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PERMISSIONLESS



What It Means, How It Happened, Will It Last

MEHLMAN CASTAGNETTI
— ROSEN & THOMAS —

PERMISSIONLESS: What It Means, How It Happened, Will it Last

While the Internet revolution enabled “permissionless” business models in finance, entertainment & politics, such unregulated disruptors are under growing attack.

From the tech sector to the White House, many object to the divisions these new actors exacerbate or the externalities they often fail to address. Efforts to rein them in marked 2018 and may define 2019.

Permissionlessness may be the ultimate form of capitalism, the free-est of free markets. But as with capitalism itself, there are mounting calls for new guardrails, gatekeepers or even systemic reform.

We're Moving To A
Permissionless Planet

PERMISSIONLESS INNOVATION: Don't Need Prior Approval

Finding Markets Missed by Analog Competitors Regulators

NETFLIX

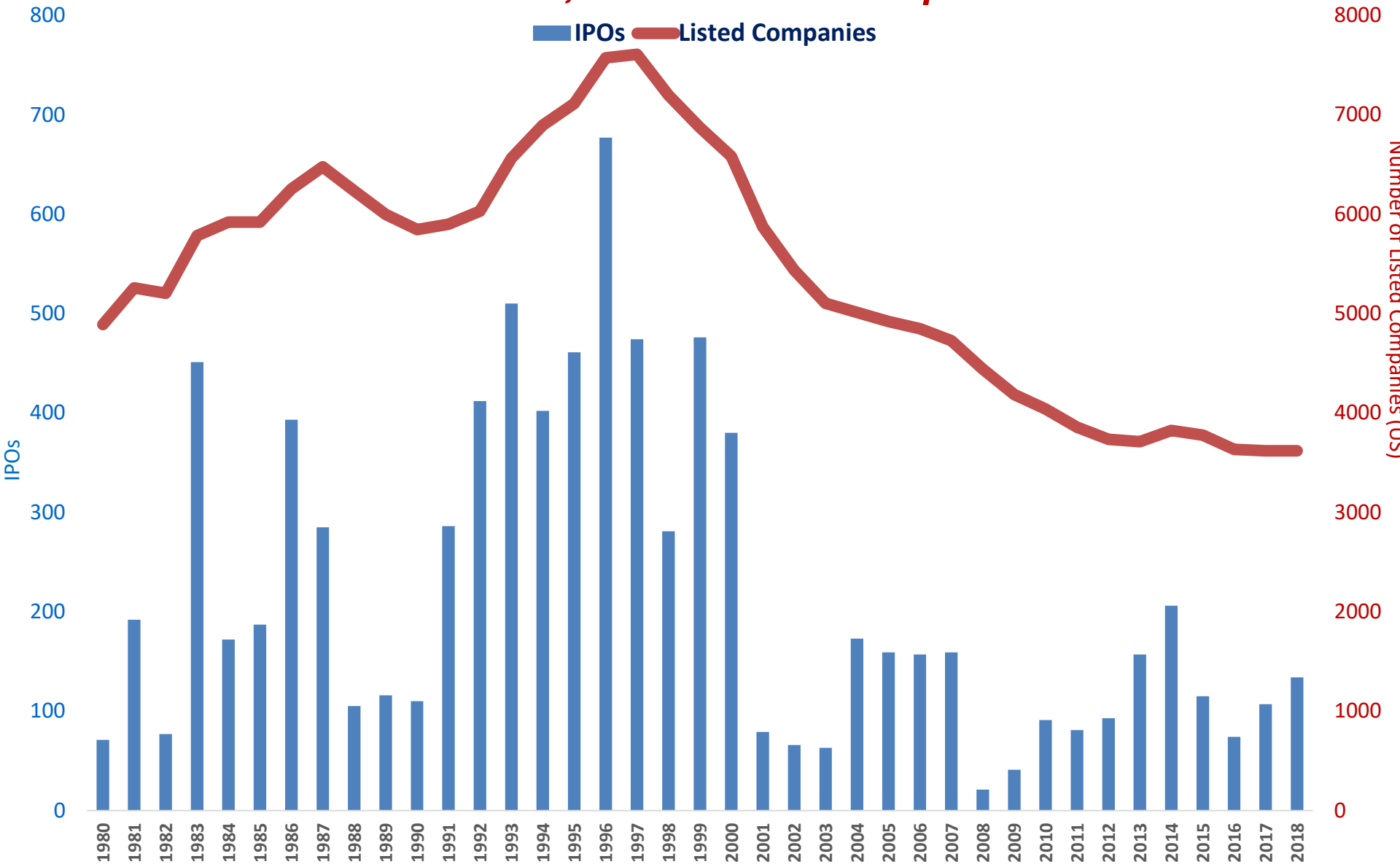


amazon



PERMISSIONLESS FINANCE: Don't Need Public Markets

Fewer IPOs, Fewer Public Companies

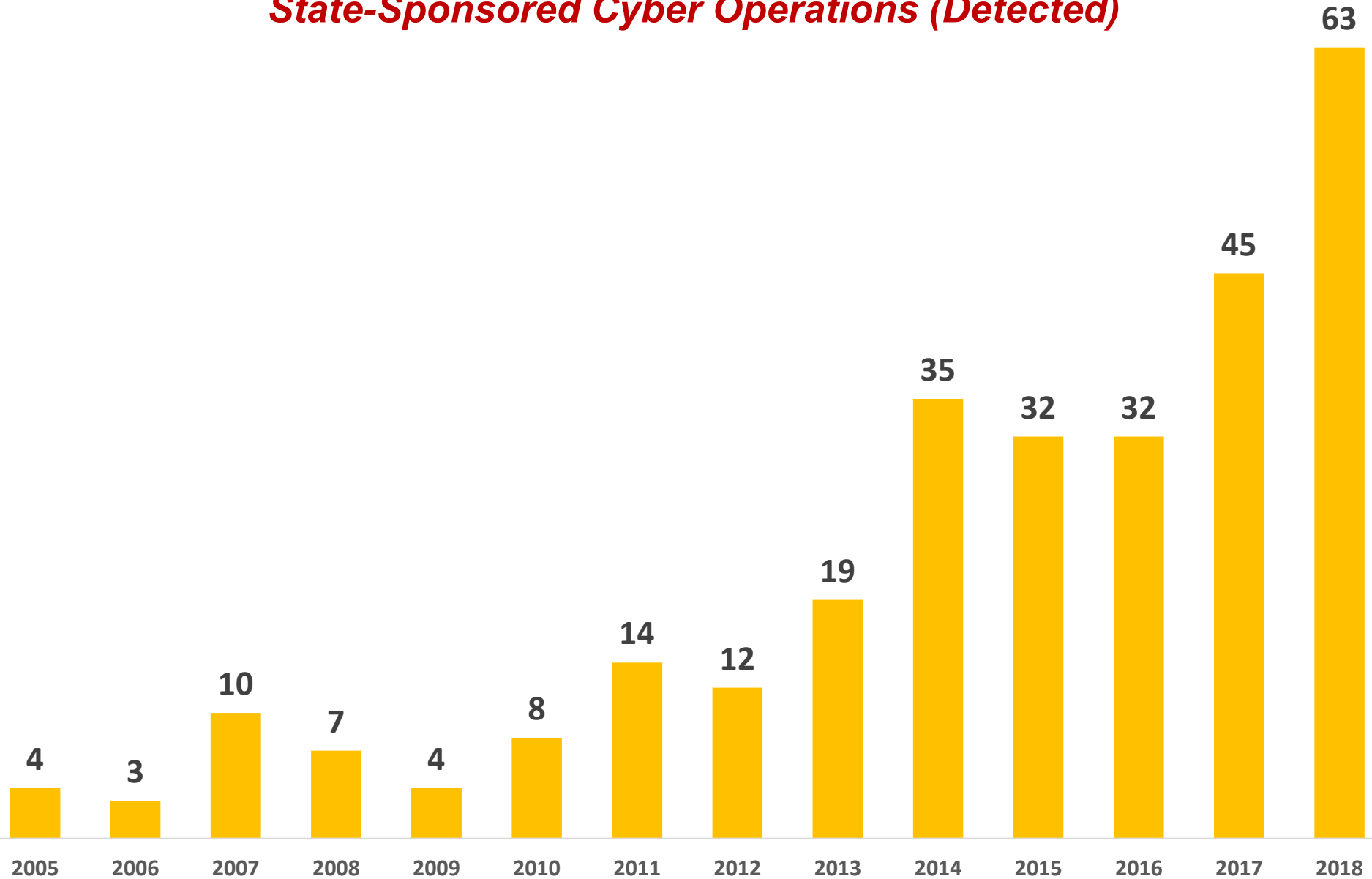


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Sources: IPOs (Jav Ritter, U. Fla); Listed Companies (Bloomberg)

PERMISSIONLESS WARFARE: Don't Need Armies

State-Sponsored Cyber Operations (Detected)



PERMISSIONLESS PUBLISHING: Don't Need Editors

Everyone Has a Voice But Fewer Shared Truths

1969



1994



**DRUDGE
REPORT**

c. 1995

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2019

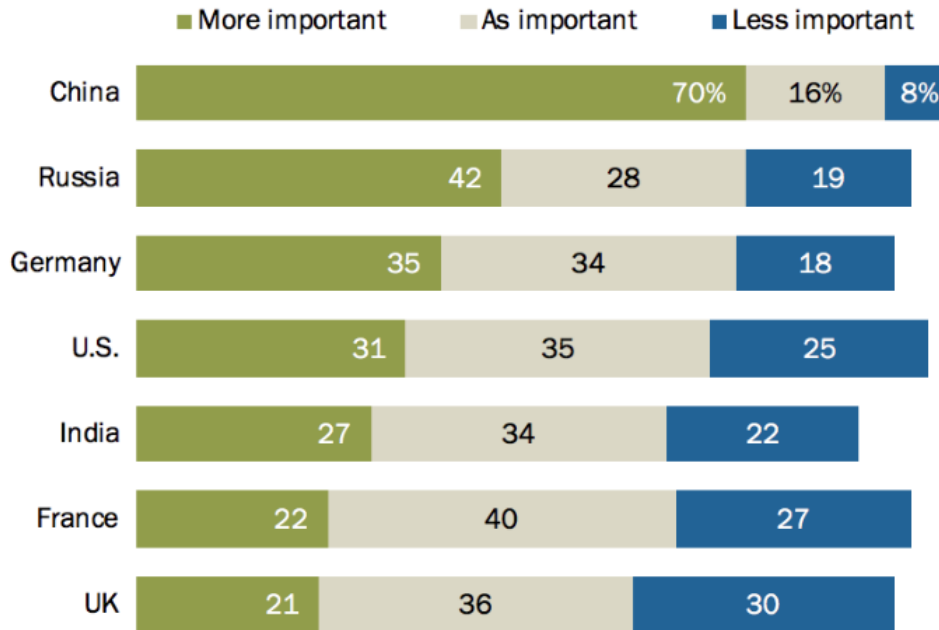


PERMISSIONLESS GEOPOLITICS: Don't Need America

When the World's Policeman Goes Off the Beat, Others Come On Duty

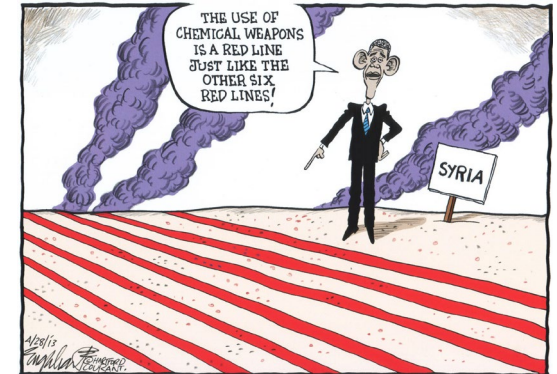
China seen as having more influence in the world over the past decade

___ plays a more important role, a less important role or about as important a role in the world as it did 10 years ago



Note: Percentages are medians based on 25 countries.
Source: Spring 2018 Global Attitudes Survey. Q31 & Q32a-f.

PEW RESEARCH CENTER



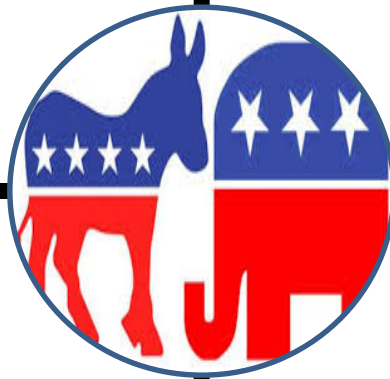
PERMISSIONLESS POLITICS: Don't Need Parties

The DIY Campaign Is Better, Smarter, Faster

ORGANIZING



GET-OUT-THE-
MESSAGE



GET-OUT-THE-VOTE



FUNDRAISING




ActBlue

\$3,147,870,413

RAISED ONLINE SINCE 2004

PERMISSIONLESS LEADERSHIP: Don't Need Seniority

New Currency, New Power

	Term	 twitter	 facebook	 Instagram
Alexandria Ocasio-Cortez	1	5,448,890	1,030,870	4,001,310
Speaker Nancy Pelosi	17	2,948,258	785,085	675,730
Leader Steny Hoyer	20	119,330	108,899	6,100
Whip Jim Clyburn	14	73,032	50,199	3,256
Nita Lowey (Appropriations Chair)	16	33,525	35,005	2,191
Frank Pallone (Energy & Commerce)	17	34,532	21,344	2,216
Richie Neal (Ways & Means Chair)	16	29,302	13,052	N/A



The
New York
Times

Ocasio-Cortez Pushes Democrats to the Left, Whether They Like It or Not

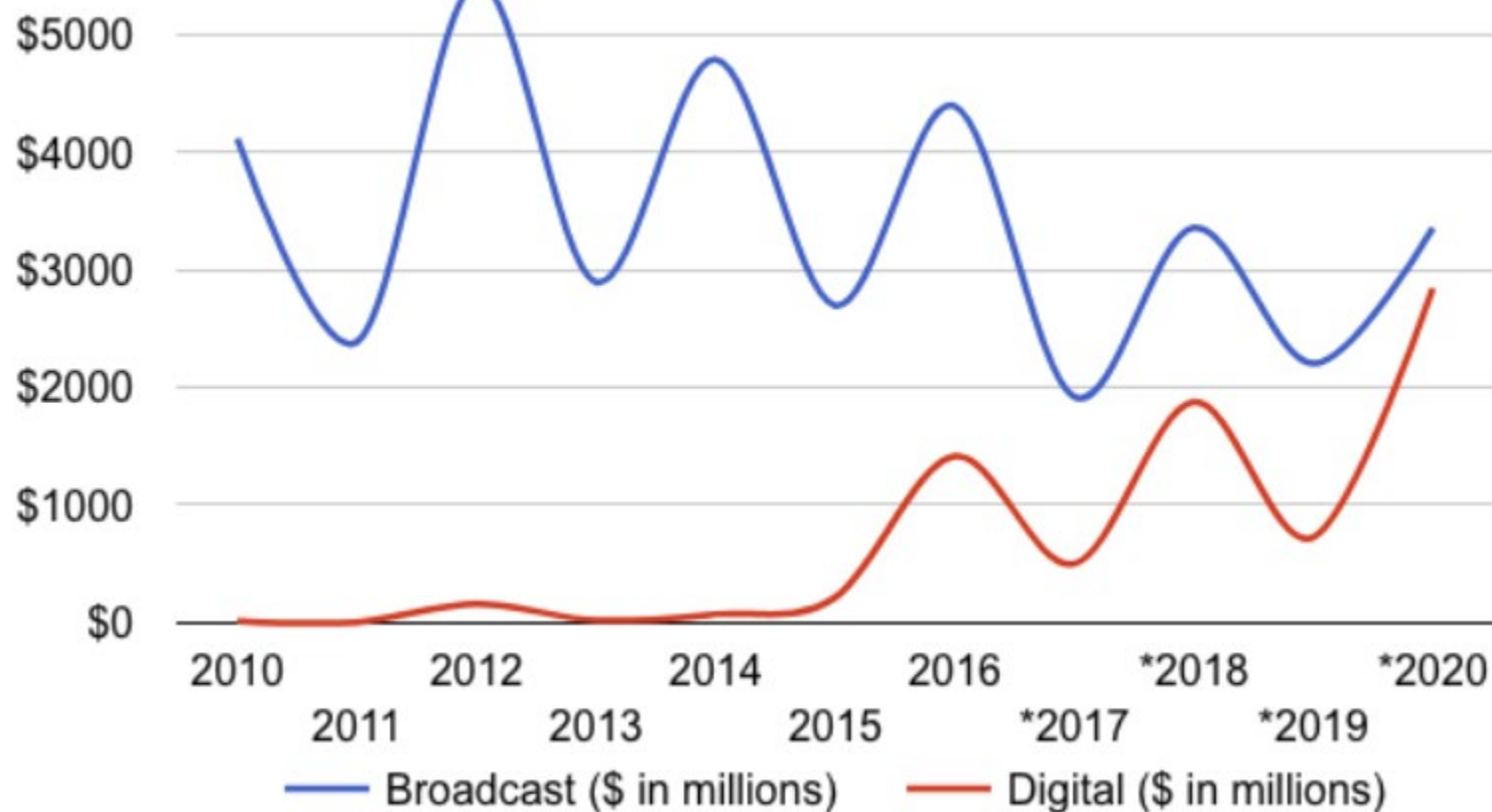


ALEXANDRIA OCASIO-CORTEZ: THE ROOKIE CONGRESSWOMAN CHALLENGING THE DEMOCRATIC ESTABLISHMENT

PERMISSIONLESS ADVOCACY: Don't Need TV

Digital Ads Self-Provisioned, Broadcast Ads Must Be Approved

Broadcast v. Digital Political Ad Spending (2010-2020)



Data from Borrell Associates 2018 Local Political Advertising Outlook report.

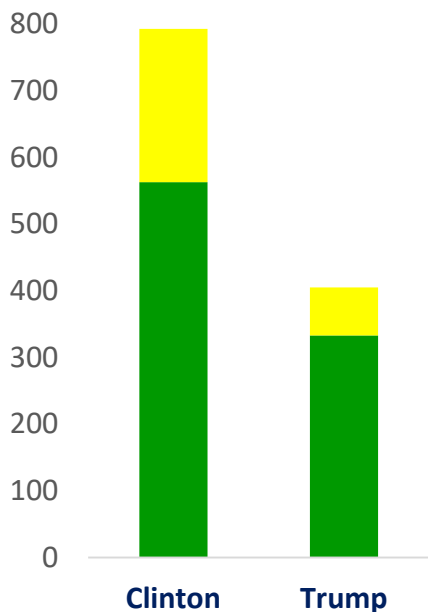
*2017, 2018, 2019 and 2020 data is based off of projections.

PERMISSIONLESS PRESIDENCY

The Old Rules No Longer Apply

DON'T NEED MORE MONEY

■ Campaign ■ Outside



DON'T NEED MORE ENDORSEMENTS

(Primary endorsements from sitting/former US Senators, Reps, Governors & Statewide officeholders)



87



23

DON'T NEED MORE ELITES

(Newspaper & Magazine endorsements)



500



28

DON'T NEED MORE VOTES

2000



Al Gore

48.38%



George W. Bush

47.87%

266
Electoral vote

271
Popular vote

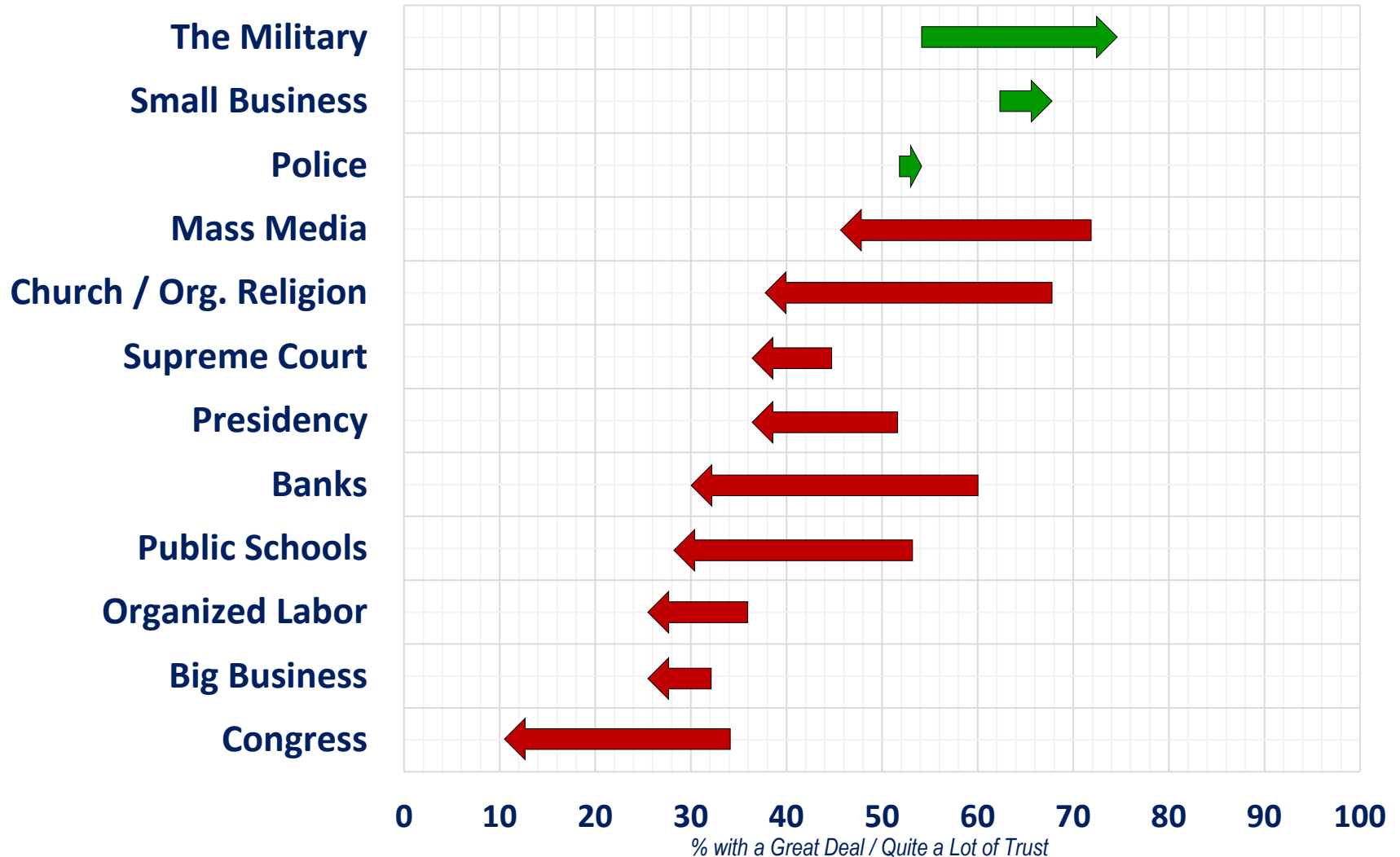


How We Got Here And Why
Permissionlessness
Is Under Attack

WE DON'T TRUST GATEKEEPERS

Institutional Failures + Radical Transparency = Eroded Public Trust

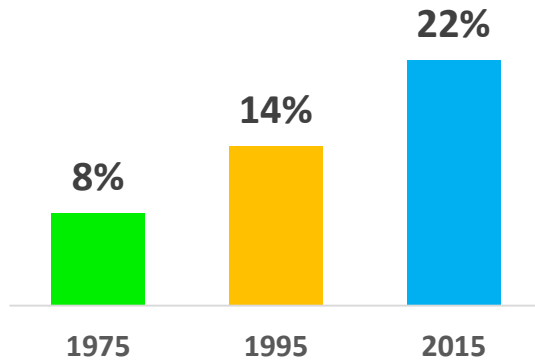
Great Deal / Quite a Lot of Trust (1979 → 2018)



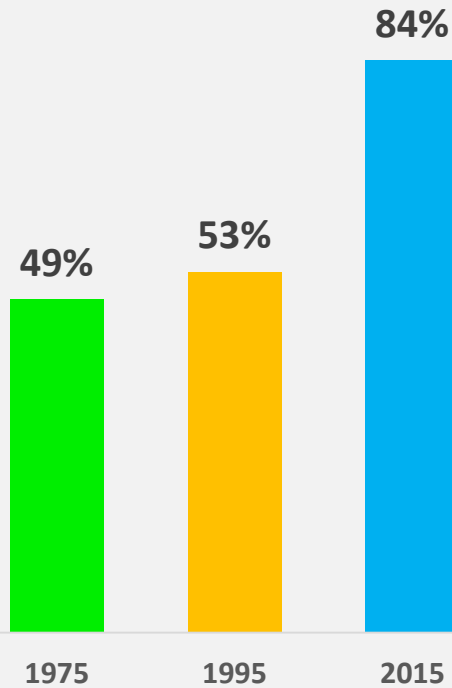
WE DON'T FEEL INCLUDED

Winners' Circles Getting Smaller

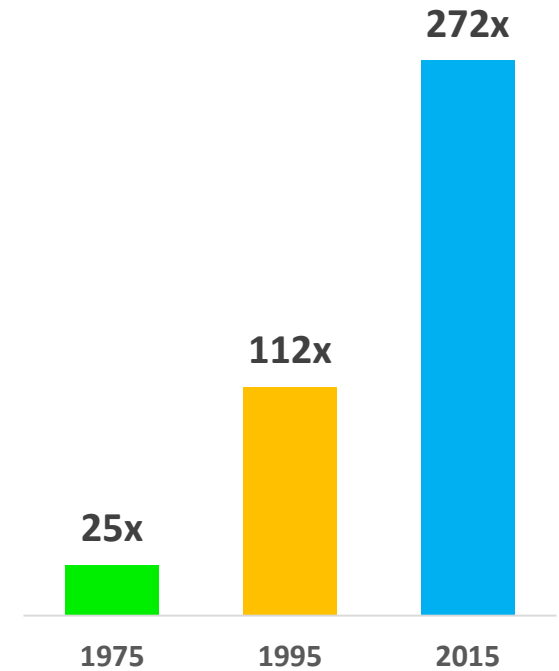
Top 1% Households
Share of Fiscal
Income



Top 100 Firms'
Share of Earnings









CEO-to-Worker Pay
Ratio



WE DON'T LIKE THE PACE OF CHANGE

A Permissionless Planet Leaves Many Behind

CHANGE IS COMING TOO FAST		CHANGE IS COMING TOO SLOW
<p>MADE IN CHINA</p> <p>Loss of Jobs</p> <p>BREXIT</p> <p>Loss of Control</p>  <p>Loss of Dignity</p>	<p>Economic Concerns</p>	 <p>Share the Wealth</p>  <p>Save the Planet</p>  <p>Make Higher Ed Affordable</p>
 <p>WHY DO I HAVE TO PRESS 1 FOR ENGLISH?</p>	<p>Social Concerns</p>	<p>MOMS DEMAND ACTION FOR GUN SENSE IN AMERICA</p>  <p>EQUAL PAY FOR EQUAL WORK</p> <p>BLACK LIVES MATTER</p> <p>MARRIAGE EQUALITY NOW</p>

2018

***When Voters, Regulators &
Markets Pushed Back***

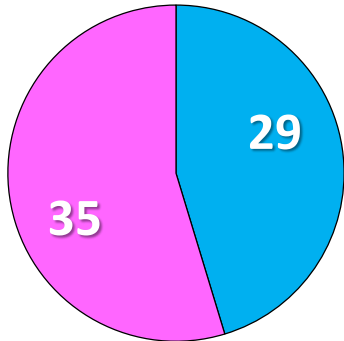
PERMISSIONLESS PRESIDENCY → DEMOCRATIC HOUSE

Biggest Democratic House Wave Since Watergate... Freshman Class:

DEMOGRAPHICS

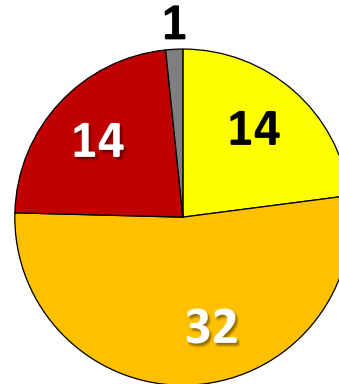
Gender

Male Female



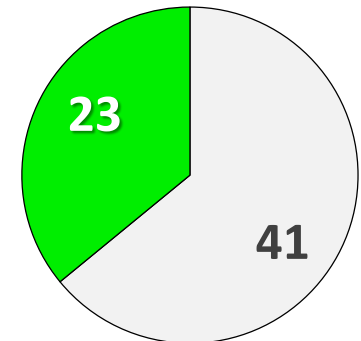
Generation

Millennial Gen-X Boomer Silent



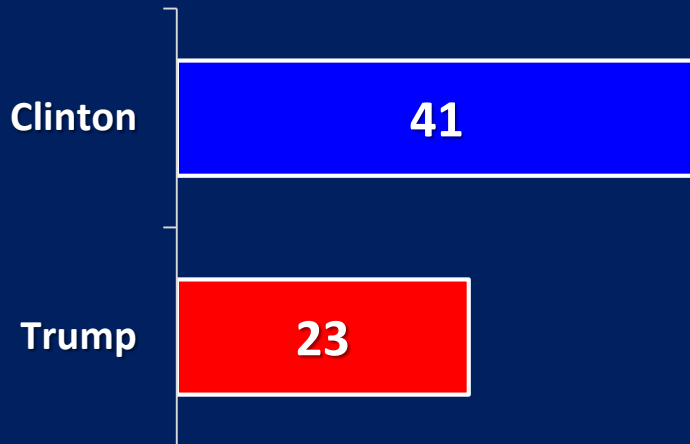
Race

White Non-White

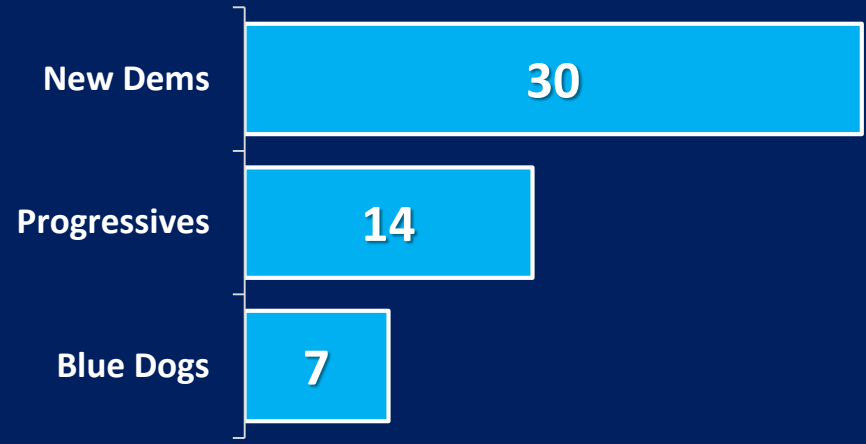


POLITICS

District Vote 2016



Caucuses Joined (as of Jan 13)



PERMISSIONLESS PLATFORMS → CALLS TO REGULATE

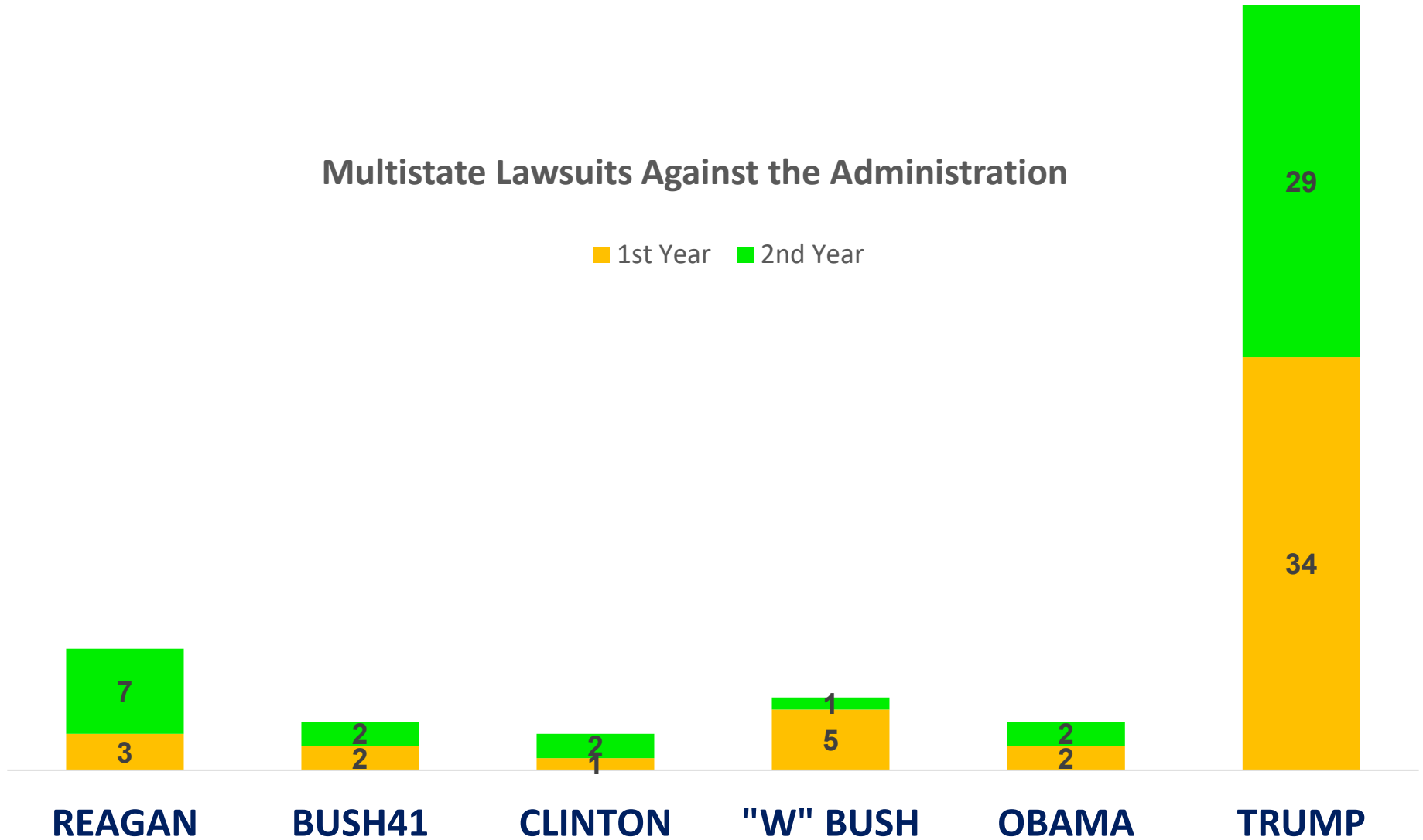


PERMISSIONLESS FEDS → STATES SUE

States Challenging Trump on Immigration, Tax, Energy, etc.

Multistate Lawsuits Against the Administration

■ 1st Year ■ 2nd Year

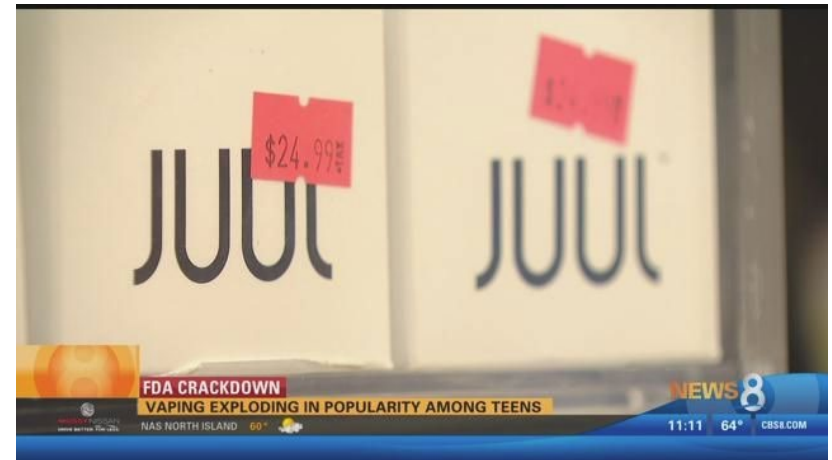


PERMISSIONLESS MARKETS → 2018 CRACKDOWNS

INVESTORS → BITCOIN



FDA → VAPING



THE FED → INFLATION



CITIES → SCOOTERS

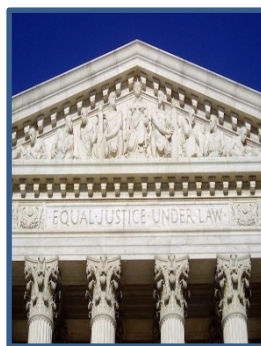


2019: Will Permissionlessness Persist? *Key Questions*

2019: CHANGING OF THE GUARD-RAILS

Fewer Internal, More External Controls in 2019







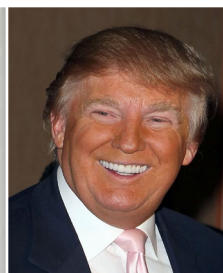
IN



OUT

2019: CAN TRUMP FIELD AN "A" TEAM?

2017-18 Saw Historic Cabinet Turnover for 1st Two Years

# CABINET MEMBERS LEAVING (1 st Term)							
Year 1	1	0	0	0	0	0	3
Year 2	0	2	2	6	1	4	10
Year 3	8	4	4	1	3	3	?
Year 4	2	1	3	5	0	2	?

2019: CAN TRUMP CUT A DEAL WITH HOUSE DEMS?

Aggressive Oversight May Strain Relations

Oversight Likely

- Trump Tax Returns
- Trump Family Business & Charities
- Russia & the 2016 Election
- Environmental Policy
- Cabinet Travel & Expenses
- Family Separation / Migrant Detention
- Health Care Policy & the ACA

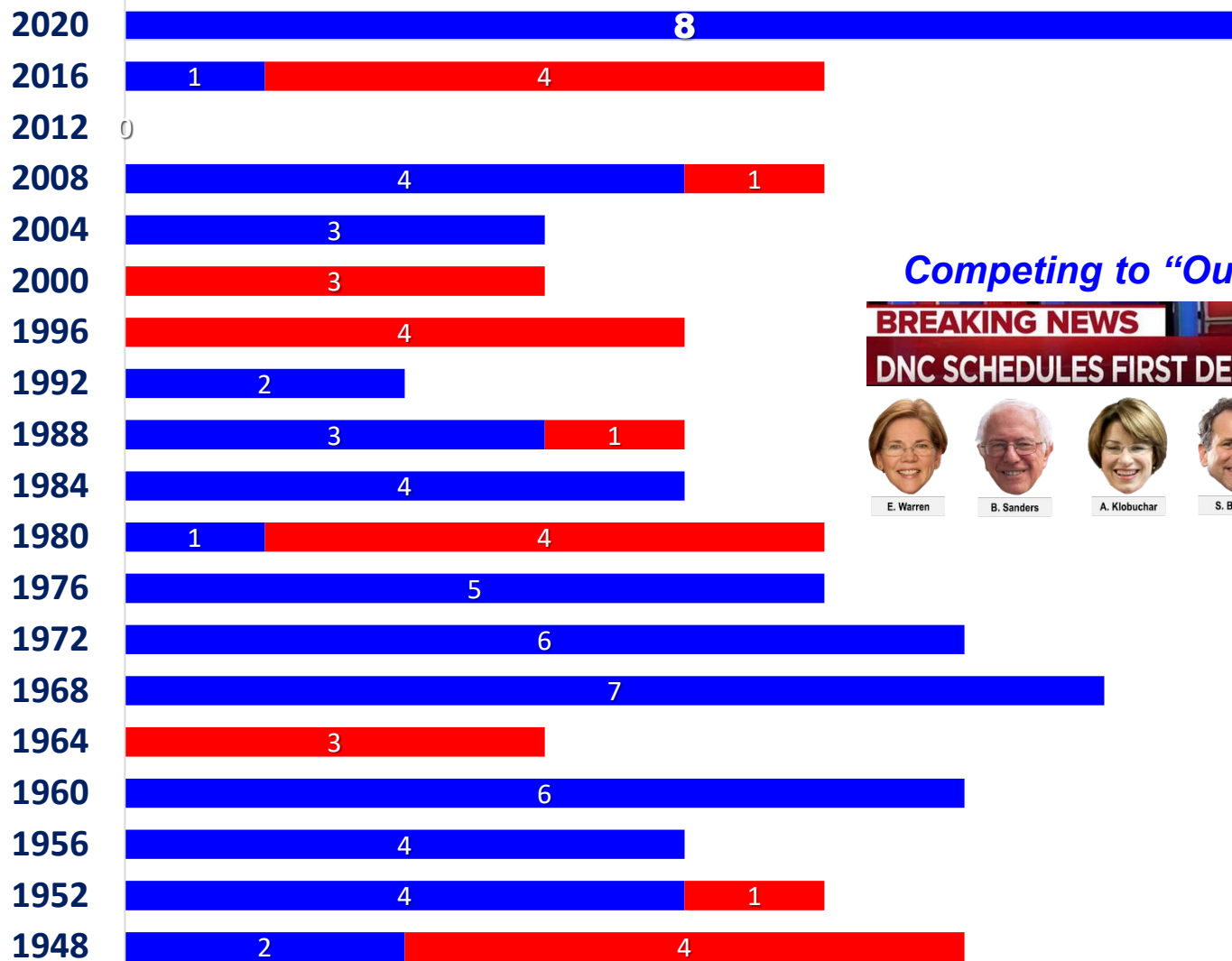


Potential Deals

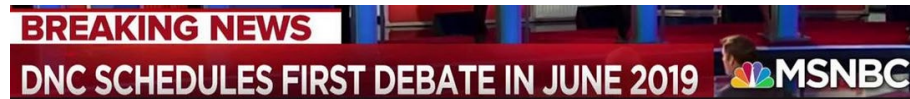
- Infrastructure
- Rx Prices
- Trade (USMCA)
- Data Privacy
- Sequester Relief
- Tax Reform-Reform
- Higher Ed
- China / Supply Chain

2019: CAN SENATE DEMS CUT A DEAL WITH TRUMP?

Most Sitting Senators Running for President Since WWII



Competing to "Out-Liberal" Each Other?



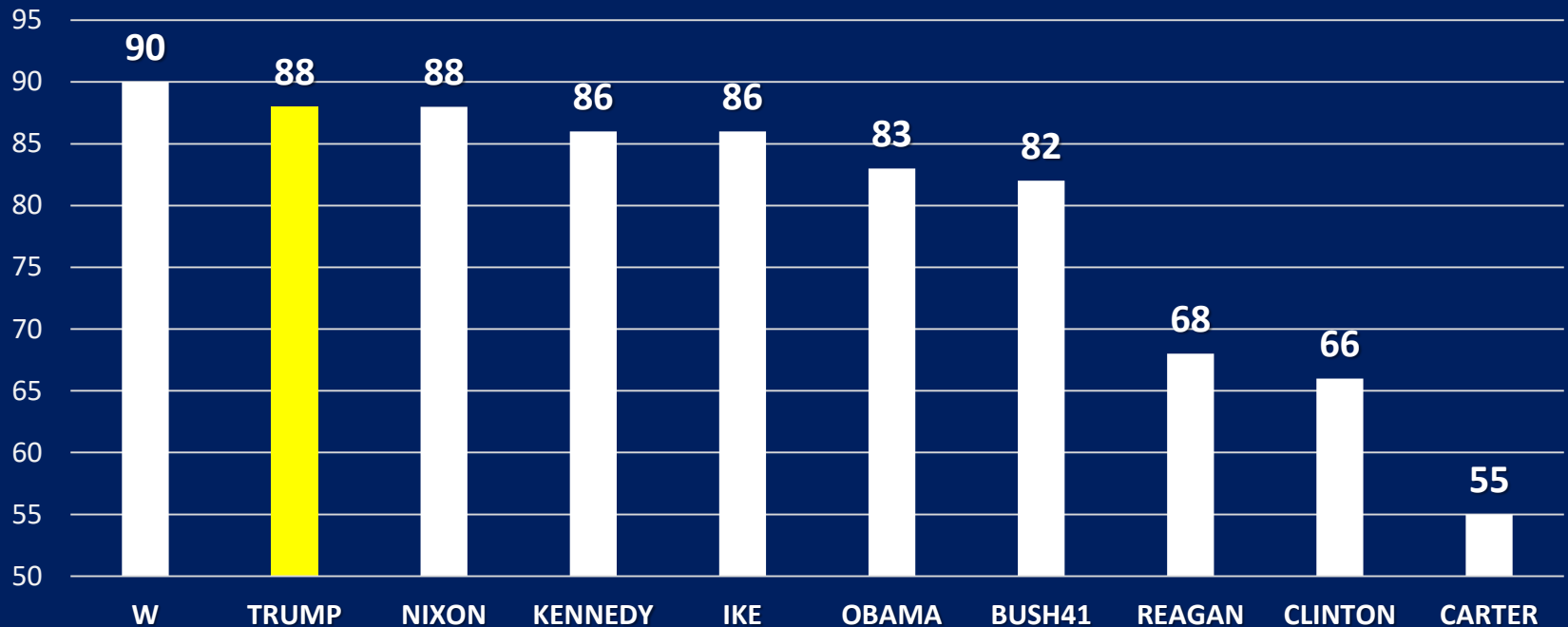
2019: SHOULD TRUMP BE CONFIDENT OR CONCERNED?



Right Direction / Wrong Track (WSJ/NBC)

Right Direction	33%	32%	48%	32%
% "one of the best years for the United States"	30% <i>(2018)</i>	4% <i>(2010)</i>	8% <i>(2002)</i>	21% <i>(1994)</i>

2nd Best Own Party Approval at Start of 3rd Year (Gallup)



2019: WILL JUDGES EMPOWER OR RESTRAIN?

Key Questions Before the Courts



TRUMP vs. OBAMA

ACA
DACA
Climate / EPA
Net Neutrality

STATES vs. FEDS

Offshore Drilling
Transgender Ban
Taxes (SALT)
Gun Control

DEMOCRATIC PROCESS

Gerrymandering
Census Citizenship Q
Deference to Agencies

PRESIDENTIAL POWER

Emergency Powers
Treaty Withdrawal
Exec. Privilege
Pardon

Navigating a
Permissionless World
Advice for Leaders

ANTICIPATE ACCELERATING POPULISM

Voters Likely to Continue Demanding Change Globally

CHANGE ELECTIONS IN THE U.S.A.

(Change in Control of House, Senate and/or WH)

2000-2018

8 of 10

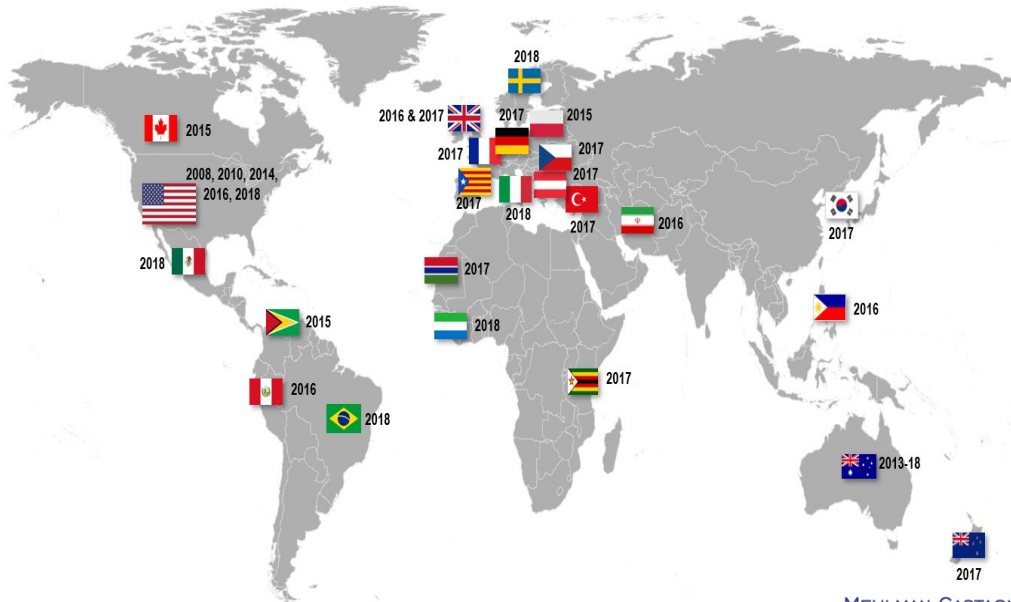
1980-1998

4 of 10

1960-1978

3 of 10

Change Elections the New Global Norm



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~36% of the Planet Votes in 2019

2019 ELECTIONS IN:	Date	Pop. (M)
India	Apr.	1,354
EU	May	513
Indonesia	Apr.	267
Nigeria	Feb.	196
Philippines	May	107
South Africa	Aug	57
Argentina	Oct.	45
Ukraine	Mar.	44
Canada	Oct.	37
Afghanistan	Apr.	36
Australia	May	25

Source: [Population](#)

PREPARE FOR BIGGER, FASTER DISRUPTION

Permissionlessness Empowers Disruptors

TECHNOLOGY



PEOPLE



SYSTEMS



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ALGORITHMIC
TRADING

DON'T CONFUSE THE SIGNAL & THE NOISE

Plenty of Legislating Still Gets Done (When No One's Tweeting)...

Laws Enacted in 1st 2 Years: Trump (**443**), Obama (385), Bush43 (383)

HOUSE	MAJOR BIPARTISAN BILLS '17-'18	SEN.
419	Russia & Iran Sanctions	98
408	Water Resources Development Act	99
398	FAA Reauthorization	93
398	Stop Enabling Sex Traffickers Act	97
396	Opioid Epidemic	99
369	Farm Bill	87
358	Criminal Justice Reform	87
347	Veterans' Health Choice	92
266	Children's Health Insurance Program	81
258	Dodd-Frank reforms	67
256	Fixed "Grain Glitch"	65

MIND “WOKE CAPITALISM”

Social Issues Increasingly Inescapable

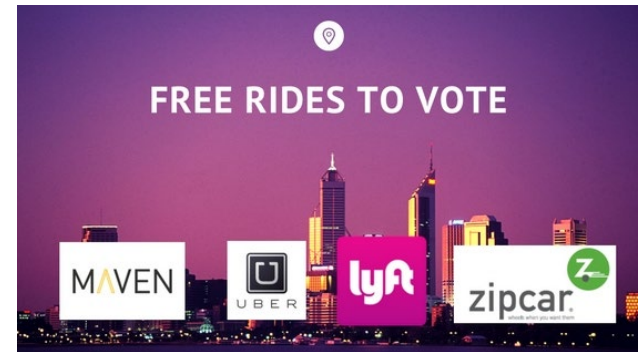
NEW RISKS



NEW OPPORTUNITIES



“The majority of new wealth creation is being captured by urban dwellers with college degrees (i.e. progressives).”
(Scott Galloway)



ENGAGE NEW DRIVERS OF CHANGE

Broaden Your Stakeholder Engagement



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<http://www.mehlmancastagnetti.com/>

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OTHER RECENT ANALYSES:

Q3 '19: <http://bit.ly/Wokepocalypse2020>

Q2 '19: <http://bit.ly/Roaring2020s>

Nov. '18: Midterm Elections: <http://bit.ly/SplitDecision2018>

Q2 '18: Empowered America: <http://bit.ly/EmpoweredAmerica>

Q1 '18: Why 2018 Will Make 2017 Seem Tame: <http://bit.ly/Mehlman2018>

Q4 '17: Navigating the New Gilded Age: http://bit.ly/Mehlman_NewGildedAge

Q3 '17: Washington in the Age of Disruption: <http://bit.ly/Mehlman-Age-of-Disruption>