

J. Michael Locke

Musings

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Will generative AI diminish the competitive advantage based on access to capital? It certainly looks that way in the publishing business. No longer do you need lots of money to employ thousands of content creators when GAI can get you a draft in seconds. Watch technology platforms reduce the economics of their content deals.

While I don't agree with the State of California and current FTC leadership that all non-competes should be banned, I do think they have gotten out of control. One of the most egregious examples is the large electronic medical records business Epic which is the Darth Vader of non-competes known for suing younger employees and basically scaring everyone. A local Madison news site is even questioning whether the Epic non-compete approach is hurting economic development around Madison. [opportunity-lost-epic-noncompete-list/](#) (thanks Travis Hughes). Usually, a successful large employer leads to a whole ecosystem of related companies as executives take their knowledge (and sometimes accumulated wealth) and start new related businesses (think of the auto supply chain in northern Indiana and southern Michigan). Epic's hard core approach on non-competes is stopping this from happening.

You hear about athletes getting in the groove. It is a physical state often called being "in the flow." From our daughter Cate's newsletter: flow is "mental state in which a person performing some activity is fully immersed in a feeling of energized focus, full involvement and enjoyment in the process of the activity) - creating the opportunity for more elaborate mental connections. More information on the flow state: <https://positivepsychology.com/mihaly-csikszentmihalyi-father-of-flow/#what-happens-brain>

New term: zombie mortgages. Banks write them off from an accounting point of view and stop trying to collect. However, legally they are still there. Third parties come and buy them cheap and when house price goes back up, they then try to foreclose to the surprise of homeowner who thought the mortgage was gone.

I believe there is a meaningful distinction between private and public universities. Like any other service, public universities should be available for use by the community like parks or libraries. Private universities are by definition "exclusionary." The challenge is the role that private universities can play in determining economic mobility. To quote Michael Sandel, a Harvard professor, "We have converted universities into sorting machines." The state of Massachusetts is looking at an interesting approach by *"proposing to tax the endowments of schools which consider an applicant's legacy status or employ early-decision admission, which tends to benefit students from well-off families. The 0.2% surcharge would cost Harvard about \$100 million a year and would fund the state's community colleges. The bill is set for a committee hearing in the Massachusetts legislature this month."* [harvard-students-graduates-the-h-bomb-ivy-league](#) It has been joked that places like Harvard are hedge funds running a dormitory

business. The school's endowment is around \$50 billion and as much as 60% of that is in alternative asset classes like hedge funds and private equity.

Make sure to follow WSJ writer Joanna Stern's [iPhone No-Buy Rule™](#): No buying when school's out—wait until September. According to Stern: *"A change coming to the phone's charging port makes this advice especially timely. The next iPhone—presumably called the iPhone 15—is expected to ship with a USB-C connector, marking the end of the Lightning port's 11-year run. The EU has mandated that electronic devices sold in the 27-nation bloc must have USB-C ports by the end of 2024."*

Forbes published its "billionaires" report. <https://www.forbes.com/billionaires/>. The wealth accumulated by these individuals is mind blowing (#1 Bernard Arnault: \$211 bn, #2 Elon Musk: \$180 bn, #3 Jeff Bezos: \$114bn (after losing ½ in a divorce). I do like that almost all of them built a business which led to their wealth – in their own lifetime. Arnault – LVMH, Musk – Tesla/Paypal/SpaceX, Bezos – Amazon, Larry Ellison – Oracle, Gates – Microsoft etc. Ownership is what creates wealth. I am less of a fan of Illinois' wealthiest man, Lukas Walton, who is only 36 and from the lucky sperm/egg club being the grandchild of Sam Walton the founder of Walmart (he might be a perfectly nice guy but crazy to not do anything to earn it and have \$23 bn). Steve Ballmer gets the lucky award as he was #10 in the world at \$81 bn. Ballmer needs to thank Jeff Ubben and ValueAct Capital who took an activist stock position and forced Ballmer out as CEO of MSFT in 2013 and appointed Satya Nadella. Stock has since gone from \$40 per share to \$340 per share.

Our society — starting with most primary schools — enforces conformity and disincentivizes creativity. Following my initials below is a great piece called 100 languages by the founder of the Reggio Emilia model of teaching children which encourages creativity (thanks Bennett Day Principal Jackie Miller).

Heard a comedian make this joke: *"I am approaching the age where I get my clothes the same place I get my groceries."* Heather is not a big fan of my Costco shorts.

jml

100 Languages

The child is made of one hundred.

The child has a hundred languages

a hundred hands

a hundred thoughts

a hundred ways of thinking

of playing, of speaking.

A hundred always a hundred

ways of listening

of marveling of loving

a hundred joys for singing and understanding

a hundred worlds to discover

a hundred worlds to invent

a hundred worlds to dream.

The child has a hundred languages

(and a hundred hundred hundred more)

but they steal ninety-nine.

The school and the culture separate the head from the body.

They tell the child:

to think without hands

to do without head

to listen and not to speak

to understand without joy

to love and to marvel

only at Easter and Christmas.

They tell the child:

to discover the world already there

and of the hundred

they steal ninety-nine.

They tell the child:

that work and play

reality and fantasy

science and imagination

sky and earth

reason and dream

are things

that do not belong together.

And thus they tell the child

that the hundred is not there.

The child says:

No way. The hundred is there.

Loris Malaguzzi (translated by Lella Gandini)