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Musings

#97: Musing **October 24, 2020**

I recently heard the CEO of IBM say “Growth is a proxy for sustainability.” What a good life mantra. Whether as a business or a person, you have to keep growing to stay relevant and successful. Don’t tell me how your results compare to budget, tell me what your growth rate is. Keep growing personally as well through travel, reading or other activities.

The federal government filed its antitrust suit against Google. Bipartisan concern on the power of Big Tech. The core complaint is around search. Google has 88.1% market share with Microsoft’s Bing at 6.7% and DuckDuckGo at 1.7%. Google pays Apple billions so that Google is the default search engine on iPhones. Don’t underestimate the “power of the default option.” You can change it but most people don’t. Consumers are somewhat lazy so the default option has enormous power. This is why you always want to have an “opt-out” provision if you are seller rather than an “opt-in.” Free trials become permanent customers because many are just too lazy to “opt out.” Another example is 401k participation rates among employees. If you automatically enroll new employees and make them act to “opt out”, you will have much higher participation rates than asking employees to enroll. If you do use an automatic enrollment, make sure to put your employees in a target-date fund which matches the risk asset allocation to the age of the employee.

Hope some of you watched “The Social Dilemma” documentary. According to the Mental Health Association, 50% of children 11-17 have had suicidal thoughts. To quote Eric Schmidt (former CEO of Google), “social media should not be an amplifier for idiots.”

Watch the results of Prop 22 in California. The progressive government out there passed a law (AB5) that goes against the “gig economy” and will make employers treat gig workers as full-time employees and offer them benefits like sick days and health insurance. Uber/Lyft say they would only be able to hire 3 out of every 10 drivers due to extra costs and rates would rise 20%-100% and they may pull out of markets altogether. Prop 22 would reverse that. Will be an interesting data point between consumers and progressive politicians.

The economy is surprisingly strong (heavily thanks to huge fiscal stimulus). New unemployment applications continue to decline and sales of previously-owned homes rose to a 14 year high in September. My anecdotal experience matches some of the data that travel is coming back. My flight this past weekend was the busiest by far I have had in the last 2-3 months. The TSA reported that it screened over 1 million passengers last Sunday, the highest number since the coronavirus crisis began. Unilever (owner of products like Ben & Jerry’s Ice cream and Hellman’s mayonnaise) said sales grew 9.1%.

An underreported part of the Presidential campaign is the differential in tax plans. After taxes called for in Biden plan, in California, New Jersey and New York City, taxpayers earning more than \$400,000 a year could face combined state and local statutory income tax rates of more than 60%. This money is used to fund large new government programs. Personally, I think it provides a disincentive and will hurt economic growth.

A couple Covid peculiarities. A shortage of canned corn. Really? Also an increase in double-chin plastic surgery (doesn't look so good on zoom) and other plastic surgeries – easier to recover privately at home (thanks Pat Wilson). I have previously written about the blending gender dynamic in our culture. Ulta Beauty sees opportunity. [mens-nail-polish-is-taking-off](#)

CDC changed its definition of “close contact” requiring quarantine this week. From the Washington Post: *“The CDC had previously defined a “close contact” as someone who spent at least 15 consecutive minutes within six feet of a confirmed coronavirus case. The updated guidance, which health departments rely on to conduct contact tracing, now defines a close contact as someone who was within six feet of an infected individual for a total of 15 minutes or more over a 24-hour period, according to a CDC statement Wednesday.”*

I have written about my belief that schools should be open. See [end-the-school-shutdown](#). Our Bennett Day primary and upper school have been open all Fall without any major incidents (but a lot of hard work by the team). One thing I did not anticipate is how hard it is on teachers when you add all of the logistics, monitoring, health management. Along with the kids, schools need to be open for parents. Women are dropping out of the labor force to take care of loved ones. This has highlighted “how our economy has been built on the back of women’s unpaid labor” to quote Melinda Gates.

Personally, I think most Americans have decided they are done with Covid lockdowns and the unilateral despot-like decision rights being given to Governors. Here in Illinois, Governor Pritzker has tightened up restrictions and some restaurant owners are simply going to ignore it. [at-least-three-new-lenox-restaurants-plan-to-defy-gov-pritzker](#). Chicago Mayor Lightfoot is saying you can't have 8 people in your house. As a society, we don't like being told what to do by individual “ruling” politicians. Where are the legislatures?

Be safe.

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