From the Horse’s Mouth: Intrepid Conversation with Phil Fersht | Season 1

Episode 3: Artificial Control - Shelly Palmer, CEO of The Palmer Group

00:00 Phil Fersht:

Hey, everyone. You probably know who I am by now. My name is Phil Fersht. I'm the author and leader of the Horse’s Mouth podcast. And today I'm absolutely thrilled to be joined by a man who really doesn't know introduction. His name is Shelly Palmer. He's the professor of advanced media in residence at Syracuse University. He's also a very knowledgeable proficionado in AI.

Anyone who doesn't know Shelly should get to know him and read his newsletters, understand where he's coming from. He really does have some profound views. I met Shelly, I think about a year ago, in Deer Vally, Utah, who gave us some very profound views on Gen AI, which was then about a year into its existence since chat GPT-3 came out. So, I'd love to hear from you, Shelly, on what's happened since then, what's happening that's really profound in the world of AI, and what is different today than even what we were talking about a year ago.

00:32 Shelly Palmer

I think it's easy. The advent of reasoning engines in the last 10 days is probably the biggest thing that's happened. If you remember, Sam got fired over Christmas time for a weekend from Open AI for allegedly hiding that the company had developed the next generation of AI tools. It was suspected that AGI, artificial general intelligence or a reasoning engine, had been crafted and the board had been lied to and there was much sturm and drang and then the board got fired and he got rehired and everybody went sort of underground again for a little while. A few weeks ago, they had some big leadership changes but, truth stranger than fiction, then comes their version, the codename was Project Strawberry, but what it really ended up being was their reasoning engine.

It's not quite AGI, which no one has an agreed upon definition of. So, we wouldn’t know it if it happened. Nobody really knows what AGI will be or what it is. For those of you who are wondering, it stands for artificial general intelligence. But there is no agreed upon definition. Some people say that it's an AI platform that would perform its tasks as well as or better than a human. I don't care for that definition.

Others say that it's AI platforms that would be able to use their understanding of the world across disciplines, meaning that if you taught it to recognize faces, it would be able to recognize music. Right now, every AI is narrow focused, generally intelligent AI would be able to apply its learning. It pours a pitcher of orange juice into a glass. It would immediately understand that pouring from a pot of coffee into a coffee cup was the same act. Right now, AI doesn't do that, but ultimately, AGI would, and some version of a definition like that's probably right.

Anyway, a couple weeks ago, out comes whatever Project Strawberry was, now called o1 Preview. This is a platform that is very different than GPT-4o, which is a large language model that displays an emergent quality of reason when you use it. Here reasoning is built into the actual fabric of what the model does, and it actually goes through some process that they make you believe is thinking, whether it is thinking like a human or thinking like a machine. I'm guessing it's more thinking like a machine. But as you use a o1 Preview, it'll say it's thinking, reasoning, telling you all the things it's doing. It's painfully slow to watch, but ultimately it it's able to solve problems at a much higher level than GPT-4o, different kinds of problems. You can give it a physics problem. It'll think through it, give it a word problem, give it any bit of code. It's going to do a pretty nice job. So, to answer your question, the longest possible way you can answer a question, I think the thing that's most interesting to me, most profoundly interesting, is the advent of AI reasoning tools at a consumer grade interface.

03:54 Shelly Palmer

It'd be one thing if this was API only and you had to have some grown up skills to go in and get it, but you literally can spend 20 bucks a month and it's in your hands. So, this is a pretty big change and it's a step change, I think, in the overarching evolution of these tools. We're going to learn something really new. I think whatever's next, and my guess is that's going to be video, will be equally as profound. Sometime in Q4 of 24 or Q1 of 25. We're going to see text to video for real in a way that's meaningful. That will be the beginning of a completely new era of human communication and different behaviors on social than we've seen before.

04:48 Phil Fersht

Right, and when you say different behaviors on social, can you expand a bit more on what those are going to be like compared to what we've been suffering from at the moment?

04:59 Shelly Palmer

Well, I don't know that my prediction will be any more spectacular than anyone else's. What I mean by spectacular is that I think I'm going to fall short of a good description because I think there what really happens will be spectacular. But my guess, feet to the fire months before it launches, right now, we're in a world of deep fakes and misinformation and bots that propagate misinformation, weaponized words and weaponized communication. That's all the bad stuff. And there's plenty of bad stuff. I'm not going to say there isn't.

When we make the full transition from curation to generation, where now based on ambient data or streaming data or bits of intelligence that I'm able to gather in near or in real time, my response is going to be at no or very low cost, also in near or very close to real time, fully produced work that in many ways democratizes production skills but in other ways amplifies executional skills. What I mean by that is you might not be a good artist or as good as mid-journey or Dolly or stable diffusion or flux. So, it will democratize your ability to produce something from just text, whether that's music or video or other words, but it will elevate or amplify your ability to distribute because we're now gonna have little bot armies at the hands of everyone who wants one. We haven't seen this before.

So, where we have weaponized words now, we've truly weaponized communications, we haven't seen super automation applied to that. And so, once those tools are available to the wider population, we're going to see different behaviors exhibited than we've ever seen before with respect to AI. People are going to be able at scale to do things they just couldn't do before and that's going to have a profound impact, by the way, good and bad.

You'll see different kinds of e-commerce. You'll see different kinds of offerings in advertising and marketing. You'll also see a next level propaganda. I think the ability to determine what is true and what is false, and real or fake, those words don't apply anymore. It's literally true and false. And you'll believe what you wanna believe and subtle mistakes and subtle influences will take on new power, almost guaranteed that they will take on new power. And what I mean by subtle mistakes, purposeful or not, let me piss everybody off for a second. We'll throw back to the couple of elections ago.

A line in a blog post, Hillary Clinton's email servers were hacked, and she deleted 5,000 emails. Now that sentence isn't true. She did have email servers in her home and they could have been hacked, but they weren't hacked, and she deleted more emails than that. Is that true or false? Is it good or bad? Is it misinformation or real information? Well, how would you even go about what would the strategy be to determine and then how would you demark it? What I mean by that is if It's a pro-Hillary article or pro-democratic article, left leaning article. It's just a mistake, and it doesn't really have an impact. If it's a right leaning article, is it an attack?

Only part of the sentence is incorrect. And if it's, is it this topic sentence and the thesis of the article or is it the fifth paragraph down and it's just supporting some other assertion? Do you highlight it and say this is incorrect? Do you delete the article? Do you flag the article? What is it? Assuming you had the technology to figure out that sentence in a 1300-word article, what would you do with the knowledge if you had it? And who would be empowered to do it?

So those kinds of factual errors are hallucinations that would not be picked up by people who didn't know or who wanted to believe, which means they'll be propagated. And so, we're going to be in a world where a frightening amount of information is co-written by machines and its authenticity and or veracity is unchecked and uncheckable and ultimately Stephen Colbert, one of my favorite comics in the world, has coined two words that become our reality. One is truthiness, meaning something is kind of true. And the other is Wikiality, which is if enough people believe it or read it, then then it's true.

So, all of a sudden, all of the blog posts that are co-created that propagate this kind of misinformation that's not really right, but it's definitely not right. It's false. But depending it may have a bigger or smaller impact, become the Wikiality of the World Wide Web because we're no longer the sole writers of our history. Human beings now share that job with generative AI. So, I don't have control over the Truthiness or the Wikiality of the body of knowledge of mankind because post November 30th, 2022, every day, there's less and less likely a chance that what you found written on the public web is solely created by a human being. So, these are profound communicative changes in our world, and they are going to have, I think, a massive impact and it will be so subtle that it is literally the frog boiling in a pot of water.

11:18 Phil Fersht

Let's talk about what's happening in a couple of weeks. Are we going through the great misinformation election? Because you had Kamala on Fox News the other day, and anyone who was Democrat was trying to say what a great job she did. She was so brave going into the foxes den. And everyone on the Republican side was just saying, oh, what a disaster. It was like one side wants to believe one set of truth; the other side wants to believe the other.

They're now choosing the truth they want versus saying, I just want the truth. It's like with these polling numbers we're seeing, I don't think anyone has a freaking clue which way this election is going to go in a couple of weeks because we're trying to get into the minds of the population of America right now and it's proving very, very difficult to do.

12:13 Shelly Palmer

Look, I'm not a political expert, but one of my dear friends is a professional political operative. He told me something years ago that applies more today than ever, which is we only see, and the pollsters only see the outdoor lawn signs. You never get to see the indoor lawn signs. People who live in certain areas are not gonna say they're voting for Trump or that they're voting for Kamala Harris because in the tribe or society or the environment in which they live, it is an unpopular thing to be on one side or the other. You don't wanna be on the wrong side of the river from the people you must coexist with, but in the privacy of the voting booth, they're gonna do what they're gonna do.

What I do know is that misinformation is not the problem from this electoral from the electoral perspective. People believe what they want to believe. You made a really interesting assertion just now. I'm going to challenge it for fun. Vice President Harris goes on Fox News Channel and does an interview and everybody on the right says she did terribly and everyone on the left said she did great. And what I'm challenging is the everybody part.

Certainly, some very loud voices on the right said she did terribly and some very loud voices on the left said she did wonderfully. What we don't know is what actual people think because most people didn't care that she was on Fox News at all, didn't listen, and paid no attention whatsoever. They took their feelings about it from their favorite political pundit who they trust for their punditry and thought nothing more about it ever again.

It didn't have any impact, didn't change any minds, didn't come close to changing a mind. I don't believe there's an independent in the world. Like if you don't know who you're voting for right now, you probably shouldn't vote. Like I always said, everybody get out to vote. It's like not if you don't know who you're voting for right now. If you're going to get in the voting booth and you're going to like toss a coin because you just can't figure it out, you owe it to the world to stay home because these are clear cut choices and you should be able to as a learned human being of voting age to make that choice, whatever it is, it's up to you. No one's telling you how to vote. But if you really today think you need to know more about Vice President Harris or more about Donald Trump than you already know, I'm sorry. That's pretty impressive if that were true. So, the end of the day, the misinformation campaign isn't about misinformation. It's about the current media landscape's capability to amplify flat out bold lies at the same volume or louder than truth.

Because we have a media industry that is 100% for profit. And the non-for-profit do-gooder media outlets have no ratings at all. No one watches. Because people like the entertainment of good and bad, good and evil, right and wrong, left and right. They like train wrecks. They like conflict.

You want to think about media in the context of entertainment or the context of ratings. So, a bunch of left leaning people get together to talk about climate change and they put together a six-person panel.

It starts like this. Climate change is terrible. Yes, global warming is bad. And it's getting warmer out. Yeah, it's been getting warmer. It's so warm now. Yeah, the weather cycles are really vicious because heat makes for a strong hurricane--you're asleep. You're already sleeping. You are done with this. I get it. You guys want to fix it. You got some solutions. Let's think about the way that a right-leaning entertainment-based, for-profit network, who I will not name, might present the same topic.

There would be a hard right leaning person and a hard left leaning person. One of them would say global warning warming is BS. They would say F you no it's not. And they'd have a fistfight on the air, and no one would be able to take their eyes off of it. Look, people rubberneck on the highway every time there's a fender bender. Human beings will not drive by flashing police lights without slowing down. Everyone who drives a car knows it. That's how human beings are wired.

So of course, if we have a for-profit news world, then anything that's going to drive conflict, conflict drives ratings, end of story. Is that about misinformation? No, it's about promoting bold-faced lies for profit, and every news outlet that's a for-profit news outlet does this. This is what they do. You lean left, you lean right. They're all guilty of it. No one here is innocent. No one's got the right story. Everybody's got a story that fits with the audience, they've identified a target persona and their pandering specific, pandering is even the wrong word. They are serving, super serving that that audience.

We're not ever going to change that until we change the nature of humans and then we change the nature of the news business, which neither is getting changed in my lifetime. So, for someone to say, we've got to get a handle on A.I. bias. We have to get a handle on misinformation. It’s like; it’s been misinformation in political campaigns since the history of political campaigns has been written.

By the way, if we think this is vicious, go back and read the history, the beginning of the United States government and how ah the carpetbaggers went at, or how the federalists went at the, like every, oh my goodness, like these people were vicious in a way that, and they spoke English at a much higher level than we do now.

So, the insults sound better, but they're still devastating insults. And you know the character assassination is like almost an American tradition. We're just doing it better with better amplification now. So, I don't know that this is a problem AI can solve. I'm not sure that it's a problem AI is going to exacerbate past the point.

18:44 Phil Fersht

Benjamin Franklin back in the day had power because he actually had his own ability to print pamphlets.

18:51 Shelly Palmer

Yeah, he was the Mark Zuckerberg of his day. Only more powerful, I believe. Really more powerful.

18:56 Phil Fersht

Yeah, now you just need to go and buy yourself a social media platform and try and do the same thing. So, in a way, things haven't really changed. If we're hoping they're going to change, something very profound has to happen. But getting back to this, to finish up, we're talking about the true changes in AI and you're talking about AI and video becoming much more impactful and real, text to video, things like that.

I was with a very experienced Tesla driver yesterday telling me he'd spent a month using the self-drive capabilities in his Tesla. He said, hey, I just can't do it. It just makes too many mistakes. It cannot replicate his driving style enough. The car makes mistakes. He can't trust it. It's like, can you get on a jumbo jet where there's no pilot, even though the thing's fully automated? Oh, God, no. So where are the guardrails in this Shelly in terms of where do we cross over between human reasoning, trust and AI taking over from that? Are we going to cross over there?

20:17 Shelly Palmer

So, a couple of things. A) the auto industry is the easiest one to understand. There are five levels of autonomy from you need a driver to you don't. A level five car doesn't have a gas pedal, doesn't have a steering wheel, doesn't have a brake pedal. It's a box you get into, and it drives. How close are we to that? How far away are we? Well, we have adaptive driver assist right now, adaptive cruise control. You have front and rear end protection. There's a bunch of sensors in the car. The cars are so expensive right now. You get into a fender bender in a modern car with adaptive cruise control where your front right or front left headlight is cracked by someone who nails you in the parking lot. It's a $20,000 experience to the insurance company because those sensors are incredibly expensive.

But we're going to know self-driving is ready when insurance rates come down. Because insurance companies are actuarially based and it's all numbers. As these cars become safer than human drivers, and they will, in a lot of cases, in fact, in every case, you will never drive as well as the car drives when the car can drive.

Right now, it can't. It's not ready, but when it is, the insurance companies will know and our rates will come down, and I can predict a time, and I don't think it's going to happen for another 20 to 30 years–not because the tech won't be ready–because cars stay on the road. When every car is a self-driving car or has the highest level of driver assist, where front-end, rear-end collisions are not possible because every car has a sensor that just won't let it crash into what's in front of it.

You may get thrown against the steering wheel if you're not wearing a seat belt. But if you're wearing your seat belt, that car is going to slam on the brakes so much faster than you can. You have a 400, 500 millisecond response time to seeing a brake light. The car has a nanosecond response time to seeing a brake light. It's going to stop. But every car doesn't have it. So, if the person behind you doesn't have it, it doesn't matter if you do. The accident is still going to happen. So, you need every car to be there. There are so many classic cars on the road with a twenty five year plus license plate there are so many cars on the road that are ten, twelve, fifteen years old so you're a solid twenty thirty years before and the cars are ready for prime time yet. So, say we're five to seven years away from a level five car being actually built in a way that AI can drive it, give yourself the most amount of time, say it's 2034, 2035, before you really have the tech in place.

From that date, you're 25 years away from every car on the road, other than the classic cars, being able to give you the next level of safety. There are hundreds of millions of cars on the road in the United States. Hundreds of millions worldwide, actually. There are 150 million Fords by themselves, I think. I mean, the numbers are astronomical. So, you are years and years away from this actually being a thing.

I don't fear AI, and I don't in any way fear any of the nonsense, it's Terminator or Skynet or it's Colossus or Whopper or whatever, or Hal 9000. I fear none of that. I think you'd be foolish to fear those in the way that that people are trying to to spread FUD. What I'm afraid of is something a little different and far more subtle. I'm afraid of artificial control, not artificial intelligence.

What I mean by that is, right now, I have a good example of it. I use Waze almost exclusively when I'm in the car. Occasionally Google Maps, occasionally Apple Maps, but almost always Waze. The contract with Waze is a simple one. I put a destination in, and my assumption is, and the deal I believe I'm making with our friends at Alphabet is that it's going to take me home in the most direct, shortest, safest route.

I don't know, but that's the contract. What if it doesn't? What if it takes me on a circuitous route? What if it takes me past a dealer or a shopping mall or fast food restaurant that has paid them to make sure that I drive past that restaurant? What if they are controlling me without my knowledge? Now, multiply that level of agentic tool because this is an agent, right? I'm giving it agency. I'm allowing it to plan my route home.

Siri is about to not suck. In iOS 18.1 or I would assume 18.2. We're going to see an agentic Siri. The example Apple uses is, take a picture of your mom and you say to Siri, “enhance this picture and text it to mom.” Well, that's really three apps. Thats your camera app, you're going to open it, you're going to enhance it, then you're going to take it out of photographs and you're going to move it to the message app, and then you're going to text it. Siri would be literally doing work for you across the tools in your iPhone. Expand that out. It's watching you behave. So now your iPhone, which has your PII, your PHI and your payment info in Apple Wallet, it's got my health information for my watch. It's got my private information that I've given it. It's learning. So now it knows that I like to sit in the second to the fourth row in first class on the aisle. That I only travel during the day. That's my Brown M&Ms rider for my speaking engagements. It's going to start booking directly with the airlines and hotels for me. And if I let it spend the money, it's going to actually just middle make the resi and do the deal.

How does that change my behavior? How does that change marketing? How does that change this idea of what's in control of my life? So, I'm no longer my sole agent. I have sort of given myself to some level of artificial control. Where's that line? That is the far more interesting line to me, because I think I know if the self-driving car wasn't good enough, I'm fairly sure that I'd know enough not to get in it and not to let it dry for me. I would keep my hands near or on the steering wheel. But I wouldn't know that Waze was messing with me. I wouldn't know that iOS is messing with me, and I would have ceded control. Now all of us are artificially controlled by these tools that we think are doing work in our best interest, that we think are acting as agents for us. But are they? And I actually wonder what that future looks like much more than I ever wonder about, would an autopilot be OK to fly the plane? Autopilot flies the plane now.

The difference between autopilot and this is profound, though, and I think it's worth discussing for one second. When you have an autopilot in ah in a big airplane, a 777, one of those monster airplanes that require a big crew. There's still a steering wheel, there's still all the controls and there's still people in that cockpit that can, if the autopilot fails, or if they turn it off, they can fly the plane and land it.

What we're talking about is much more akin to algo trading where a massive AI platform is taking in cultural insights, streaming data, real time data, ambient data, cross-referencing it with every piece of financial information that's ever been gathered in in its storage. And then it's sitting as close to the exchange as possible, literally physically, so that inside of nanoseconds that can make a trade on your behalf and tax laws harvest in the right way and do what it's supposed to do. When that misbehaves or isn't profitable or isn't acting as expected.

You can't say, wait a minute, I'll take over now, and you press a button and now you're driving. You just have to shut the model down, recalibrate it, put it back up and see if it meets the hypothesis or the objectives that you've given it. And if it doesn't, you'll take it down again, recalibrate and put it back up. That's really what AI is in our world. We won't have an autopilot to turn on and off.

What I fear is that we will have allowed tools that are meant to be our agents, to have enough control where we won't even notice what we are no longer doing. That to me is a fascinating outcome. And you see it when people use products like Waze right now. Nobody's turning around going, I don't know, is that the right route?

29:32 Phil Fersht

It's very true. I mean, we can look at furor around the days of Facebook and Google 10 years ago, and they went to the Senate. And I think it's the same thing just exacerbating itself in more and more different ways and forms, pardon the pun.

Well, you've certainly given a lot of school for thought on where this is heading, Shelly. This text to video, the reality of where we're going, this AGI conversation, where it all ends up, I feel, is, as you said, probably focused a bit more on how much does AI control us versus how much do we control it, right?

30:25 Shelly Palmer

There's a wonderful book called Guns, Germs and Steel by Jared Diamond. One of the early questions, it's an anthropology book and it's kind of a study of prehistory. I love this book. It asks a question. Did we domesticate wheat, or did wheat domesticate us?

Wheat is now the most successful grain on the planet. Once we stopped being hunter-gatherers and we became farmers, we started to farm wheat. Well, we had to build farms. Then we had to build areas to protect villages to protect the farms. Then we had to build weapons to protect the people who wanted our food, and wheat thrived because we domesticated it. But did we? Or did the DNA of wheat domesticate us? It's a fabulous chicken and egg conversation to have.

I love the analogy to all technology. Did we train smartphones or did smartphones train us? Because we live in a different world now that we have mobile phones. So, are we training AI or is AI training us? The answer is, it's going in two directions. Certainly, we are training AI. But without question, our behaviors are forever changed and will be forever changed because of this toolset.

We have always adapted and been adapted by our technologies. This is not going to change. The difference is that AI, for all intents and purposes, is intelligence decoupled from consciousness. And we've never shared the planet with another intelligence before. Now we are.

So, as it helps us reshape our behaviors and we help reshape its behaviors, we have to be prepared for the changes that are likely to come through that interaction. And I think as long as we're talking about it, we're in a good place to properly adapt. Those who are not willing to think deeply about our responsibility as we interact with intelligence decoupled from consciousness or intelligence decoupled from humanity, are going to pay a price.

32:40 Phil Fersht

On that note, Thank you very much for your time. Shelley, it's been fascinating hearing about your views on AGI, Project Strawberry, the move to video, the speed of which we're moving at, and hearing your emotional views on this has been tremendous. And I can't wait to hear you present at the HFS Summit, December the 4th in Manhattan, to hear a bit more live about what is going on in this world, and the shift to AGI and how fast we are moving so thank you very much for your time today.

32:56 Shelly Palmer

Look forward to it. Thanks so much.

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