

Informed Citizens

Background Detail

America's Challenges

The middle class being left behind and a declining trust in government are resulting in social unrest and political divisiveness that is threatening our democracy, free market economy, and society.

The Middle Class is being Left Behind

Over the past forty years the percent of US income received by 90% of taxpayers has declined from 68% to 53% (see Attachment 1). That 15% shift represents approximately \$1.8 trillion per year. If that hadn't happened, 90% of taxpayers in the US would have 30% higher incomes today (see Attachment 2).

Because 90% of the people drive consumer demand and consumer demand drives economic activity, this shift in income has limited consumer demand and therefore the economic growth and prosperity of the country. Excess income to the top 10% has resulted in significant, not economically supported, high end asset price inflation including increases in stock market PE ratios (see Attachment 3).

The International Monetary Fund uses the GINI Index to measure the level of income sharing between the upper class and middle class of countries around the world. A GINI Index level of 35 results in maximum economic growth and prosperity by achieving a sharing of income to the wealthy that maximizes supply of capital and income to consumers that maximizes demand. The US GINI Index has been steadily increasing over the past forty years from 35 to 42, reflecting a steadily increasing imbalance of income between the wealthy and all others (see Attachment 4).

During those forty years the purpose of a corporation had been defined as being to maximize shareholder value. Shareholders are primarily in the top 10% of the people in our country. The theory was that if the shareholders did well, the benefits would "trickle down" to the remaining 90% of the population, but that did not happen in the same proportion. The 90% haven't done as well as the top 10% resulting in them rightfully believing they aren't being treated fairly.

The Business Roundtable (which is comprised of the CEOs of America's leading corporations) has superficially redefined the purpose of a corporation to be for the benefit of all stakeholders (employees, customers, communities, vendors, and shareholders). Those same corporations continue to compensate those CEOs and their other executives primarily with equity, which retains the incentive to maximize shareholder value over that of all other stakeholders.

A Declining Trust in Government

Over the past forty years the percent of people who trust the Federal government has declined significantly (see Attachment 5). Political leaders have promised to fix the increasing income inequity and many other things but have not.

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During that period political leaders have modified election and legislative process rules and procedures to advance their own self-interests, primarily getting re-elected, rather than balancing their self-interests with the public interest. The number of meaningful laws enacted by Congress has declined significantly (see Attachment 6). The laws that are passed are becoming more and more partisan.

Most voters evaluate candidates for elected office based on the issues and their beliefs on those issues. The result is elected leaders who must stand up for those issues and not solutions that balance the beliefs of others on those issues. Since each major issue is represented by a spectrum of beliefs the only possible outcome is gridlock and lack of leadership.

Increasing Social Unrest and Political Divisiveness

The middle class being left behind and a declining trust in government is resulting in social unrest and political divisiveness that is threatening our democracy, free market economy, and society. A frustrated middle class is turning to far right, authoritarian leaders to overcome what has become a futile and worsening situation for them.

The increasing social unrest and political divisiveness is made worse by our politicians. The politicians use and misuse the increasing unrest and divisiveness to get elected. Those political leaders are funded and influenced by the wealthy, upper class shareholders and are therefore unable to fix the increasing income inequity.

The increasing unrest and divisiveness is made worse by the mainstream and social media corporations. Those corporations have the same goal of maximizing shareholder value and management incentives tied to maximizing shareholder value as all other corporations. The mainstream and social media corporations use and misuse the unrest and divisiveness to generate users and therefore revenue and profits for their shareholders.

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America's Opportunity

Advances in technology and communications, increases in education, and greater access to information, along with the fundamentals of who we are as a collective people, provide us with the opportunity to realize America's potential. It is up to us to take advantage of that opportunity.

America's economic, political and population foundations provide a strong platform upon which to realize its potential. A fair and honest free market economy is a great economic system with which to provide for America's prosperity. A fair and honest democracy is a great political system with which to fulfil America's potential. America's diversity of race, nationality, culture, and religion provides an excellent opportunity to be a shining example for the world.

Shared Values

Following are shared values and principles which are fundamental to our society:

- Faith
 - Faith in the goodness of a higher power
 - Faith in the collective goodness of people
- Human Rights
 - Life, liberty, and the pursuit of happiness for all
 - Equal social, civil, and legal justice for all
- Democracy
 - Governance of the people, by the people and for the people
 - Separation of church and state, but retain a faith in a higher power
 - Separation of powers within the federal government
 - Separation of powers between the federal and state governments
 - Security and wellbeing (physical, digital, health, etc.)
 - Sufficient transparency of information to maximize effective elections
- Free Market Economy
 - Efficient and effective economic activity for meeting the needs of society
 - Sufficient income for the upper class to fund business investment
 - Sufficient income for the middle class to fund economic activity
 - Sufficient income for social issues (healthcare, retirement, etc.)
 - Sufficient transparency of information to maximize efficient free markets

Common social values can only come to the surface if people believe their political and business leaders are treating them fairly.

Trust in leaders is fundamental to a successfully functioning society. Trust can only be achieved with honesty and fairness. Marketing has become important to political and business leaders. Marketing can be informative or misleading. Knowingly using selective truths to mislead is dishonest.

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Beliefs and Balance

Beliefs are necessary to process and respond to complex aspects of life. They are a product of our personalities and experiences and fundamental to who we are. They may be refined with additional information and perspectives, but we each have fundamental personal preferences on issues. Beliefs should be accepted as “working theories” that will evolve as we learn more information and consider the perspectives of others. We should not concede our beliefs without appropriate support for alternative perspectives.

Proper balance of all individual beliefs is the only way to function successfully as a society. Balance, not compromise or moderation, is the complete and honest consideration of all aspects of issues prior to determining a solution that best meets the interests of all people.

The interests of the following require balance:

- Wealthy and non-wealthy
- Conservatives and liberals/right and left
- Old and young
- White and non-white
- Christians, Islam, Hinduism, Sikhism, Buddhism, Judaism, etc.
- Leaders and constituents

Short-term and long-term perspectives also require balance. Our self-interests are more important in the short-term (food, shelter, safety, family, etc.), but the common good is important in the long-term for our long-term self-interest. Today we need leaders who will honestly consider the perspectives on challenges and opportunities of those on both the left and the right and who are willing to work to find the appropriate balance and therefore achieve long-lasting solutions.

Shared beliefs:

- In treating others as we want others to treat us
- In honesty, integrity, and right over wrong
- In the collective goodness of people

Faith in a Higher Power

Most people believe in a higher power but have difficulty describing what that means to themselves and others. Being part of a greater good (i.e., a higher power) has always been important to most people. Religions describe what faith in a higher power is for us. However, although inspired and guided by a faith in a higher power, religions are led by humans and have the resulting imperfections that human leadership brings. Each religion has developed from different cultures seeking to understand the greater good through a higher power. The fact that they have developed with different approaches to that goal is understandable. One of the greatest challenges regarding religions is that they each claim exclusivity. A loving higher power would not exclude billions of people from heaven (i.e., sharing in the goodness of a higher power), either during our lives here on earth or after those physical lives end, just because of cultural differences.

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Fundamental to faith in a higher power is honestly treating others as you would have others treat you. Accomplishing that is done by seeking the common good through the pursuit of truth and balance in all things.

Informed Citizens for a Successful America

People can't individually, or even as a group or groups, solve the issues facing government, business, and society; however, collectively people can require that political and business leaders solve the issues in the best interest of all people. No one leader can be the focus of change; equally important are all other leaders and people supporting the leaders. We each need to do everything can for the development of our best government, economy, and society.

A Successful America has:

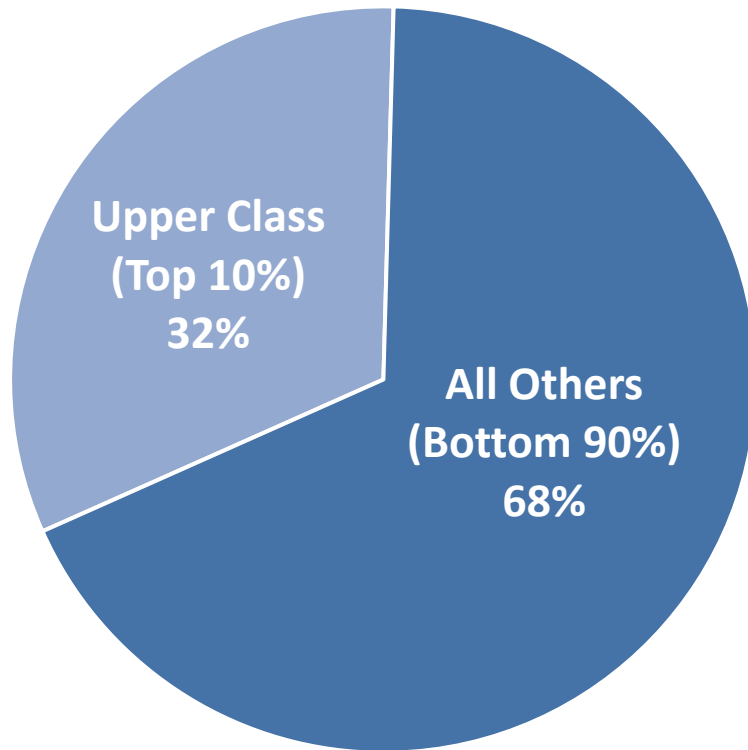
- A government that represents everyone
- An economy that benefits everyone
- A society that respects everyone

Informed citizens are fundamental to a successful democracy and prosperous free market economy. Informed voters elect leaders who will seek solutions to issues that balance the interests of all citizens. Informed employees make employment decisions that result in management balancing the interests of shareholders with those of the employees, resulting in a fair sharing of income. Informed elected representatives enact legislation that balances the interests of all citizens. Adequately and accurately informed citizens result in fair and efficient markets (see Attachment 7).

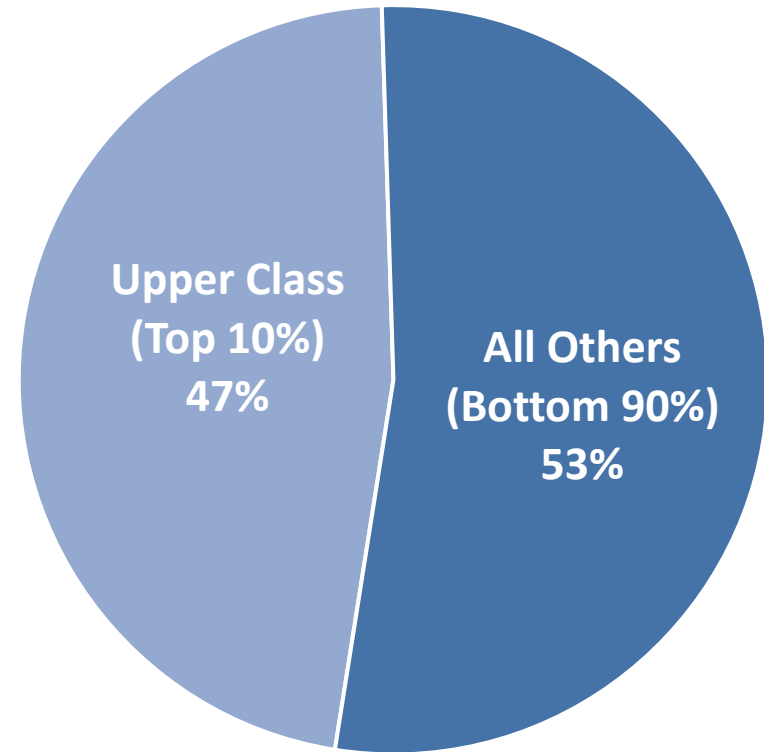
Only the government can ensure that corporations provide adequate and accurate information to employees and consumers, that candidates provide adequate and accurate information to voters, and that elected representatives are provided adequate and accurate information on issues.

See www.informedcitizens.com for more information on how citizens can become more informed and what actions they can take to require the government to ensure all employees, consumers, voters, and elected representatives receive adequate and accurate information.

Share of US Income



1980



2020

All Other taxpayers would have 30% higher incomes today if the Upper Class share of US Income hadn't increased

Analysis of IRS Income Tax Data Impact of Change in Share of Income

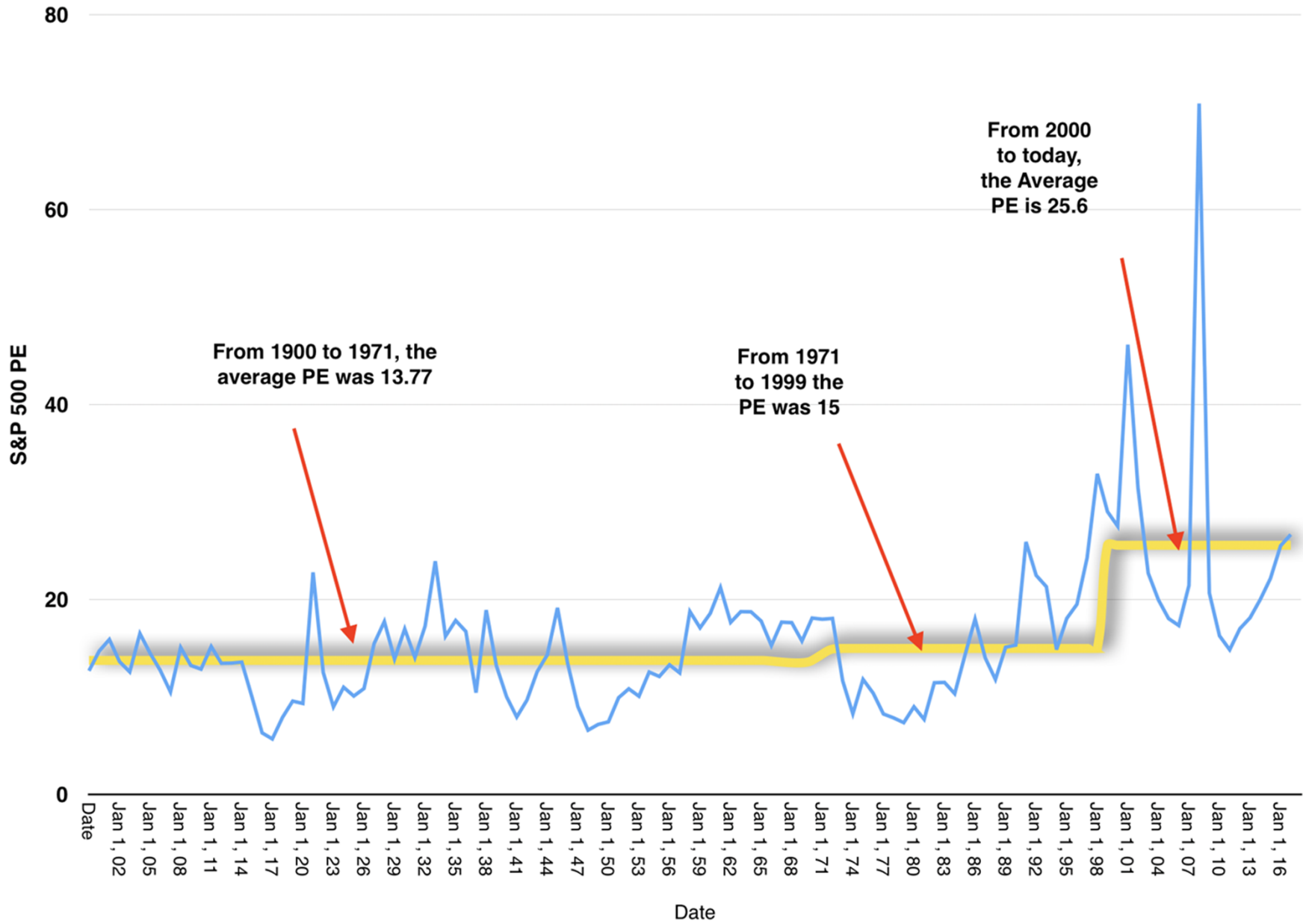
All Taxpayers (\$ in billions)			
	<u>Total</u>	<u>Top 10%</u>	<u>Bottom 90%</u>
Total 1980 Income (CPI adjusted)	\$5,039	\$1,620	\$3,422
Share %	100%	32%	68%
Total 2019 Income	\$11,883	\$5,621	\$6,262
Share %	100%	47%	53%
Total 2019 Income by 1980 Share %'s Impact	\$11,883	\$3,820 (\$1,801)	\$8,070 \$1,808

Per Taxpayer			
	<u>Total</u>	<u>Top 10%</u>	<u>Bottom 90%</u>
Number of taxpayers in 2019	148,245,929	14,824,593	133,421,336
Average Income per Taxpayer - 2019 Actuals	\$80,156	\$379,169	\$46,933
Average Income per Taxpayer - 1980 Share %	\$80,156	\$257,696	\$60,483
Change in Income per Taxpayer with 1980 Share %		(\$121,473)	\$13,550
Percentage Change in Income per Taxpayer		-32%	29%

Note 1: This information is from the IRS Statistics of Income and can be found the Tax Foundation website - www.taxfoundation.org/publications/latest-federal-income-tax-data/

Note 2: The 1980 adjustment for change in CPI was been calculated at the Bureau of Labor Statistics website: www.bls.gov/data/inflation_calculator.htm

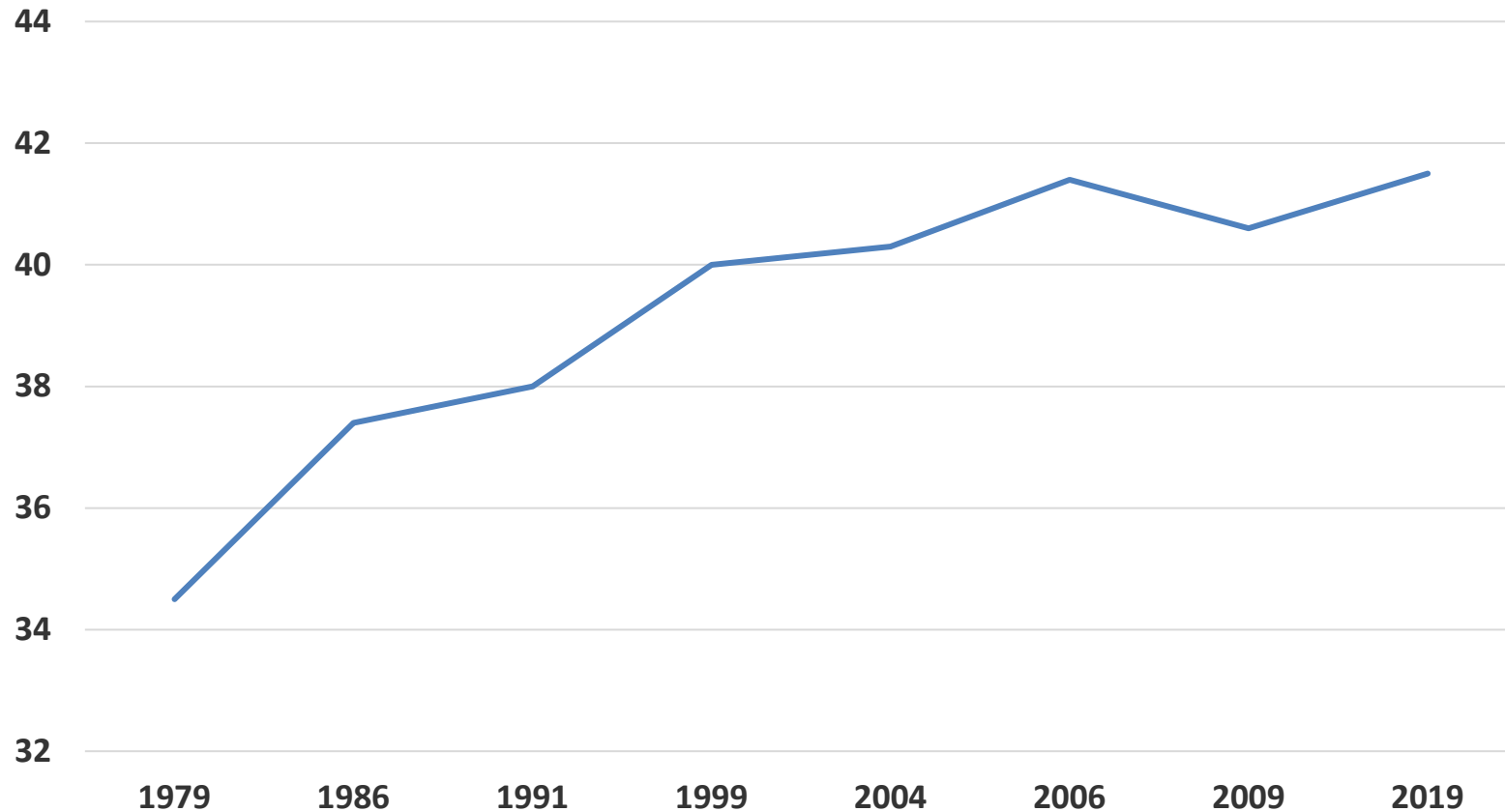
S&P 500 Historic P/E



US GINI Index

Attachment 4

Middle Class Increasingly being Left Behind

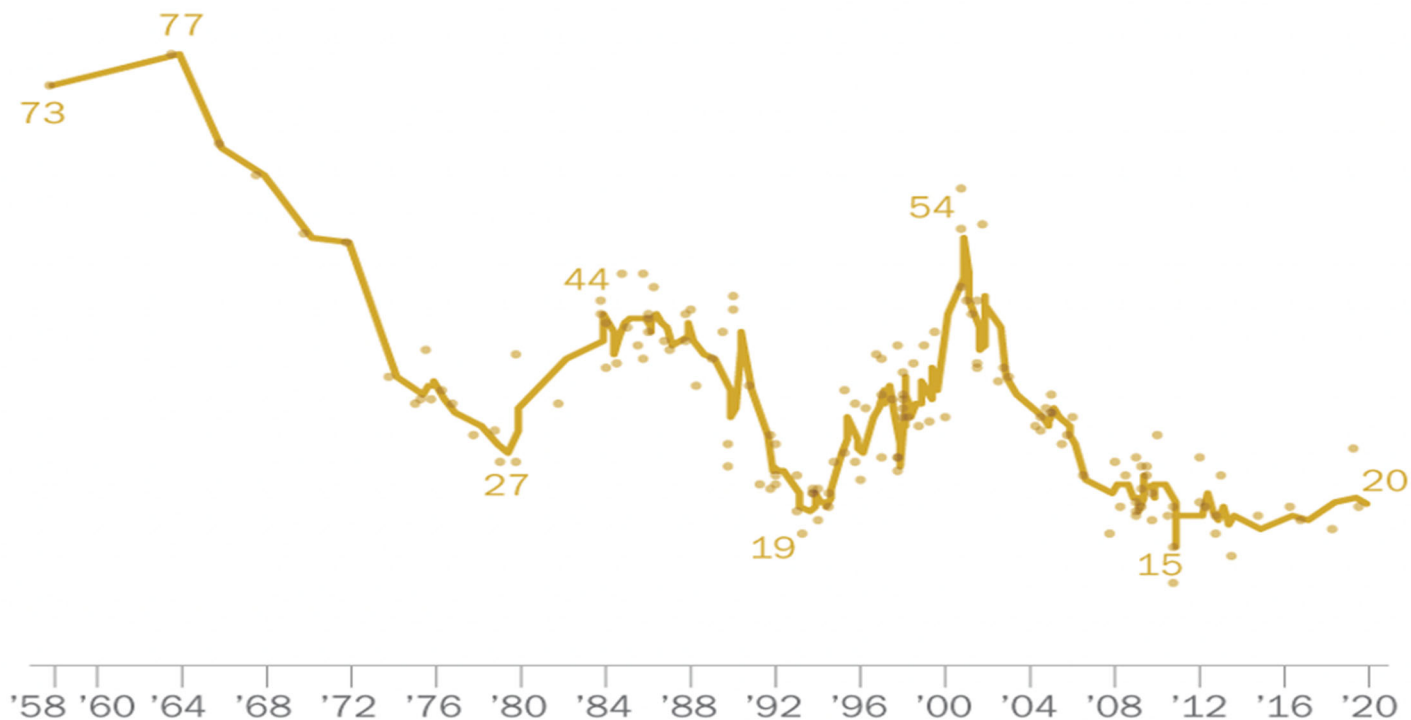


The current level of US Income Inequity is resulting in a middle class being left behind economically, low economic growth, and high political and social unrest.

Note: The GINI Index is a measure of income distribution levels created by the International Monetary Fund. An income distribution level of 35 provides maximum economic growth by achieving a balance of income to the wealthy for capital required economic growth and income to the consumers for economic demand.

Public trust in the federal government has been low for more than a decade

% who say they trust the federal government to do what is right just about always/most of the time



Note: From 1976-2020 the trend line represents a three-survey moving average.

Source: Survey of U.S. adults conducted July 27-Aug. 2, 2020.

Trend sources: Pew Research Center's American Trends Panel (2020), Pew Research Center phone surveys (2019 and earlier), National Election Studies, Gallup, ABC/Washington Post, CBS/New York Times, and CNN polls. See appendix for details.

PEW RESEARCH CENTER

APPENDIX D: HOW POLITICAL COMPETITION HAS BEEN DISTORTED

Many indicators of the nature of political competition illustrate the growing disconnect between political competition and the public interest.

The number of bills actually passed and signed into law has fallen dramatically, bumping up against an all-time low since consistent data have been available (see Figure 1).⁴

Highly salient policy matters, such as health care or immigration, remain stalled for years, bills become more complex, and one Congress punts the decision to the next (see Figure 2). Other research suggests that major legislation is also declining.

The laws actually passed are becoming more and more partisan (see Figure 3). Traditionally, conference committees brought together Republicans and Democrats from the House and Senate to reconcile differences in the bills passed by both houses. Today, voting is more partisan on bills, as shown by the rising proportion of “party unity votes,” the declining bipartisan

support for landmark legislation, and conference committees that are nearly extinct. Parties rarely invite each other to participate in reconciling differences.

The party in power increasingly pushes through important legislation, with little or no support from the minority party.

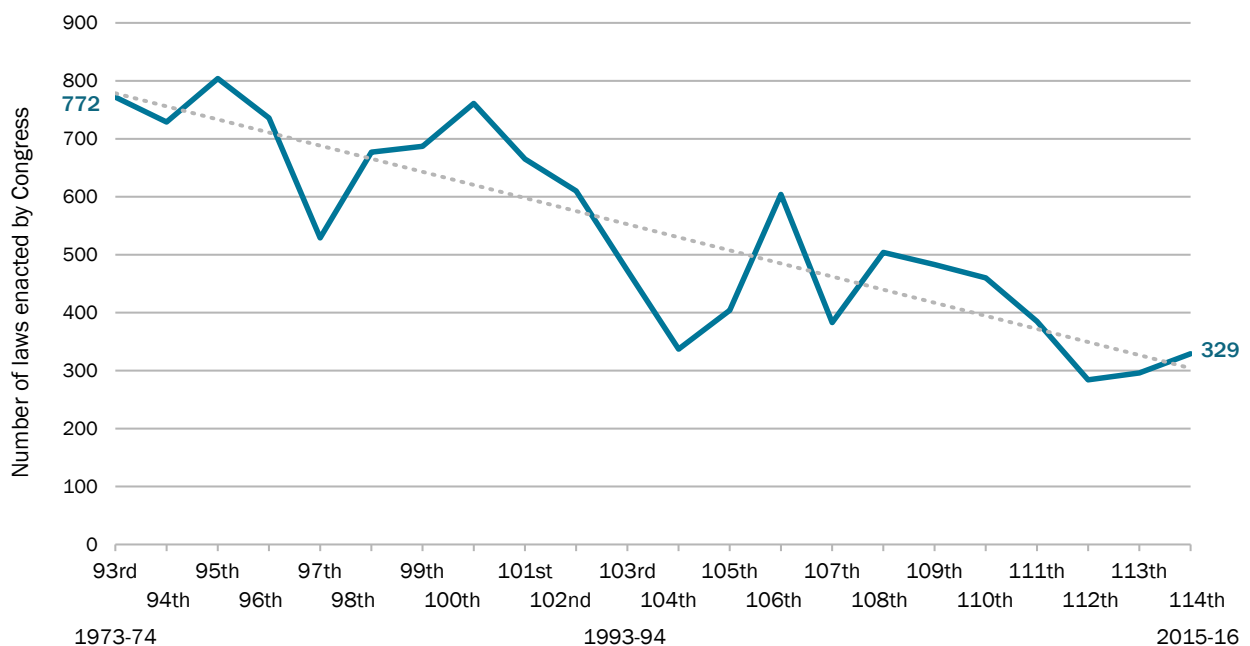
The share of bills introduced with bipartisan co-sponsorship from 2013–2015 was just 35% for the median Representative and 30% for the median Senator. Bills introduced by Representatives in safe seats (vulnerable only to a primary challenge) appear to be less bipartisan than those in competitive seats.⁵

Lastly, the number of moderates in Congress has declined dramatically over the last several decades. The basis for bipartisan compromise has eroded sharply.

*The numbers are worse than they look here, because many of the laws that do get passed are not substantive—for example, post offices or anniversary commemorations.

FIGURE 1: FEWER LAWS ENACTED BY CONGRESS

Number of laws enacted has trended downward from 772 during the 93rd Congress (1973-74) to 329 during the 114th Congress (2015-16).



Source: GovTrack.us, <https://www.govtrack.us/congress/bills/statistics>, accessed April 2017.

Equal Access to Information Equals Fair and Efficient Markets

