

## J. Michael Locke

### Musings

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#### #113: Musing February 13, 2021

I fear the move to digital payments is going to encourage consumption and reduce savings. From the WSJ: *"A Deutsche Bank survey in January 2020 found that 43% of Americans tend to think less about the money they spend when using a card, and 36% think less about the amount when using a digital wallet."* Go old school, use cash and certainly make your children do. Otherwise, money becomes abstract like Bitcoin.

The Bitcoin craze simply doesn't make sense to me. I believe there is a future for the underlying blockchain technology which allows you to maintain ledgers across disparate servers, but I can't believe that society is going to accept currencies over which there is no control or transparency. As I understand it (and maybe I don't), no one knows who has what bitcoin. You have your personal code to access your bitcoin and better not forget it like the guy with over \$150mm worth who can't remember the passcode to his flashdrive. Cyberthieves and other black market operators like it because it can't be tracked. Tesla – the publicly traded company – bought \$1.5bn worth this past week. How do you have the "cash" on your balance sheet subject to wild fluctuations in value? Bitcoin has gone from \$15,000 to \$45,000 over the past six months. It is like the Gamestop trading saga meets Davy Crockett and the barter system.

With the arrival of everything digital, the access to broadband is becoming essential. Right now you can't go to school or the doctor without it. Policy makers should lean into the expansion of broadband infrastructure. Personally, I like the model where a city blankets itself with wifi access as a municipal service. The economic studies have shown there is a direct correlation between broadband access and GDP growth.

Salesforce is joining the large employers letting employees keep working from home post-Covid. I don't agree with this move. Culture is critical to organizational success and is built by informal connections between people, unscripted interactions and the establishment of collective principles. I can't see this happening with everyone working from home. Employees are not just "productive widgets" doing transactional work. They are human beings who you need to connect with personally to motivate and develop. I do believe you will see more hybrid models with more working from home part-time to make life easier for employees (especially those with kids) but I don't see the "all remote" move working. On a separate note, we appear to finally be getting consensus that we have to get kids back in school for their own mental health and also to let their parents get back into office.

Don't know about you but my Zoom fatigue continues to grow. I think conference calls are more productive now. Tired of looking at myself! Lots of momentum in the social media world towards audio. The hot thing right now is the social audio app called Clubhouse. You have to get invited and then join "rooms" where there are discussions on a given topic.

Invest in the graying nature of our economy. From WSJ – “As people live longer and have fewer babies, the number of over 65 year olds surpassed those under 5 globally for the first time in 2018. [older-shoppers-are-the-hot-new-thing-for-consumer-brands](#) . Personally, I am involved with a business selling technology into senior living (<https://in2l.com> ).

I have written about my concern for the indifference both sides of our political system are showing about deficit spending. Interest rates will not always be so low and the huge amounts of debt the US government is building will come back to haunt us. Mitch Daniels believes we have passed the point of doing anything about it. His Washington Post opinion piece is at the bottom of this musing. We need to get Mitch to run for President.

Congrats to GOAT Tom Brady. He credits his prolonged peak performance to his sleep and diet routine. Count me in on the former (goes to bed at 9, gets up at 6, no screens in bedroom, 65 degrees in bedroom) but not the latter (no caffeine, alcohol, sugar, salt, processed foods). I also don't share his like of avocado tequila.

jml

*Opinion: We were right to worry about the nation's fiscal future. But I know when to fold 'em.*

**By Mitch Daniels**

Like most people, I really hate to admit defeat. Okay, some take it a little further than others, but it's among the most common of human traits. On a matter in which I've invested no small amount of time and worries, I'm throwing in the towel: Regarding our national fiscal future, as the man said, you've got to know when to fold 'em.

In a variety of public employments and from various posts in private life, I've been among those urging that we take greater care with our public finances, to ward off serious, permanent damage to the economy and, just as important, to the safety net on which so many vulnerable Americans rely.

Until recently, I've held on tightly to two beliefs essential to long-term fiscal survival.

The first, grounded in actuarial reality, was that, if we began acting now, we could keep the [promises of Social Security](#), Medicare and the other so-called entitlement programs.

The second, always as much a matter of faith as of proven fact, was that the American people could engage in an adult conversation about the subject and support the needed changes, before it was too late. Surely someone eventually would appeal successfully to our reason and to our concern for our children, grandchildren and the country's future.

I conclude, reluctantly and dejectedly, that it's time to face the unpleasant facts. The past decade demonstrates amply that our political process is not capable of the kind of decisions that are necessary. The temptation to savage anyone proposing safety-net reform (the sine qua non of any serious fiscal rescue, really the only issue that matters) remains electorally irresistible and invariably effective.

From very different directions, either of the past two presidents could have led the nation to a safer place, but neither had any interest in doing so. Instead, both perpetuated the “noble lies” —

“You’re just getting your own money back,” “We owe it to ourselves,” etc. — by which the public has been misled through the years.

Even the modest, painless actions we could have started with, such as means-testing, or small, distant future increases in the age of eligibility, or correction of the system’s [over-adjustment for inflation](#), have never had a ghost of a chance.

Meanwhile, the inexorable arithmetic of dollars times demography has taken us past the point of no return. It’s no longer possible to say that, by starting now, we can avert massive, and massively unfair, [changes](#) in the promises we have made, or that current beneficiaries have nothing to worry about. That line was crossed even before the emergency budget blowout of 2020 added trillions to the [debt tab](#) we will dump on younger generations.

There are parallels with other long-term, nation-threatening challenges of our time. We should have seen the pandemic coming and prepared for it. If the climate change computer models prove accurate, it is already too late to prevent the world’s thermometer from rising to levels deemed unacceptable. While calling on us to take what preventive measures we can, the more serious leaders on these topics are hard at work on the goals of mitigation and adaptation.

However likely the climate problem or next pandemic is, the unraveling of the safety net is far more so. No computer models are needed to see that there is zero chance of delivering on the promises already in place, let alone the fresh, astonishing proposals in Washington to [make these commitments even larger](#).

A start on mitigation would be for the [Social Security Administration](#) to begin including in beneficiary bulletins a disclosure that, starting soon, the system cannot fulfill all of its commitments. The disclosure could then provide sample calculations of the amount of savings a given recipient will need to replace those expected payments under alternative scenarios. Something similar could be done for doctors and medical students, projecting the deep cuts in reimbursement rates to which Medicare will resort.

Allowing the fiction of full-payment-for-all to persist will only add the rage of betrayal to the hardships imposed by the now-inevitable sudden cuts in benefits and huge tax increases. If you think confidence in the federal government is shaky now, wait until it starts reneging on these “sacred” promises. Better to come clean, and help people plan, starting now.

I recall watching with sad admiration, decades ago, the dauntless activism of what was once known as the [Captive Nations](#) lobby, those brave refugees and descendants from the Baltic states then subjugated by Soviet communism. One had to feel sorry for people pouring their energy into such a just but hopeless cause. I’m beginning to see those of us still pleading for [safety-net reform](#) in much the same way.

Of course, for the Captive Nations activists, a miracle happened. A cataclysm only Ronald Reagan and a few other visionaries foresaw brought the liberation that their lobbying and demonstrations never could have achieved. It’s too late for any such rescue of America’s safety net. Might as well face it, and shift our efforts to the task of getting ready.