

# The Disciplined Investor Podcast – Guest Interview Summary

Guest: David Gaffen, Reuters

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## Quick recap

David and Andrew discussed the challenges of covering breaking news, the changing nature of news consumption, and the impact of tariffs on the economy. They also explored the potential of AI in journalism, the challenges of adapting to a changing global economy, and the rapid advancements in AI and quantum computing. Lastly, they discussed the current economic situation, the decline of corporate buyback programs, the state of diversity initiatives in corporate America, and the importance of skepticism and critical thinking in investing.

## Summary

### Covering Breaking News in US Business

David and Andrew discussed the challenges of covering breaking news, particularly in the context of the US business world. David explained that breaking news refers to the biggest stories happening at a given moment, including earnings reports, tariffs, CEO resignations, and scandals. He acknowledged that the constant presence of Trump in the news can overshadow other important stories. David also shared his experiences covering significant events like the financial crisis and the oil market meltdown, emphasizing the need for quick and accurate context to avoid being seen as mere stenographers.

### News Consumption and Media Literacy

Andrew and David discussed the changing nature of news consumption, particularly in the context of the heightened news cycle. They noted that the constant barrage of news can be overwhelming and may lead people to tune out. Andrew expressed his preference for Reuters and Bloomberg as fair and unbiased news sources. They also touched on the shift from long-form journalism to shorter, more digestible formats, and the potential impact on media literacy.

### **AI's Role in Journalism: Current and Future**

Andrew and David discussed the current state and future potential of AI in journalism. David highlighted that AI is still in its primitive era, unable to replace human journalists in tasks like scooping or interviewing sources. However, AI can assist in tasks like summarization and rewriting. David and Andrew agreed that AI can be useful for first-level research and cleaning up written content. They also touched on the challenges of AI in creating headlines and the importance of human judgment in this process.

### **Tariffs: Impact on Economy and Jobs**

Andrew and David discussed the impact of tariffs on the economy. David explained that President Trump views tariffs as a means to an end, aiming to replace regular taxes. He mentioned that tariffs have not been used significantly in over a century and could lead to job losses, nearshoring, onshoring, higher prices, and disruption to supply chains. David also noted that the current situation is a result of a long period of adjustment and uncertainty.

### **Economic Levers and Unintended Consequences**

Andrew and David discussed the challenges of adapting to a changing global economy, particularly in relation to manufacturing and trade. They questioned the effectiveness of tariffs as a tool for economic protection and expressed concerns about the potential negative impacts on consumers and businesses. They also highlighted the need for a more nuanced understanding of the complex interplay between economic levers and the potential unintended consequences of policy decisions.

### **AI and Quantum Computing Advancements**

Andrew discussed the rapid advancements in AI and quantum computing, likening it to the third major turning point in the computer age. He questioned the valuation of companies like Dell and Microsoft, suggesting that their earnings projections were unrealistic. David agreed, noting that the spending on AI seems to loop back on itself and questioning the profitability of Microsoft's data center projects. They also discussed the potential challenges of monetizing AI and the accuracy of AI models, with Andrew expressing concerns about Google's model.

### **Stock Market and Economic Uncertainty**

David and Andrew discussed the current economic situation and its impact on the stock market. They noted that some companies, like Nvidia, have maintained relatively low price-to-earnings ratios despite strong revenue. However, many other companies have high price-to-earnings ratios, which may be unsustainable. They also discussed the uncertainty surrounding tariffs and their potential impact on companies' earnings. David mentioned that some companies have not modeled for the impact of tariffs in their growth and earnings outlook, which could lead to surprises. Andrew emphasized the importance of considering both hard and soft data when assessing the economic situation.

### **Corporate Buybacks and Financialization Trends**

Andrew and David discussed the decline of corporate buyback programs and the shift towards financialization. David suggested that companies continue to invest in buybacks as a regular practice, even when they don't see opportunities for actual investment. Andrew also expressed concerns about the potential for gaming the system in ESG initiatives, which he felt would eventually get out of hand.

### **Corporate Diversity Initiatives' Authenticity Questioned**

Andrew and David discussed the current state of diversity initiatives in corporate America. They noted a trend of companies scaling back these initiatives, with some even removing references to inclusion and diversity from their annual reports. Andrew expressed concern about the lack of authenticity and the fickle nature of these initiatives, suggesting that they are often driven by external pressures rather than genuine commitment. David agreed, highlighting the potential for these initiatives to be cosmetic rather than meaningful. They also touched on the challenges of balancing consumer expectations with the need for genuine progress in diversity and inclusion.

### **Critical Thinking in Investing Discussed**

Andrew and David discussed the importance of skepticism and critical thinking in the world of investing. They emphasized the need to look beyond corporate ideals and consider the potential for biases and weaknesses in business practices. They also highlighted the importance of understanding the bigger picture in investing, including global trade, economics, and stock market psychology. David expressed his appreciation for Andrew's insights and offered his services for future discussions on broader market topics.