THE ECONOMIC CLUB
OF WASHINGTON, D.C.

Signature Event

Book Event Featuring David Rubenstein’s ‘How to Invest’ and Steve Case’s ‘The Rise of the Rest’

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Author, ‘How to Invest’

Steve Case
Chairman and CEO of Revolution and Co-Founder AOL
Author, ‘The Rise of the Rest’

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DAVID M. RUBENSTEIN: So, thank you all for coming out in not-great weather to hear a discussion of these two books. And the format will be that I will interview Steve for about 30 minutes, and then he will interview me for about 30 minutes, then –

STEVE CASE: So, you better be nice to me on the first 30 minutes. [Laughter.] I got the last shot, Mr. Rubenstein.

MR. RUBENSTEIN: So, for anybody who's been under a rock for the last 30 years, Steve is the person who built AOL, and then after – [applause]. That's before – how many people here were customers of AOL, anybody? OK.

MR. CASE: All right!

MR. RUBENSTEIN: Wow. OK.

MR. CASE: I was in Detroit this morning at the Forbes Under 30 Conference. This is more my constituency. [Laughter.] They kind of vaguely know AIM, but.

MR. RUBENSTEIN: How many people are still using AOL? Wow, OK. A couple people there. OK. So – and then, Steve, after he left AOL – Time Warner AOL – he started Revolution, which was a venture capital firm in Washington, D.C. And as part of that, he started something called Rise of the Rest. And this book is about that. And I should disclose that I am an investor in Rise of the Rest.

MR. CASE: Thank you, David.

MR. RUBENSTEIN: So, OK. Let's talk about it this way first. Steve, can you explain the concept behind Rise of the Rest? What is the theory behind what you were trying to do with it?

MR. CASE: Well, first of all, it's great to be here, and particularly, you know, will be fun to do this with David. We've worked together on a variety of different things over the years. And the fact that we've both had books coming out, you know, within a couple weeks, having – you know, he's done a lot of interviews, I've done a lot of interviews. But this is going to be more interesting, I think, than some of the other ones.

So, the backstory on Rise of the Rest is I was asked about a decade ago to co-chair something here in Washington called the National Advisory Council on Innovation and Entrepreneurship. And that led to a number of things, including recommending to the White House – then, President Obama – more focus on startups. And they decided to launch something called Startup America Partnership. And I was asked to chair that. And then worked on this jobs and competitiveness council, focused on some legislation, including the JOBS Act.

And for me, this was a wakeup call, because I did not – you know, I guess I was minding my own business – I did not fully understand the role new companies, startups, played in job creation. And the data was pretty clear that small business is super important. And we've learned that even during the pandemic. It's why we worked hard to protect small business. It accounts for a lot of jobs. But actually, the sector doesn't account for a lot of net job growth. One restaurant goes out of business, somebody else takes it over. It's about the same number of jobs. So, it's super important, but not a big job growth engine.

And big business, surprisingly, the Fortune 500 companies, also are not big job creators. Some are rising, some are falling. As a sector it's not a big job creator. It's new businesses under five years that are the major job creators. I didn't know that. So that was the first data point. The second data point was while not every new business wants or even needs venture capital, the ones that are most successful, that create the most jobs, which drive the most economic growth, do raise venture capital.

And then it got interesting, because 75 percent of venture capital in this country over the last decade has gone to just three states – California, New York, and Massachusetts. Seventy-five percent. So if the big job creators are new companies, and the biggest job creators are venture-backed companies, and we're primarily backing venture – backing these companies in a few places, like Silicon Valley, New York City, Boston, and so forth and not in the rest of the country, what that probably will lead to is some people in some places doing really well, and other people in other places feeling left out, left behind.

So that got me on this, OK, what do we do about it? And we started these bus tours, Rise of the Rest bus. Actually, the first one, interestingly, was eight years ago in Detroit. So, it was fun to be back in Detroit this morning. And now we've done dozens of cities all around the country. And then four or five years ago, as you know, because you were – I'm grateful that you were one of the first people to commit to it – we decided to actually launch a Rise of the Rest investment fund. Almost put our, you know, money where our mouth was. And so far, we've backed 200 companies in 100 cities.

So, it went from – initially it focused on policy and, you know, how do we create jobs. At the time – you know, this was done a decade ago. Unemployment was nearing 10 percent, so job creation was a big priority for everybody. Then led into kind of some efforts that were philanthropic, which then led to some efforts that were more trying to mobilize more things in more communities, which then led to the investment fund, and finally that led to the book.

MR. RUBENSTEIN: OK. So who came up with the phrase "rise of the rest"? That seems like a nice –

MR. CASE: Well, actually, we stole that. [Laughter.] We did.

MR. RUBENSTEIN: OK. OK.

MR. CASE: I got to admit, since this is kind of a hometown crowd, this is the second book I've written. The first book came out six years ago, called "The Third Wave." I stole that name too. [Laughter.] So, here's the story. And I'll get it off my chest. I'll sleep better tonight. So, I read a book 40 years ago when I was in college called "The Third Wave," by Alvin Toffler, the futurist. And he talked about sort of agricultural revolution, industrial revolution. It was predicting, essentially, the digital revolution and the internet. And so, I was all struck by that.

And my book was "The Third Wave" focused on the internet, the first wave, second wave, third wave. So I – stolen is probably strong. I'm saying borrowed.

MR. RUBENSTEIN: Where did you get the name AOL? Did you steal that?

MR. CASE: Well, can I – [laughter] – David, I do get the second half hour. Again, I want to remind you here that I have two sets of questions. And at least one's in the less nice ones.

MR. RUBENSTEIN: Sorry.

MR. CASE: Whoa, whoa, let me finish your question. I'm still getting this off my chest.

MR. RUBENSTEIN: All right. OK. [Laughter.]

MR. CASE: Let me – I want to sleep better tonight. So "rise of the rest," actually, I first heard it from Fareed Zakaria, when he wrote a book over probably 15 years ago that talked about what was happening globally and was predicting that some nations – China in particular, China, India, others – would rise. That didn't mean the United States would fall, but on a relative basis it would change the game. I thought, well, that was sort of interesting. And so, when we launched this effort we said, let's use that as a concept. We were not saying Silicon Valley is going to fall, we're going to say other cities around the country are going to – are going to rise. So that is why we called it Rise of the Rest. And I then learned that Fareed actually got it from somebody else. So, we're all – [laughter] – passing it on.

MR. RUBENSTEIN: OK. So going back. The venture capital world more or less started after World War II in the United States. Veterans came back from World War II, they had technology skills, and some of them started companies in Silicon Valley. And people didn't know what venture capital was. They called it adventure capital, and things like that. But for a while, when – maybe 20 years ago, 25 years ago – Boston, Route 128, was considered a leading company. And there was Wang, there was DEC, and so forth. How did Silicon Valley supplant Route 128 as the place for the biggest venture capital firms to thrive, up until we talk about Rise of the Rest. What was it about Silicon Valley that made so many people go there? Mark Zuckerberg left the East Coast. He went there. Other people go there. What is it about Silicon Valley that made it so great?

MR. CASE: Well, first of all, if you look back 40 or 50 years ago, you look at some of the history, and even some of the early decade – first decade or two of the internet – it actually was not just about Silicon Valley. Some of the most important companies were spread all over the country. We were in Tyson's Corner, Virginia. Hayes, the modem company, was in Atlanta. Sprint, the communications company, was in Kansas City. IBM's PC operations were in Boca Raton, Florida. Dell was in Austin. Microsoft actually started in Albuquerque before moving to Seattle. So that first generation of companies, it was much more regionally distributed.

It was the second wave of the internet where – when it became instead of building the on-ramps to the internet, building software to act on top of the internet, that's when Silicon Valley really became dominant. And to your question, venture capital started a little bit in New York, and then kind of moved a little bit to Boston, and then moved a little bit to San Francisco. And the last 20 years, because it has been around software, coding, as a core thing, with a lot of founders being engineers, that created this ecosystem, and these massive successes.

That then lead people to say: If I'm – you know, at different universities in the country or growing up in different parts of the country – if I want to participate in the innovation economy, I need to go there. That's where the action is. That's where the people are. That's where the money is. It led to a massive brain drain from many communities, further feeding that. And I think we hit peak Silicon Valley two or three years ago. It'll sill be the leader of the pack, but it'll be much less dominant in this next 10 or 20 years.

MR. RUBENSTEIN: OK. The premise of "Rise of the Rest" is that there are smart people starting nice companies in other cities in the United States. And it doesn't have to be in Silicon Valley. They just need either more money, or more attention, or something. And that was what was behind your idea.

MR. CASE: Yeah. I would even go beyond nice companies. I would say some kickass, change the world, you know, gigantic companies are being birthed in different parts of the country. And the perception has always been that, OK, because historically – again, relatively recent history, a couple decades, you know, the action in Silicon Valley that if a company in Madison, Wisconsin, or Atlanta, Georgia, or Columbus, Ohio, or you name it, that was kind of, like, the junior varsity. The real companies were on the coast, particularly in Silicon Valley.

And that started to change over the last decade. The most important healthcare/health tech company in the country is a company called Epic. It basically controls most of the electronic medical records. They're in Madison, Wisconsin. They're not in Silicon Valley. They're not in Boston. You're seeing more and more of these examples that are percolating around the country, but the story still has been overwhelmingly focused on a few places, predominantly Silicon Valley. Most of the money has been invested there. And so that led to this, you know, dynamic.

Which, as I said before, is – we're missing out on a lot of great entrepreneurs building a lot of great companies in other places. And you're also missing out, as a country, to have a more kind of inclusive innovation economy. One last point then I'll let you ask another question. It's not just about place, this 75 percent going to three states. Two other little data points, just to put it in your head and hopefully it will bother you as well. That if you look not just at place but people, there are right now – even though women are 50 percent of the population, female founders get less than 10 percent of venture capital. Even though Black Americans are 13 percent of the population, Black founders get less than 1 percent of venture capital.

So, this is a broader issue. You know, the data – it's pretty compelling that even though this is the most innovative, entrepreneurial nation in the world, I'm super proud of it, and hopefully it will continue to lead the way. It does matter where you live and it does matter what you look like if you have an idea whether you really have a fair shot at building a company, a fair shot at kind of pursuing the American dream. So, this is about leveling the playing field more broadly.

MR. RUBENSTEIN: OK. And I was going to ask you about that, because Silicon Valley is famously male dominated. You have to be an engineer from Stanford and a male, typically, to get funding. But what your premise was is that you could find cities where there are good entrepreneurs – and they might be women, they might be minorities, and so forth. So to go back to it, were you out on one of your bus tours in these cities before you raised your fund? Or you –

MR. CASE: Yeah.

MR. RUBENSTEIN: Oh, you did. So you went out –

MR. CASE: Well, initially it was just policy focused and working on some legislation. And now we say, let's take the next step. Let's hit the road. So, we started going to Detroit, Pittsburgh, all these different cities. And spent a lot of time in advance, like six months in advance, trying to understand what's going on. And then a lot of time when we were there, part of the reason we have a bus it's a little bit of a marathon or a road trip, you know, kind of media-friendly thing. But it's also for us kind of a convening platform when we're in a city.

We bring people together in different parts of the community. Many times, they don't know each other, but should know each other. So that – and then every day at the end we had a pitch competition, and we'd invest in the company that won it. Then we decided about five years ago rather than just doing that in terms of some cities and some pitch competitions, we'd broaden it to more cities and partner with regional venture firms. And this is a very positive statistic that we just learned late last year when we did some research with PitchBook.

In the last decade, 1,400 new venture firms have started in Rise of the Rest cities. Meaning, outside of San Francisco, New York, and Boston. Fourteen hundred. And so, there's now more capital in these cities than existed, you know, ten years ago. So we partner with them. We've coinvested now with over 300 of them. And they, you k. , provide, you know, sort of sourcing opportunities for us. And then we network them together into this broader Rise of the Rest network.

MR. RUBENSTEIN: Before you raised the fund, you were going out on the bus tour. Who would go on the bus tour with you? Entrepreneurs, or?

MR. CASE: Entrepreneurs, investors, some politicians. You know, we'd try to fill the bus with all kinds of folks.

MR. RUBENSTEIN: OK. So you get there, and then you have a contest with people – local entrepreneurs. They can compete for, was it, a $100,000 investment. OK. Did any of those that got the $100,000 turn out to produce really good companies?

MR. CASE: Yeah, absolutely. The – I'll give you a few examples. In Chattanooga, when we were there, the winner of the pitch competition was a company called FreightWaves. And basically, what FreightWaves is a – think of it like a Bloomberg data platform for the trucking and logistics industry. Huh. I didn't know the story of Chattanooga, but the biggest trucking companies in the country are headquartered in Chattanooga. So, if you're trying to do Bloomberg for trucking, Chattanooga's the best city. They've gone onto scale.

The company that won in Indianapolis, started by Megan Glover, who has been in the tech world, a company called ExactTarget that Salesforce acquired there. But also, is a mom. And about five years ago was quite concerned about the Flint water crisis, that was not that far away from where she was. And said, I wonder if the water my kids are drinking is safe? So she called the water utility and said: I'd like to get my water tested. They said, well, we don't do that for people. [Laughter.]

OK. So she said, but you can call this – there's a company that does it. So, she called that company. Said, well, we do it, but we do it more for, like, businesses and it'll cost you, like, $3,000. OK. So rather than just say, OK, she actually did something about it. And she started this company called 120Water. Initially focused on consumers. Now they actually have deals where they provide this system for cities, including, like, San Francisco. And that company also has scaled up.

So, there are dozens of these companies. And the reason I decided to write the book is I've had the opportunity to hit the road, see this firsthand, see what's happening with these companies, see what's happening with these cities. Going back to Detroit, I remember visiting there about 10 years ago, and there was a hotel, Westin, in the downtown area. You know, I got out in the morning, and I was going to go for a jog. And the person in front said, don't go that way. Don't go that way. It's not safe. So, I went the other way. And I've been back almost every year since. And now you can go any way.

The city has been revitalized, building 100 buildings that were empty – pretty much empty, are now filled. They're now building new buildings. It still has challenges. I'm not trying to diminish some of the challenges, particularly in the greater Detroit area. But a city that just 10 years ago was really struggling. In fact, the year before we arrived the city went bankrupt. The city of Detroit went bankrupt. And now it's showing real momentum because of this focus on startups, because of this focus on new companies. And so, we're seeing these examples in more and more cities around the country. And frankly, it's – you can't read this book and not be more optimistic about this next chapter for America, as long as we are – continue to be intentional about leveling the playing field.

MR. RUBENSTEIN: OK. So after doing this for a year or two, you decided to raise a fund. And how hard was it to convince your –

MR. CASE: You were difficult.

MR. RUBENSTEIN: I was the hardest one. [Laughter.] It was actually my daughter –

MR. CASE: Well, the interesting thing – and David was not alone in this – it sort of tells you something about it. When I talked to you about this you said: OK, seems interesting. Should I think of this as investment, where I'm going to generate a return, or should this be in, like, my philanthropy bucket, it sort of seems like a good thing, but I'm not going to really generate a return? I said, we will only be successful if we generate top-tier returns. Because if we generate top-tier returns backing all these different people in all these different places, that will surprise the big coastal money, and over time you'll see a shift.

And you said, OK, well. I did – for full disclosure, we were having breakfast with another one of our investors, with Mike Milken, at his conference in L.A. three or four months ago. And they asked how it was going. And I gave them the numbers in terms of the IRR, and so forth. [Laughs.] And both of them looked shocked. It was, like, we really didn't think this was going to work. [Laughter.] But they believed anyway, or at least backed us anyway, and so forth.

MR. RUBENSTEIN: So, for your first fund you raise, I can't remember, it was a 100 or –

MR. CASE: A hundred and fifty million dollars, yeah.

MR. RUBENSTEIN: Hundred and fifty million dollars. And then you raised a second fund. And maybe you'll raise a third fund. But all right, so today you've got investments in these two funds in how many companies now?

MR. CASE: Two hundred companies.

MR. RUBENSTEIN: Two hundred companies. And in the end, for those who aren't investment professionals, the net –

MR. CASE: Well, we'll get to that soon when we talk about "How to Invest." [Laughter.]

MR. RUBENSTEIN: OK. The net internal rate of return you would expect people to get would be, 5 percent, 10 percent, 15 percent? Higher? Twenty percent net? Twenty-five percent? Wow.

MR. CASE: We'll see. I'm not – we're not –

MR. RUBENSTEIN: I know. This isn't the SEC.

MR. CASE: You can't – there are probably, like, SEC people here. I'm not – [laughter] – but, no, we said we were going to generate top-tier returns, and we're on track to do that.

MR. RUBENSTEIN: OK. OK. So now the point has been largely proven. And are you going to go to more cities? How many bus tours can you do? Or you don't need to do bus tours anymore?

MR. CASE: The bus tours we have not done – obviously, because of the pandemic, we haven't done one in –

MR. RUBENSTEIN: And what did you do during the pandemic? I mean, how did you go see – you didn't do any bus tours. You did it by virtual –

MR. CASE: We did not do bus tours. We did it – because we've now built this network in different cities with these venture firms we're co-investing in. And the way we've done it, and it's a little bit different. We have other parts of Revolution, ventures and growth and so forth. But for the Rise of the Rest, it's a little bit different. We're trying to not just have a successful fund, but in the process, help support many entrepreneurs, many investors, in many places. So, we work with the local venture firms. They lead the round. They take the board seats. We then connect them together in this – in this broader network. So, to us, it's sort of how do you catalyze a broader systems-level, you know, change.

And, again, it's not just – of course, we're investors and we're investing. But a broader idea is that if we're going to have a more inclusive innovation economy, we have to be backing more entrepreneurs in more places, creating more jobs in more places. And I think the momentum we're seeing on that front is encouraging.

MR. RUBENSTEIN: Where does the Washington, D.C. area stand in kind of this firmament? Are we a good place to start businesses? Did you have a bus tour here? Have you invested in this area?

MR. CASE: We have invested in this area. We have not done a bus tour here, although some people in Washington think we should. But I was at the startup week in D.C. just two weeks ago. And I would say the momentum is strong. And part of this is based on, as we talked about in the beginning, my own experience co-founding AOL in Tyson's Corner in 1985. And for those who don't know this, back then only 3 percent of people were online. Three percent, one, two, three. And those 3 percent were online an average of one – one – hour a week. [Laughter.] So, when we said we wanted to get America online, we weren't kidding. [Laughter.]

The other thing that's interesting, particularly for some maybe on the government side, when we started in 1985, it was illegal, against the law, for consumers or businesses to be on the internet. It had been funded by DARPA[1] and it was limited at the time to government agencies and educational institutions. So, if you worked for the government, you could be on. If you were a student at a university or worked at a university you could be on, but consumers or businesses couldn't be. So, it took us a while to kind of commercialize that.

The other piece about starting here is there was no venture capital in the area. All the money we raised, which was a whopping $1 million in the first – you know, to launch the company, was from other places. Boston, Toronto, New York, Chicago, San Francisco. None of it from this area. As you know, what's happened in last few decades has been quite positive. There's some sectors like cyber and others that are showing a lot of momentum. And it's striking that Amazon, after doing this national search for their second headquarters site, picked Northern Virginia, which was inconceivable, you know, 30 years ago, when it was really a government town and government contactors and so forth.

[1] The Defense Advanced Research Projects Agency is a research and development agency of the United States Department of Defense responsible for the development of emerging technologies for use by the military.

It was not really a very strong startup. Which I think actually helped inform my passion about supporting these entrepreneurs in these places, but also my belief that it could happen, that these other cities could rise. I saw, you know, the early days we thought, and the struggle. I've seen it in other cities. So that just kind of led me to say, OK, this is doable.

Are we getting to the point where I start interrogating you? Five more minutes.

MR. RUBENSTEIN: Well, let me ask a couple more questions. So when you were looking to –

MR. CASE: I think you're trying to run out the clock. I think that's your plan.

MR. RUBENSTEIN: If you're looking to give some people some money, what are you looking for in the entrepreneur? What is it that – what are the things you say, this person has it, this person doesn't have it?

MR. CASE: Well, first off, we're not looking to give people money. We're looking to back entrepreneurs and invest with the idea of generating a significant return on that because they are going to be successful entrepreneurs. We look – the idea is really important. Is it an idea that's important kind of a battle worth fighting. And so, sectors where, like, health care, or food, and financial services, or is it, like, matter in terms of people's lives, is important. Do they have a theory of the case, why they can do something that has the potential to be, you know, kind of significant. Do they have the team and the diversity you need on the team in terms of, you know, different perspectives to really be able to build that, because we've learned entrepreneurship is a team sport. Do they have some early partners, because we've learned that partners can be really accelerants in terms of – so there's a number of different, you know, factors that we –

MR. RUBENSTEIN: There's somebody – you meet somebody, and you say, you're really great. This idea is not so good. But you're good. I'd like to back you on some good idea. Or do you ever see people that have a great idea, but they're not so great? [Laughter.]

MR. CASE: Have we ever seen somebody who had a great idea but they're not so great? Yes. We've seen people who have good ideas, but we don't believe they can execute against those ideas. And we have definitely seen people that we were impressed by the entrepreneur, but less impressed by that particular business.

MR. RUBENSTEIN: So, it's too complicated to say: Get a better entrepreneur CEO. We like the idea. Or –

MR. CASE: Do you have an idea you want to pitch to me here? I think we're – is that where we're going? [Laughter.] I know you want to be another – after Carlyle was pretty good.

MR. RUBENSTEIN: OK. So what about the fourth wave? In this book, you talk about the fourth wave. What is the fourth wave?

MR. CASE: Well, it's really the convergence of a lot of factors that I think are kind of – have been quietly bubbling over the last decade. I think are really – each of them accelerating. And as they converge, it has the opportunity to really help accelerate this rise. Some of this we talked about in terms of more venture firms in more parts of the country, which is super helpful to the entrepreneurs to get that initial capital to get started. Some of it is actually government focused on policy, both at a state and local level. A lot more governors, a lot more mayors now are focused on startups.

And at a federal level, including some of the legislation that passed this summer. Both the CHIPS and Science Act which kind of authorized $10 billion for regional hubs. We will have to appropriate that, but we have Doris Matsui[2] here, so I think that will be done shortly. [Laughter.] And also more recently, the Inflation Reduction Act, which also had some funding of some key industries of the future, including some things in the sustainability sector. So, the government piece of it, they're leaning in, with even Janet Yellen, the Treasury Secretary two weeks ago talking, you know, about the need for more of a place-based policy, partly to level the playing field and give more people more opportunity.

And the other one that's probably the biggest tipping point of this is the pandemic. You know, the pandemic's been terrible, and obviously tragic in so many different ways. But if you're looking for kind of a silver lining, I think it will end up being that catalytic, accelerating, tipping point moment for the rise of the rest. And the reason for that is a good number of people used it as an opportunity to take a step back and: Where do I want to live? And how do I want to live? Where do I want to work and how do I want to work? And remote work, and hybrid work, and so forth. Which has led, after this brain drain of people leaving to a boomerang of people returning. So, all these cities are now winning the battle for talent. So that's one piece.

And it also led venture capitalists sitting in places like Silicon Valley, because suddenly they had to do meetings with entrepreneurs by Zoom, if you're getting a pitch from an entrepreneur, it doesn't really matter if they're a mile away or 1,000 miles away. And that opened up more capital going to, you know, to more entrepreneurs. And that coupled with the other things that had been bubbling. I think it's very encouraging in terms of what likely will happen over the next, you know, call it, 10 years.

MR. RUBENSTEIN: So, if you take sectors that are likely to be sectors that are going to see a lot of good venture capital money in and good venture capital companies arise, what are a couple sectors that you would think are attractive? Biotech? Quantum computing? What would you say are –

MR. CASE: There's a bunch of – there's a bunch of technology-centered things, including – synthetic biology, also one that's interesting. A lot of things around, you know, kind of sustainability is interesting. A lot more climate tech investing than we saw before. But I look at it a little bit differently. I focus less on the technologies and more on how a variety of technologies can come together, converge, to reimagine some of the biggest industries in the world, that also happen to be the most important aspects of our lives. How do we stay healthy? What do we eat? How do we move around? How do we invest? Things like that. Pretty basic things.

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[2] Rep. Doris Okada Matsui (D-CA 6th District)

And while there's been some disruption of call it health care in the last, you know, 30-40 years, not that much compared to other sectors. And I think you'll see a lot more in the next, you know, couple decades. And this goes back to the rise of the rest, which is if you're going to be successful in really reimagining health care, it's actually not about the technology. It's not about the software. That's sort of the table stakes. The real success will come from systems-level change, systems integration, which requires partnership. How do you get hospitals to embrace it, and doctors and nurses to use it, and health plans to pay for it, and governments to allow it? That's where the real battle is.

And guess what? If partners are critical, take health care as an example, as you know, some of the most important hospitals that could be the most, you know, important partners are in places like Baltimore, with Johns Hopkins, or in Minnesota with Mayo, or in Ohio with the Cleveland Clinic, or in Texas with M.D. Anderson. Those suddenly become the anchor, you know, partners. So I think that's why this is so interesting. I think you're done now. [Laughter.]

MR. RUBENSTEIN: One final question. I see we have the president of the Washington Commanders here. I see you – in your book, you went to Green Bay to get some companies. Is that right?

MR. CASE: We did.

MR. RUBENSTEIN: And anything good in Green Bay? Anything good come out of Green Bay? [Laughter.]

MR. CASE: David, you need to get out on the road more. So I'm not going to get into the, you know, Packers-Commanders thing, particularly with Jason sitting here at the table. But I will say that my wife Jean, for her birthday, has always wanted to go to Lambeau Field for a game. So we did. And we had been to Green Bay before, and it's one of the cities we visited on our bus tour four or five years ago. So, we went back. And it was interesting to see what happened. When we were there, we were talking about how to catalyze the startup community.

And when we went back, a partnership had been solidified with the Green Bay Packers and with Microsoft and with a bunch of other companies. And they built right across the street from Lambeau Field an entire innovation campus. And put an accelerator there, and a venture fund there, and a bunch of different things. It would only be possible with the credibility in Green Bay of the Packers, and the real estate they owned across the street, and the funding of Microsoft, which was interested in expanding some of these regional activities.

So that is an example of a city that is on the rise. A bunch of really interesting companies have formed there. And it was great to see. It was great to go back to that game, although it was in December in Green Bay. It's a little bit cold. [Laughter.] So, I wish my wife had a birthday in the summer – or, September, at least, I guess would be better for football, but.

MR. RUBENSTEIN: OK.

MR. CASE: All right. My turn?

MR. RUBENSTEIN: Yeah, go ahead.

MR. CASE: All right.

MR. RUBENSTEIN: All right.

MR. CASE: So. First off, some of you know this but not everybody, that David has led this Economic Club for 14 years, I think, 15 years maybe? [Applause.] And it's going to lead into a question of the book. But I want you to – some of these people know this but not everybody – to tell the story of how you got in the business of being this media star, interviewing people with, you know, your shows, and then coming out with this flurry of books. What got you into the – you know, instead of just Carlyle and minding your own business. Suddenly you're like Oprah. [Laughter.]

MR. RUBENSTEIN: Well, what happened was Carlyle had a business model – as you all know, when you have investors, you have an annual meeting to tell them how it's going. I came up with the idea many years ago, 30-some years ago, that rather than have one fund at a time, we could have one fund that's a buy-out fund, and then we'd have a growth capital fund, a real estate fund. We'd have multiple funds. That was unique at the time. It doesn't deserve a Nobel Prize, but it was a unique idea that you have multiple funds. And you take advantage of your brand name. And so, fund B to somebody who liked you in fund A. And it's kind of a brand extension.

And so eventually what we were doing is we would have fund annual meetings, in this hotel, actually. We'd have fund annual meetings. And we would not only be telling people how the fund was doing, but we'd be selling new funds. To do that, I would get former presidents of the United States, secretaries of state, people that would be a draw. So, somebody wouldn't want to hear Rubenstein talk about how great the fund was, but if a famous former president was there. And so, to do that, I would pay them the large fees. And, you know, some of them were boring. They were very boring. [Laughter.] You know, I paid very large fees to some very famous people, and they were boring.

So, I said to the speaking agent, would it matter if I just interviewed them? Maybe I can make it a little more interesting. They said, is the fee going to be the same? I said, yes. [Laughter.] The fee's the same. We don't care. So, I started interviewing them. I made Ben Bernanke look funny – [laughter] – and Hillary Clinton look likeable and – [laughter] – that was good. So, it was good. [Applause.] So, it was good. So, people liked. . So, I stored that in the back of my brain.

Then Vernon Jordan called me up one day and he said he wanted to see me, in his deep voice. I want you to come to my office right away, or the next day it was, and come there at a certain time. So, I get there, and he said, I'm going to close the door. And I want you to be the next president of The Economic Club of Washington. And I said, well, I don't really – I'm not a member of the Club. And what do you really have to do? And he said, we have four meetings a year. All you have to do is get four speakers, let them speak, and then you get questions from the members, and you read them. I said, OK, I'll do that.

So, the first couple people I got were boring. [Laughter.] And so, I got questions from the members, none of whom were members here of course, and the questions weren't so great. So, I would make up the questions thinking I could get something more – funnier than the questions I was getting from. So, I did it, and people laughed a little bit. So, I said, OK. I'll tell you what I'm going to do. I'm going the junk he format, and just go to interviews. And I started doing it. And then after a number of years some people here suggested Bloomberg. And then Blomberg put it on the TV.

And then I remember Mike Bloomberg kicking it off. I said, Mike, you know, what are you going to call this? He said, we'll call it the David Rubenstein Show. And I said, Mike, a long, Jewish, ethnic name is not going to work. [Laughter.] He said – Mike Bloomberg said, no, it's not a problem. [Laughter.] So, we did it. And that's kind of what happened. So, OK, more than you wanted to know.

MR. CASE: No, it's a great – it's a great story because it sort of – you know, one thing led to something –

MR. RUBENSTEIN: Something like that.

MR. CASE: Which then led to a series of books. And so how did you – when did you decide to write this first one? This is your fourth book, one, two, three, four, fourth book. How did you decide to write the first book, and then we'll get to the fourth book. Some deep, penetrating, difficult questions.

MR. RUBENSTEIN: Well, I started a program at the Library of Congress to interview a great historian about American history in front of members of Congress only, in the theory that members of Congress should know about American history. [Laughter.] And because it was maybe a – well, Doris was coming to those dinners. And, you know, the theory was if anybody should know about American history, it would be members of Congress. So I would – I started it many years ago. We now try to do it once a month, subject to schedules and so forth. And members like it because it's the only time they can come together where press isn't there, they can sit with people in the opposite party, the opposite house. And it's kind of a – you know, a pleasant evening, and they seem to like it.

And so, I decided ultimately to take the interviews, edit them down, and put them into book form. They did OK. And then I took some other interviews I'd done, and I put them in a leadership book, and then another one on American history. And then this one was more specifically from people I had interviewed over the years at various forums, or specifically for this book, who were investors. And the idea was, let's just say – let's just see what the best ideas are that the best investors have come up with. And the book is really about the best investors in the various fields, what their secrets are, their backgrounds.

But I recognize, as I said in the beginning of the book, if you read a book on golf by Tiger Woods, you're not going to be Tiger Woods. And you're not going to be Warren Buffet buy reading this book. But it's designed for three types of people: A student who might be considering going into investing and wants to learn what it's like. Two, the average person who has an average amount of money, relatively speaking, who tries to say, well, maybe I'll pick stocks myself, picks bonds myself. What kind of principles should they have? Or somebody who says: I can't pick stock and bonds myself, but I'll pick fund managers. And how do you pick fund managers? So it's for the average person to kind of learn a little bit about what I've learned from these people, but also from my own experience of many years investing.

MR. CASE: So, there's the chapters on specific investors and lessons learned. But then you did a nice job at the beginning of kind of summarizing, based on the different interviews and your own experience, what the 13 traits of good investors are. Can you name the 13 traits?

MR. RUBENSTEIN: OK.

MR. CASE: No, I'm kidding.

MR. RUBENSTEIN: I can do it.

MR. CASE: I'm – you cannot. You have a perfect memory. I can never remember more than three of anything. But 13 is way beyond – I picked a few that I'm going to ask you about.

MR. RUBENSTEIN: OK, go ahead.

MR. CASE: A few of the 13. I now actually think if I challenged you, you would know all 13. I'd hate that. [Laughter.] All right. One of them is kind of the background of investors, that they tended to have more of a – talk about the upbringing and the takeaway from that, because it's kind of interesting.

MR. RUBENSTEIN: It may not surprise you to hear that the background of the great investors, the greatest investors in our country, they did not come from extremely wealthy families. If your father or mother was a billionaire, probably you're not going to turn out to be a great investor, for lots of reasons. But they tended to come from blue-collar families, or from lower-middle income families. In some cases, like Bill Gates, he's not a great investor, but he came from families that were well established. Not fabulously wealthy, Bill Gates' father wasn't fabulously wealthy, but middle class.

MR. CASE: So, you heard – Bill Gates is not a good investor? Can –

MR. RUBENSTEIN: I would say he's not an investor. He's more of an entrepreneur. But I would say that he isn't classified as an investor.

MR. CASE: So also, you talk about conventional wisdom, bucking, you know. Talk about that.

MR. RUBENSTEIN: The most important thing that great investors have is they're willing to buck conventional wisdom. The conventional wisdom will be to say, now isn't a good time to invest here or there or somewhere else. And they say, no, that's not right. I'm going to go do something else. That's what they have done more than the average investor. For example, today the most common mistake investors make is when the markets are going down, they get out, and when the markets are going up, they jump in. Generally, that's not the best thing to do. So right now, the great investors are saying, OK, prices are down. They're down by, I don't know, 25 percent from the peak. Now's the time to buy, because things are probably, inevitably, going to come back. It may take a year or two, but that's not what the average investor does. But that's what the great investor looks for something where it's the opposite of what the average, conventional wisdom person would do.

MR. CASE: Failures and setbacks.

MR. RUBENSTEIN: Failure is a great learning lesson. We all have had failures. And if you are an investor and you haven't failed, you really haven't been an investor. Anybody that's an investor has lost money on things, done bad deals. That's inevitable. But the trick is to learn from it. And a lot of these investors have learned from it.

And, you know, there are always people, an exception to this. But generally, because if you learn from your mistakes you tend to be somewhat humble. Now, there are some people that are arrogant in the investment world, just as there are some people are arrogant in the political world. But generally, they have a fair amount of humility because they know they've made mistakes, they've lost money, and they keep that in their brain.

MR. CASE: So, speaking of, you know, you do start off the book with a couple of personal anecdotes around some of the companies that you had either an opportunity to invest in and you passed, or you owned some stock and you sold them earlier. Let's start with the first one. Tell us a little story about Mark Zuckerberg and Facebook.

MR. RUBENSTEIN: OK. So just the point I tried to make in the beginning, and I'll talk about, is this: All of life is about, in my view, predicting what the future is going to be. Should I marry this person? What's the future going to be with this person? Should I go to this school? What's my future going to be if I go to this school? Should I go into this profession? And you kind of predict what's going to happen five years, 10 years down the road if you make that decision. But there's no perfect measurement, there's no metric that says: If I do this, here's the score I'm going to get. No perfect metric that everybody agrees to.

But investing there is a perfect metric, profit/loss, internal rate of return. So investing is all about predicting the future. Is the company going to be good? Has it got a good management? The economic situation will be good? So I, you know, made a lot of mistakes. The one you're referring to is when my now son-in-law was at Harvard he said: Would you like to meet my classmate from Phillips Exeter and Harvard. He's starting a company. And I said, what does it do? He said, it's like a dating service for Harvard, but it's going to be all Ivy League schools soon.

I said, geez, I've seen this in the 1960s or '70s, these dating service companies. They never work. So if I put $30,000 in, it would be worth about $15 billion a little while ago. But somebody else did it, one of his classmates put the $30,000 in. So, I made a mistake. [Laughter.]

MR. CASE: We all do. And the other one – [laughter] – which is another – this is only – I'm going to end with this and then we're going to get to the other topics, but it's a great story. And I actually appreciate the humility of how you do make mistakes in investing. Is there's a little company called Amazon you had something to do with?

MR. RUBENSTEIN: Yes. Carlyle bought a company called Baker & Taylor, which was started around the 1850s. The second-biggest book distributor in the United States. Had not made a profit since the 1850s. Never profitable. [Laughter.] It was always break even. And we bought it from W.R. Grace. And then, you know, one day a salesman in a meeting said: Guess what? Some idiot came along, and he wanted to rent our bibliography because he's going to sell books over the internet. We said, how's he going to do that? And he said, well, I don't know, but he said he wanted to rent our bibliography. He wanted to give us 25 percent of the company in return for letting us use the bibliography.

And our salesman said, I'm too smart for that. I got $100,000 a year for five years. [Laughter.] So, I didn't even then know the name of the company. Then about a year later I read about a company called Amazon that was going to sell books over the internet. So, I called the salesman up and I said: Hey, there might be another idiot that will rent this thing. He says, no, that's the idiot that we already got. [Laughter.] So, I said, oh. So, I went out . see Jeff Bezos. I flew out and he was in a ramshackle office building, a tiny, tiny office. And in those days, his desk – he had was these horses – these wooden horses with a door on top of it as the tabletop.

And basically, in those days, if you wanted a book, you basically sent him an email, he would then send an email to the publisher, the publisher would send it back to him, and two weeks later you would get the book. And he would take the books to the – to the Post Office every night himself. And I said, Jeff, look, I've been around a while. This is not going to work. [Laughter.] And, you know, you're never going to beat Barnes & Noble. He says, oh, Barnes & Noble, they don't really – I said, come on. Barnes & Noble, they're bigger. You're nothing. And anyway, I said – anyway, I think you'll do better than I once thought. So, I'll tell you what. I'll take the 25 percent of your company now.

He said, David, that was two years ago. You know, we've advanced a little bit. But I'll give you 1 percent of the company in return for tearing up the $100,000 a year. So, we did. But we had so little confidence that as soon as the company went public, we sold it. [Groans.] Yes, that was my reaction too. [Laughter.]

MR. CASE: I'm glad you, kind of like my stealing the third wave, glad you got that off your chest. You'll sleep better tonight.

So, on a more successful path, you were co-founder of Carlyle. And at the time – it's a little bit, you know, similar to my – what I was talking about with Rise of the Rest, you started it in Washington, D.C., which didn't seem to most people an obvious place to start it, because of course every real investment firm was in New York. Why don't you tell the story of why you – how you started and came together with the other two partners. And why you started in D.C., and why you stayed in D.C.

MR. RUBENSTEIN: Well, the answer is that I – as everybody probably knows – I worked for President Carter. We lost the election in 1980. I had to go back and practice law. I wasn't a very good lawyer, as everybody who was my client would probably tell you. [Laughter.] So, I read about Bill Simons doing a buy-out – a leveraged buy-out company of Gibson Greeting Cards. He made – put in $1 ½ million and made $80 million in about 18 months.

And I didn't know what a leveraged buy-out was, but I thought it was better than practicing law. So I went to Bill Miller, who was then secretary of treasury – or had been secretary of the treasury under Carter, and said: Why don't we start a leveraged buy-out firm, just like Bill Simon did? And he said, no, he didn't want to do that, maybe knowing my legal skills wouldn't be so great. I said I'd prove the legal skills. He didn't probably want those. So, we didn't start it.

So, I decided I would do it on my own. And ultimately, with a couple people I recruited, we started with four people. And we did it in Washington, and this was the reason: Senator Everette Dirksen, the former minority leader in the Senate, said famously: If you're getting kicked out of town, get out in front and pretend you're leading a parade. [Laughter.] And what does that mean? That means, take advantage of the situation you find yourself in.

So, I'm in Washington, D.C. I don't have any credibility. I'm not an investment banker. Most of the buy-out boys in those days were investment bankers or former investment bankers. So said, we'll do it in Washington, and we'll say that we understand companies heavily affected by the federal government better than those guys in New York. And it sounded credible. And so that's what we did.

MR. CASE: Worked out pretty well.

MR. RUBENSTEIN: We did OK. But we could always do better. And we made some mistakes, for sure. But it's worked out.

MR. CASE: So, you mentioned, but kind of blew right over, the work at the Carter White House. You know where we're going here don't you? It seems right now we have an inflation problem in this country. And I think you have some experience on inflation.

MR. RUBENSTEIN: I did.

MR. CASE: Could you share with these people your personal experience and how successful you were at the Carter White House on the matter of inflation?

MR. RUBENSTEIN: Inflation? Well, we set a record. [Laughter, applause.] I think we got it – now, it's like 15-16 percent. Who's counting? [Laughter.] It was a different type of economy then, and so forth. Different situation. But it's very hard to run for reelection when you have high inflation. And we were coming up with a recession too, probably. And as some of you may have heard me say, what happened is Carter had an inflation advisor, Fred Kahn. And he said, well, the only way to beat this inflation is to get interest rates higher. And if we have higher interest rates, we might have a recession.

And Carter hauled him into the Oval Office and said: Look, Fred, I know you're an honest guy, but I'm running for reelection. Don't use the R-word. It scares people. And Fred Kahn said, what am I supposed to say? He said, just be honest but don't say the R-word. So, Carter – so Fred Kahn went out in the briefing room of the White House and said: I think we're heading into – with higher interest rates we're likely to go into a banana. And he used the word "banana" as a substitute for recession because he realized reporters weren't going to put a headline that says: Carter's Inflation Advisor Thinks We're Heading into A Banana. [Laughter.]

And it sort of worked. But the truth is – [laughter] – you know, when inflation was very high, Carter was told the only way to solve it really was to get Paul Volcker in, who had been the head of the New York Fed, and let him increase interest rates. And, you know, some people forget, but in those days the Fed did not tell you what it was going to do before, and it didn't tell you what it did afterwards. It was just very opaque. And so, one weekend, without telling anybody, Paul Volcker and the Fed increased interest rates 200 basis points. And we think we have high – you know, when we go up 75 basis points. On one weekend just did 200 basis points, no telegraphing of it. And ultimately, that produced, unfortunately, a recession.

MR. CASE: All right. Well, on the same happy topic – [laughter] – Carlyle has had some amazing executives over the years, including one of your former colleagues, Jay Powell, is now at the Fed. And why don't you tell us a little bit of a story of what he was doing at Carlyle and –

MR. RUBENSTEIN: But I didn't ask you about one of your former colleagues, who's now the chief of staff at the White House.

MR. CASE: We can get to that in the next session, but this is my clock, my friend. I've got the microphone.

MR. RUBENSTEIN: OK, yes. I hired a young man who had been leaving the Bush administration – George Herbert Walker Bush administration. He had been the undersecretary for international finance, I believe. And he'd been a lawyer, and investment banker. And he didn't want to go back to New York. He was from the Washington area. And so, we hired him. And he did consumer and industrial things for us in the buy-out area for a number of years. And then one day he said he was going to do more public service kind of things, and he left. And next thing you know, a member of the Fed. And the next thing you know, he's chairman of the Fed. So, you know, what can I say? I mean, we had another guy who left not too long ago. And I said, Glenn, you're never going to be elected governor of Virginia. [Laughter.]

MR. CASE: I was going to get to that, but I'm glad you –

MR. RUBENSTEIN: I said, Glenn, I know politics pretty well. I've been around a lot longer than you. And, Glenn, you're a private equity guy. How are you going to get elected? And he says, well, I have some ideas. Anyway, wearing a vest –

MR. CASE: And now there's rumblings he might run for president.

MR. RUBENSTEIN: That's what I read. You know, I don't – you know, look, it's hard to – you know, sometimes you think of somebody as somebody's worked for you. And then all of a sudden, they – it's like having a child. You see the child, they grow up, and one day they say: Well, Dad, thanks very much for your advice. I don't really need your advice anymore. You ever had that?

MR. CASE: Oh, I think I understand what you're talking about. [Laughter.]

MR. RUBENSTEIN: So, you know, Glenn is obviously – you know, obviously he seems to be looking like he's running around the country. And maybe he'll run for some other office.

MR. CASE: So, if it's President Youngkin, will you be part of the Cabinet? Like treasury – all Carlyle takes over the White House here. He's got Powell at the Fed.

MR. RUBENSTEIN: I think my inflation record will keep that from happening. [Laughter.]

MR. CASE: All right. Let's get back to the book. You also – it was interesting to figure out how to – rather than just have a bunch of, you know, kind of disparate interviews, you've decided to package them in three different sections in terms of, you know, different kinds of investing. Why don't you talk about those three areas?

MR. RUBENSTEIN: Right. So, when you – you know, the publisher always comes to you and says: Well, it's nice to have all these interviews but, like, you know, we got to categorize them and so forth. So, I had three categories: Mainstream, which is stocks, and bonds, and real estate – core real estate. Which is what traditionally most investors put in their portfolio. And historically, up until, let's say, 30 years ago or so, that's what people who invested did. Stocks, bonds, and probably real estate.

Now we have another category that's in the book, alternatives. Which is something that is alternative to stocks and bonds, designed to get a higher rate of return, but it's obviously somewhat higher risk. And that will be things like buy-outs for private equity, venture capital, distressed debt, opportunistic real estate, the hedge funds, things like that. And then there's a third category I called cutting edge, which are things that are further on the spectrum of risk, but maybe will get a higher rate of return. And one category – one thing in that category is cryptocurrencies.

MR. CASE: And so how do you think people here should think about those three?

MR. RUBENSTEIN: Well, I think stocks and bonds and traditional things are, you know, generally going to get you a reasonable rate of return. Over the last 100 years or so, fixed-income instruments in the United States will probably get you 2 to 4 percent. Public equities will probably get you 6 to 7 to 8 percent. Alternatives try to get to double-digit rates of return. Probably now buy-outs would be maybe 15, 16, 17 percent net rate of return. Maybe venture capital in the good years might get you 20 percent, or something like that, net. So it's different. It depends on your risk profile and how much money you have and what you're doing.

And the main point I tried to convey to people is that try to treat your money like you do anything else that you care a lot about. In other words, if you make a lot of money in something or another, in making widgets, don't all of a sudden just, you know, think you're a genius because you made a lot of money in making widgets and just start investing without knowing what you're doing. Read, pay attention to people that can help you. But for the average person, the average person who's not a professional investor, what they should really do, in my view, is generally get a good manager who can manage for them. And I give kind of ten or so principles of what you should look for in picking a money manager. And, you know, because I think picking a good money manager who can help you is probably a good thing for most people.

MR. CASE: So, you've done the book tour now for three weeks, four weeks, something like that. What's been the biggest surprise, something that you didn't see coming. Either questions people were asking, or the way people have reviewed it. Or any big surprises?

MR. RUBENSTEIN: I would say, you know, for those people who haven't written books – how many people have written books here? Anybody written a book? OK. So, the book writing business – and Steve knows this as well, we were talking about it before – most people who write a book want people to read it. I mean, that's the theory. [Laughter.] And for most people, to read the book you have to buy the book. So – not people here, of course, but most people. [Laughter.] And so, you know, what you have to do is get people to know about it, so how do you do that?

Well, you do a series of – you participate on every podcast out there. There are lots of podcasts, and some podcasts are known for selling books, so you and I are spending a lot of time on podcasts.

Secondly, you do radio interviews. I've done some where you spend a half a day, you know, on the radio every five minutes, one show and – different locations. And maybe they sell books, maybe they don't.

Then you also go on TV shows. You and I have both been on "Morning Joe" and "Squawk Box." And you know, maybe it sells books. You don't really know.

And then, you know, obviously, you also go to book fairs, book festivals, library events and do the best you can. And you know, the theory is that maybe more people get – pay attention to the book, they'll maybe like it and maybe read it and recommend it to other people. And sometimes it works.

Now, if you're Bob Woodward, you don't need to do that. [Laughter.] Bob Woodward can send his book out and it's going to have – he's going to have a first printing of 500,000, then the next day it's a second printing of a million copies. If you're James Patterson, you don't need to do that. If you're John Grisham, you don't need to do that. But you know, at least in my case I still have to do all that, so I'm still doing it. And it did make some bestseller lists and, you know, that makes you feel good. But in the end, what you want to do is you spend a year on a book, you want people to read it. I mean, you feel like you've got something worth saying.

So you know, but the way I've done these books, this is a unique style, maybe, in a sense, that what I do is I take the interviews I've done, I try to put them into – you know, edit them down so they read a little bit better, because sometimes people talk in interviews it's long or you have to edit it down; then summarize what they've said; and then do some opening principles and so forth. And it's designed to, you know, get people to read it. Then you can pick any part of the book you want, and so you don't have to read it from the beginning to the end. And you know, it seems to have met some of the market. It's not going to sell a million copies, but they are books sometimes that are perennials – which means they will sell for many, many years, they keep reprinting them, and so forth. So that's what –

MR. CASE: So, you've done four so far. How many – do you have a plan of, like –

MR. RUBENSTEIN: I'm trying to do about one a year or so because I didn't do – I don't know –

MR. CASE: How long are you going to live? [Laughter.]

MR. RUBENSTEIN: Well, it's –

MR. CASE: Trying to get a sense. Are we talking about 20, 30? I don't know. How about you?

MR. RUBENSTEIN: I don't know. Some days, like, you know – well, if I exercise more, it would be better. I always think about exercising. I have the exercise bike osmosis theory – [laughter] – which is walk by the equipment and maybe it'll work. But I would say, you know, I don't understand why, when I was in my twenties, thirties, forties, and fifties I didn't write any books, and then later in life I'm writing these books. So, I – you know, I don't know. You know, you've written –

MR. CASE: Maybe now you have something to say and –

MR. RUBENSTEIN: I have something to say maybe. I don't know. We'll see. But you know, I – so I enjoy it and it's fun. And you know, it's, obviously, easier to write a book when you – when COVID is around because you don't have to go physically meet people. You can – you have a great excuse: Let's do it by Zoom. And people say OK because they don't want to meet you either, right? [Laughter.] So, it's easier. Now, when you have to go meet people –

MR. CASE: Are you shocked that there are actually people here at the dinner?

MR. RUBENSTEIN: Well, I knew you were a draw. That's why we wanted to have you. (Laughter, applause.)

MR. CASE: So, you have had a really extraordinary career and – you know, in a variety of different sectors. But in some ways, this, you know, most recent chapter not just on, you know, the books and the media side, but what you've done on the philanthropic side – kind of patriotic philanthropy, including many organizations, Smithsonian and others, that you've been a part of – what triggered that? And you know, how much – how do you decide which things you want to really commit to?

MR. RUBENSTEIN: Well, there were three people in Washington who signed the giving pledge at the beginning: You and your wife, Roger and his wife, and my wife and me. And so, there were only three of us. We're all here tonight. And there were 40 of us in the beginning.

And I would say, you know, if you come from modest circumstances and you get lucky in life and you make a fair amount of money, what are you going to do with it? You can build a pyramid to yourself. The pharaohs did that, but probably not that useful. [Laughter.]

You can give it all to your children, and sometimes your children might think that's a good idea. [Laughter.] There's no evidence that giving, you know, staggering sums to children makes them better human beings, but maybe they would disagree with that. And then you can give it away.

And then the question is: Do you give it away while you're alive or wait to you die? And you know, I – you and I and Roger decided to give it away while we're – or large parts of it away while we're alive. And you know, you can get to see the benefits of it.

In my own case, my philanthropic principles are one, try to start something. Otherwise, it wouldn't get started. Two, finish something. Otherwise, it wouldn't get finished. Have an intellectual interest in it so that I want to be involved in it, not just write a check. And, four, see some real progress in my lifetime. But – you know, and then I picked various things some people know about.

But you know, you've been very generous as well, and you and your wife have done many things as Roger has done a great many things as well.

So, you know, philanthropy, I like to remind people, is derived from an ancient Greek word that means "loving humanity." It doesn't mean rich people writing checks. And you can love humanity with your time, which is your most valuable commodity. You can't make more time. You can make more money; you can't make more time. [Applause.]

So, you know, I would say people should volunteer and give their time. And I always try to speak to the audience when I make speeches, say try to find something that you can do a little bit more to give back to the country. And you know, it doesn't have to be the biggest thing in the world, it can just be something. And that's something that you will be proud of, and your children will be proud of what you've having done, and I think that's what a lot of people are doing.

MR. CASE: All right. I think we'll end on that note and just urge you all to read the book "How to Invest" by David Rubenstein. [Applause.]

MR. RUBENSTEIN: Or read "Rise of the Rest." [Applause.] All right. Thank you very much. Thank you all for coming.

MARY C. BRADY: Thank you.