

J. Michael Locke

Musings

#123: Musing April 24, 2021

Does the capital gains tax rate effect investment and entrepreneurship? We may be about to find out with Biden expected to propose moving the long-term capital gains tax rate from 20% to 43.4% for wealthy individuals. Famous venture capitalist Tim Draper posted *"43.4% capital gains tax might kill the golden goose that is America/Silicon Valley. People need an incentive to build long term #startups of value. In California, that would be a 56.4% tax burden. >50% Spells death to job creation."*

Jeff Bezos put out his shareholder letter. Whatever you think about him, it is unbelievable what he has built at Amazon. An interesting couple paragraphs from his letter (Full letter here: [2020-letter-to-shareholders](#)):

"If you want to be successful in business (in life, actually), you have to create more than you consume. Your goal should be to create value for everyone you interact with."

We all know that distinctiveness – originality – is valuable. We are all taught to 'be yourself.' What I'm really asking you to do is to embrace and be realistic about how much energy it takes to maintain that distinctiveness. The world wants you to be typical – in a thousand ways, it pulls at you. Don't let it happen."

Median price for existing homes sales rose 17.2% in March from the prior year!

While I have committed to stay apolitical in this musings, I feel compelled to comment on the reluctance of many professors/teachers to get back in the classroom. All of the data I see is that schools are not "super spreader locations" and in-person classes can be managed safely. Many schools have been doing it all year. Unfortunately, I think many faculty members are indifferent to the poor experience of their students. To quote an educational leader recently – "Teaching used to be a calling. Now it is just a job." Kids need to be in the classroom. Colleges should be open. The data shows that the health risks for kids are minimal and the health risks for teachers can be managed. IMO, the availability (or absence) of in person classes is a direct proxy for executive competence and student centricity.

Office re-openings are connected to the school decisions with so many working parents (especially moms). Few families now have a full-time stay at home parent so if kids are not in school or childcare, tough for parents to work. The questions all organizations are facing right now is what the work week looks like post-Covid. Good article from the economist here: [the-rise-of-working-from-home](#). According to one research paper, *"the average employee would like to work from home nearly half the time. Employers are less keen, but their expectation that a fifth of working time will be spent at home (one day a week) is a big change from the previous norm."* Salesforce has been reopening its offices around the world. In a memo, the Chief People Officer shared this interesting learn: ***"Thursday is the New Monday. The most popular day for employees to come to the office is Thursday. Employees prefer***

to start the week from home with only about half of collaboration space being used. By Wednesday and Thursday, that jumps up to 80%.”

Historically, much of management and the evaluation of work was based on time. How “hard” was someone working? It is difficult to use that method when the worker is remote. Managers are going to have to learn new skills and come up with greater measures of productivity so they can start managing the outputs rather than the inputs (time). Same issue exists in higher education. There is a growing trend towards “competency-based education” or CBE where student progress is measured by the mastery of the subject (or competency). “Credit hours” are actually derived from work long ago by the Carnegie Foundation to measure time to evaluate labor capacity. For a class to be “so many credits”, it must meet so many hours and have so much homework. But why is time relevant? If a student can show they know the material, why can’t they do a semester course in one week by showing their competency? CBE allows for a more efficient “production model” as students move as fast as they can at an individual level by showing mastery and not lockstep by sitting in class.

Should the “elite universities” expand their enrollment? It is a concept being advocated by some. As I have previously written, the “test optional” move has led to surges in applications so the “highly selective” schools are accepting only 3-4% of their applications. Is that a good thing? Jeff Selingo calls them the “highly rejective” schools and advocates for them expanding their enrollment. Here is a link to his Washington Post OpEd: [harvard-and-its-peers-should-be-embarrassed-about-how-few-students-they-educate](#) . Ryan Craig wrote an article in Forbes on the missed opportunity to expand access to these elite universities. [covid-is-turning-top-colleges-into-karens/](#)

When demand exceeds supply, you better be checking your email. Interesting story (thanks Diana Heyer) how Notre Dame Law School admitted more than it could accept and then took those who put their deposit in first. They made their class “first deposit / first serve.” When class was full, folks went from admitted to waitlist. It basically happened in a day so the story has a guy working his landscaping job so only looked at email at night and lost chance to go to ND. [notre-dame-law-asks-students-compete-each-other-deposit-fastest](#)

The marijuana crowd had their big day on Tuesday, April 20th. 420 has become a symbol for marijuana enthusiasts. For your trivial knowledge, the term 420 is said to have started with high schools kids in northern California called Waldos who would gather at 4:20 in the 1970s to smoke. <https://420waldos.com/>

RIP Chuck Geschke who created Portable Document Format technology (PDF) and co-founded Adobe. What a great innovation. Like many other great technology leaders and developers, Geschke worked at Xerox’ Palo Alto Research Center (commonly called Xerox PARC). Xerox is not usually associated with innovation but Xerox PARC was at the forefront of much of today’s modern ubiquitous technology innovations. <https://www.parc.com/about-parc/parc-history/>

Also RIP the new European “Super League” for soccer. That didn’t last long.

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