

Annotations on AI-related

Article ID: 24069

Your label AI-related: 1

⇒ **I choose 0. Just label narratives relatively explicitly about AI as 1, being about SpaceX or tesla is not directly associated with the AI hype. (unless the article explicitly mentions the connection between SpaceX and AI / Tesla and AI)**

James. T. Areddy 59 6 min. Elon. Musk, chief executive of. SpaceX. An influential congressman has suggested. SpaceX is withholding satellite service in. Taiwan potentially in violation of its obligations to the. U.S. government, the latest geopolitical dust-up for the company's leader,. Elon. Musk. Rep. Mike. Gallagher. R.,. Wis. said in a letter to. Musk that multiple sources told a committee he leads that the satellite broadband provided through the company's. Starshield unit is inactive near and in. Taiwan. "SpaceX is possibly withholding broadband internet services in and around. Taiwan possibly in breach of. SpaceX's contractual obligations with the. U.S. government,". Gallagher wrote in the letter, a copy of which was reviewed. Street. Journal. He made clear in the letter his concern relates to communications, including for. U.S. military personnel, in the event of. Chinese "military aggression against. Taiwan.". A former marine who leads a hawkish. House. Select. Committee on. China,. Gallagher this past week led a bipartisan congressional delegation to. Taiwan, where he reiterated that his top political priority is deterring. Chinese leader. Xi. Jinping from attempting to militarily take control of the island. A fear is the. U.S. would be drawn into any conflict. Starshield is a. SpaceX program designed to provide secure satellite communications and other services for national-security customers, according to the company. Russian forces have been buying. Starlink internet terminals and using them on the front line in its war against. Ukraine,. Kyiv officials say, raising questions about what. SpaceX and. CEO. Elon. Musk can do, if anything, to shut down the effort. WSJ explains what we know about how the satellite system works. A spokesman for. SpaceX didn't respond to a request for comment. Forbes earlier reported on the letter. China claims sovereignty of. Taiwan, a democratically governed island it hasn't ever controlled. Beijing regularly hits out at perceived challenges to its claimed sovereignty, including during. Gallagher's recent. Taiwan visit. China's embassy in. Washington on. Saturday night in a response to questions reiterated that it urges the. U.S. to abide by a one-China principle, including military contact with. Taiwan or "arming it or under whatever pretext.". Gallagher, who recently announced he won't seek re-election, has through his committee challenged a number of. American companies over concerns that their actions empower. China. NEWSLETTER. SIGN-UP. A weekly digest of tech columns, big stories and personal tech advice, plus a news ticker and a touch of dark humor. SpaceX has long worked closely with. U.S. military and intelligence agencies, which have hired the company to blast off sensitive and classified government satellites. The company has been expanding that relationship with satellite technology it has developed. In his letter,. Gallagher said that the government had committed more than 100 million to. Starshield. SpaceX is obligated to provide global access to broadband-internet services for the. Pentagon and other government agencies, the letter said. It asked for more information about. Starshield availability in and near. Taiwan by. March 8. The tensions are another example of how. SpaceX's satellite programs have drawn the company and. Musk into geopolitics. SpaceX operates the world's largest communications-satellite fleet in low-Earth orbit, regularly blasting off fresh batches of them. That network powers the company's. Starlink internet service, which is designed for

civilian subscribers. Communities and the military in. Ukraine have tapped into. Starlink to stay connected during the country's war against. Russia. Earlier this month,. Ukraine's top military-intelligence officer said. Russian forces had been using. Starlink services in occupied parts of. Ukraine. Musk has said. SpaceX wasn't selling. Starlink terminals to. Russia. Starlink has said. SpaceX takes steps to deactivate. Starlink terminals if the company determines sanctioned or unauthorized parties are using them. Rep. Mike. Gallagher, left, with. Johnny. Chiang, deputy speaker at the. Parliament in. Taipei, during a visit to. Taiwan this past week. Last year,. Starshield won a 70 million award from the military to provide communications services to dozens of. Pentagon partners. Gallagher, in his letter, said. Starshield currently operates using commercial. Starlink infrastructure, offering the government enhanced access to. SpaceX satellites. Beijing's ever-tightening controls on communications and data render illegal any use of foreign-owned satellites within its territory, which from. China's perspective includes the island of. Taiwan. A map on. Starlink's website indicates the service isn't available in. China. Taiwan is listed as "coming soon.". Musk in an interview with the. Financial. Times in late said the. Chinese government had made clear to him its disapproval of his rollout of. Starlink in. Ukraine and had sought assurances that he wouldn't sell the service in. China. Chinese authorities are believed to fear they could lose control of the nation's tightly controlled communication systems if a foreign satellite provider activated its satellites over its sovereign territory, which to its definition includes. Taiwan. Musk has been largely deferential in public to. China, leading some observers to suggest he has become too beholden to the powerful government. He has strong business ties to. China through his electric-vehicle company. Tesla, where he is also chief executive. Last year, 22 of. Tesla's revenue came from. China. Unlike. U.S. business leaders who have tried to avoid wading into the controversial subject of. China-Taiwanese relations,. Musk has inserted himself several times into the matter. His comments about. Taiwan have rankled government leaders there, including last. September after. Musk described the self-ruled island as. China's equivalent of. Hawaii. A. Taiwanese. Foreign. Ministry spokesman responded "We can't tell whether or not. Musk's free will is for sale. But. Taiwan is not for sale, that's for sure.". In ,. Musk drew praise from the then-Chinese ambassador to the. U.S. when he said. Taiwan should agree to become a special administrative zone to. China, similar to. Hong. Kong. Last year,. Musk told. CNBC that it was an "inevitability" that. China will eventually take control of. Taiwan. "The official policy of. China is that. Taiwan should be integrated. One does not need to read between the lines,". Musk said. "I'm simply saying that that is their policy. And. I think you should take their word seriously. They mean it.". Behind. Musk's. Management. Philosophy. What to. Know. About the. U.S. Trade. Imbalance, in. Charts. Trump's. New. Protectionist. Age. JD. Vance. Already. Has an. Eye on. His. Post-Vice. Presidency

Your label AI-related: 1

⇒ **I choose 0. Just label narratives relatively explicitly about AI as 1. I get the point that the future of targeted advertising is AI, however the article doesn't mention this.**

By. Holman. W. Jenkins,. Jr. May 3, 525 pm. ET 142 5 min. A billboard announcing the launch of. Paramount's streaming service in. West. Hollywood,. Calif.,. March 2, . "Yes,. ViacomCBS. Can. Be a. Streaming. Survivor" went a headline here five years ago. No, this isn't one of those columns where. I trumpet my mistakes as an exercise in humility. Calling itself. Paramount, the company this week is the talk of. Hollywood for its management turmoil, crashing stock price and. MA pratfalls. Once, though, it might have been. Levi's at the gold rush, renting its rich

content library to those engaged in the thankless streaming scrum rather than competing with them. If this forecast was too pat for the complex reasons that usually apply, it's easy still not to weep for the firing of CEO Robert. Bakish after learning he turned down a 6 billion offer for the company's now-defunct Showtime streaming brand. Apple, Disney, Amazon, HBO and others were strategically compelled to lose gobs while throwing content at consumers. As the owner of countless showseverything from "Star. Trek" and "Mission. Impossible" to "South. Park" and "CSI" what an opportunity to milk instead of being milked. Especially as consumers were getting wise and learning to cancel after watching the latest throwaway hot show even as they remained attached to old-time comfort fare. Last time, though, we had to address an inefficiency in Hollywood-style capitalism. Various interpersonal dramas occasioned by a voting-rights lockup benefiting Shari. Redstone, heiress to founder. Sumner. Redstone, delayed for years the re-merger of the family's. CBS and. Viacom properties. Voting-rights lockups favor founders over public shareholders but the public enters such relationships with eyes open. Let's not get on a high horse. Still, notice that. Fox, under its patriarch. Rupert. Murdoch, was willing to dismantle the work of a lifetime and sell assets to. Disney in a fit of strategic realism. Mr. Murdoch is chairman emeritus of. News. Corp, parent of. The. Wall. Street. Journal. If the reporting is correct, Ms. Redstone missed the same opportunity, and may continue to miss it, owing to worries about a family "legacy," etc. What further inefficiency caused. Paramount to want to compete in streaming with. Netflix and the impossibly deep-pocketed. Amazon and. Apple? A belief it still needed a streaming affiliate to ensure its shows' exposure and currency? Because owning and investing in a streaming brandfirst. Showtime and. CBS. All. Access, then. Paramount might entice. Amazon or another mega-acquirer despite. Paramount's baggage of cable and broadcast stations? At least there's good news. In truth, the challenge of streaming has been met. Paramount's assets like those of. Disney, Warner. Bros. and other old. Hollywood hangers-on have been severely written down public to reflect the collapse of the cozy cable model of yesteryear. All now can plausibly seek growth in the opportunities that actually exist. In what ways do the arrows point? Lengthy essays in the. New. Yorker, New. York. Times and elsewhere confess to ennui with peak. TV the quality of the filler is fine but it's mostly filler. As. Netflix, Disney, Amazon and. Max the former. HBO shift their emphasis to ad-backed programming, ad targeting is becoming more algorithmically able to associate a given ad with a given viewer, at a given moment in time, and with a specific content mood. Expect the advertising tail to wag the content dog. Netflix gets a weaker consumer response than free streaming networks whose fare consists of old and new network shows designed around natural, less-jarring ad breaks. Get ready for all streaming movies and shows to be more designed with ad breaks in mind. Ron. Gutman of. Wurl, on the. Inside the. Stream podcast, tells how upbeat ads posted against the upbeat comedy "Up" failed miserably because advertisers forgot that the movie's opening sequence is sad. Expect shows, already engineered not to be too distracting from. TikTok and. Instagram, to be psychologically engineered to foster the desired ad response. Consumers are again asking why pay for. TV at all. If a show is must-watch and justifies full attention and enjoyment without ads, they can sign up and then drop a premium subscription after watching it. In the balance of future incentives, expect streamers therefore increasingly to build their business models and content around viewers willing to suffer ad load rather than those who aren't. What are the implications for the discerning viewer? I'm spending more time with a different kind of app, raiding public libraries for instant digital book gratification, reading a chapter here, an introduction there, of a book. I wouldn't have had an easy time sampling before. Plus there's still sports to supply the spontaneity and feeling of real stakes that have gone missing lately from even the most lavishly praised streaming series. Journal. Editorial. Report. The week's best and worst from. Kim. Strassel, Kyle. Peterson and. Dan. Henninger. Image. Michael. Reynolds Shutterstock "Business. World" deals with business

and the world in which business finds itself. It is aimed at readers who know that public matters are seldom straightforward and are curious for explanations. It's published online. Tuesday and. Friday evenings, and in the. Wednesday and. Saturday newspaper editions. Show. More. Holman. W. Jenkins,. Jr. Holman. W. Jenkins. Jr. is a member of the editorial board of. The. Wall. Street. Journal. He writes the twice-weekly "Business. World" column that appears on the paper's op-ed page on. Wednesdays and. Saturdays. Show. More. How. Costco's. CEO. Went. From. Forklift. Driver to. Kirkland's. Final. Signoff. Why. Costco. Isn't. Joining the. Backlash. Against. DEI

Your label AI-related: 1

⇒ **I choose 0. Just label narratives relatively explicitly about AI. Being about internet or dot com technology is not sufficient for a positive label**

The latest news analysis. Walt. Bettinger, who oversaw the company's rise to a personal-finance juggernaut, will retire after a 16-year tenure. Oct. 1, 805 am. ET 5 min. Rick. Wurster,. Charles. Schwab's next. CEO, said his priority is keeping existing customers happy. Charles. Schwab. SCHW -0.78 decrease; red down pointing triangle has named. Rick. Wurster as its next. CEO, promoting an executive who has been primed for years to take the top job and who will be tasked with steering the brokerage through a turnaround. Wurster, currently. Schwab's president, will take over as chief executive officer and join the board on. Jan. 1, the company said. Tuesday. Longtime. CEO. Walt. Bettinger will retire from the top job and continue to be executive co-chairman of the board alongside namesake founder. Charles "Chuck". R. Schwab. Under. Bettinger,. Schwab grew from a discount brokerage for amateur investors to a personal-finance juggernaut. Schwab's move to eliminate commission fees on online stock trades in and its acquisition of rival. TD. Ameritrade in shook the industry. Catch up on the headlines, understand the news and make better decisions, free in your inbox daily. Enjoy a free article in every edition. As interest rates climbed over the past couple of years,. Schwab's revenue and profit stalled, bank deposits fell and its investment portfolio declined in value. Schwab's stock is down 5.8 this year, after a 17 drop in . The. SP 500 has risen 50 over the same period. Schwab's playbook of making easy money on client cash has been upended and the company is looking to increase the revenue it brings in from more lucrative services like loans and financial advice. Wurster, 51 years old, said his priority is keeping existing customers happy. "If we delight them on a day-in-and-day-out basis, with great service, with digital experiences that are intuitive and straightforward and that they enjoy, we're going to have a growing and thriving business with the client base that we have today," Wurster told. The. Wall. Street. Journal in an interview. Other focus areas include bolstering offerings for specific groups like high-net-worth individuals and active traders, and becoming more efficient through the use of artificial intelligence, he said. Wurster has been viewed as the heir apparent to the chief executive role since becoming president in . Schwab's multiyear succession plan included naming. Bettinger as co-chairman of the board in . Schwab earlier this year named former. Citigroup treasurer. Mike. Verdeschi as chief financial officer, succeeding. Peter. Crawford. Under. CEO. Walt. Bettinger,. Schwab grew from a discount brokerage for amateur investors to a personal-finance juggernaut. "When you're in jobs like this, your responsibility is to serve others, not to be served," Bettinger told the. Journal. "Rick just proved over and over again during the three years he was president that he was the right person to be my successor." As president,. Wurster has overseen investor, adviser

and retirement-plan services; asset and wealth management; banking; technology; and operations. Before joining Schwab in , he worked at consulting firm. McKinsey and investment-management firm. Wellington. Management. Wurster will be the fourth person to hold the CEO post since the company was founded roughly 50 years ago. Chuck. Schwab passed the baton to David. Pottruck in , but returned to the role in after. Pottruck was ousted . Bettinger became chief executive in . Bettinger, 64, took the top job in the throes of the global financial crisis. It couldn't have been a worse time to become CEO,. Bettinger has often said with a smile. He focused on growing Schwab's bank, cutting fees and expanding services like financial advice and wealth management. During Bettinger's tenure,. Schwab grew from managing about 1 trillion of assets to more than 9 trillion. Its client accounts grew from about nine million to about 43 million. Schwab is the biggest publicly traded brokerage in the country and the 12th largest U.S. bank. Bettinger joined Schwab in through the acquisition of the Hampton Co., a retirement-plan provider he founded at age 22. His entrepreneurial background endeared him to Chuck Schwab. Bettinger led the brokerage's individual-investor business in the aftermath of the bursting of the dot-com bubble and had previously been president and chief operating officer. Bettinger said he made a promise to his wife to retire from his CEO role before turning 65 and he looks forward to spending more time with his family. A 6. Trillion. Trump. Tax. Increase?

Your label AI-related: 1

⇒ **I choose 0. again label narratives relatively explicitly about AI. Being about TikTok is not sufficient, if no link is drawn to AI.**

Text:

Universal's current contract with the social-media app is set to expire. Wednesday, and no new agreement has been reached 3 min. Universal represents some of music's biggest superstars, including Olivia Rodrigo. Universal Music Group UMG -0.90 decrease; red down pointing triangle , the world's largest music company, said it would stop licensing content to TikTok if the firm fails to reach a new contract with the social-media app to pay its musicians, which include Taylor Swift and Drake. The current contract is set to expire. Wednesday, and no new agreement has been reached,. Universal said in an open letter to the artist and songwriter community. The company alleged that TikTok proposed paying artists and songwriters "at a rate that is a fraction of the rate that similarly situated major social platforms pay" and with a deal that is worth less than the previous deal. Universal represents some of the biggest superstars, from Swift and Drake to Olivia Rodrigo, the Weeknd and Eminem. It also represents emerging artists a group that Universal said TikTok tried to leverage to reach a deal. Working toward more lucrative licensing deals with TikTok is a key strategy to the music industry's continued growth. Universal alleged that TikTok tried to intimidate the firm the music of some developing artists while keeping bigger artists on the platform. "Despite Universal's false narrative and rhetoric, the fact is they have chosen to walk away from the powerful support of a platform with well over a billion users that serves as a free promotional and discovery vehicle for their talent," a TikTok spokeswoman said in a statement. The company said Universal's actions are not in the best interest of artists, songwriters and fans. While TikTok has gained outsize importance for the music industry in recent years as it fosters discovery and virality popularity in TikTok trends often translates to significant streaming numbers on services like Spotify and helps music climb the

charts the actual revenue contribution from the company itself has been paltry, music executives say. In its letter to artists, Universal said, "TikTok contributes about 1% of its revenue." "TikTok is trying to build a music-based business, without paying fair value for the music," Universal said in the letter. If the deals lapse without new contracts in place, TikTok would be responsible for removing billions of dollars from the service that contain music from Universal's recorded music and publishing catalog. To date, music companies have generally struck short-term licensing deals with TikTok with sorts of lump sum payments, with the idea of negotiating toward a longer-term royalty based licensing model. Universal said in its letter that it has focused on three issues in particular: appropriate compensation for artists and songwriters, protecting human artists from the negative effects of artificial intelligence, and online safety for TikTok users. Working toward more lucrative licensing deals with TikTok is a key strategy to the music industry's continued growth. As the revenue growth from streaming begins to slow, the industry is increasingly looking to licensing its catalogs across social media, videogames and fitness apps like Peloton. Coverage of the looming ban against the Chinese-controlled app, selected. WSJ'S. TECH. NEWSLETTER. Trump's. Role in. TikTok. Talks. Dealmaker in. Chief. What. Are the. Financial. Stakes of a. TikTok. Ban? A 6. Trillion. Trump. Tax. Increase?

Annotations on Hype level

Your Hype-level: 2

⇒ **I choose 1. I see no direct hyping of AI here**

29466

Elon. Musk. Auditions as. Corporate. Gadfly,. Taking. Sides. Against. Disney. April 6, 530 am. ET 122 6 min. Elon. Musk has entered his corporate gadfly era. It is too soon to say he is becoming this generation's. Evelyn. Y. Davis, the late, infamous activist shareholder who for years needled public. CEOs from. IBM to. General. Electric with personal insults and corporate critiques. But he's traveling a similar path even as he leads car company. Tesla. TSLA -9.74 decrease; red down pointing triangle , rocket maker. SpaceX and social-media platform. X. How can he be a gadfly and one of the world's richest men? He trod unfamiliar ground this past week with an overture to help change the makeup of. Disney's. DIS -4.85. Since. Musk bought. X in ,. Disney has halted advertising on. X. Subsequently,. Musk has called for its chief executive,. Bob. Iger, to be fired, and joined a chorus of conservative critics decrying what they say is the company's embrace of woke culture. His vocal antagonism with. Iger surely made him an appealing ally to activist investor. Nelson. Peltz, who sought. Musk out to help in a bruising proxy war that came to a head this past week. But if. Peltz was hoping. Musk would be the closer to his monthslong campaign, he was sorely disappointed. Yes,. Musk made some calls to investors, my colleagues have reported. But he didn't publicly endorse the proxy battle until just hours before the results were announced too late to have much of an effect influencing the army of retail shareholders. Musk's echoverse might have persuaded to vote to put. Peltz onto the. Disney board. "While. I don't own any. Disney shares today,. I would definitely buy their shares if. Nelson were elected to the board," Musk tweeted. Wednesday, the day the vote came to a close. "His track record is excellent." The day after his victory,. Disney's. Iger took a victory lap, appearing on. CNBC, where

he was asked about. Musk's attacks. "I ignore it," Iger said. "There's no relevance to the. Walt. Disney. Co. or me. People have been coming after me and the company for years, and. I don't get distracted .". Indeed,. Disney has a long history with gadflies. Almost 20 years ago,. Iger's mentor, then-CEO. Michael. Eisner, received rowdy applause when he cut off. Davis as she rattled off a list of criticisms during a shareholder meeting. Shareholder. Evelyn. Y. Davis at a. Ford annual shareholders meeting in . By then, she was well-known for appearing at such meetings and holding court. She once told then-Chrysler. CEO. Lee. Iacocca he needed to lose weight and proposed a soft-porn actress as a candidate for. ITT's board on the theory her romantic links to the. British royal family would give the company influence. "As a defender of shareholder rights,. Evelyn. Y. Davis was moderately effective,". The. Wall. Street. Journal began her obituary when she died at age 89 in . "In her parallel quest for publicity, she was in a league of her own.". Davis, who often questioned. CEO pay as being too much, published an annual newsletter,. Highlights and. Lowlights, and insisted that companies buy at least two copies. A criticism of. Davis was that. CEOs subscribed hoping to avoid her criticism, a claim she denied. Musk has a different megaphone, with more than 179 million followers on. X and a daily habit of opining on many topics from politics to videogames. His drift toward more contentious social issues has been controversial among some of his old supporters and cheered on . Do you think. Elon. Musk will lean more heavily into the role of corporate gadfly in coming years? Why or why not? Join the conversation below. It is hard to imagine. Musk welcoming another. CEO's meddling in a proxy battle against himself. "He's willing to be the gadfly, he would not want anybody to be the gadfly in his orbit," said. Nell. Minow, vice chair of. ValueEdge. Advisors and a. Tesla investor. "If he thinks. Peltz is smart and has good ideas and can help with strategy, then ,. I would stand up and cheer if he added. Peltz to the. Tesla board.". In fact,. Musk has been publicly agitating since. January for. Tesla's board to give him a giant new pay package to increase his ownership stake in the automaker, arguing he doesn't feel comfortable working on robotics and artificial intelligence without the reassurance that he has more control over the company than activist investors. It was a point. Musk reiterated on the same day as the. Disney proxy fight concluded. "I obviously don't need to money personally, but am concerned about not having voting power that to influence. Tesla to do the right thing,". Musk tweeted late that night with typos. Nelson. Peltz, in glasses,. Tesla. CEO. Elon. Musk, actress. Nicola. Peltz. Beckham and. Will. Peltz at a movie premiere in. Los. Angeles in. February. His demands come as some. Tesla shareholders are losing patience with his antics including his own ongoing feud with. Disney and the electric-car company's performance. Tesla shares have fallen 34 this year through. Friday, while the. SP 500 index has risen 9.7. The automaker this past week reported disappointing first-quarter delivery results that marked the first year-over-year decline since , the latest sign that the electric-car market is struggling. The stumbles have attracted. Musk's own gadflies. Ross. Gerber, a vocal. Tesla shareholder who last year briefly attempted to get elected to the company's board, laid blame for the disastrous quarter on. Musk's behavior. "For over a year. I've been warning about this potential reality,". Gerber tweeted this past week. "Now it's here. It's time for shareholders to assess the blame where due. The tesla. BOD should be replaced immediately with independent directors as required by law.". Musk responded longtime advocate and investor as an "idiot.". Despite losing the fight,. Peltz sounded happy with. Musk. "This guy has no ego," he told. CNBC on. Thursday of. Musk, calling him "a brilliant guy, understands so many things about the world and all you want to do is listen to a lot of what he's got to say.". Were. Musk to go full-on corporate gadfly, one wonders how many. CEOs would agree. Trump and. His 'Little. Disturbance'. From. Tariffs

Your Hype-level: 2

⇒ I choose 1. I see no direct hyping of AI here, rather of family business.

MARKETS. FINANCE. Tesla and. Elon. Musk. Show. Why. Governance. Doesn't. Matter Until. It. Does. Companies with dominant shareholders have a record of outperformance, but the wheels can come off quickly in a crisis. Feb. 16, 530 am. ET 44 6 min is an extreme example of an uncomfortable truth for investors. Companies run often give smaller shareholders good returns while also flouting rules and norms designed to protect them. Tesla's governance, long a target for the car maker's critics, is back in the spotlight after last month's ruling against. Musk's 50 billion-plus pay packet from . The case was brought in. Delaware by a small shareholder who was concerned about the potentially dilutive effect of stock options amounting to a gargantuan 12 of the count at the time they were granted, even though the performance hurdles for them to vest were set very high. This revives an old question. How should investors deal with powerful shareholders? Almost by definition, the founders of big public companies have strong track records, and large shareholdings give them an incentive to keep those records going. But their disproportionate voting rights and influence also put them in a position to disregard the views and interests of other owners. In the. U.S., this tension is mostly associated with. Silicon. Valley tech companies. While. Delaware's. Chancery. Court found that. Musk controls. Tesla with a strong personality and a weak board, the likes of. Meta and. Alphabet entrench the power of founders through multiple classes. In. Europe, long-term shareholders anchor some of the world's top consumer companies, such as. LVMH,. L'Oral and. BMW, though in many cases the founders' families are now in control. On average, such companies have a record of outperforming their peers despite governance scores that today are roughly 7 worse than average, according to calculations manager. Carmignac. If you invested 100 euros, equivalent to about 108, in its. Carmignac. Family 500 database in. January , you would have had 393 at the end of , compared with 310 if you had invested in a nonfamily business. The investor includes companies run by families, founders, trusts and foundations with more than 10 of voting rights in its list. Obe. Ejikeme, who runs a. Carmignac fund drawing from this universe, says he was skeptical of the effect before running the numbers. Governance isn't the only reason why investors might view such stocks with suspicion. Their liquidity is lower too. The more shares that are held long-term, the fewer are available to trade. "There are so many risk factors involved that it's actually extraordinary that they do outperform," he says. The short explanation is that so-called "skin in the game" counts for a lot. Long-term shareholders whose wealth depends heavily on one company have the kind of incentive to keep it in good shape that. CEOs for hire don't. It might be tempting to conclude that governance worries are overblown perhaps of lawyers and boardroom consultants paid to help companies toe the line since the. Sarbanes-Oxley. Act toughened. U.S. rules. A. Journal of. Corporate. Finance paper from found that poor governance was actually associated with stronger market returns after . But that might be because poor-governance stocks performed badly during the financial crisis, leaving them at a discount that unwound over the following bull market, says. Mohammed. Zakriya, associate professor at. France's. ISEG. School of. Management and one of the study's authors. The outperformance of family businesses in. Carmignac's database was also measured over a very strong two decades for stocks. Good governance is probably best seen as an insurance policy against things going wrong rather than as a driver of returns. Beyond the risk of a deep recession, corporate crises such as. Enron's collapse which triggered the. Sarbanes-Oxley rules or. Volkswagen's diesel scandal have often occurred when executive power went unchecked. In another sign that governance matters more in its absence,. Carmignac found no benefit to being

invested in family-run businesses in emerging markets. Institutions that make and enforce governance rules tend to be weaker in poorer countries, leaving minority shareholders more exposed to exploitation. One recent focus of such concerns is Indian conglomerate. Adani, which last year was accused seller. Hindenburg of using close political ties to engage in stock manipulation and accounting fraud. The group has rejected the claims, and a year on, shares of its flagship company. Adani. Enterprises are almost back where they were. At. Tesla, the governance mess is one explanation for a roughly 20 fall in the stock this year, even as the likes of. Microsoft and. Nvidia, fellow members of the. Magnificent. Seven, have risen. These companies are sometimes considered peers because of their focus on artificial intelligence, but. Musk last month threatened to take his. AI interests elsewhere if he didn't control 25 of. Tesla, compared with about 13 today. Over five years, the stock is still up roughly 10-fold. Whether. Musk would actually neglect his single most valuable asset is doubtful. There may be a way to square the circle with a new, supervoting. Tesla classthe same sort. Mark. Zuckerberg at. Meta and. Larry. Page and. Sergey. Brin at. Google parent. Alphabet own. At face value, though, shareholders have an unappealing choice between, on the one hand, another hugely dilutive pay deal to replace the rescinded one and, on the other, losing. Musk's attention. The drama, which will continue to play out noisily in the coming months, seems to be confirming an old truism. Good governance doesn't matter until suddenly it does. China's. Tariff-Dodging. Move to. Mexico. Looks. Doomed. Trump's. New. Protectionist. Age