



EMPOWERED AMERICA



Why the Age of Disruption May Usher in an Era of Reform

Q2 2018 THESIS & CONTENTS:

Reform movements succeed when the **methods**, **motivation** & **moment** converge. We are reaching such a time.

THE METHODS..... Slides 3-6
Revolutionary Tools Enable Revolutionary Times

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Why Citizens Increasingly Demand Change

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Where We Go From Here

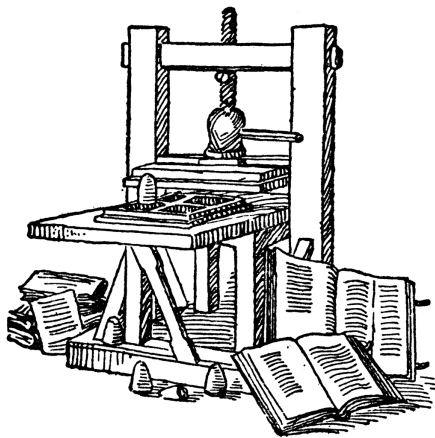
THE METHODS

Revolutionary Tools Enable Revolutionary Times

1517

Protestant Reformation

Printing Press



1963

Civil Rights Movement

Television



2017

#MeToo Movement

Social Media / Smart Phone



Photo by Chris Brown, Creative Commons License

EMPOWERMENT, 2018

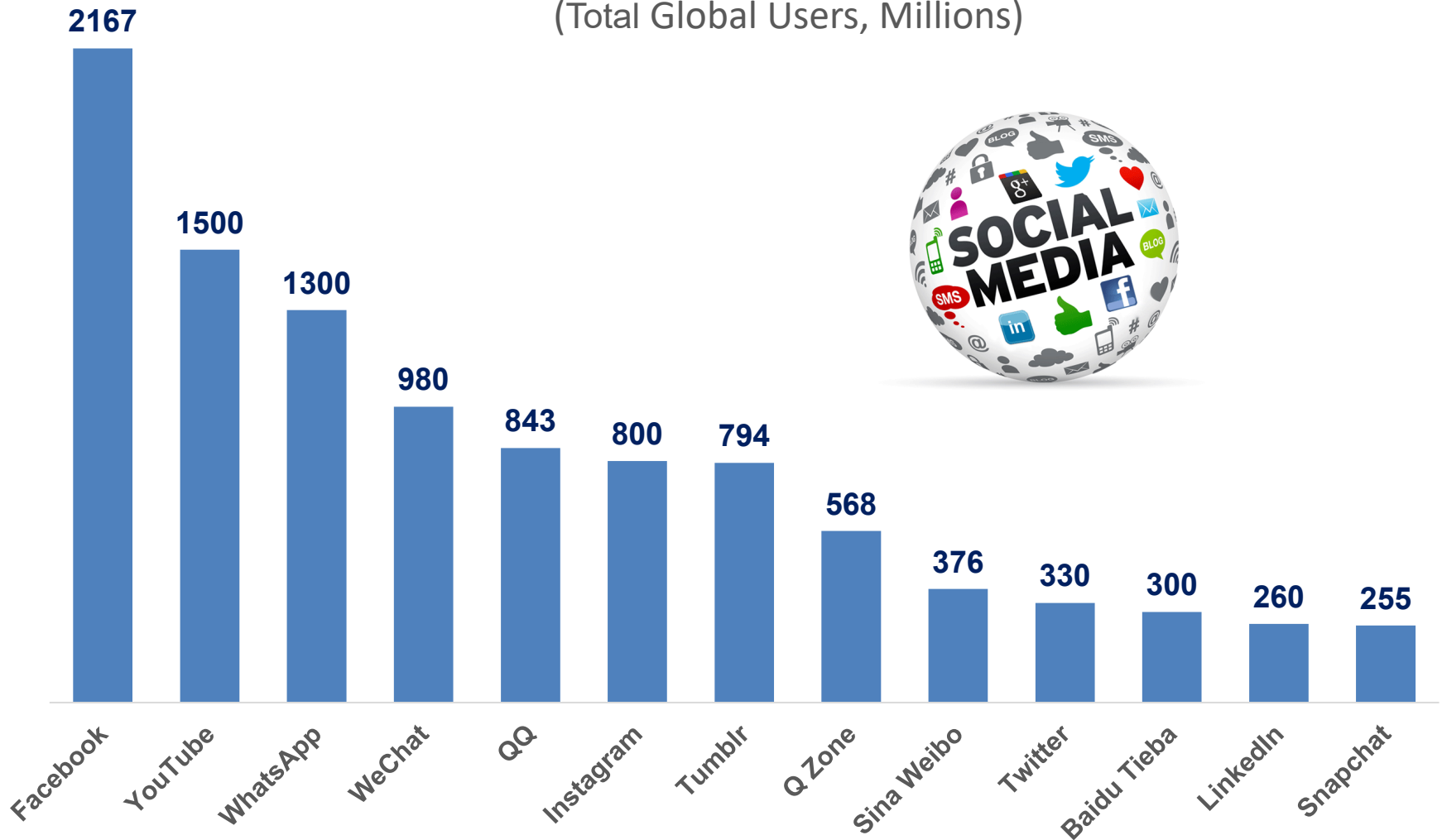
Everyone's a Witness...



EMPOWERMENT, 2018

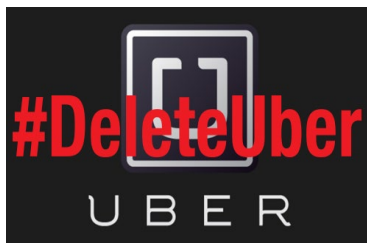
Everyone's a Publisher...

(Total Global Users, Millions)



EMPOWERMENT, 2018

Everyone's an Activist



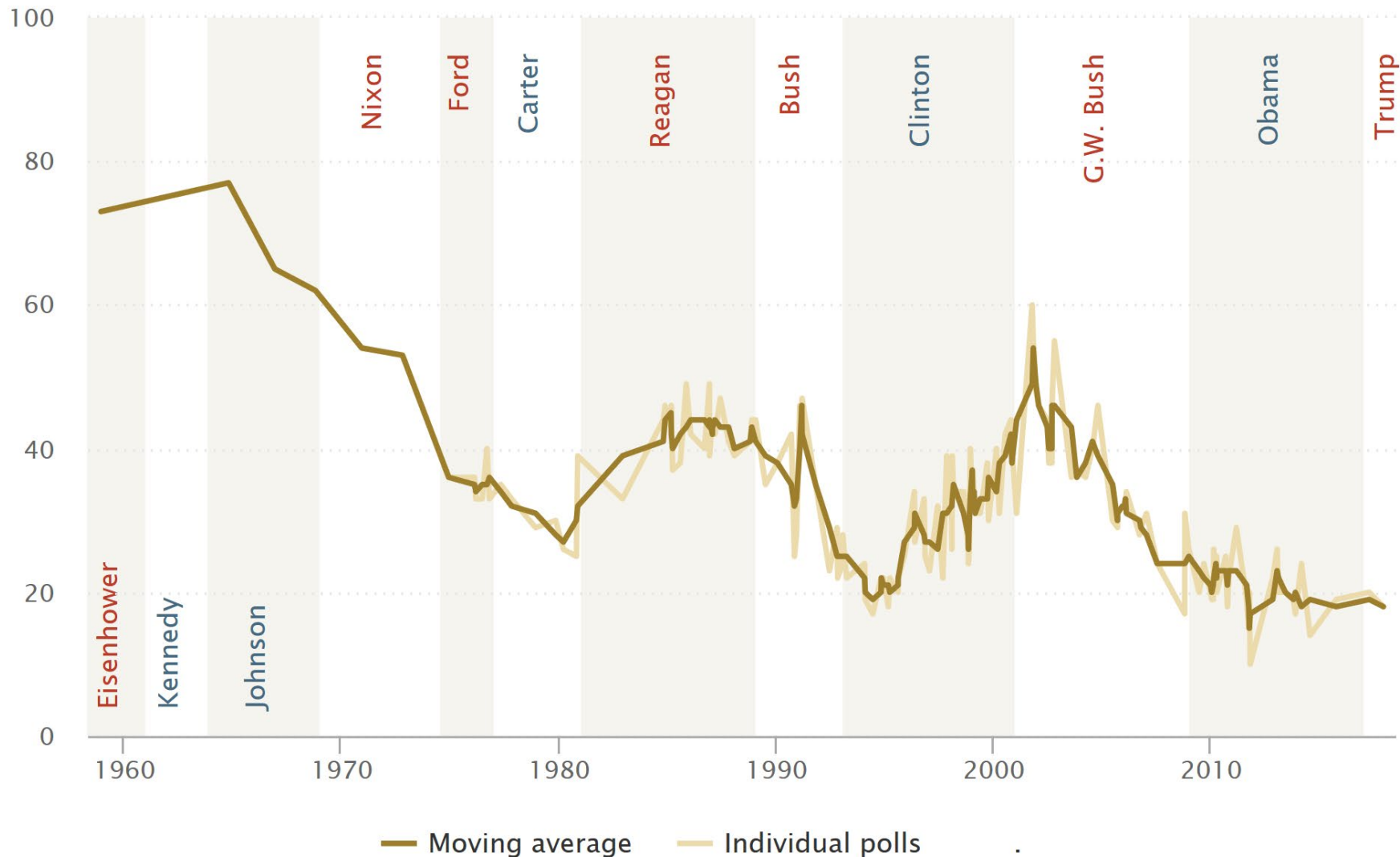
THE MOTIVATION

Why Citizens Increasingly Demand Change



WE DON'T TRUST OUR GOVERNMENT

% Who "Trust Government Most of the Time"



OUR INSTITUTIONS LET US DOWN

MEDICAL ESTABLISHMENT



THE CHURCH



WALL STREET



HOLLYWOOD



Licensed from AP

POLICE



Licensed from AP

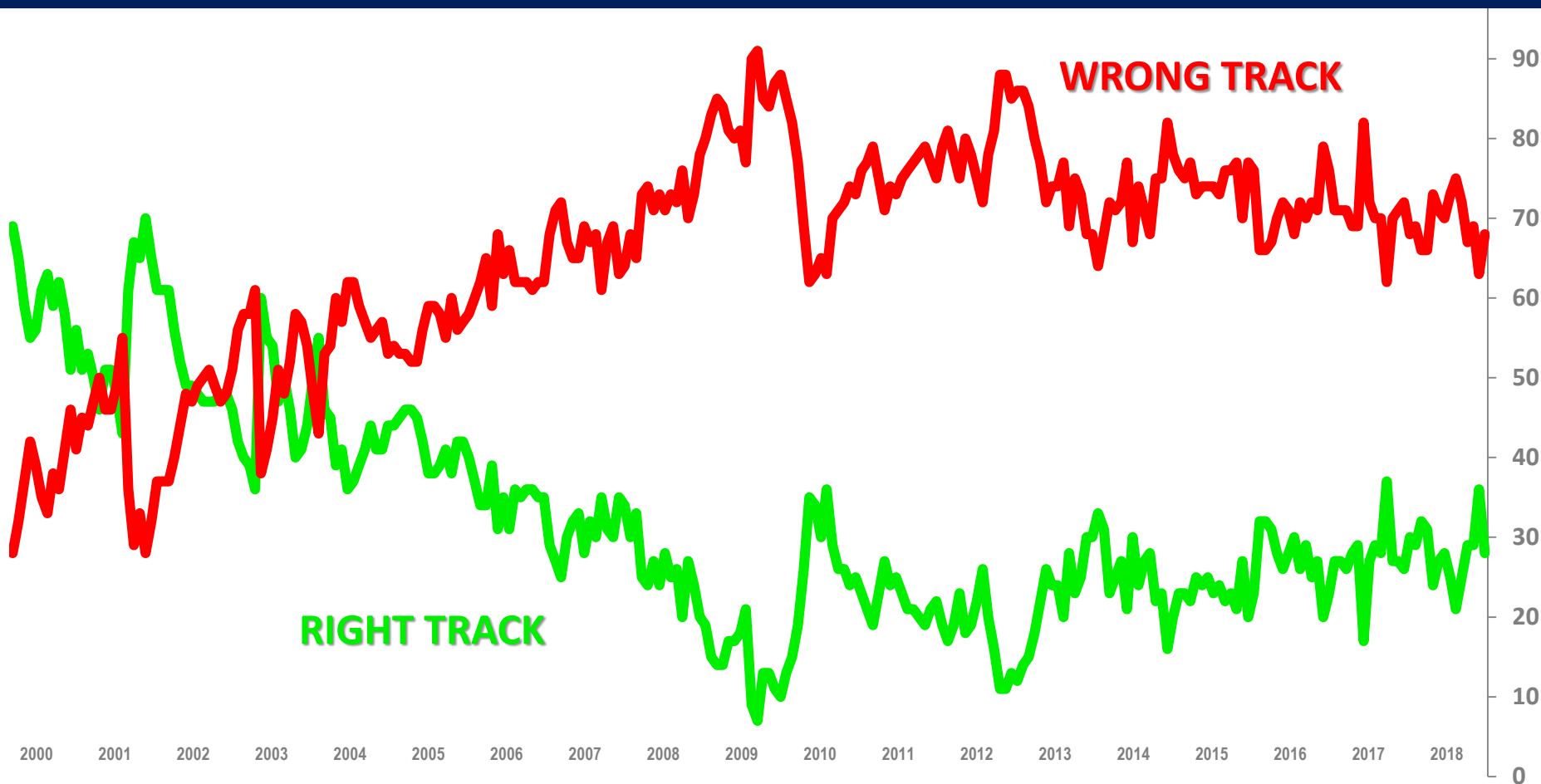
CONGRESS



% Great Deal / Fair Amount of Trust In...

	Medical System	Mass Media	Church	Banks	Public Schools	Congress
1977	80%	72%	64%	60%	53%	40%
2017	37%	41%	41%	32%	36%	12%

WE BELIEVE WE'RE ON THE WRONG TRACK



...And Keep Voting for Change (5 of the last 6 elections)



2006



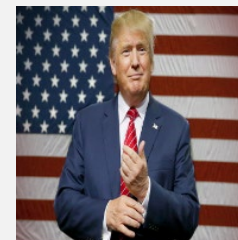
2008



2010



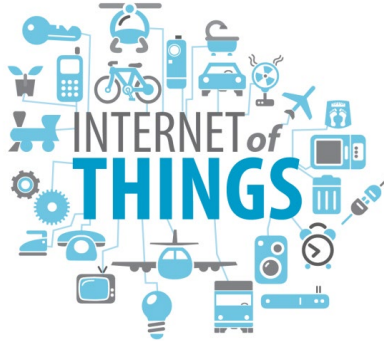
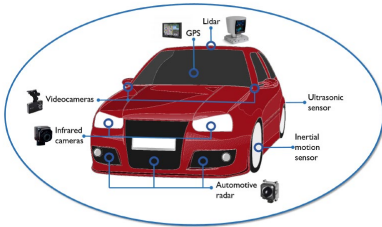
2014



2016

CHANGES COMING TOO QUICKLY FOR SOME

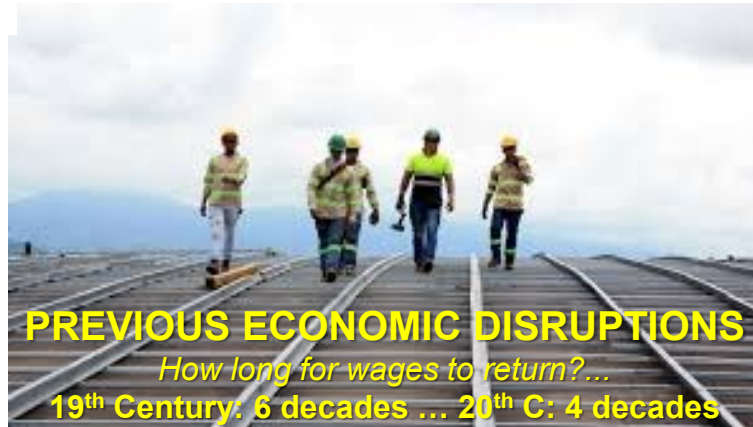
AVs



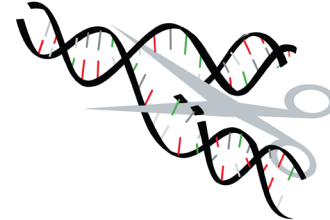
Blockchain



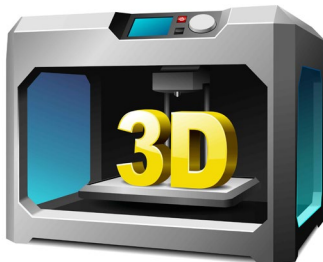
AI



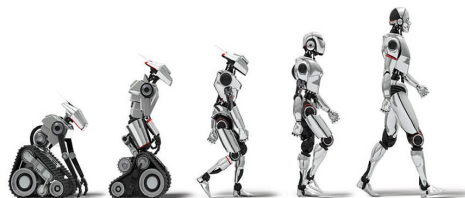
Gene Editing



3D Printing



Robots



VR



THE PACE OF CHANGE IS ACCELERATING

MARKETS: Data is the New Oil

(Largest Global Companies by Market Cap)

2003

GE



Microsoft



Exxon Mobil



Pfizer



Citigroup



Wal-Mart

2008

Exxon Mobil



PetroChina



Wal-Mart



China Mobile



Procter & Gamble



I&C Bank of China

2013

Apple



Exxon Mobil



Microsoft



Google



Berkshire Hathaway



GE

2018

Apple



Amazon



Google



Microsoft



Facebook



Tencent

THE PACE OF CHANGE IS ACCELERATING



GEOPOLITICS: China Rising

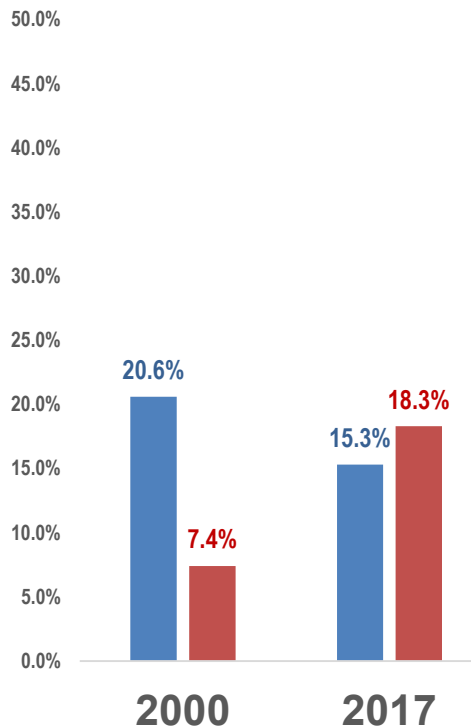


(Rising Share of Global Totals)

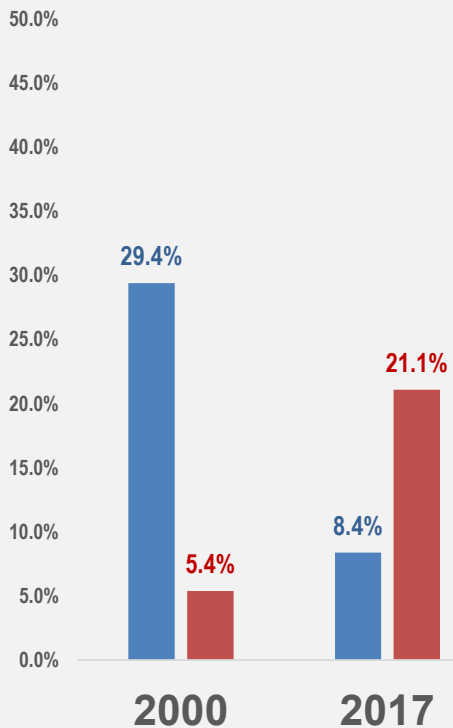
USA

CHINA

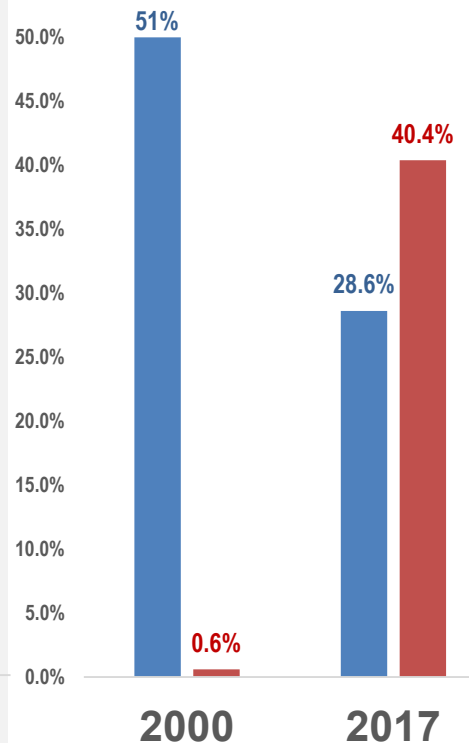
GDP (PPP)



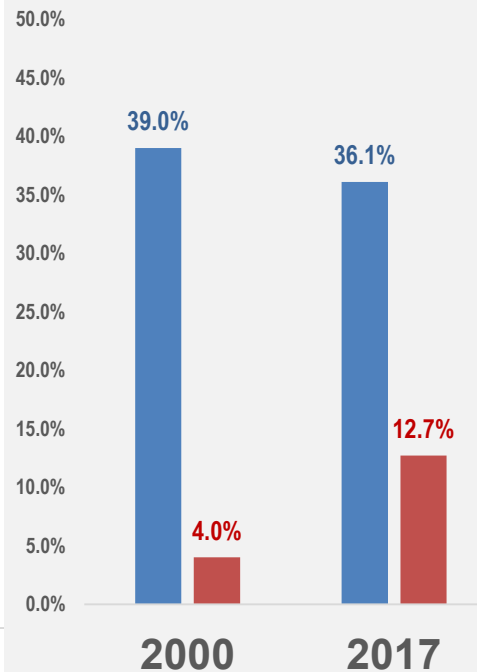
Internet Users



Top Supercomputers



Defense Spend



THE MOMENT

***New Leaders Emerging to Challenge
Washington / Fill the Vacuum***

NEW LEADERS ARE SEIZING THE INITIATIVE

Challenging Washington / Filling the Vacuum



FOREIGN GOVERNMENTS OUT IN FRONT

REGULATING THE INTERNET



FINANCING EMERGING MARKETS



EXERTING GLOBAL INFLUENCE



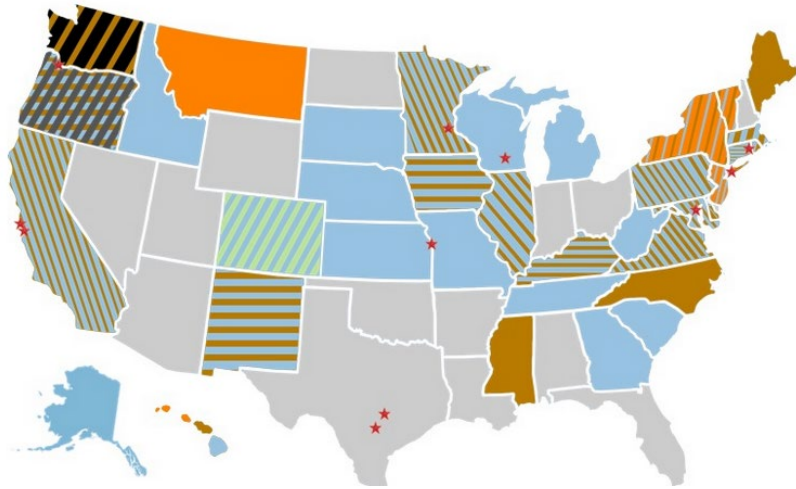
EXPANDING GLOBAL TRADE



STATE LEADERS FIGHTING WASHINGTON

NET NEUTRALITY

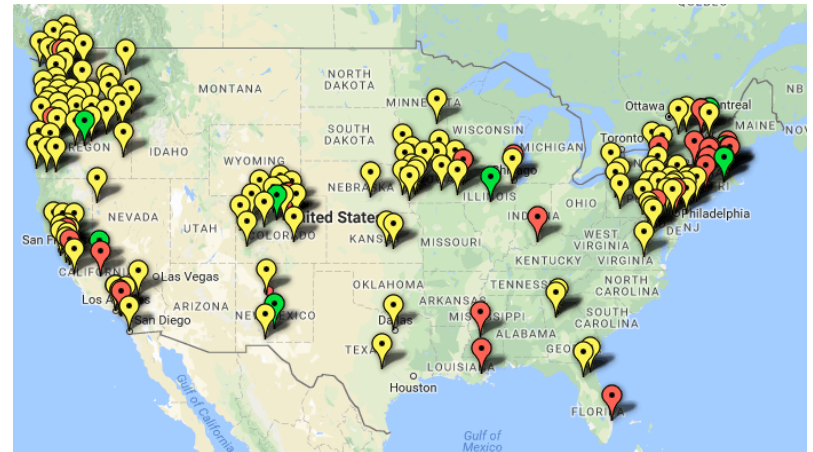
(36 states attempting to thwart FCC action via state laws, executive orders or lawsuits)



Source (& color key): <https://www.digitalmusicnews.com/2018/03/19/us-states-net-neutrality-resistance/>

SANCTUARY CITIES

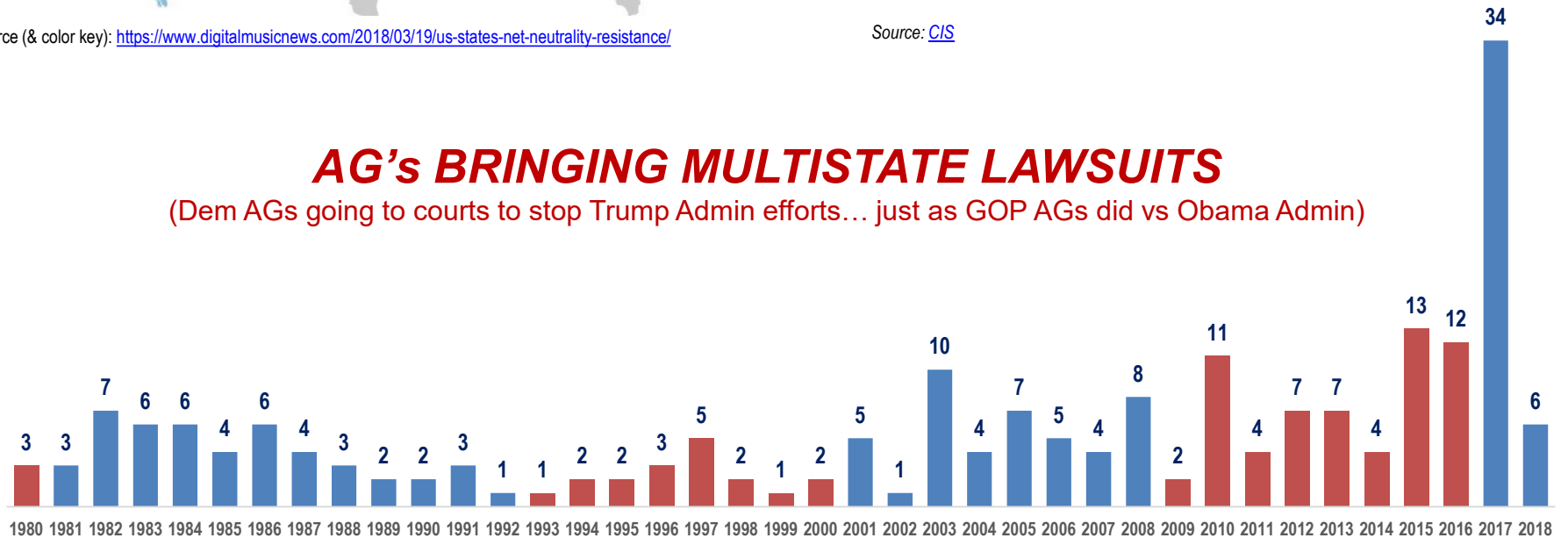
(~500 jurisdictions decline to help Feds ascertain residents' immigration status)



Source: [CIS](#)

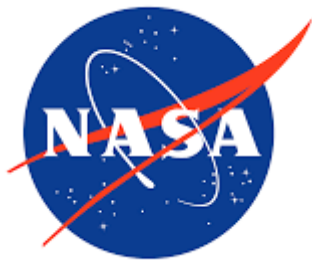
AG's BRINGING MULTISTATE LAWSUITS

(Dem AGs going to courts to stop Trump Admin efforts... just as GOP AGs did vs Obama Admin)



INNOVATORS OFFERING ALTERNATIVE SOLUTIONS

Innovators Now Leading in Historically-Government Roles



NGOs ON THE MARCH

“Philanthropy... is set to surpass government in its ability to shape society’s agenda.” – David Callahan, *The Givers*

SAVE THE WORLD

BILL &
MELINDA
GATES
foundation

SOROS
FOUNDATION

IMPROVE OUR NATION



**Bloomberg
Philanthropies**

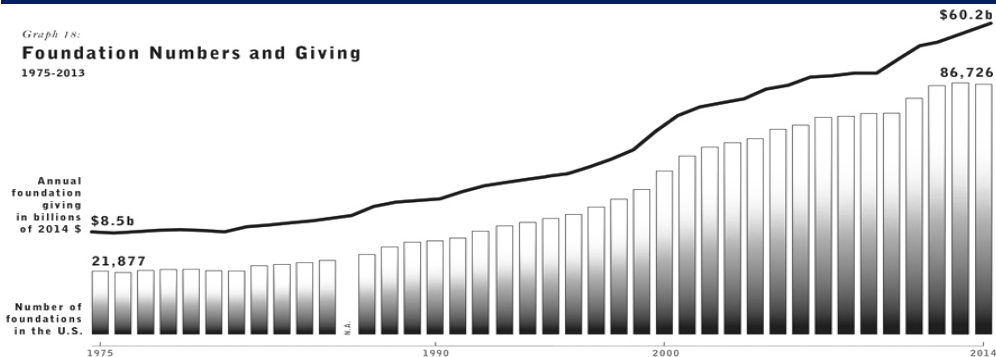
REMAKE OUR POLITICS



**nextgen
america** 

There are more than 90,000 private foundations in the US with assets over \$700B.

30,000 new Foundations established in past 15 years

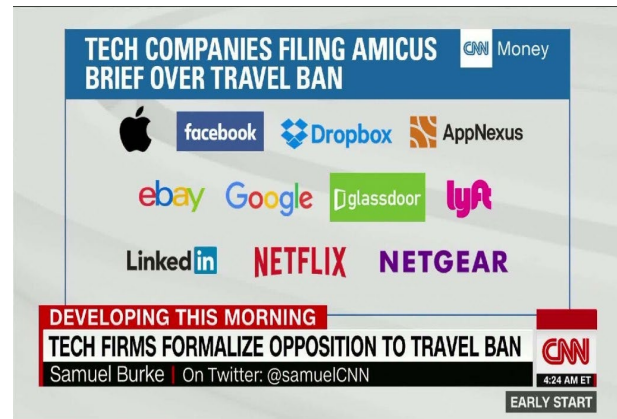


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CEOs INCREASINGLY ENGAGING ON SOCIAL ISSUES

“Society is demanding that companies, both public & private, serve a social purpose.” – Larry Fink, Blackrock, \$6T under management

LITIGATE



ADVOCATE



76%

of Americans say that CEOs have a responsibility to bring about social change on issues facing society.

MARKET POWER



PERSONAL ENGAGEMENT



NEW C-SUITE IMPERATIVE: WHEN TO ENGAGE?

SUCCESSFUL



RELEVANCE:
Is the **issue central** to our business, customers or employees?

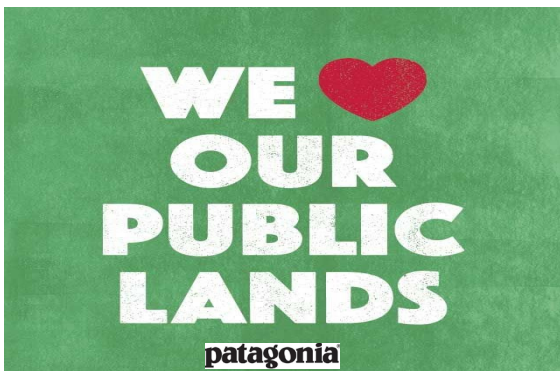
NOT SUCCESSFUL



COST / BENEFIT:
Will we **boost our brand** or **generate backlash** among stake holders & policy makers we most care about?



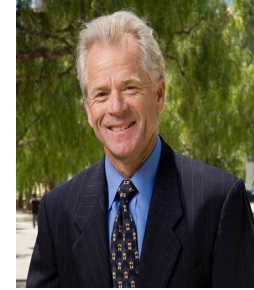
NONPARTISAN:
Can we **stick to policy** and **avoid partisan** politics?
Does our engagement clearly reinforce our values?



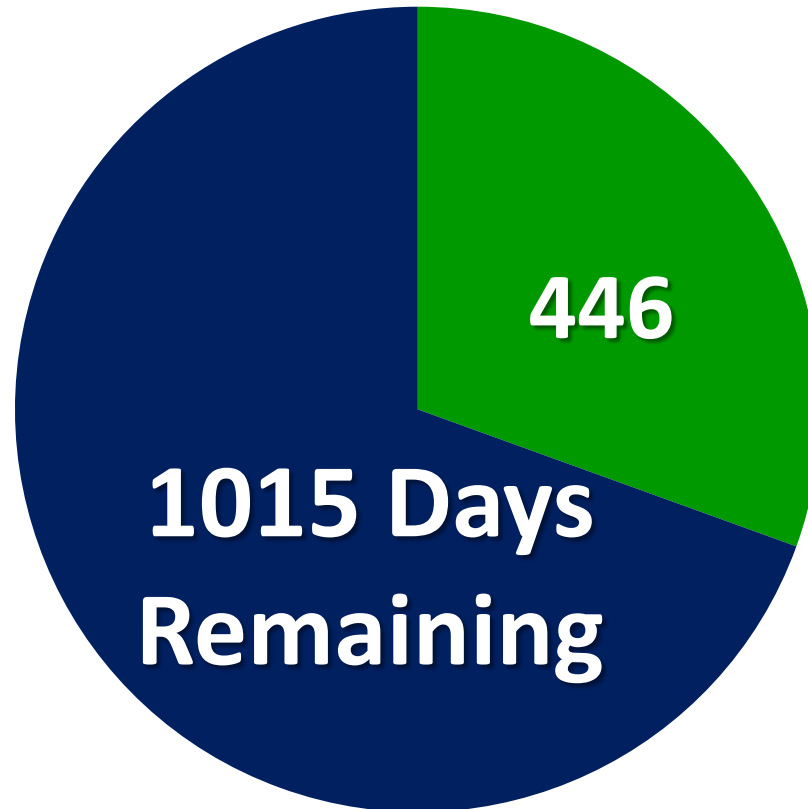
WHAT'S NEXT?

Where We Go From Here

DISRUPTORS ARE FIRMLY IN CHARGE



We're Only 30% Through Trump's First Term



TRUMP TEAM REMAINS FLUID

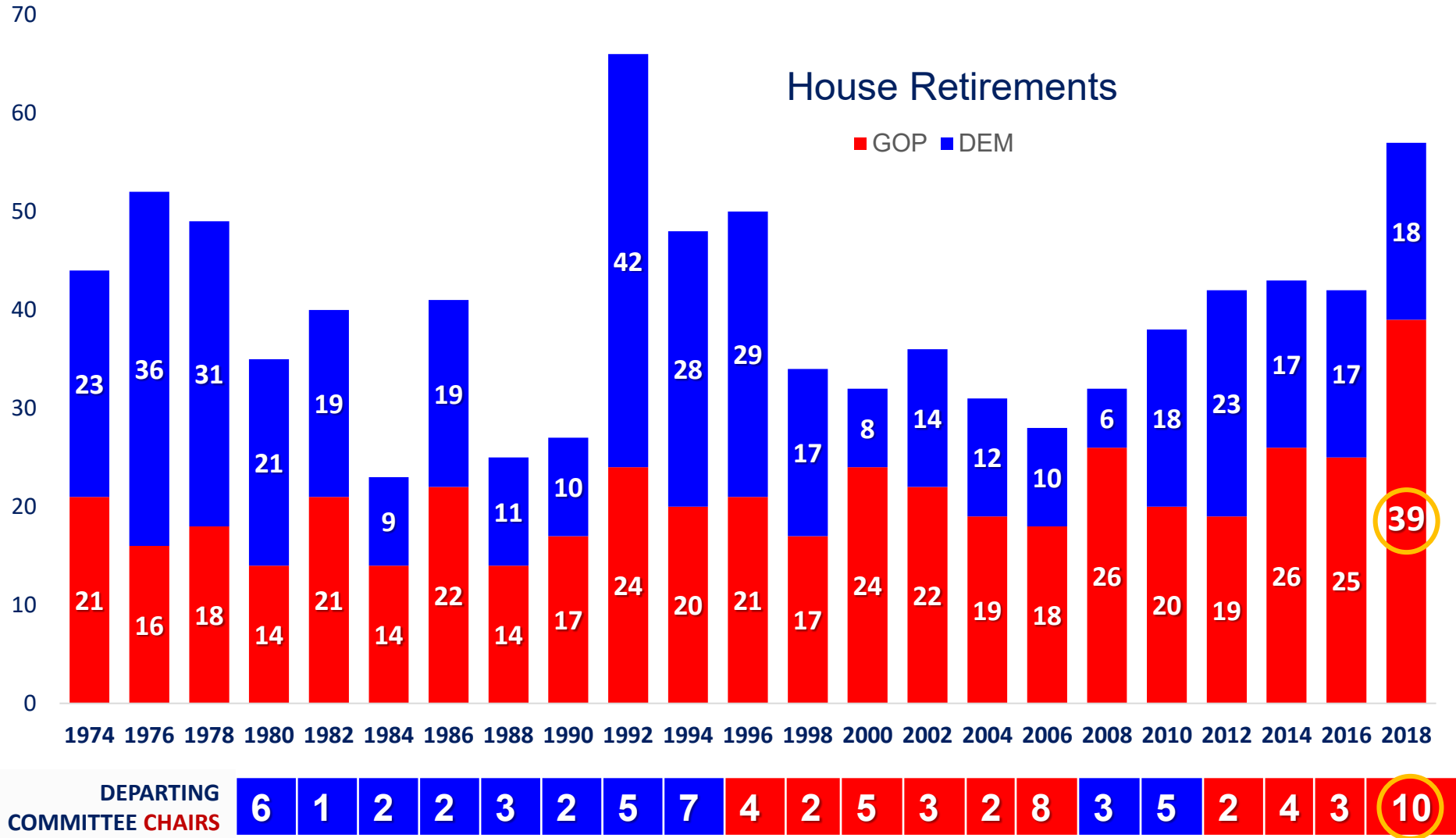
Staffing the Disruptor-in-Chief

SLOWER-ARRIVING ***Confirmations***		PRESIDENT	FASTER-DEPARTING ***Turnover (change jobs or leave)***		
# Confirmed (15 mo)	Avg. Days		Cabinet (15 mo)	WH Sr. Staff (Yr 1)	WH Sr. Staff (Yr 2)
387	84	TRUMP	6	34%	15%*
548	65	OBAMA	0	9%	15%
615	43	GW BUSH	0	6%	27%
619	50	CLINTON	1	11%	27%
520	53	GHW BUSH	0	7%	18%
<i>Data unavailable</i>		REAGAN	1	17%	40%

* Thru 4/12 of 2nd year vs. full-year for others.

CHANGE IS COMING TO CONGRESS

Record # of House Chairmen Leaving, 2nd Most Overall Retirements



WAVE ELECTION INCREASINGLY POSSIBLE

Senate GOP



Dems Defending
26 States
(10 Trump states)

GOP Defending
9 States
(1 Clinton state)

DEM WAVE

Generic Ballot (D+7.5)

Trump Net Approval (-13)

Enthusiasm Gap (D+18)

Recruiting (52% more candidates)

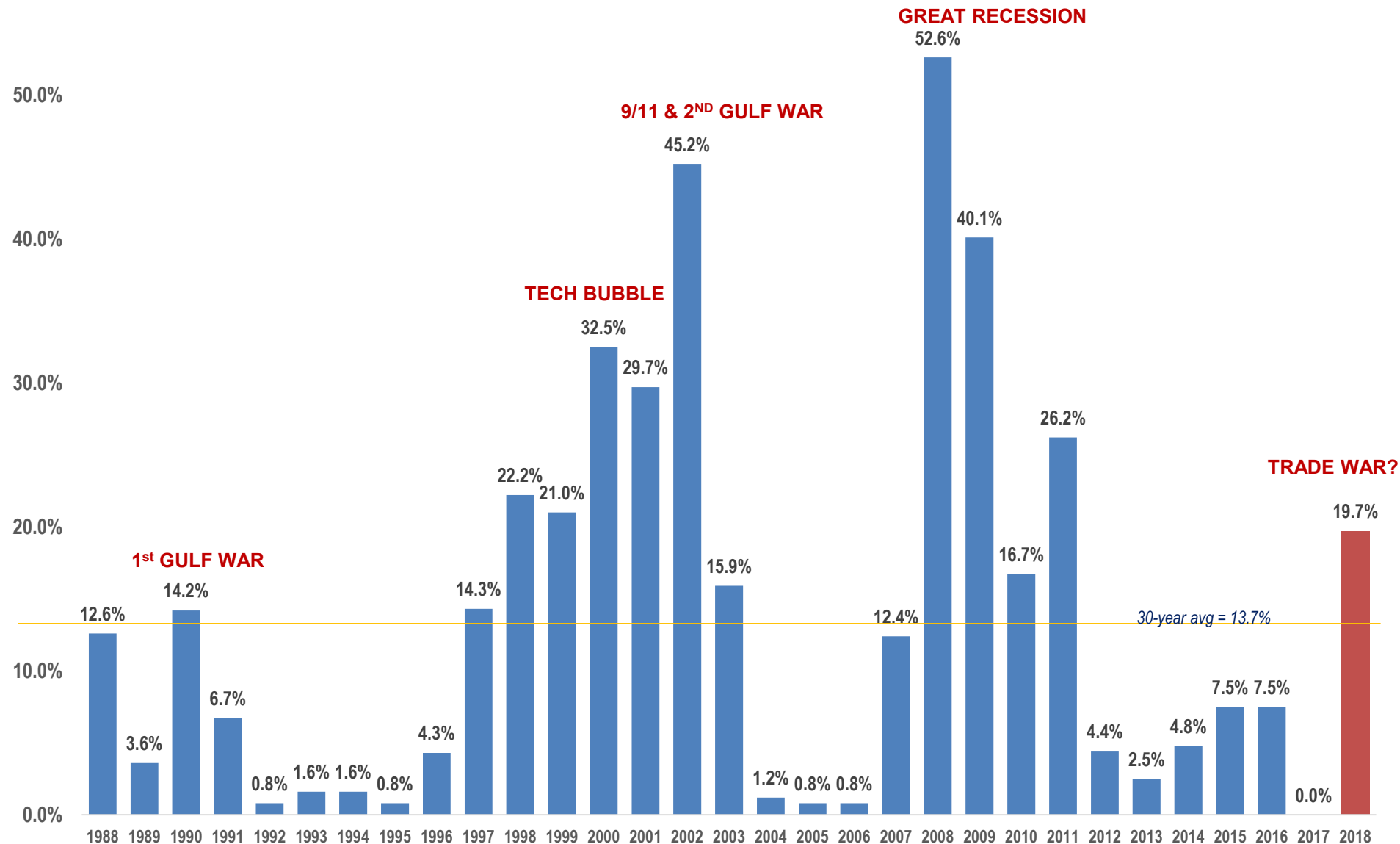


House GOP

(Competitive Seats Defended: 51 GOP, 5 DEM)

TRADE WAR TALK RATTLING INVESTORS

% Days With Intraday Trading Swings of at Least 2% in the S&P 500



IN THE MONTHS AHEAD...

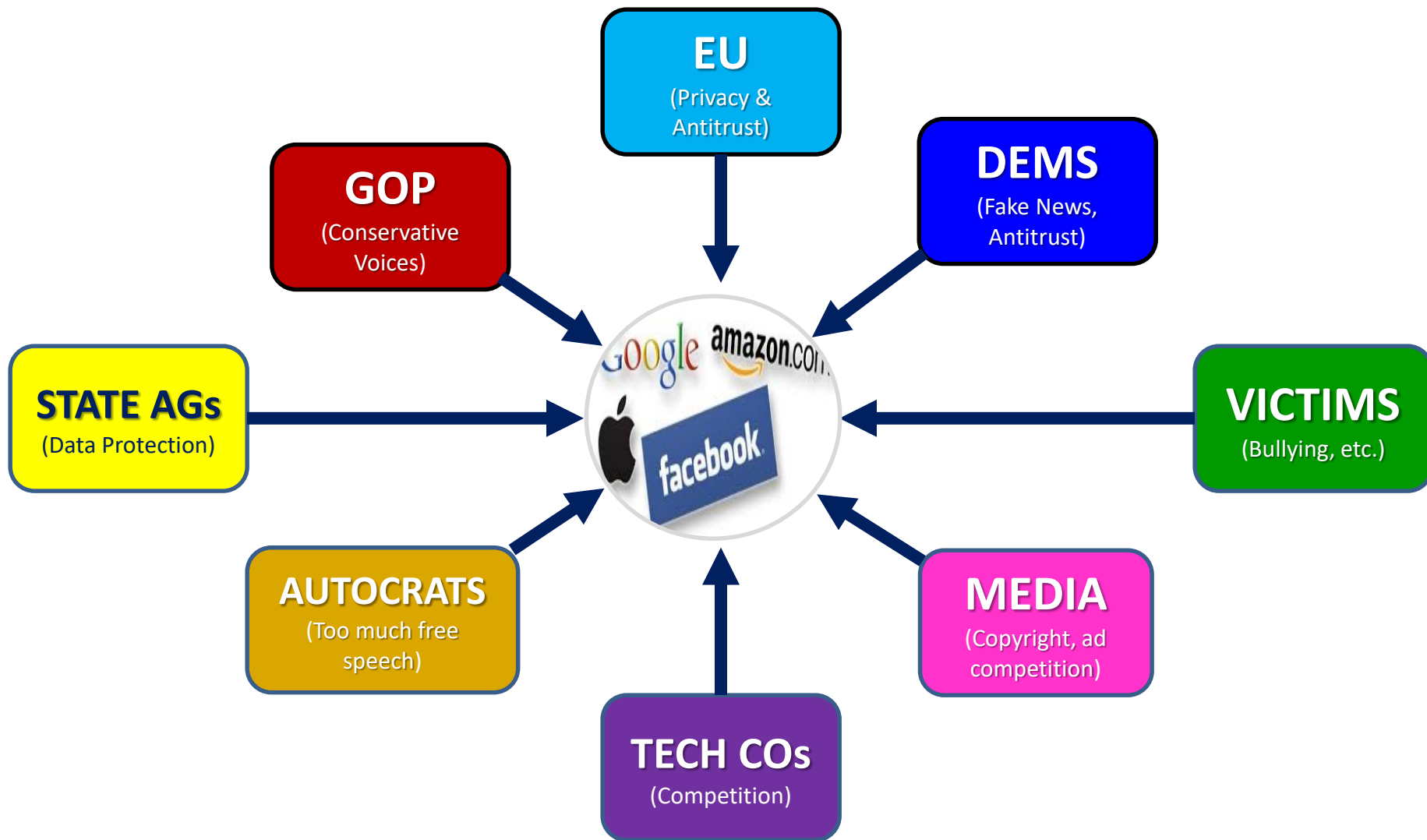
Congress Will Do What It Must in 2018

MUST ADDRESS	VERY LIKELY	POSSIBLE	LONGER-TERM
FAA <i>(9/30 deadline)</i>	Intelligence Reauthorization	Opioid Bill	Infrastructure
Farm Bill <i>(9/30 deadline)</i>	Judges & Nominations <i>(watch State Dept., CIA, VA)</i>	VA Choice	Data Privacy / Online Bill of Rights
FY19 Spending <i>(9/30 deadline)</i>	Dodd-Frank Reform	Tax Extenders / Technical Bill Corrections	Welfare Reform
National Defense Authorization <i>(12/31 deadline)</i>	Balanced Budget Amdmt / Appropriations Recission <i>(both unlikely to pass)</i>	Honest Ads / Autonomous Vehicles Bills	Comprehensive Immigration Reform
Flood Insurance <i>(7/31 deadline)</i>	Oversight <i>(Trade, Facebook, Cyber, election security, Mueller report, China, Iran deal, Russia, Tax implementation)</i>	Water Resources Development Act (WRDA)	Ethics Reform <i>(Post-Manafort foreign lobbying, sexual harassment in Congress, zombie campaign accounts)</i>
Animal Drug User Fees <i>(9/30 deadline)</i>	CFIUS Reform	Data Breach Notification	ACA Stabilization
	DACA - Border Security Showdown / Deal	Cosmetics Modernization	Drug Pricing & 340B



IN THE YEAR(S) AHEAD...

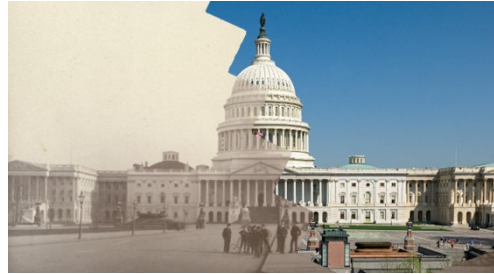
Will the Tools Suffer When Disruptors Are Disrupted?



IN THE DECADE(S) AHEAD...



1ST GILDED AGE



MODERN REFORM ERA



POLITICAL REFORMS

Banned corporate political \$\$	Clean up \$\$\$ in Politics	Limit outside group \$\$\$?
Enfranchised Women	Expand the Franchise	Redistricting reform?
Direct election of Senators / Weakened power of Speaker	More Direct Democracy	Filibuster reform?

ECONOMIC REFORMS

Trust Busting; RR regulation	More Competitive Markets	21 st Century Antitrust?
Food safety laws	Consumer Protection	Online rights & responsibilities?
Rights to Unionize & Worker safety / Child labor laws	Worker Empowerment	Health / pensions for gig workers? Affordable child care?

SOCIAL REFORMS

High school for all	More Universal Education	Lifelong Learning?
Prohibition; National Parks	Healthier Communities	Opioid limits? Gun controls?
Media (Muckrakers) Government (professionalized)	More Trusted Institutions	Better news accreditation? Institutional reforms?

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— ROSEN & THOMAS —

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More Recent Analyses:

After COVID (Q2 2020): <https://bit.ly/After-COVID-Mehlman2020>

Hunting Black Swans (Q1 2020): <http://bit.ly/HuntingBlackSwans2020>

Deglobal (Q4 2019): <http://bit.ly/Deglobal-Mehlman2019>