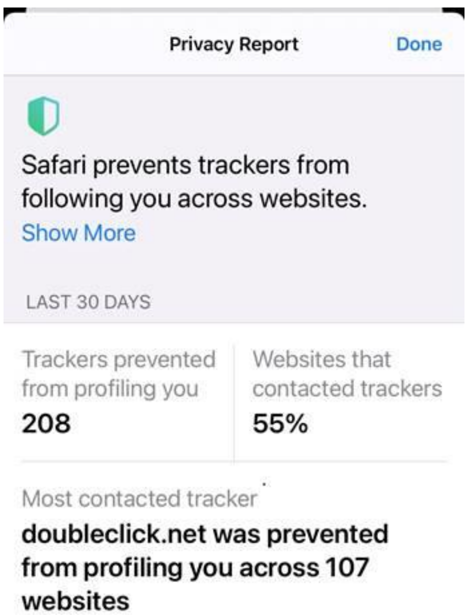
J. Michael Locke
Musings

#127: Musing
<u>May 22, 2021</u>

Want to see how your opt-out of tracking in your iPhone is working? In Safari, tap on the "aA" on the top left next to URL bar and choose privacy report. Here is mine. It will be interesting to see the degradation of digital advertising efficacy when Google Analytics / Doubleclick can't gather the user information like it used to.



While the federally mandated $15 an hour minimum wage did not make it in the final stimulus package, the rest of the package has brought it in through the side door. The enhanced unemployment benefits are forcing employers to increase their wages to attract individuals. Major retailers and others are moving hourly wages north of $15 and closer to $20. Bank of America just announced a minimum wage of $25. If that was all by design by Biden administration, pretty clever. Many feel the core problem holding back folks from returning to work is childcare. See a good OpEd with this point of view after my initials at the end.

One of the paradoxes of investing is that good economic news can hurt stock market valuations. The current stock market is obsessed with prospective inflation and has had some rough days when information comes out indicating inflation is coming and the Federal Reserve might stop its "easy money" programs. Right now the Fed is amazingly accommodative --- making it easy to get money by not only keeping its discount rate low (what it charges for lending to banks) but actually buying bonds to artificially manipulate bond market to keep rates down (to the tune of $120bn a month in bond purchases according to WSJ). Stocks trade off on inflation expectations as yields go up so debt is more attractive as investment. The equity sell off is healthy in that it is taking speculation out of the market on things like SPACs and crypto-currencies.

Combine the Fed easy money with Congressional spending bills and you get this WSJ cartoon:

The SEC has its hands full with Elon Musk. Bitcoin has plummeted in part because Tesla said it would not accept Bitcoin anymore because of the bad environmental impact of Bitcoin mining (not new?) Folks start speculating that Tesla sold the Bitcoin it had purchased and then Musk tweets diamond hands (see below) indicating he is bullish Bitcoin. What is the SEC supposed to do with this kind of corporate communication?

This structural shift towards more working (and eating via DoorDash) at home continues to bode well for Home Depot. Comparable store sales up 30%. Big ticket sales (over $1,000) up 50%. Folks are going to be spending more time in their homes in the future. Also go long the move to healthier eating: chicken (Burger King now in the game with the Ch'King sandwich), non-dairy (oatly-ipo-how-the-swedish-oat-milk-became-popular-in-us) and protein heavy. My Decatur upbringing of whole milk, bologna and red meat is a thing of the past.

Does our political polarization now even apply to our investments? Some conservative money managers are raising "anti-woke" money. portfolios-targeting-unwoke-investors

No matter your politics, Randall Stephenson (retired ATT CEO) will waste your money. ATT now spinning out Time Warner at a value over $40 billion less than what they paid. This is after the debacle of DirectTV which they spun-off recently at a huge loss. No accountability. No one loses their job. Broken corporate governance.

Last week, I wrote positively about some comments from WeWork CEO Sandeep Mathrani on engaged employees using the office. He received fierce pushback in today's virtual world and felt a need to clarify. He posted this on LinkedIn:

"I want to clarify that it was not my intent to cast a negative light on those who are working from home and I apologize if my comments were not clear.

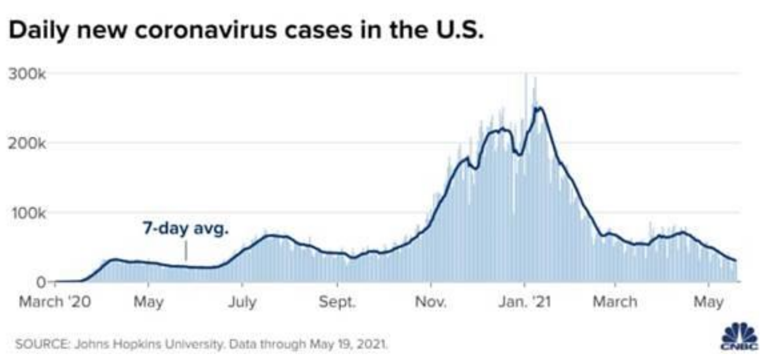
In April, we published a report on the data collected from a national blind survey conducted in partnership with Workplace Intelligence, which asked 1,000 C-suite level executives and 1,000 non C-suite employees across the US a variety of questions about their perspectives on the hybrid model of work.

Ultimately the findings overwhelmingly demonstrated that employees are energized about choice, about finding new ways to work - and CEOs are equally committed to providing options that work best for their people. As the CEO of a company that is proud to offer employers and employees greater flexibility than ever before, we will always continue to champion solutions that can actually meet the diverse needs of our workforce - whether that be working from home, utilizing drop-in space, going to a corporate office, or a hybrid of these options.

What we know, from this new report, and from the conversations we continue to have with business leaders across industries, is that the future of work is hybrid and it is flexible - and our intent is to enable both."

Private colleges continue to have to cut prices to attract students. Remember that the "advertised tuition" is meaningless as the school will usually give a "merit scholarship" (not need based) to reduce cost. In the industry, this is called the "discount rate." From InsideHigherEd.com: *"Average tuition discount rates among private, nonprofit college for first-time undergraduates reached 53.9 percent -- an all-time high -- during the 2020-21 academic year….In other words, for every $100 in tuition colleges appear to charge on paper, they do not collect $53.90 from first-time undergraduate students."*

The positive virus news continues in US. Time to get back to traveling, entertaining, working in office etc. Good chart below. Now we need to help the rest of the world as the "Inequality Virus" is wreaking havoc in India, Brazil and other less developed countries.



Fortunately for me, there are other aging sports enthusiasts with short attention spans. The tennis and golf industries are adapting. Large volumes of players to paddle/platform tennis, pickleball and pop tennis which all require less running on a smaller court. Golf courses are promoting nine holes so you don't need 4-5 hours to enjoy the sport. [golf-courses-target-those-who-think-18-holes-is-just-too-many]

RIP Microsoft's Explorer browser.

Jml

Op-ed: The dangerous mythology about the US labor shortage

By KARIN M. NORINGTON-REAVES @ CHICAGO TRIBUNE

MAY 14, 2021 AT 6:01 PM

In explaining the unimpressive quarterly jobs data recently, there is a dangerous mythology surfacing, a common refrain among pundits, that people don't want to work because of stimulus checks and extended unemployment benefits.

Some argue that unemployed low-wage workers make more from these benefits than from their previous employment. This may be true, but in my nearly 10-year tenure as CEO of what has become the nation's largest publicly funded workforce development system, where we have facilitated training and employment of over 70,000 people, I have never once heard anyone say they didn't want to work. THIS IS A HARMFUL, CORROSIVE NARRATIVE ROOTED IN CLASS, GENDER AND RACE BIAS; IT IS A FALLACY MEANT TO DEMEAN AND STIGMATIZE. The truth underlying what's being touted as a "labor shortage" is far more nuanced than glib jabs at the working class. Examining reality invites us to reassess our beliefs about work and workers in this country.

The unemployment insurance benefit is one that we pay into. It is meant to be a safety net, there to catch us if the bottom falls out. Congress approved additional funds because a struggling national economy demanded it. With over 1.4 million claims filed in Illinois alone, the bottom had surely given way. Yet the polarizing debate suggests that there is something wrong with, even shame attached to, people accepting and utilizing the benefits their tax dollars created, as though they have no right to them. To be clear, the "people" in this case are overwhelmingly female, and also service workers who are predominantly Latino, African American or low-income and white.

According to a recent survey by the Illinois Economic Policy Institute, 40% of working mothers in Illinois reported losing their jobs or being forced to reduce work hours to care for children. With schools in varying states of in-person, hybrid or exclusively remote instruction, there is a continuing need for reliable, affordable child care combined with flexible work hours — and family-sustaining income. These women wanted to work. No doubt they had an unenviable choice to make —providing for their families financially or providing for their family's physical, psycho-social/emotional well-being.

Heather Long writes in the Washington Post that the recently released and persistently low jobs numbers are rooted in something other than a lack of desire to return to work. Long posits that the data reflect a shift taking place across the country — a demand for family-friendly workplaces that recognize the daily juggling act of managing work demands while navigating life's obligations. That change must also encompass an insistence on a cultural shift from subsistence-wage jobs with no benefits and few options for advancement to career pathway roles.

Tragically, the very people we've deemed essential aren't paid enough to cover their actual essentials. They contracted COVID-19 at higher rates, they died at higher rates. Yet we balk at them for utilizing the very benefits to which they have contributed; benefits created for a time such as this.

It would be more honest to admit what some of us really mean is that they are essential to our lifestyle, but we don't really care much about theirs, particularly if it inconveniences us.

Another reality: People are in pain. More than 575,000 people have died from COVID-19 over the past year in the U.S. An estimated 40,000 American children lost a parent to the virus. The suicide rate skyrocketed. And many of those who contracted COVID-19 continue to suffer long-term effects. Add to this the depression from extended confinement and loss of normalcy, and it becomes clear why our collective mental health is more fraught now than since the Great Depression.

Millions of people lost their jobs. Many of those jobs now no longer exist and aren't forecast to return soon, if at all. The hospitality, tourism and retail industries in the U.S. were pummeled. Many of those workers will need to pivot to other industries or acquire new skills in order to obtain employment. If you listen carefully to what is being telegraphed, it's that the service workers — those who were already barely scraping by often with multiple jobs — need to simply return to work. To add insult to injury, several states have moved to eliminate the added $300 weekly federal benefit as a negative incentive.

There is dignity bound up in work — the ability to provide for oneself and one's family is sacred. Our identities, often our self-worth, confidence and joy are connected to it. That dignity supersedes class divides.

We stand on the precipice of a new economy, one that has the opportunity to treat all people as though they are, well, essential. One that must honor not only the bottom line but also our humanity.

Karin M. Norington-Reaves is CEO of Chicago Cook Workforce Partnership, the largest workforce development organization of its kind serving employers and jobseekers in Chicago and Cook County.