sell other things?

MR. BEZOS: After books, we started selling music and then we started selling videos. And then I got smart. And I emailed a thousand randomly selected customers and asked them, besides the things we sell today, what would you like to see us sell? And that answer came back incredibly long-tailed. Basically, the way they answered the question was with whatever they were looking for at that moment. So, like, I remember one of the answers was I wish you sold windshield wiper blades because I really need windshield wiper blades. [Laughter.] And I thought to myself we can sell anything this way. So, then we launched electronics and toys and many other categories over time.

And the vision became – because you read the original business plan, it's just books.

MR. RUBENSTEIN: Well, in 1997 you went public.

MR. BEZOS: Yeah.

MR. RUBENSTEIN: And the value of the company was under a billion dollars then, maybe 600 million (dollars) or something.

MR. BEZOS: Three-something, I think –

MR. RUBENSTEIN: Right.

MR. BEZOS: – at our IPO. And then went underwater for a while.

MR. RUBENSTEIN: Right. Your stock at one point, I think, went to \$100, but then it went down to \$6 or something like that.

MR. BEZOS: At the peak of the internet bubble, our stock peaked somewhere around \$113. And then after the internet bubble, you know, busted open, our stock went down to 6 (dollars). It went from 113 (dollars) to 6 (dollars) in less than a year.

My annual shareholder that year starts with a one-word sentence and that one-word sentence is the word “ouch.” [Laughter.]

MR. RUBENSTEIN: So most of those internet companies of the dot-com era are out of business.

MR. BEZOS: Yeah.

MR. RUBENSTEIN: You survived. What was it that made you to survive and virtually the rest of them are gone?

MR. BEZOS: Well, it was very – that whole period is very interesting because the stock is not the company and the company is not the stock. And so, as I watched the stock fall from 113 (dollars) to 6 (dollars), I was also watching all of our internal business metrics: number of customers, profit per unit, you know, everything you can imagine, defects, et cetera. Every single thing about the business was getting better and fast.

And so, as the stock price was going the wrong way, everything inside the company was going the right way. And I, you know, so I wasn't – we didn't need to go back to the capital markets, we didn't need more money. The only reason, you know, a financial bust like the internet bubble bursting is, you know, it makes it really hard to raise money, but, you know, we already had the money we needed. So, we just needed to continue to progress.

MR. RUBENSTEIN: Well, Wall Street kept saying, well, Amazon's not making any money, they're just getting customers. Where are the profits? Where are the profits? And Wall Street kept beating you up on that and your response was I don't really care what you think?

MR. BEZOS: Well, I was on television with Tom Brokaw. He pulled together half-a-dozen internet entrepreneurs from that era. This is, you know – I think it was right before the bubble burst maybe or right after, I can't remember, but in that area. And he was interviewing all of us. And he finally turned to me and he said, Mr. Bezos, can you even spell "profit?" And Tom, by the way, Tom Brokaw is now one of my good friends. But he's, like, can you even spell "profit?" And I said sure, P-R-O-P-H-E-T. [Laughter.] And he burst out laughing.

But, look, Amazon was – you know, people always accused us of selling dollar bills for 90 cents and said, look, anybody can do that and grow revenues. That's not what we were doing. We always had positive gross margins. It's a fixed-cost business. And so, what I could see is that, from the internal metrics, is that at a certain volume level that we would cover our fixed costs and the company would be profitable.

MR. RUBENSTEIN: So, who came up with the idea of Prime?⁴ Prime seems to be a great way to get money in advance of people actually getting the services.

MR. BEZOS: Yeah.

MR. RUBENSTEIN: Whose idea was that?

MR. BEZOS: Actually, it's very interesting. So, like many inventions inside of a team – and I love – team inventing is my favorite thing. So, I tap dance into the office. I love Amazon, I have so much fun there. I love Blue Origin, I love The Washington Post, but Amazon is my full-time job. And I get to invent, I get to live two to three years in the future. And most of the invention we do there is, you know, somebody has an idea and then other people improve the idea and other people come up with objections why it can never work and then we solve those objections. And it's a very – it's a very fun process.

⁴ Amazon Prime is a paid subscription service offered by Amazon that includes free two-day delivery, streaming music and video, and other benefits.

Prime, there were a couple of things. One, one of our board members Bing Gordon always wanted us to have a loyalty program. And he – he would bring this up at every board meeting. And he, you know – and the loyalty programs that we would think about were things like frequent-flyer mile programs, which don't really work in a business like Amazon, in my opinion. There are a lot of reasons that they work for airlines, but that's different, and there are structural differences. So, we kept thinking, but we were always wondering, what could a loyalty program be?

And then, actually, kind of a junior software engineer came up with this idea not as a loyalty program, but this idea that we could offer people kind of an all-you-can-eat buffet of fast, free shipping. And when we modeled that – so then, you know, the finance team went and modeled that idea and the results were horrifying – [laughter] – that we would offer unlimited shipping. Shipping is expensive, and that we would – and customers love free shipping.

So, at this point, we already had something called free supersaver shipping where we would – in exchange for letting the product go very slow to you and in exchange for having a certain minimum order threshold size, then you could get free shipping. But this was going to be no-order threshold. So, you could buy, you know, a single \$20 item or a single \$10 item and free two-day shipping. And when we modeled this, it didn't look pretty.

But we could see – I mean, again, back to that you have to use heart and intuition, there has to be risk taking, you have to have instinct, all good decisions have to be made that way. You do it with a group, you do it with great humility because, by the way, getting it wrong isn't that bad. That's the other thing. When we make mistakes – and we've made doozies, like the Fire Phone and many other things that just didn't work – I can – I can – we don't have enough time for me to list all of our failed experiments. But the big winners pay for thousands of failed experiments. So, you try something like Prime and it was very expensive at the beginning, it cost us a lot of money.

Because what happens when you offer a free all-you-can-eat buffet, who shows up to the buffet first? The heavy eaters. [Laughter.] It's scary. It's, like, oh, my God, did I really say as many prawns as you can eat? And so that is what happened. But surely, we could see the trendlines, we could see that, you know, all kinds of customers were coming, and they appreciated that service. So that's what led to Prime.

MR. RUBENSTEIN: So, by the way, when you have your team –

MR. BEZOS: By the way, if any of my answers are too long – you're sensing this audience.

MR. RUBENSTEIN: No, no, they're great.

MR. BEZOS: Cut me off.

MR. RUBENSTEIN: So, I'm not used to cutting off the richest man in the world. [Laughter.] So, let me ask you this.

MR. BEZOS: You're killing me, David. [Laughs.]

MR. RUBENSTEIN: When you sit around – you just said that you sit around with your team and so forth –

MR. BEZOS: Yeah.

MR. RUBENSTEIN: – but you don't like meetings before 10 a.m.

MR. BEZOS: No.

MR. RUBENSTEIN: You like to get eight hours of sleep.

MR. BEZOS: Yes.

MR. RUBENSTEIN: And you don't like PowerPoints. Explain all that and why is that?

MR. BEZOS: OK, many – so I like to putter in the morning. I get up early. I go to bed early, I get up early. I like to putter in the morning, so I like to read the newspaper, I like to have coffee, I like to have breakfast with my kids before they go to school, so I have my kind of puttering time is very important to me. And so that's why I set my first meeting for 10:00. I like to do my high-I.Q. meetings before lunch. Like, anything that's going to be really mentally challenging, that's a 10:00 meeting. Because by 5 p.m., I'm like I can't think about that today, let's try this again tomorrow at 10 a.m.

So then on sleep, I get eight hours of sleep. I prioritize it, unless I'm traveling in different time zones. Sometimes it's impossible, but I am very focused on it. And for me, I need eight hours of sleep. I think better, I have more energy, my mood is better, all these things.

And think about it. As a senior executive, what do you really get paid to do? As a senior executive, you get paid to make a small number of high-quality decisions. Your job is not to make thousands of decisions every day. So, let's say that I slept six hours a day or let's go really crazy and say I slept four hours a day. So now I just got four so-called productive hours back. So, if I was going to, you know, have, say, 12 hours of productive time during any waking day, now all of a sudden, I have 12 plus four, I have 16 productive hours. So, I have 33 percent more time to make decisions. So, if I was going to make, you know, a hundred decisions, now I can make 133 decisions.

By the way, if I did that arithmetic wrong, I'm sorry. [Laughter.]

And so, you make 133 decisions. Is that really worth it if the quality of those decisions might be lower because you're tired or grouchy or any number of things?

Now, it's different if it's a startup company. I mean, you know, you're really – you know, when Amazon was a hundred people it was a different story. But Amazon's not a startup

company. And all of our senior executives operate the same way I do. They work in the future, they live in the future. None of the people who report to me should really be focused on the current quarter.

I always tell people – sometimes we’ll get – you know, we’ll have a good quarterly conference call or something and Wall Street will like our quarterly results and I’ll get – people will stop me and say congratulations on your quarter and I say thank you. But what I’m really thinking is that quarter was big three years ago, right now I’m working on a quarter that’s going to reveal itself in 2021 sometime. And that’s what you need to be doing, you need to be out sort of, you know, two or three years in advance.

And if you are – and then, why do I need to make a hundred decisions today? If I make, like, three good decisions a day, that’s enough. And they should just be as high a quality as I can make them. Warren Buffett says he’s good if he makes three good decisions a year. And so, you know, so I really believe that.

So, I can’t remember, your question was, like, a triple-compound question. [Laughter.]

MR. RUBENSTEIN: Right. So, you’ve –

MR. BEZOS: I think I got at least two of the three.

MR. RUBENSTEIN: So, let me ask you this.

MR. BEZOS: OK.

MR. RUBENSTEIN: You have revolutionized retail and people buy so many things over the internet, people are obsessed with buying things over the internet.

By the way, when you buy over the internet, Amazon, do you ever get the wrong orders, anything ever wrong? What do you do? [Laughter.] Do you call up and complain or you don’t have any problems with that?

MR. BEZOS: No, I’m a customer of Amazon, hopefully like all of you in this room.

MR. RUBENSTEIN: Is there one person full time who services your account?

MR. BEZOS: If there’s anyone in this room who’s not an Amazon customer, see me right afterwards and I’ll walk you through it.

Yeah, I get – I have problems sometimes. And I treat them like the same way I treat a problem that I would get from a customer. My email address is famous, and I keep it and I read it. It’s jeff@amazon.com. I don’t see every email that I get anymore because I get too many, but I see a lot of them. And I – and I use my curiosity to pick out certain emails.

I'll get one from a customer and there's a defect. You know, we've done something wrong. Usually people are writing us – not always, but usually they're writing us because we've screwed up their order somehow. And I am – so I'm looking at this and for some reason something seems a little odd about that one and so I'll ask the team to do a case study and find real root cause or causes – it's usually causes – real root causes and then real root fixes, so that when you fix it you're not fixing it for that one customer, you're fixing it for every customer. And that process is a gigantic part of what we do. So, I would treat my – if I have a failed order or some bad customer experience, I would treat it just like that.

MR. RUBENSTEIN: So, you've revolutionized retail, as I say, but now you're in the bricks-and-mortar business. You bought Whole Foods.

MR. BEZOS: Yeah.

MR. RUBENSTEIN: What was the theory behind buying something that doesn't sell things over the internet?

MR. BEZOS: Well, we're very interested in physical stores. And we have – I've been asked for years if we'll ever open physical stores. Literally, 20 years I've been asked that question and I always say yes, but only when we have a differentiated offering, something that's not "me, too" because that space, physical stores is so well served. If we offer a "me, too" product offering, it's not going to work.

And it's also just we're not very good at that. Most of the – whenever we've tried dabbling in something that's a "me, too" service, we tend to get beaten. It doesn't work. Our culture is much better at pioneering and inventing, so we have to have something that's different. And that's what Amazon Go is, it's completely different. The Amazon Bookstore, completely different. And we have ideas about how to merge Prime and Whole Foods to make that – those are still rolling out, you haven't seen them yet – but to make – to use Amazon Prime to make Whole Foods a very differentiated experience and continue to add technology to that.

And what, you know – and so, basically, Whole Foods I love. Whenever I'm talking to – Amazon buys a lot of companies, usually they're much smaller than Whole Foods, but we buy a bunch of companies every year. And I'm always trying to assess. When I meet with the entrepreneur who founded the company, I'm always trying to figure out one thing first and foremost: Is that person a missionary or a mercenary? And the mercenaries are trying to flip their stock. The missionaries love their product or their service and love their customer and are trying to build a great service.

By the way, the great paradox here is that it's usually the missionaries who make more money. And you can – you can tell really quickly just by talking to people.

And when I met John Mackey who's the founder of Whole Foods, it's just – it's a missionary company, he's a missionary guy. And so, what we're going to be able to do is take some of our resources, some of our technological know-how and expand the Whole Foods mission. They have a great mission which is to bring nourishing food to everybody, organic,

nourishing food to everybody. But, you know, we have a lot to bring to that table in terms of resources, but also in terms of operational excellence and in terms of technology know-how.

MR. RUBENSTEIN: Now, one of the other companies you started within your company, which is technologically a superior company –

MR. BEZOS: Yeah.

MR. RUBENSTEIN: – is Amazon Web Services. Where did the idea come from?

MR. BEZOS: Yes, AWS has been – we started it, I don't know, a long time ago now, 15 years ago and worked on it behind the scenes for a long time and then finally launched it. It has become a very large company. And at AWS, we completely reinvented the way that companies buy computation.

So traditionally, if you are a company and you needed computation, you would build a data center. And you filled that data center with servers and you'd have to upgrade the operating systems of those servers and keep everything running and so on and so on. None of that added any value to what the business was doing. It was kind of price of admission, you know, undifferentiated heavy lifting.

And what we saw at Amazon is we were doing that. We were building data centers for ourselves just like that. And what we saw is there was tremendous waste of effort between our applications engineers and our networking engineers, the ones who run the data centers. And they were – they were having to have lots of meetings and planning fleet sizes and all these, like, non-value-added tasks. And we said, look, what we can do is develop a set of hardened APIs⁵ that allow these two groups, the applications engineers and the networking engineers, to have roadmap meetings instead of these fine-grained meetings and then we'll expose those APIs to the applications engineers and they can just take as much compute resource as they want.

And as soon as we hatched that plan, it became immediately obvious to us. We were just going to do that for ourselves. And as soon as we did that, it was immediately obvious that every company in the world was going to want this.

And then something – then a business miracle happened. This never happens. This is, like, the greatest piece of business luck in the history of business, so far as I know. We faced no likeminded competition for seven years. It's unbelievable. And we – like, I'll give you – like, when I launched Amazon.com in 1995, Barnes & Noble launched Barnesandnoble.com in 1997, two years. That's very – that's very typical if you invent something new. We launched Kindle; Barnes & Noble launched Nook two years later. We launched Echo; Google launched Google Home two years later. When you pioneer, if you're lucky, you get a two-year head start. Nobody gets a seven-year head start.

⁵ API is the acronym for Application Programming Interface, which is a software intermediary that allows two applications to talk to each other.

And so, that was incredible because – and I think it was a whole confluence of things. I think that the big, established enterprise software companies did not see Amazon as a credible enterprise software company. And so, we had this long runway to build this incredible, feature-rich – and it's just so far ahead of all the other products and services available to do this work today.

And the team doesn't let up. This team led by Andy Jassy, and Teresa is here somewhere – where are you, Teresa?

Teresa is – everybody here in Washington knows Teresa. [Applause.]

But this team is just, they're killers. I mean, they're just innovating on the product side so rapidly and they're running everything so well. I'm incredibly proud of them.

MR. RUBENSTEIN: But Amazon itself has virtually no competition in its online sales, so who is number two to you in online sales? There's virtually nobody.

MR. BEZOS: Our competition is – where we elbow for customers is in the physical world. So, in other words, when people are choosing between us, they're – we're about 40 percent or so of online sales, but we're, like, I don't know, low-single-digit percentage of retail sales. So, you know, 97, 98 percent of the sales. Eighty-five percent of sales or more is still in the physical world, so that's where we face competition.

MR. RUBENSTEIN: But do you worry that the U.S. government might come along or the European government and say you're so big, you're so powerful that even though you haven't done anything that is traditionally monopolistic, you're just too powerful and some regulatory thing could come and impair your business?

MR. BEZOS: Well, not – here's what I think about that. I have – I have a couple – I get asked this question frequently.

MR. RUBENSTEIN: I thought it was an original question.

MR. BEZOS: No, sorry. [Laughter.] You do that sometimes, but that's not one of them. [Laughter.]

My view on this is very simple. All big institutions of any kind are going to be and should be examined, scrutinized, inspected. Governments should be inspected, government institutions, big educational institutions, big nonprofits, big companies, they're going to get scrutiny. It's not personal, it's kind of what we as a society want to have happen. So that's one thing.

And I remind people internally when, you know, if they – don't take this personally. That will lead you in a lot of wasted energy. This is just normal. It's actually healthy. It's good. We want to live in a society where people are worried about big institutions, so that's OK.

And then the second thing, I think, is we are so inventive that whatever regulations are promulgated or however it works, that will not stop us from serving customers. So, to really, you know – I mean, under all kind of regulatory frameworks that I can imagine, customers are still going to want low prices, they're still going to want fast delivery, they're still going to want big selection, and so these things are so fundamental, those are the things that we do. So, I would say that.

I will say one more thing as long as we're talking about big companies is it's really important that politicians and others, not – they need to understand the value that big companies bring and not demonize or vilify business in general or especially – well, they shouldn't vilify big companies and they shouldn't vilify business in general for sure. And the reason is simple: There are certain things that only big companies can do.

You know, I've seen this the whole way. I know what Amazon could do when we were 10 people and I know what we could do when we were a thousand people and I know what we could do when we were 10,000 and I know what we can do today when we're half-a-million.

And, you know, to give you a more vivid example of this, I love, you know, garage entrepreneurs. I invest in a lot of their companies, I know many of them. But nobody in their garage is going to build an all-carbon-fiber, fuel-efficient Boeing 787. [Applause.] It's not going to happen. You need Boeing to do that. If you like your iPhone, you need Apple to do that, you need Samsung to do that. These are things that, you know, that a well-functioning – the entrepreneurial capitalism does those kinds of things very well.

And then there are market failures where nobody takes care of the – you know, this is – you know, then you look towards philanthropy and towards government, so you need different models for different things. But you definitely – this world would be really bad without Boeing and without Apple and without Samsung and so on.

MR. RUBENSTEIN: So, one of your passions is not just Amazon, but it's outer space and space travel and Blue Origin.

MR. BEZOS: Yeah.

MR. RUBENSTEIN: So, you've started Blue Origin, a little bit in secret, then you've made it public. You're putting a billion dollars or more of your own personal capital into every year.

MR. BEZOS: Yeah. Next year it'll be more for the first time.

MR. RUBENSTEIN: All right. And what are you going to get out of it? Are we going to have people going to space? What is the purpose?

MR. BEZOS: Yeah. This is – this is the most important work I'm doing, and I have great conviction about that. It is – it's a simple argument. This is the best planet. We have now sent robotic probes to every planet in this solar system. Believe me, this is the good one. [Laughter.]

My friends who say they want to move to Mars, I say, look, do me a favor, move to the top of Mt. Everest for a year first because that's a garden paradise compared to Mars.

And so, this gem of a planet, we're finally, as a species, big enough to really impact it. And so, you know, for thousands and thousands of years, Earth was really big, and humanity was really small, that's not true anymore. And so, we face a choice as we move forward. We're going to have to decide whether we want a civilization of stasis, which we could do, that's a real – that's a legitimate choice. What does it mean? It means we will have to cap population, we will have to cap energy usage per capita.

So, people don't think about how much energy they use. Your metabolic rate – as an animal, you use about a hundred watts of power, so you use about the same amount of power as a 100-watt lightbulb. But your civilizational metabolic rate as a human living in the developed world – so now this is a developed-world figure – is more than 10,000 watts of power. That's how much you're using when you – you know, just going about your life, all these lights and driving your cars and your vehicles and flying across the country. And whatever you're doing that uses energy, you're using on average about 10,000 watts.

And in the less-developed world – by the way, they want to be where we are. So, there's going to be a lot of energy used. Energy usage for a long, long time has been growing at, you know, a few percent a year, even as efficiency has grown very fast. So, we get – we're always getting more efficient. And even though we're getting more efficient, we keep using more energy. And that's a big part of the reason, energy is so fundamental. That's a big part of the reason that we have the, you know, we have the lifestyle we have as the modern civilization. It takes a lot of energy.

And so, do you want that to continue for your grandchildren and your grandchildren's grandchildren? In other words, I want my grandchildren's grandchildren to be using way more energy per capita than I am. And I would like to see not have a population cap. I wish there were a trillion humans in the solar system, then there would be a thousand Einsteins and a thousand Mozarts.

But we don't have that long. If you take current baseline global energy usage and compound it at just a few percent a year for just a few hundred years, that such is the power of compounding, you have to cover the entire surface of the earth in solar cells. That is not going to happen. So as a result, that we can be sure of. That's not going to happen.

So, what will that lead to? It will lead to stasis. I don't even think stasis is compatible with liberty. So, there's all sorts of problems that we are about to face because for the first time in our civilizational history, going back thousands of years, we're now big compared to the size of the planet. We can fix that problem, but we can fix it in exactly one way by having – by moving out into the solar system.

And, you know – and so my part, my role in that is I want to build reusable space vehicles. That's the heavy lifting. Amazon was able to get started with only a million dollars in capital. And because I got to ride on the back of the credit card system, I got to ride on the back

of the preexisting transportation network that could deliver packages, the preexisting telecommunications network that could allow people to connect to our servers, all of that, all that would have been hundreds of billions of dollars in CAPEX. But the heavy lifting was already in place.

And that's what allowed Facebook – if you think about it, two kids in a dorm room made this half-trillion-dollar market cap company in, you know, and in incredibly less than two decades. That's unbelievable. And so – but that can't happen in space. There's no way two kids in a dorm room can start a space company of any significance because the price of admission is so high.

And so, I want to build space infrastructure so that the next generations of people can use that infrastructure the same way I used UPS and FedEx and so on to build Amazon. And that – and so that's what Blue Origin is all about.

MR. RUBENSTEIN: So, do you ultimately want that to be your legacy or Amazon? And what would you like to have as your legacy?

MR. BEZOS: World's oldest man. [Laughter.] That's a – that's a famous line I like.

But the real thing is I, you know – it'll be whatever it's going to be. I'm going to be proud of the things – I want to – I live my life in such a way that when I, in a quiet moment of reflection and I'm thinking back on my life, that I have as few regrets as possible.

And I don't – you know, what will my legacy be? I have no idea. And I – and I don't even want to spend a lot of time thinking about it.

MR. RUBENSTEIN: Do you intend to give away the bulk of your fortune at some point in your lifetime?

MR. BEZOS: I intend to give away – I don't know how much of it I'm going to give away. I'm also going to invest a lot of it in Blue Origin. So, for me, I start with mission. And I think – and there are – we have so far figured out three ways. If you have a mission, you can do it with government, you can do it with nonprofit and you can do it with for-profit. If you can figure out how to do it with for-profit, that has a lot of advantages for many reasons. One, it's self-sustaining. So, you know, we don't need – you know, here's my iPhone. The last thing we need is a company, a nonprofit company making phones. It turns out there's a healthy, competitive ecosystem that likes to build these things. There's no market failure here.

If, like, the Gates Foundation, you look at, you know, room temperature vaccines, there's no market for room temperature vaccines. Anybody who can afford a vaccine can also afford a refrigerator. And so, you have to start solving problems like that that have no market solution. And then you get to other things like the court system and the military and so on, you can't even figure out a nonprofit model.

So, the real answer to your question is I'm going to give away a lot of money in a nonprofit model, but I'm also going to invest a lot of money in something that any rational investor would say is a really bad investment, which is Blue Origin, but I think it's super important. And if I can't make Blue Origin a for-profit thing, maybe I'll convert it to nonprofit at some distant point in the future. But that would be – that would be – I wouldn't want that. I want – I want it to be a thriving ecosystem, more like UPS and FedEx.

MR. RUBENSTEIN: Well, the trick in living long is being healthy. How do you stay in shape?

MR. BEZOS: I exercise, which I enjoy, so for me that's not a – not a problem.

MR. RUBENSTEIN: And how do you deal with the wealth with respect to your children? I mean, how do you shield them from the effects of this enormous wealth?

MR. BEZOS: I don't really shield them. They're very, very mature. You know, kids are smart. They know what's going on. My oldest son, when he was 12, I asked him, you know, do your classmates ever talk about this? He said, oh, sure. I said, what do you tell them? He said I tell them my life is normal to me. And I thought, wow, that's so profound because everybody's life is normal to them. We all have that, we all share that.

MR. RUBENSTEIN: And when you took your oldest son to college this year, you carried his books up the steps like everybody ever?

MR. BEZOS: Yeah, I helped him move in to his dorm and with my wife. It was bittersweet, it was fun, it was also sad. I didn't get sad until the day before.

MR. RUBENSTEIN: Well, let's just close with your wife. We haven't mentioned her.

MR. BEZOS: Yeah.

MR. RUBENSTEIN: She's a Princeton graduate. She's a novelist. And she's been supportive of everything you're doing, right?

MR. BEZOS: Yeah.

MR. RUBENSTEIN: And you would like to say anything else about her? [Laughter.]

MR. BEZOS: I was waiting for the question.

MR. RUBENSTEIN: OK. OK.

MR. BEZOS: We've been married 25 years. She also is a summa cum laude graduate from Princeton. We didn't meet there, we met in New York City at D.E. Shaw & Co. where we worked. We got engaged at – we got – we got – we dated for three months, we were engaged for three months and then got married. So, our whole kind of dating and engagement period was only six months long.

I also – I would like to take a moment to talk about my parents if that’s OK. You didn’t ask me, but I would like to. They’re here in the audience. And my parents are – [applause] – thank you guys.

You know, you get different gifts in life. And one of the great gifts I got is my mom and dad. And it’s amazing. My highest admiration is withheld for those people – and we all know some of them, I know several of them – who had terrible parents. Maybe they were abusive, whatever it is and some – those people who so admirably break that cycle and pull out and make that all work. I did not have that situation. I was always loved. My parents loved me unconditionally.

And by the way, it was pretty tough for them. You know, she doesn’t talk about it that much, but my mom had me when she was 17 years old. She was a high school student in Albuquerque, New Mexico. You could ask her, but I’m pretty sure that wasn’t cool in 1964 to be a pregnant mom in high school in Albuquerque, New Mexico. And in fact, my grandfather, who is another incredibly important figure in my life, went to bat for her because the high school wanted to kick her out. You weren’t allowed to be pregnant in high school there. And my grandfather said you can’t kick her out, it’s a public school, she gets to go to school, and they negotiated for a while. And the principal finally said, OK, she can stay and finish high school, but she can’t do any extracurricular activities and she can’t have a locker. [Laughter.] I know. And then my grandfather being a very wise man, he was, like, done, we’ll take that deal. And so, she finished high school.

She had me and then she married my dad. My dad is my real dad, not my biological dad. His name is Mike. He’s a Cuban immigrant. He came here as part of Operation Pedro Pan and in fact was put up by a Catholic mission not too far from here in Wilmington, Delaware, and then got a scholarship to college in Albuquerque which is where he met my mom.

So, I have kind of a fairytale story. And my grandfather, possibly because – I mean, I’m pretty sure because my parents were so young, starting at age 4, he would take me every summer on his ranch. And it was the most spectacular – from age 4 to 16, I basically spent every summer working alongside him on the ranch. He was the most resourceful man. He would – he did all his own veterinary work. He would even make his own needles. He would pound the wire with an oxyacetylene torch and drill a little hole in it and sharpen it and make a suture – like, make a needle that he could suture up the cattle with. Some of the cattle even survived. [Laughter.] And he was a remarkable man and a huge part of all of our lives.

But it is – you don’t realize, you know, you just look back and, you know, if you – if you don’t have these parents, you know, it’s so important. So, it’s just a really big deal. And my grandfather, too, he was like a second set of parents for me.

MR. RUBENSTEIN: Well, Jeff, I want to thank you for a very interesting conversation. And I want to offer you the first honorary membership in the Economic Club of Washington. I hope you’ll join our club when you decide ultimately to spend more time here, as we hope you will. [Laughter, applause.]

MR. BEZOS: I would be delighted to accept. Thank you. [Applause.]

MR. RUBENSTEIN: And we have a few gifts for you. This is a copy of the original map of the District of Columbia as designed by Pierre L'Enfant. We hope you will take this as a gift.

MR. BEZOS: Beautiful, thank you.

MR. RUBENSTEIN: We also have here a leather-bound copy of the first book ever sold on Amazon.

MR. BEZOS: Oh, wow – “Fluid Concepts and Creative Analogies,” yeah, the Douglas Hofstadter book, you got it right.

MR. RUBENSTEIN: Well, I'm glad of that.

MR. BEZOS: Look at that. That's really cool. [Applause.]

MR. RUBENSTEIN: And courtesy of Ted Leonsis, one of the owners of – [cheers] – the Caps.

MR. BEZOS: Go Capitals! [applause]

MR. RUBENSTEIN: Signed by the Stanley Cup team.

MR. BEZOS: Oh, nice, thank you. [Applause.]

MR. RUBENSTEIN: So, thank you for a great evening, a great conversation.

MR. BEZOS: David, thank you.

He is a super interviewer. [Applause.]

MR. RUBENSTEIN: Thank you. Thank you. Thanks very much.



**Jeff Bezos,
CEO and Founder,
Amazon**

Jeff Bezos founded Amazon.com in 1994. Amazon's mission is to be Earth's most customer-centric company. Amazon offers low prices and fast delivery on millions of items, designs and builds the bestselling Kindle hardware, and empowers companies and governments in over 190 countries around the world with the leading cloud computing infrastructure through its Amazon Web Services offering. Bezos is also the founder of aerospace company Blue Origin, which is working to lower the cost and increase the safety of spaceflight so that humans can better continue exploring the solar system.

Bezos also owns The Washington Post, purchasing it in the fall of 2013 for \$250 million.

Bezos graduated summa cum laude, Phi Beta Kappa in electrical engineering and computer science from Princeton University in 1986 and was named TIME Magazine's Person of the Year in 1999.