

## J. Michael Locke

### Musings

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#### #279: Musing February 21, 2026

We are living in disorienting times. I encourage readers to put down their phones and engage robustly with your network of friends and family as our society goes through some major changes. Time for some Jeffersonian dinner parties and lots of cocktail parties! Throw in a Sunday church service while you are at it to stay grounded.

The development of AI models is advancing rapidly. Good article that went viral this week in Fortune called “Something is happening” (here behind a paywall [something-big-is-happening-ai-february-2020-moment-matt-shumer/](#)) Here is a key paragraph:

*“This is different from every previous wave of automation, and I need you to understand why. AI isn’t replacing one specific skill. It’s a general substitute for cognitive work. It gets better at everything simultaneously. When factories automated, a displaced worker could retrain as an office worker. When the internet disrupted retail, workers moved into logistics or services. But AI doesn’t leave a convenient gap to move into. Whatever you retrain for, it’s improving at that too. I think the honest answer is that nothing that can be done on a computer is safe in the medium term. If your job happens on a screen (if the core of what you do is reading, writing, analyzing, deciding, communicating through a keyboard) then AI is coming for significant parts of it. The timeline isn’t “someday.” It’s already started.”*

Here is a good quote from the Rational Optimist Society on Substack (don’t you love the name): “2023 to 2025 was the Chatbot Era. 2026 and beyond is the Agent Era. Instead of just talking with you, agents build for you. We’ve unquestionably crossed a threshold in AI “usefulness.” Claude Code can turn your ideas into working apps, games and websites in minutes. Anything you’ve ever wanted to build but never had the chops for ... Claude Code can now do for you. “Coding” has gone from specialist talent to table stakes almost overnight. We’re entering the industrial revolution for knowledge work” (Thanks Philip Vedova.)

I am no AI guru. All I can advise is to download a model (ideally a paid subscription so you get the latest) and start playing with it. Build a personal agent to serve as your assistant. Managing a set of AI agents may become a common job. I worry about entry level white collar jobs for those starting college. I heard one “expert” comment about how large swaths of our society may need UBI checks (universal basic income ideas which was brought mainstream by Andrew Yang).

Is on prem software coming back? The all-in podcast guys think so. Historically, companies installed software on computers (servers) at their offices or in a nearby data center — “on premises”. Over the last 20 years, there has been a massive movement towards SAAS models of software (software as a service) where the software is hosted by the software vendor “in the cloud” on servers they control at one of the big players like AWS (Amazon web services which is where Amazon makes its money by the way not selling you detergent). With the explosion of Ai models, companies are concerned about

putting all of their precious IP in a cloud / SAAS Ai agent and many are going retro and putting stuff back on prem. Mork & Mindy reruns coming soon.

I wrote a couple weeks ago about the disconnect between the low scores on Michigan consumer sentiment yet consumer spending continues to grow. A good BCG piece highlighted that sentiment plays into the importance of value. Too many companies think they have to reduce price when it may be they need to better communicate value (people have the money but is the product worth it?). From BCG:

*But for business leaders, the takeaway shouldn't be that consumers can't be trusted. It's that they can't be trusted on the economy. Broad sentiment measures are simply not best fit to predict demand. To understand growth opportunities, leaders need to ask more granular questions: Where has our price-value equation shifted relative to substitutes? Which cohorts and contexts are truly constrained, and which are cautious but capable? How are specific events—tariffs, policy shifts, localized cost increases—changing behavior in the near term?*

I have written often about the weak value proposition of today's higher education system. Now think how the rapid advance of AI will accelerate it. Learned a new term called "unCollege." It is the move to shorter degrees, credentials, trades. From CNBC: *"Community colleges and public universities are gaining ground, while private colleges are down — a clear departure from the broad-based growth of recent years."* (thanks Tricia Heinle) Unfortunately, some experts have done studies that show only 20% of certificates have an economic payoff.

While I love my Tesla, I don't love what has happened to its value. Used car market for EVs is a wasteland as the government forced change in consumption got reversed by Trump. Now the car companies are writing off a lot of their investment. From Gemini: *"Major automakers have reported staggering losses and massive write-downs in the most recent quarter (Q4 2025/Q1 2026), driven by a sharp decline in consumer demand, the removal of federal tax credits, and a pivot back to internal combustion engines (ICE). The industry is currently undergoing a "Great Recalibration," with collective EV-related impairments estimated to exceed \$55 billion across major players."*

I think Meta et al. are going to lose the first big trial going on where a young woman is suing for the damage she endured as a teen on social media. Of course the product was designed to be addictive (c'mon Zuck). Infinite scroll and likes were designed to keep you on the app and generate dopamine releases. I am all for a big tobacco moment and to get social media away from young, developing brains and all of the challenges of pubescent life.

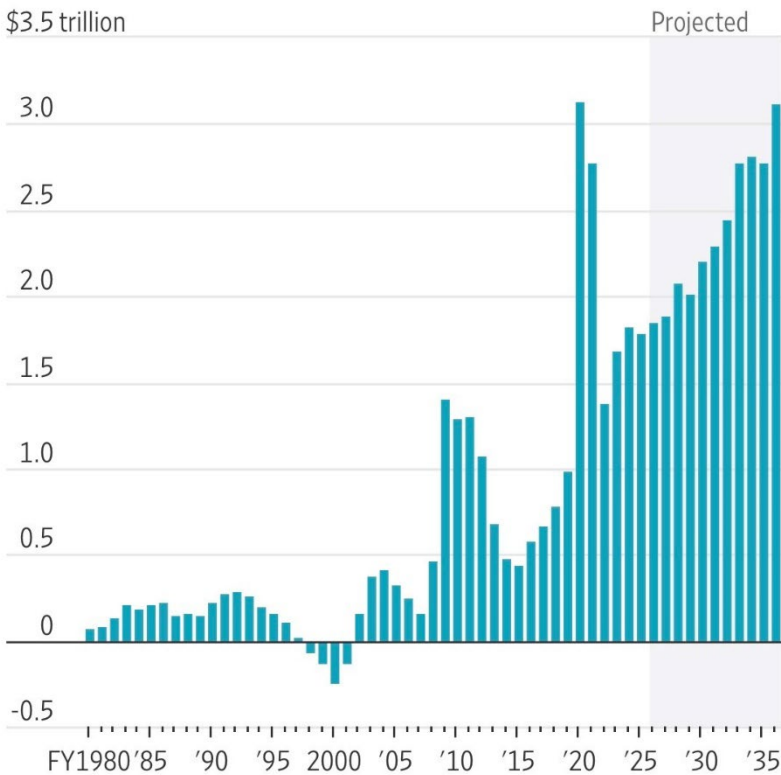
The fancy Davos crowd gathered in Germany last week for a big conference. Trump's "America First" approach has really upended things. From Ray Dalio: *More specifically, German Chancellor Friedrich Merz said, "The world order as it has stood for decades no longer exists," and that we are in a period "great power politics." He made clear that freedom "is no longer a given" in this new era. French President Emmanuel Macron echoed Merz's assessment and said that Europe's old security structures tied to the previous world order don't exist and that Europe must prepare for war. U.S. Secretary of State Marco Rubio said that we are in a "new geopolitics era" because the "old world" is gone.* For the policy wonks, Rubio's full speech is after my initials below.

If you are tired of saying "Big Beautiful Bill" (or maybe think it is ugly), I guess the term is "OB3"

What a tariff mess. I have no idea how the money collected will be “unwound” (\$250 billion has been collected). Who does it go to? The composition of the majority justices gives me confidence that the legal decision was correct (I have no idea how the president’s emergency powers are defined under the International Emergency Economic Powers Act which is the justification Trump used). Trump’s transactional style (born of his background as a real estate developer) is very hard for business executives who want to make multi-year decisions and have an understanding of the “rules of the game.” I don’t know how you plan when things shift around so much.

This cash outflow from a potential tariff unwind will only make our government deficit position worse. The Government debt numbers are crazy. Look at this chart from WSJ:

**Annual federal budget deficit**



Note: Deficits are shown as positive values and surpluses as negative.

Source: Congressional Budget Office

Biggest driver is mandatory entitlement programs like Social Security, Medicare and Medicaid. We basically can’t afford all of the money we are sending to our older citizens. The average life expectancy in US at age 65 is another 20 years. In the meantime, there are fewer younger people “producing” to pay taxes which fund these programs. The average woman is having 1.6 kids when replacement rate is 2.1 (interestingly Hispanic woman average is 2.1 and Muslim average is 2.4 in US). We need to move up “retirement age” and means test social security.

I wish our state officials in Illinois and other states would more aggressively discuss expenses. In New York City, the budgeted expenses are \$127 billion which is bigger than Florida even though NYC

population is only 40% of Florida's. In California, teachers are striking for greater pay and benefits. Per pupil expenses in California have grown over 100% since 2013 with no notable change in outcomes.

I am a big fan of FUD selling (fear, uncertainty and doubt) in times like this. We are undergoing rapid changes in our society with AI and changing trade. The natural human tendency is to go "risk off" and not take significant actions. The result can be a stuck pipeline and a struggle to close. That is when you must focus people on the danger of not moving. Like the AI article referenced above, you must act now or risk being rolled over.

Had the opportunity to spend time with Edtech leaders at Collegis Education (where I am involved), Google and Arizona State University – some interesting quotes from various speakers:

*Knowledge leaders spend 27% of their day in their email inbox  
60% of searches end with no click  
It is a Netflix moment where people expect personalization  
In turbulent times, mission clarity can be a stabilizing force*

Interesting stat from WSJ: 1/3 of American billionaires inherited their wealth

So much for the Quad God. I actually feel sorry for him. I get nervous on the first tee at the golf course with friends and no money on the line. I can't imagine the pressure.

Is coffee actually good for you? A reputable study just came out showing a 25% decrease in dementia risk for heavy coffee drinkers. From Gemini: "A February 2026 JAMA study of over 130,000 participants found that consuming 2–3 cups of caffeinated coffee or tea daily is associated with a lower risk of dementia and slower cognitive decline. The research, covering 43 years, indicates that caffeine—rather than decaf—provides protective, cognitive-boosting benefits, especially for those aged 75 and younger." DunKings track suit here I come (available on Ebay for \$140 [www.ebay.com/dunkintracksuit](http://www.ebay.com/dunkintracksuit)).

Am I allowed to go up to people having a conversation by speakerphone on their mobile in public and slap them?

Maybe I should be giving up negativity for lent?

RIP Jesse Jackson. He ultimately died of Progressive Supranuclear Palsy (PSP) which is a rare neurological disease which also got my oldest brother Rick at 57. Hopefully, a high profile death will get more funding PSP.

Jml

**SECRETARY RUBIO:** Thank you very much. We gather here today as members of a historic alliance, an alliance that saved and changed the world. When this conference began in 1963, it was in a nation – actually, it was on a continent – that was divided against itself. The line between communism and freedom ran through the heart of Germany. The first barbed fences of the Berlin Wall had gone up just two years prior.

And just months before that first conference, before our predecessors first met here, here in Munich, the Cuban Missile Crisis had brought the world to the brink of nuclear destruction. Even as World War II

still burned fresh in the memory of Americans and Europeans alike, we found ourselves staring down the barrel of a new global catastrophe – one with the potential for a new kind of destruction, more apocalyptic and final than anything before in the history of mankind.

At the time of that first gathering, Soviet communism was on the march. Thousands of years of Western civilization hung in the balance. At that time, victory was far from certain. But we were driven by a common purpose. We were unified not just by what we were fighting against; we were unified by what we were fighting for. And together, Europe and America prevailed and a continent was rebuilt. Our people prospered. In time, the East and West blocs were reunited. A civilization was once again made whole.

That infamous wall that had cleaved this nation into two came down, and with it an evil empire, and the East and West became one again. But the euphoria of this triumph led us to a dangerous delusion: that we had entered, quote, “the end of history;” that every nation would now be a liberal democracy; that the ties formed by trade and by commerce alone would now replace nationhood; that the rules-based global order – an overused term – would now replace the national interest; and that we would now live in a world without borders where everyone became a citizen of the world.

This was a foolish idea that ignored both human nature and it ignored the lessons of over 5,000 years of recorded human history. And it has cost us dearly. In this delusion, we embraced a dogmatic vision of free and unfettered trade, even as some nations protected their economies and subsidized their companies to systematically undercut ours – shuttering our plants, resulting in large parts of our societies being deindustrialized, shipping millions of working and middle-class jobs overseas, and handing control of our critical supply chains to both adversaries and rivals.

We increasingly outsourced our sovereignty to international institutions while many nations invested in massive welfare states at the cost of maintaining the ability to defend themselves. This, even as other countries have invested in the most rapid military buildup in all of human history and have not hesitated to use hard power to pursue their own interests. To appease a climate cult, we have imposed energy policies on ourselves that are impoverishing our people, even as our competitors exploit oil and coal and natural gas and anything else – not just to power their economies, but to use as leverage against our own.

And in a pursuit of a world without borders, we opened our doors to an unprecedented wave of mass migration that threatens the cohesion of our societies, the continuity of our culture, and the future of our people. We made these mistakes together, and now, together, we owe it to our people to face those facts and to move forward, to rebuild.

Under President Trump, the United States of America will once again take on the task of renewal and restoration, driven by a vision of a future as proud, as sovereign, and as vital as our civilization’s past. And while we are prepared, if necessary, to do this alone, it is our preference and it is our hope to do this together with you, our friends here in Europe.

For the United States and Europe, we belong together. America was founded 250 years ago, but the roots began here on this continent long before. The man who settled and built the nation of my birth arrived on our shores carrying the memories and the traditions and the Christian faith of their ancestors as a sacred inheritance, an unbreakable link between the old world and the new.

We are part of one civilization – Western civilization. We are bound to one another by the deepest

bonds that nations could share, forged by centuries of shared history, Christian faith, culture, heritage, language, ancestry, and the sacrifices our forefathers made together for the common civilization to which we have fallen heir.

And so this is why we Americans may sometimes come off as a little direct and urgent in our counsel. This is why President Trump demands seriousness and reciprocity from our friends here in Europe. The reason why, my friends, is because we care deeply. We care deeply about your future and ours. And if at times we disagree, our disagreements come from our profound sense of concern about a Europe with which we are connected – not just economically, not just militarily. We are connected spiritually and we are connected culturally. We want Europe to be strong. We believe that Europe must survive, because the two great wars of the last century serve for us as history’s constant reminder that ultimately, our destiny is and will always be intertwined with yours, because we know – (applause) – because we know that the fate of Europe will never be irrelevant to our own.

National security, which this conference is largely about, is not merely series of technical questions – how much we spend on defense or where, how we deploy it, these are important questions. They are. But they are not the fundamental one. The fundamental question we must answer at the outset is what exactly are we defending, because armies do not fight for abstractions. Armies fight for a people; armies fight for a nation. Armies fight for a way of life. And that is what we are defending: a great civilization that has every reason to be proud of its history, confident of its future, and aims to always be the master of its own economic and political destiny.

It was here in Europe where the ideas that planted the seeds of liberty that changed the world were born. It was here in Europe where the world – which gave the world the rule of law, the universities, and the scientific revolution. It was this continent that produced the genius of Mozart and Beethoven, of Dante and Shakespeare, of Michelangelo and Da Vinci, of the Beatles and the Rolling Stones. And this is the place where the vaulted ceilings of the Sistine Chapel and the towering spires of the great cathedral in Cologne, they testify not just to the greatness of our past or to a faith in God that inspired these marvels. They foreshadow the wonders that await us in our future. But only if we are unapologetic in our heritage and proud of this common inheritance can we together begin the work of envisioning and shaping our economic and our political future.

Deindustrialization was not inevitable. It was a conscious policy choice, a decades-long economic undertaking that stripped our nations of their wealth, of their productive capacity, and of their independence. And the loss of our supply chain sovereignty was not a function of a prosperous and healthy system of global trade. It was foolish. It was a foolish but voluntary transformation of our economy that left us dependent on others for our needs and dangerously vulnerable to crisis.

Mass migration is not, was not, isn’t some fringe concern of little consequence. It was and continues to be a crisis which is transforming and destabilizing societies all across the West. Together we can reindustrialize our economies and rebuild our capacity to defend our people. But the work of this new alliance should not be focused just on military cooperation and reclaiming the industries of the past. It should also be focused on, together, advancing our mutual interests and new frontiers, unshackling our ingenuity, our creativity, and the dynamic spirit to build a new Western century. Commercial space travel and cutting-edge artificial intelligence; industrial automation and flex manufacturing; creating a Western supply chain for critical minerals not vulnerable to extortion from other powers; and a unified effort to compete for market share in the economies of the Global South. Together we can not only take back control of our own industries and supply chains – we can prosper in the areas that will define the 21st century.

But we must also gain control of our national borders. Controlling who and how many people enter our countries, this is not an expression of xenophobia. It is not hate. It is a fundamental act of national sovereignty. And the failure to do so is not just an abdication of one of our most basic duties owed to our people. It is an urgent threat to the fabric of our societies and the survival of our civilization itself. And finally, we can no longer place the so-called global order above the vital interests of our people and our nations. We do not need to abandon the system of international cooperation we authored, and we don't need to dismantle the global institutions of the old order that together we built. But these must be reformed. These must be rebuilt.

For example, the United Nations still has tremendous potential to be a tool for good in the world. But we cannot ignore that today, on the most pressing matters before us, it has no answers and has played virtually no role. It could not solve the war in Gaza. Instead, it was American leadership that freed captives from barbarians and brought about a fragile truce. It had not solved the war in Ukraine. It took American leadership and partnership with many of the countries here today just to bring the two sides to the table in search of a still-elusive peace.

It was powerless to constrain the nuclear program of radical Shia clerics in Tehran. That required 14 bombs dropped with precision from American B-2 bombers. And it was unable to address the threat to our security from a narcoterrorist dictator in Venezuela. Instead, it took American Special Forces to bring this fugitive to justice.

In a perfect world, all of these problems and more would be solved by diplomats and strongly worded resolutions. But we do not live in a perfect world, and we cannot continue to allow those who blatantly and openly threaten our citizens and endanger our global stability to shield themselves behind abstractions of international law which they themselves routinely violate.

This is the path that President Trump and the United States has embarked upon. It is the path we ask you here in Europe to join us on. It is a path we have walked together before and hope to walk together again. For five centuries, before the end of the Second World War, the West had been expanding – its missionaries, its pilgrims, its soldiers, its explorers pouring out from its shores to cross oceans, settle new continents, build vast empires extending out across the globe.

But in 1945, for the first time since the age of Columbus, it was contracting. Europe was in ruins. Half of it lived behind an Iron Curtain and the rest looked like it would soon follow. The great Western empires had entered into terminal decline, accelerated by godless communist revolutions and by anti-colonial uprisings that would transform the world and drape the red hammer and sickle across vast swaths of the map in the years to come.

Against that backdrop, then, as now, many came to believe that the West's age of dominance had come to an end and that our future was destined to be a faint and feeble echo of our past. But together, our predecessors recognized that decline was a choice, and it was a choice they refused to make. This is what we did together once before, and this is what President Trump and the United States want to do again now, together with you.

And this is why we do not want our allies to be weak, because that makes us weaker. We want allies who can defend themselves so that no adversary will ever be tempted to test our collective strength. This is why we do not want our allies to be shackled by guilt and shame. We want allies who

are proud of their culture and of their heritage, who understand that we are heirs to the same great and noble civilization, and who, together with us, are willing and able to defend it. And this is why we do not want allies to rationalize the broken status quo rather than reckon with what is necessary to fix it, for we in America have no interest in being polite and orderly caretakers of the West's managed decline. We do not seek to separate, but to revitalize an old friendship and renew the greatest civilization in human history. What we want is a reinvigorated alliance that recognizes that what has ailed our societies is not just a set of bad policies but a malaise of hopelessness and complacency. An alliance – the alliance that we want is one that is not paralyzed into inaction by fear – fear of climate change, fear of war, fear of technology. Instead, we want an alliance that boldly races into the future. And the only fear we have is the fear of the shame of not leaving our nations prouder, stronger, and wealthier for our children.

An alliance ready to defend our people, to safeguard our interests, and to preserve the freedom of action that allows us to shape our own destiny – not one that exists to operate a global welfare state and atone for the purported sins of past generations. An alliance that does not allow its power to be outsourced, constrained, or subordinated to systems beyond its control; one that does not depend on others for the critical necessities of its national life; and one that does not maintain the polite pretense that our way of life is just one among many and that asks for permission before it acts. And above all, an alliance based on the recognition that we, the West, have inherited together – what we have inherited together is something that is unique and distinctive and irreplaceable, because this, after all, is the very foundation of the transatlantic bond.

Acting together in this way, we will not just help recover a sane foreign policy. It will restore to us a clearer sense of ourselves. It will restore a place in the world, and in so doing, it will rebuke and deter the forces of civilizational erasure that today menace both America and Europe alike. So in a time of headlines heralding the end of the transatlantic era, let it be known and clear to all that this is neither our goal nor our wish – because for us Americans, our home may be in the Western Hemisphere, but we will always be a child of Europe. (Applause.)

Our story began with an Italian explorer whose adventure into the great unknown to discover a new world brought Christianity to the Americas – and became the legend that defined the imagination of a our pioneer nation.

Our first colonies were built by English settlers, to whom we owe not just the language we speak but the whole of our political and legal system. Our frontiers were shaped by Scots-Irish – that proud, hearty clan from the hills of Ulster that gave us Davy Crockett and Mark Twain and Teddy Roosevelt and Neil Armstrong.

Our great midwestern heartland was built by German farmers and craftsmen who transformed empty plains into a global agricultural powerhouse – and by the way, dramatically upgraded the quality of American beer. (Laughter.)

Our expansion into the interior followed the footsteps of French fur traders and explorers whose names, by the way, still adorn the street signs and towns' names all across the Mississippi Valley. Our horses, our ranches, our rodeos – the entire romance of the cowboy archetype that became synonymous with the American West – these were born in Spain. And our largest and most iconic city was named New Amsterdam before it was named New York.

And do you know that in the year that my country was founded, Lorenzo and Catalina Geroldi lived in Casale Monferrato in the Kingdom of Piedmont-Sardinia. And Jose and Manuela Reina lived in Sevilla, Spain. I don't know what, if anything, they knew about the 13 colonies which had gained their independence from the British empire, but here's what I am certain of: They could have never imagined that 250 years later, one of their direct descendants would be back here today on this continent as the chief diplomat of that infant nation. And yet here I am, reminded by my own story that both our histories and our fates will always be linked.

Together we rebuilt a shattered continent in the wake of two devastating world wars. When we found ourselves divided once again by the Iron Curtain, the free West linked arms with the courageous dissidents struggling against tyranny in the East to defeat Soviet communism. We have fought against each other, then reconciled, then fought, then reconciled again. And we have bled and died side by side on battlefields from Kapyong to Kandahar.

And I am here today to leave it clear that America is charting the path for a new century of prosperity, and that once again we want to do it together with you, our cherished allies and our oldest friends. (Applause.)

We want to do it together with you, with a Europe that is proud of its heritage and of its history; with a Europe that has the spirit of creation of liberty that sent ships out into uncharted seas and birthed our civilization; with a Europe that has the means to defend itself and the will to survive. We should be proud of what we achieved together in the last century, but now we must confront and embrace the opportunities of a new one – because yesterday is over, the future is inevitable, and our destiny together awaits. Thank you. (Applause.)