EMPOWERED AMERICA

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

THE MOTIVATION ...................................................... Slides 7-13
Why Citizens Increasingly Demand Change

THE MOMENT ............................................................. Slides 14-21
New Leaders Emerging to Challenge Washington / Fill the Vacuum

WHAT’S NEXT ............................................................ Slides 22-30
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
Everyone’s a Witness...
Everyone’s a Publisher…

(Total Global Users, Millions)

Source: Statista, 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”

Source: Pew (2017)
OUR INSTITUTIONS LET US DOWN

MEDICAL ESTABLISHMENT

THE CHURCH

WALL STREET

HOLLYWOOD

POLICE

CONGRESS

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Medical System</th>
<th>Mass Media</th>
<th>Church</th>
<th>Banks</th>
<th>Public Schools</th>
<th>Congress</th>
</tr>
</thead>
<tbody>
<tr>
<td>1977</td>
<td>80%</td>
<td>72%</td>
<td>64%</td>
<td>60%</td>
<td>53%</td>
<td>40%</td>
</tr>
<tr>
<td>2017</td>
<td>37%</td>
<td>41%</td>
<td>41%</td>
<td>32%</td>
<td>36%</td>
<td>12%</td>
</tr>
</tbody>
</table>

Source: Gallup; Media (1976)
WE BELIEVE WE’RE ON THE WRONG TRACK

…And Keep Voting for Change (5 of the last 6 elections)
Motivation:

CHANGES COMING TOO QUICKLY FOR SOME

AVs

Blockchain

PREVIOUS ECONOMIC DISRUPTIONS
How long for wages to return?...
19th Century: 6 decades ... 20th C: 4 decades

Gene Editing

3D Printing

VR

Robots

AI

Source: Economic disruption, time for wages to return (Axios Future of Work)
**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
- Microsoft
- Exxon Mobil
- 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)

Motivation:

Sources: GDP, Internet, Internet, Defense, Supercomputers (2017), Supercomputers (2000)
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

Sources: Wikimedia Commons (Vestager, Putin)
**NET NEUTRALITY**
(36 states attempting to thwart FCC action via state laws, executive orders or lawsuits)

**SANCTUARY CITIES**
(~500 jurisdictions decline to help Feds ascertain residents’ immigration status)

**AG’s BRINGING MULTISTATE LAWSUITS**
(Dem AGs going to courts to stop Trump Admin efforts… just as GOP AGs did vs Obama Admin)


Source: CIS

Source: Prof. Paul Nolette, Marquette University
Innovators Now Leading in Historically-Government Roles

INNOVATORS OFFERING ALTERNATIVE SOLUTIONS
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

IMPROVE OUR NATION

REMAKE OUR POLITICS

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

CEOs INCREASINGLY ENGAGING ON SOCIAL ISSUES

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

76% of Americans say that CEOs have a responsibility to bring about social change on issues facing society.

Source: Global Strategy Group, Mar. 2018
### NEW C-SUITE IMPERATIVE: WHEN TO ENGAGE?

<table>
<thead>
<tr>
<th>SUCCESSFUL</th>
<th>NOT SUCCESSFUL</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image" alt="Walmart" /></td>
<td><img src="image" alt="Delta Airlines" /></td>
</tr>
<tr>
<td><img src="image" alt="Dick's Sporting Goods" /></td>
<td><img src="image" alt="Boycott NFL" /></td>
</tr>
<tr>
<td><img src="image" alt="Patagonia" /></td>
<td><img src="image" alt="Boycott" /></td>
</tr>
<tr>
<td><img src="image" alt="Wells Fargo" /></td>
<td><img src="image" alt="Trump" /></td>
</tr>
<tr>
<td><strong>SUCCESSFUL</strong></td>
<td><strong>NOT SUCCESSFUL</strong></td>
</tr>
<tr>
<td><strong>RELEVANCE:</strong> Is the <em>issue central</em> to our business, customers or employees?</td>
<td><strong>COST / BENEFIT:</strong> Will we <em>boost our brand</em> or <em>generate backlash</em> among stakeholders &amp; policy makers we most care about?</td>
</tr>
<tr>
<td><strong>NONPARTISAN:</strong> Can we <em>stick to policy</em> and <em>avoid partisan politics</em>? Does our engagement clearly reinforce our values?</td>
<td><strong>NONPARTISAN</strong></td>
</tr>
</tbody>
</table>
WHAT’S NEXT?
Where We Go From Here
DISRUPTORS ARE FIRMLY IN CHARGE

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

1015 Days Remaining

Sources: Wikimedia Commons (Mactough-Trump; Gage Skidmore-Bolton & Kudlow; UC-Irvine)
## Staffing the Disruptor-in-Chief

### SLOWER-ARRIVING

<table>
<thead>
<tr>
<th># Confirmed (15 mo)</th>
<th>Avg. Days</th>
<th>President</th>
<th>Cabinet (15 mo)</th>
<th>WH Sr. Staff (Yr 1)</th>
<th>WH Sr. Staff (Yr 2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>387</td>
<td>84</td>
<td>TRUMP</td>
<td>6</td>
<td>34%</td>
<td>15%</td>
</tr>
<tr>
<td>548</td>
<td>65</td>
<td>OBAMA</td>
<td>0</td>
<td>9%</td>
<td>15%</td>
</tr>
<tr>
<td>615</td>
<td>43</td>
<td>GW BUSH</td>
<td>0</td>
<td>6%</td>
<td>27%</td>
</tr>
<tr>
<td>619</td>
<td>50</td>
<td>CLINTON</td>
<td>1</td>
<td>11%</td>
<td>27%</td>
</tr>
<tr>
<td>520</td>
<td>53</td>
<td>GHW BUSH</td>
<td>0</td>
<td>7%</td>
<td>18%</td>
</tr>
</tbody>
</table>

Data unavailable

### FASTER-DEPARTING

<table>
<thead>
<tr>
<th>Cabinet (15 mo)</th>
<th>WH Sr. Staff (Yr 1)</th>
<th>WH Sr. Staff (Yr 2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>34%</td>
<td>15%</td>
</tr>
<tr>
<td>0</td>
<td>9%</td>
<td>15%</td>
</tr>
<tr>
<td>0</td>
<td>6%</td>
<td>27%</td>
</tr>
<tr>
<td>1</td>
<td>11%</td>
<td>27%</td>
</tr>
<tr>
<td>0</td>
<td>7%</td>
<td>18%</td>
</tr>
<tr>
<td>1</td>
<td>17%</td>
<td>40%</td>
</tr>
</tbody>
</table>

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

Sources: Partnership for Public Service (confirmations thru 4/5); K.D. Tenpas, Brookings (WH turnover)
CHANGE IS COMING TO CONGRESS

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

House Retirements

<table>
<thead>
<tr>
<th>Year</th>
<th>GOP</th>
<th>DEM</th>
</tr>
</thead>
<tbody>
<tr>
<td>1974</td>
<td>23</td>
<td>21</td>
</tr>
<tr>
<td>1976</td>
<td>36</td>
<td>16</td>
</tr>
<tr>
<td>1978</td>
<td>31</td>
<td>14</td>
</tr>
<tr>
<td>1980</td>
<td>21</td>
<td>18</td>
</tr>
<tr>
<td>1982</td>
<td>19</td>
<td>14</td>
</tr>
<tr>
<td>1984</td>
<td>19</td>
<td>14</td>
</tr>
<tr>
<td>1986</td>
<td>14</td>
<td>22</td>
</tr>
<tr>
<td>1988</td>
<td>11</td>
<td>17</td>
</tr>
<tr>
<td>1990</td>
<td>10</td>
<td>24</td>
</tr>
<tr>
<td>1992</td>
<td>42</td>
<td>17</td>
</tr>
<tr>
<td>1994</td>
<td>28</td>
<td>21</td>
</tr>
<tr>
<td>1996</td>
<td>29</td>
<td>17</td>
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<td>1998</td>
<td>8</td>
<td>22</td>
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<td>2000</td>
<td>14</td>
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<td>2002</td>
<td>12</td>
<td>17</td>
</tr>
<tr>
<td>2004</td>
<td>10</td>
<td>18</td>
</tr>
<tr>
<td>2006</td>
<td>6</td>
<td>26</td>
</tr>
<tr>
<td>2008</td>
<td>18</td>
<td>20</td>
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<td>2010</td>
<td>23</td>
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<td>2012</td>
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<td>26</td>
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<td>2014</td>
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<td>25</td>
</tr>
<tr>
<td>2016</td>
<td>18</td>
<td>39</td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

DEPARTING COMMITTEE CHAIRS

<table>
<thead>
<tr>
<th>Year</th>
<th>GOP</th>
<th>DEM</th>
</tr>
</thead>
<tbody>
<tr>
<td>1974</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>1976</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>1978</td>
<td>2</td>
<td>2</td>
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<tr>
<td>1980</td>
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<td>2</td>
</tr>
<tr>
<td>1982</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>1984</td>
<td>4</td>
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<tr>
<td>1986</td>
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<td>3</td>
</tr>
<tr>
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<tr>
<td>1990</td>
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<td>3</td>
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<tr>
<td>1992</td>
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<td>5</td>
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<td>1994</td>
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<td>3</td>
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<tr>
<td>1996</td>
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</tr>
<tr>
<td>1998</td>
<td>2</td>
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</tr>
<tr>
<td>2000</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>2002</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>2004</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>2006</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>2008</td>
<td>10</td>
<td></td>
</tr>
</tbody>
</table>

Sources: Geoff Skelley, UVA Center for Politics (retirements); Brookings (chairmen); Updated 4/12
WAVE ELECTION INCREASINGLY POSSIBLE

Senate GOP

Dems Defending
26 States
(10 Trump states)

GOP Defending
9 States
(1 Clinton state)

House GOP
(Competitive Seats Defended: 51 GOP, 5 DEM)

DEM WAVE

Generic Ballot (D+7.5)

Trump Net Approval (-13)

Enthusiasm Gap (D+18)

Recruiting (52% more candidates)

Sources: Cook Report (House); RCP (generic & Trump); Fox News (Enthusiasm); NYT (candidates)
% Days With Intraday Trading Swings of at Least 2% in the S&P 500

Source: S&P 500, calculations by Annaliese Yukawa, MCR&T, thru 4/9/18
## IN THE MONTHS AHEAD...

**Congress Will Do What It Must in 2018**

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

Will the Tools Suffer When Disruptors Are Disrupted?

- **EU** (Privacy & Antitrust)
- **GOP** (Conservative Voices)
- **STATE AGs** (Data Protection)
- **AUTOCRATS** (Too much free speech)
- **TECH COs** (Competition)
- **DEMS** (Fake News, Antitrust)
- **MEDIA** (Copyright, ad competition)
- **VICTIMS** (Bullying, etc.)
### IN THE DECADE(S) AHEAD…

#### 1ST GILDED AGE

- **Political Reforms**
  - Banned corporate political $$
  - Enfranchised Women
  - Direct election of Senators / Weakened power of Speaker

- **Economic Reforms**
  - Trust Busting; RR regulation
  - Food safety laws
  - Rights to Unionize & Worker safety / Child labor laws

- **Social Reforms**
  - High school for all
  - Prohibition; National Parks
  - Media (Muckrakers) Government (professionalized)

#### MODERN REFORM ERA

- **Political Reforms**
  - Clean up $$$ in Politics
  - Expand the Franchise
  - More Direct Democracy
  - Limit outside group $$$?
  - Redistricting reform?
  - Filibuster reform?

- **Economic Reforms**
  - More Competitive Markets
  - Consumer Protection
  - Worker Empowerment
  - 21st Century Antitrust?
  - Online rights & responsibilities?
  - Health / pensions for gig workers? Affordable child care?

- **Social Reforms**
  - More Universal Education
  - Healthier Communities
  - More Trusted Institutions
  - Lifelong Learning?
  - Opioid limits? Gun controls?
  - Better news accreditation? Institutional reforms?
Mehlman Castagnetti
Rosen & Thomas

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