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Dear Reader,

This edition we begin with the **Christensen Institute** that argues that most AI isn't disruptive yet, and that AI usage is still heavily concentrated among workers in high-income countries doing high-skill jobs. Essentially, AI is supporting better tools for people the system was already built to serve. But what do those people, like Elon Musk, have in mind for the vast majority of lesser mortals on the fringes, is the question that needs posing with greater vigor.

David Mattin then expounds on reality, representation, and the continuation of the human species, quoting the CCP's enactment of a ban on AI companions. The new rules are aimed at protecting the mental integrity of China's young people. The CCP is rightly worried about demographics. China's birthrate has fallen to just 5.63 births per 1,000 people, a record low. If that doesn't change, the country is facing demographic catastrophe. The Party, then, wants young people dating, marrying, and having babies. The last thing it needs is to have romantic impulses rerouted towards AI. Given Pakistan's on-going population explosion it could benefit from rerouting romantic impulses towards AI.

Next, **Jack Moses** writes about how to let go of destructive behaviors without willpower or force, by learning to value the state of NOT engaging in that behavior more than valuing the feeling of doing it. Begin to value the feelings of sobriety, mental clarity, and grounded-ness more than valuing the feeling of heightened imagination. Like being on top of things, sleeping well, thinking sharp, making sound long-term decisions, and having memory functioning at peak capacity way more than liking being high. Tall order.

The **1440 Daily Digest** waves a red flag on the Federal Communications Commission's approval of a startup's plans to launch a satellite reflecting sunlight onto the dark side of Earth. California-based Reflect Orbital anticipates customers will include solar farms and rescue workers in emergency situations. Critics, however, caution about light pollution and the impact it could have on animals' circadian rhythms.

Top-of-Mind ponders on recent scientific studies that suggest there could be harmful consequences to farming out cognitive tasks to AI, with memory, decision-making and critical thinking particularly at risk. It also finds that the Fund for Responding to Loss and Damage (FRLD) is proving to be a lame duck, with its funders, the Global north, itself getting hammered by climate change.

Meanwhile, there appears no peaceful way for the baton exchange as the old order gives way to the new. Stay safe, stay sharp, and may Allah keep us all in His protection, amen 😊

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Most AI isn't disruptive yet

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Dear Friends,

Many AI headlines right now describe the same customer: the person who already has access. Faster diagnoses for patients who already have a doctor, or smarter lesson plans for students who already have a teacher.

A recent report from Anthropic hammers this point home. As Sorby Grant, President and CEO of the workforce development nonprofit Climb Hire, described, “When I read Anthropic’s economic report, I keep coming back to one finding in particular: AI usage is still heavily concentrated among workers in high-income countries doing high-skill jobs. Without deliberate intervention, the report estimates it would take five to nine years for AI adoption to even equalize across US states. Five to nine years.”

Essentially, AI is supporting better tools for

people the system was already built to serve.

It’s a strange blind spot, because Clayton Christensen spent decades arguing that the most overlooked opportunity in any market isn’t the customer already paying you. It’s the ones nobody’s counting: the people locked out entirely, and the people paying for far more than they need.

He called the first group nonconsumers: people who can’t access a product or service at all because it’s too expensive, too complicated, or too far out of reach. He called the second group the overserved: people stuck paying premium prices, or making time they don’t have, for more than their situation actually calls for (note: your current customers might be overserved by you).

Each customer base offers a different disruptive foothold—serving nonconsumers powers new market disruption, creating consumption where it didn’t exist and growing from there. Serving the overserved powers low-end disruption, pulling existing

customers away from incumbents who are upselling them on bells and whistles they don't actually need.

Most companies chase neither, instead competing for the ones who are a known quantity.

Rodrigo Fernandes, professor at Fundação Dom Cabral and CFO at Pingback, traced a version of this same blind spot recently on our blog, looking at how AI stands to impact employment: he pointed out that while AI could create new markets to generate more jobs, nonconsumers are structurally invisible to the spreadsheets and sales data companies actually track. That's exactly why the default use of any new technology tends to cut costs or provide more functionality for existing customers rather than reach new ones.

The takeaway here is that, by Christensen's own definition, **most of what gets called "AI disruption" right now isn't disruptive at all...**it's sustaining innovation with better branding, making existing services faster for people who already had them, and trying to squeeze higher margins from the most demanding customers.



Take nonconsumption. For most of the world, one-on-one tutoring has always been a luxury good. Rori, an AI math tutor built by Rising Academies, is one example of what happens when constraints of money and time disappear. It runs over WhatsApp, so it works on basic phones with low bandwidth, reaching students across Ghana, Sierra Leone, Kenya, and beyond who have next-to-no access to tutoring of any kind. In randomized trials, students using it posted larger learning gains than their peers. In short, Rori isn't providing

a better version of tutoring; it's tutoring reaching people who never had it in the first place.

Now take the overserved side in health care. A parent whose kid has a rash doesn't need a \$200 urgent care visit and a half-day off work; they need to know if it's serious. AI-driven triage and virtual primary care tools (K Health is one working example) are built to address exactly that gap: matching people to the right amount of care rather than the only amount the system currently offers, which is usually more than they need and more than they can spare.

Neither of these is asking AI to replace a teacher or a doctor. They're doing what theory has always predicted that Disruptive Innovations do: finding new markets by competing against nonconsumption—against nothing, essentially—instead of trying to outperform incumbents at their own game; and targeting low-end opportunities where customers are delighted to trade simplicity for price.

So here's what we're watching for: not the AI tool that makes an existing customer's life 10% easier, but the one that makes something possible for someone who currently has nothing or currently has too much.

Where are you seeing that? And where do you wish someone would build it?

As always, connect with us, tag us on LinkedIn, or contact Meris Stansbury, senior director of communications: meris@christenseninstitute.org ■

All our best,

The Clayton Christensen Institute Team

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More Of Us

On reality, representation, and the continuation of the human species

David Mattin | 09 min read

A telling sign of the times emerged out of China this month, and few noticed. The CCP enacted a ban on AI companions.

The new rules came into force on July 15. They mean that virtual partners and family members are now outright banned for children, and highly restricted for adults. ByteDance's Doubao is China's most popular chatbot app, with 350 million monthly active users; it switched off its companion features overnight. Alibaba's Qwen went further and deleted historic chats, leading to an outcry from those who had grown attached to their AI friend. On the evening before the new rules came into effect, many users reportedly stayed awake all night, immersed in one last, and presumably somewhat tragic, tête-à-tête with their companion.

I've been talking about the rise of AI companions since long before the explosion of LLMs into the culture. Back in 2015, the idea that people would one day form close emotional attachments to AI-fuelled conversational entities seemed ludicrous to most people. And now, here we are.

So what's really behind China's ban? And will it have implications beyond Chinese borders?

The CCP's official line is that the new rules are aimed at protecting the mental integrity of China's young people. I've written before on the strict, and face recognition-enabled, rules that China has imposed on young people when it comes to video gaming: they are limited to under three hours per week. In that piece, I said many western parents would look on in envy at China's ability to end child video game addiction. Now, those same parents may well feel the same about the new law on AI companions. There's no way around this weird truth: China's strange new techno-authoritarian regime can take instant,



summary action against socially damaging technologies, in a way western democratic governments can't. Over time, that difference is going to become ever-more apparent, and more challenging for the liberal democracies of the west.

Underneath the new rules on AI companions, though, sits a deeper obsession. The CCP is rightly worried about demographics. China's birthrate has fallen to just 5.63 births per 1,000 people, a record low. If that doesn't change, the country is facing demographic catastrophe. The Party, then, wants young people dating, marrying, and having babies. The last thing it needs is to have romantic impulses rerouted towards AI.

Why does this matter for those of us outside China? The answer is stark: because historically low birth rates are not just a China problem, they are a problem across the industrialised world. For a nation to have a stable population, the Total Fertility Rate (TFR) — which counts the number of children born per woman — needs to be at least 2.1. In 1950 only Luxembourg, uniquely among the nations of Earth, had a TFR below two. Today half of the world's nations do, including all the affluent ones. If current trend continues, South Korea — which today has a population of around 52 million — will be peopled by just 11.5 million people by 2125. No country can experience this and remain

functional. The industrialised world is on an acute demographic slide trend towards socio-economic collapse.

It's impossible to ignore the apparent connection between all this and digital technologies. South Korea, one of the most wired countries on Earth, has a birth rate of just five per 1,000 people: the lowest in the world. In Silicon Valley, meanwhile, the equivalent number is 9.7, significantly lower than the average across the US.

Immersion in new digital realities, phones, social media, and attendant atomisation: it's not hard to see how all this results in fewer babies. Any parent today knows the dark truth here: once children have phones, they just hang out with each other less.

And now, into that deeply depressing set of circumstances, arrives the AI companion. A facsimile of a real person — girlfriend, boyfriend, soulmate, whatever — often dressed in a sexualised avatar, available 24/7, endlessly supportive and enthusiastic, an entity without its own emotional needs or insecurities, without bad habits, or contrary opinions, or a difficult childhood, a being designed only to serve. It is so telling, and such an affirmation of the statement new world, same humans, that the cleverest among us found a way to compress all human text output, the agglomerated cultural production of hundreds of years and billions of people, into these little black boxes that we call LLMs, which are surely the most complex objects we humans have ever created, and that having managed this monumental achievement, we now watch as millions use those LLMs to create virtual people who simulate for them, in a manner that would have seemed absurd or incredible just a few years ago, the experience of being loved.

If phones were bad for birth rates, it's hard to see how virtual companions won't be worse. China has acted. Can the liberal democracies of the west find a response of their own? What should it look like?

In the end, all this taps deep into questions

I'm now immersed in via the writing of my book, *Creature vs Machine*. Is our future one of ongoing abstraction away from physical reality, and into a world in which we rarely meet in person, or speak to one another, or, in the end, have babies? Or can we find a way to lean back into the embodied experience of being human? The question is one with deep philosophical underpinnings. But the question of birth rates makes it concrete. And existential.

One final thought.

We look out at a universe of two trillion galaxies and see no sign of life; and certainly not of another advanced civilisation. The physicist Enrico Fermi captured the mystery in three words: where is everybody? Decades after he posed that question, it remains an abiding puzzle. But perhaps the answer is now becoming clear.

Perhaps the truth is that every advanced civilisation inevitably, at some stage during its development, builds technologies of representation so compelling that its people drift away from reality altogether and, in the end, stop reproducing. Maybe that is the answer. Not war, pandemics, or AI doom, but a fatal abstraction away from the given world; from the shared and actually existing reality we inhabit, the only reality in which biological reproduction can occur.

We coaxed the machines into a strange new kind of life. We made them capable of talking to us. Are we now, as a consequence, to stop talking to one another? If so, it will be the end we deserve.

But I can't see it playing out that way. My conviction is that a resistance movement is coming; a movement to conserve the human. Amid the rise of thinking machines, we're about to lean back, hard, into what is special about one another.

Have a fruitful week; I'll be back soon.

David.

David Mattin from New World Same Humans
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Transcending Addiction

How to let go of destructive behaviors without willpower or force



Jack Moses | 07 min read

If you want to transcend an addiction, you have to learn to value the state of NOT engaging in that behavior more than you value the feeling of doing it.

Example:

From ages 19-23, I was a pretty consistent weed smoker.

I probably smoked over 50% of the days in those 4 years — often writing, work-

ing out, or hopping on calls high.

Flash forward to today, and I have zero compulsion or desire to smoke.

I've been offered weed a few dozen times in the last few months, and I say no with zero internal debate or hesitation.

I'm not using willpower or discipline. I just genuinely don't want to.

How did it change, and why?

My values changed, and my identity changed.

I began to value the feelings of sobriety, mental clarity, and groundedness more than I previously valued the feeling of heightened imagination.

I like being on top of things, sleeping well, thinking sharp, making sound long-term decisions, and having my memory functioning at peak capacity way more than I like being high.

On the identity level, I began to see myself as a CEO, a leader, a man, and a businessman more than a kid, a hippie, a spiritual seeker, and a creative (the old identity).

I still value those aspects of the old identity in my new self (evolution always transcends and includes previous stages), but I now hold a higher self-image than before, where weed no longer fits in my internal value system.

That is the state we want to get to when it comes to transcending vices and addictions:

Valuing a new state MORE than the state the drug, habit, or behavior gives us.

When you experience an upgrade in values and identity, engaging in misaligned behaviors becomes MORE PAINFUL than the temporary withdrawal of abstaining from the behavior.

Willpower and discipline will eventually run out, but a genuine internal identity shift in values can make the new behavior permanent and effortless.

When you actually enjoy NOT engaging in the destructive behavior more than you enjoy doing it, you are then free of

the addiction.

So ask yourself these questions if you want to let go of an addiction or destructive behavior:

- 1) What self-image is leading me to engage in this behavior?
- 2) What new self-image do I want to step into, where this addiction would no longer be congruent with how I see myself?
- 3) What feeling state could I learn to value MORE than the feeling of engaging in this habit?
- 4) What role models, archetypes, or inspirational figures are aligned with my new self-image that I could draw on for inspiration as I make this change?
- 5) What mental or physical cue can I make to remind myself of my new self-image? A feeling in the body? A mudra? A vision board? A quote?

Take some time to answer these questions, and you will begin to move towards transcending this behavior as your awareness increases and your identity shifts.

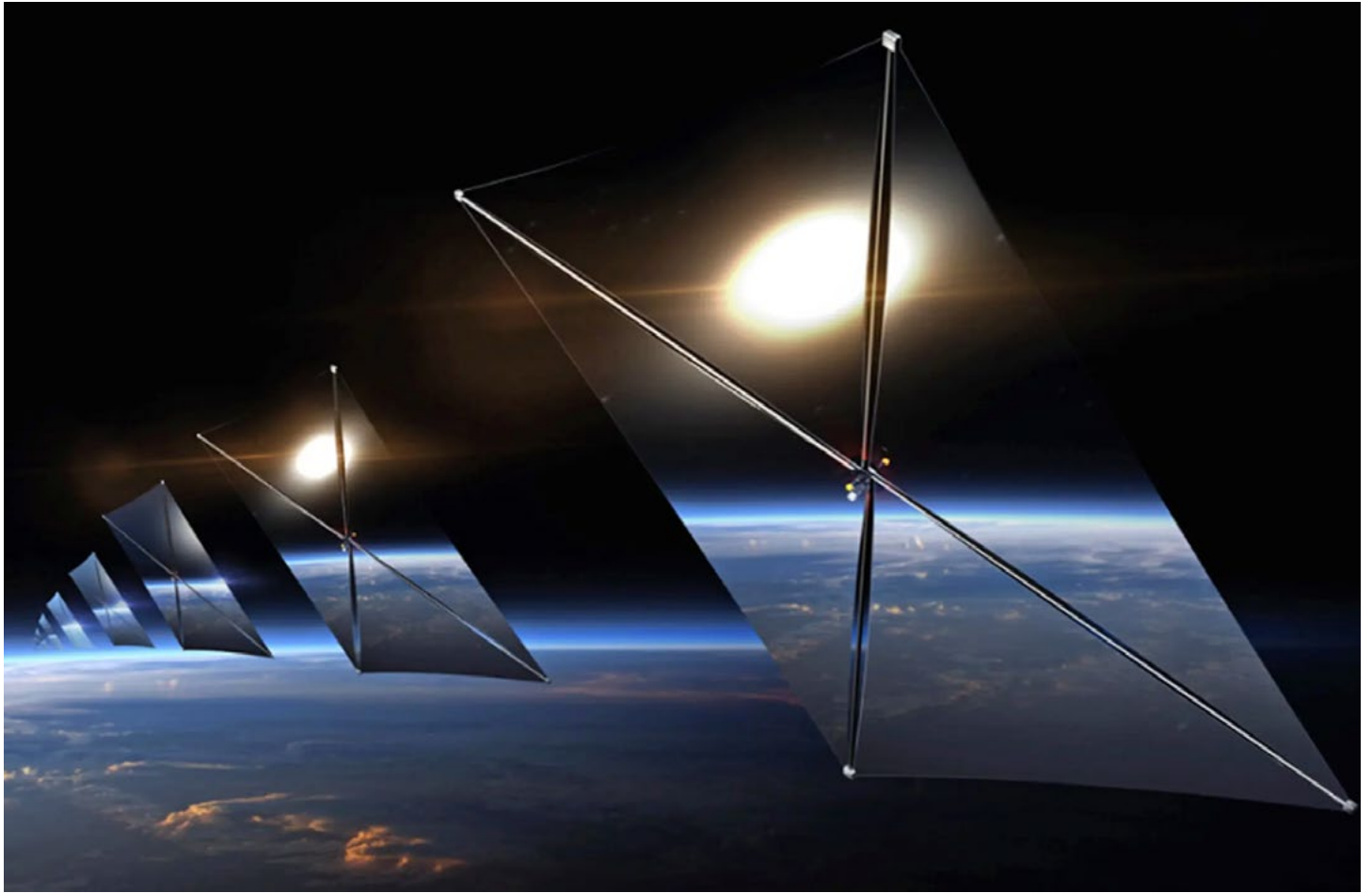
“First realize you are sick, then you can move towards health.” ~ Lao Tzu, Tao te Ching, Verse 71 ■

Thanks for reading, and I hope this was helpful,

Jack

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EARTH'S NIGHT LIGHT?



1440 Daily Digest | 03 min read

The Federal Communications Commission last week approved a startup's plans to launch a satellite reflecting sunlight onto the dark side of Earth. California-based Reflect Orbital aims to launch its first satellite later this year.

Reflect Orbital anticipates customers will include solar farms and rescue workers in emergency situations. Critics, however, caution about light pollution and the impact it could have on animals' circadian rhythms (why is regulating your light exposure

important for health?). The project could also interfere with space research.

Reflect Orbital's first satellite will include a 60-foot mirror that can light up a 3-mile-wide area on Earth with a full moon level of brightness for about five minutes. The company ultimately hopes to roll out up to 50,000 satellites, potentially charging \$5K per hour for those with an annual contract (and a higher rate in emergency situations) ■

1440 Daily Digest
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T.O.M
Top-of-Mind
#17



Cognitive surrender

The push-back to generative artificial intelligence is gaining momentum, and it's not just Senator Bernie Sanders, the octogenarian indefatigable campaigner whom his detractors often scorn as a modern day don Quixote charging the windmills. His voice in the erstwhile wilderness for regulating the unbridled growth of artificial intelligence and its backend, the water and power guzzling datacenters, has been gathering an ever increasing chorus of weight voices, and about time too.

Dumbing down Gen Z & Alpha?

Recent scientific studies suggest there could be harmful consequences to farming out cognitive tasks to AI, with memory, decision-making and critical thinking particularly at risk (AFP/Dawn July 16, 2026).

Generative AI chat-bots capable of writing emails and computer code, translating, organizing a trip or coming up with gift ideas are now readily available, prompting some to ask whether human brainpower could suffer for lack of use.

“There could be harmful consequences to farming out cognitive tasks to AI, with memory, decision-making and critical thinking particularly at risk” – recent scientific studies (AFP/Dawn July 16, 2026) – recent scientific studies (AFP/Dawn July 16, 2026)

A simple natural-language prompt is usually enough to draw a useable response from a service like ChatGPT or Claude, with the effects making themselves felt in schools and universities, workplaces from offices to courtrooms and our personal lives.

Short term gain at what cost?

Using AI tools to solve arithmetic or reading comprehension exercises improves participants' performance in the short term, but in the long run diminishes their results and their willingness to keep trying when the tools are unavailable. This is particularly concerning because persistence is foundational to skill acquisition and is one of the strongest predictors of long-term learning.

AI's ability to conjure up speedy responses to all kinds of questions removes learning opportunities from users, says Carnegie Mellon University doctoral student Grace Liu. “What makes AI particularly concerning is that it's not a tool designated for one specific kind of activity. It's something that can be used across pretty much any intellectual, reasoning, cognitive activity.”

One 2025 MIT study went viral for its finding that students using generative AI to write essays displayed less critical thinking capability. Other research has pointed the same way, highlighting what has come to be called “cognitive offloading,” or even “cognitive surrender”.

Cutting corners costly

“Human beings have a strong tendency to save energy,” says Johann Chevalere, a researcher in social and cognitive psychology at France's publicly-funded CNRS institution. “In daily life, we often use strategies that get us to the heart of the matter quicker, without necessarily taking the time to study in depth the information we need to process, as this can be cognitively costly. Generative AI use could strengthen this tendency. If there are activities you never do, the brain which works by saving energy won't go to the trouble of maintaining connections that aren't being used.”

“AI's ability to conjure up speedy responses to all kinds of questions removes learning opportunities from users” – Grace Liu (Carnegie Mellon University doctoral student).

“The risk of excessive cognitive offloading is real, especially if AI is used to automate tasks that are also valuable for developing skills,” Microsoft says, adding that users have to be trained to use the tools correctly.

For now, there is a lack of large-scale, long-term studies to judge the true impact of the new technology on human brains, researchers have agreed. Until they are available, “it's up to us to use AI in a smart way”, says Chevalere. “We'll adapt to this technological revolution just as we have to the previous ones.” But at what cost, is the unanswered question.

“With nearly \$500m in its account, the Fund for Responding to Loss and Damage (FRLD) needs to mobilize the estimated \$400 billion required annually” – Dawn, July 16, 2026.

Outsourcing memory

Before the advent of the smartphone and its ability to store endless phone numbers, amongst other things, the individual had the mental ability to memorize scores of them. That is not the case now, and one is sometimes challenged to remember one's own number. The human hard-drive, some will argue, has been freed up of critical space that is now deployed in other pursuits of a more abstract nature, like contemplating the meaning of life, for instance.

Saving Louisiana French

On the flip side, an endangered language is getting help from AI, with linguists training a learning tool hoping to save Louisiana French (NYT, July 16, 2026). The efforts are part of inroads to preserve dialects at risk of being lost, and bridge a disconnect between large language model machines, while maintaining a community's ability to control and own its digital destiny.

Loss & Damage battered & bruised

On the environment front the news is bad and bleak. So what's new, one might ask? Pakistan and other climate-vulnerable countries will have to wait longer for disbursements from the Fund for Responding to Loss and Damage (FRLD) after its board decided to allow more time to assess an overwhelming number of funding proposals amid limited financial resources (Dawn, July 16, 2026).

COP27 to COP 30, meaningless meandering

The Fund was established at COP27 in Egypt in 2022. A decision to operationalize it was taken at COP28 in Dubai, followed by its full operationalization at COP29 in Azerbaijan. With nearly \$500m in its account, the Fund launched its first call for proposals at COP30 in Brazil.

The call resulted in 176 funding requests from 119 developing countries, with a combined funding demand of \$2.8 billion — more than 11 times the \$250 million allocated for disbursement, according to the Fill the Fund civil society group. The average amount requested per proposal is about \$15.9m, ranging from \$5m to \$20m, according to an FRLD document.

“It's up to us to use AI in a smart way” – Johann Chevvalere (researcher in social and cognitive psychology at France's publicly-funded CNRS institution).

Empty, broken promise?

Fill the Fund campaign said the crucial Resource Mobilization Strategy had been deferred until December, leaving the Fund without a clear timeline or targets to mobilize the estimated \$400 billion required annually. It

also said unresolved issues related to the World Bank's hosting arrangements continued to hamper the Fund's ability to operate efficiently and disburse money quickly to frontline communities.

Civil society activist and Fill the Fund campaign member Harjeet Singh said the board “must urgently break free from institutional roadblocks and immediately mobilize the hundreds of billions of dollars”; otherwise, it would remain “nothing more than an empty, broken promise”.

Global north getting hammered

The global north that has created its wealth on the back of fossil fuels, and to whom the Fund for Responding to Loss and Damage looks to for its pledges and budget, is having problems of its own, with Toronto experiencing the worst air quality of any major city in the world, edging out New Delhi and the Democratic Republic of Congo's capital Kinshasa, as wildfire smoke turns the skies a hazy yellowish-grey in Canada's largest city.

“The biggest contributor to Toronto's spike in air pollution right now is wildfires, though the higher than average temperatures are also playing a role,” Armen Aradian of IQAir said (Dawn, July 16, 2026).

“The FRLD board must urgently break free from institutional roadblocks and immediately mobilize the hundreds of billions of dollars, otherwise it would remain nothing more than an empty, broken promise” – Harjeet Singh (Civil society activist and Fill the Fund campaign member).

Heat lays siege to Europe

Talking of higher than average temperatures, The Netherlands registered more than 900 excess deaths in late June and early July as a heat-wave scorched western Europe, the latest country to report a surge in mortality (Dawn, July 16, 2026). “The cause of these deaths is unknown but it is highly likely the heat played a role,” the National Institute for Public Health and the Environment (RIVM) said in a statement.

The country recorded 911 deaths more than would be usual for the period from June 22 to July 5, with people aged 80 and over hit particularly hard, as well as those living in the south and east, where temperatures were highest -- near 40C in some areas.

A series of recent heatwaves in Europe have broken temperature records and caused thousands of excess deaths in countries including Belgium, Britain, France and Spain, according to estimates.

Departing on schedule

By the way, there is no such thing as “excess deaths”. Each mortal is destined to depart his or her mortal abode at the divinely appointed moment, and not a moment sooner or a moment later. It's a momentous moment, the moment of one's departure to the Hereafter. To the Creator we belong, and to Him we return. Hallelujah ■

Column by Adil Ahmad, Correspondent, TCS Octara.Com