

## J. Michael Locke

### Musings

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#### #266: Musing November 9, 2025

The markets are pretty precarious right now. Very sophisticated and successful investors are warning of trouble ahead. Jamie Dimon is predicting a significant correction starting with private credit concerns and the head of Oaktree referred to “cockroaches in the coalmine” with some recent credit bankruptcies. The man featured in “the Big Short” book about the 2008 housing driven crisis has started shorting some highflying tech names like Palantir. CNBC host Andrew Ross Sorkin’s new book 1929 is a best seller. Finally, Ray Dalio (of Bridgewater fame) thinks we have an AI bubble but it won’t stop the Fed from easing rates to deal with the soft labor market. According to CIBC *“Dalio said there’s a “two-part economy,” with the easing of interest rates because of weakening in some places while a bubble develops elsewhere.”* I am no investment guru but would say buildup cash and be careful buying equities.

Dalio warned years ago of social unrest due to wealth disparity. This is the story behind Mamdani’s win. A lot of younger people are starting to question capitalism. Our system needs to do a better job providing wealth creating opportunities across a broader amount of people. Ai isn’t helping.

The answer is not more government. The government shutdown has reached record length. I hope we don’t get rid of the filibuster to end it. The 60 vote requirement in the Senate serves as a rutter on our partisan politics. In overly simplistic terms, we have large amount of our society which is dependent on various government programs for food, healthcare etc. (I was surprised to learn over 40 million people receive food stamps) while a similarly large amount of people have not been effected at all by the shutdown to date. I believe the shutdown will end this week as air travel issues start to effect everybody (especially heading closer to Thanksgiving).

The Democrats demand has been that Obamacare subsidies (which are set to expire at the end of the year) get extended. Their political calculation is that the large increase in healthcare expense for those recipients will pressure Washington as the new premiums just went out on November 1 to recipients. The subsidies in Obamacare are significant with 60% of recipients still paying \$50 a month or less next year even without extensions. The basic issue is how people get healthcare in the US. I am not in favor of government provided healthcare (like in UK) but connecting decent healthcare availability to full time employment does not work (and is an accidental byproduct of wage controls during WWII so employers expanded benefits and the IRS ruled it not to be taxable income). Medicaid covers the poor but Medicare eligibility doesn’t kick in until 65. There are a lot of people who are not 65 (no Medicare), not poor (no Medicaid) but not full-time employees (no company insurance) that need healthcare coverage. The “individual market” has historically been inefficient and lower quality. Obama was well intentioned trying to fix this but forcing consumption to improve the risk pool and handing out enormous subsidies is not sustainable. 24 million people get health insurance through the exchanges. The exchanges with their robust subsidies have also absorbed retiree obligations of many large cities. Not sure who will win the political debate but the system needs fixed.

Watch the developing crisis around a shortage of physicians. Medical school supply has not changed for decades and individuals are struggling with the cost and length of training. The “doctor replacement market” of Physician Assistants (PA) and Nurse Practitioners (NP) is booming but don’t think that a PA with a 2 year Masters is the same as a physician with 4 years of med school and 4+ more of residency. We need more doctors.

The American public has simply lost faith in higher education overall. The relentless increase in expense and faculty-centric cultures (as opposed to student-centric) have led the industry astray and enrollments are declining. Some interesting stats below. I see a growing preference for employees who did not go to college but rather have been working, developing grit and learning real skills.

Indicator (Year)	Value
Americans with positive view of higher ed (2024)	53%
Americans with negative view of higher ed (2024)	45%
18–24-year-old college enrollment rate (2022)	39% (lowest since 2006)
Recent high school grads enrolling in college (2023)	61.4% (lowest since 1990)
18–30y never-enrolled who see non-college training as more valuable	50%

*Sources: Pew Research. BLS. Gates Foundation*

Pavlov showed us that motivating mammals can be straightforward. If you have good salespeople, it is all about commissions. Salespeople are not dogs but too many leaders treat commission plans casually. By designing good commission plans, you can drive the sales of a particular product (maybe it gets a higher rate or spif) or get a manager to spend more time with new reps. It is alright for a great salesperson who books a lot of business to make more than the CEO. It all starts with revenue.

Can we get back to valuing hard work? When did it become a brag to be a “victim” and want things given to you rather than working for them? Simple life lesson to teach your kids — you should never watch someone else work while you sit. Just had a family gathering and great to see how everyone pitches in and seeks to help.

Another simple personal one — ask questions. I am always stunned how I can sit next to someone at a wedding or talk to someone at a cocktail party and they don’t ask a question or seek to learn anything about me. Not saying it is about me but it is a mutual exploration of getting to know each other or see how someone’s kids are doing.

Learn something about someone else today.

jml