In 2009, I shared 2 words on Facebook that I felt would shape the future of our social and economic discussions:

Socialism & Nationalism.

Not trying to be a smarta**, however, I told you so.

A shallow economic recovery (one of the weakest post-WW2), since the Great Recession, intervention by the Fed and persistent greed from U.S. corporations that place shareholders and senior executives above all else, have blossomed dissatisfaction with the very heart of our system.

In 2012, I outlined in my book *Random Thoughts of a Money Muse*, how I believed the financial crisis would permanently alter the focus of C-Suite executives and corporate boards. My thought was publicly traded companies would operate in a state of permanent recession regardless of business cycle, and lastingly consider employees as ?excess baggage,? thus seek to reduce headcount whenever possible. I also wrote that wage growth would remain stagnant and employees would bear a greater burden of healthcare costs through high-deductible insurance plans.

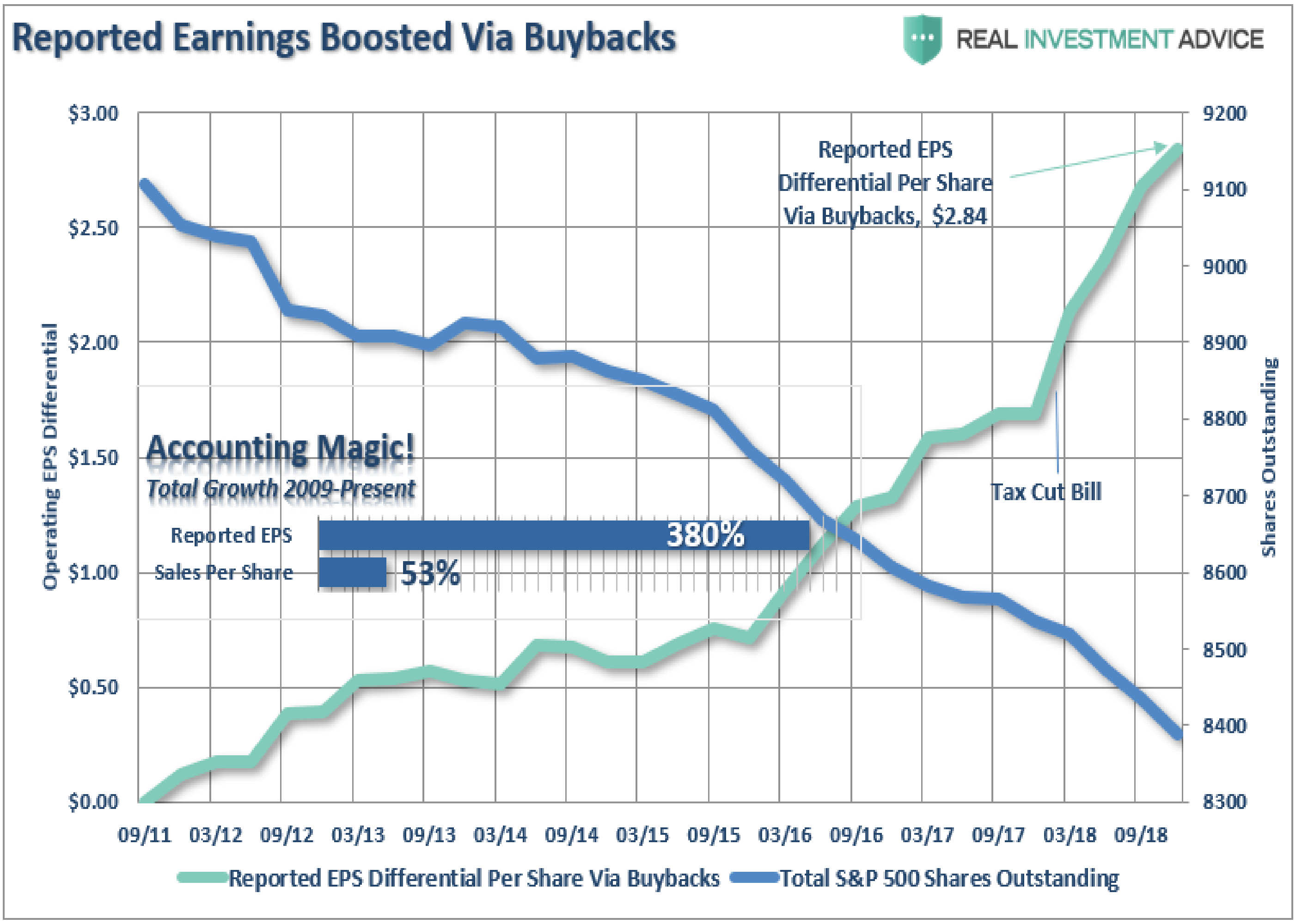
No, I?m no psychic. My personal corporate employment experience post-financial crisis forced me on a path of painful self-discovery. Creative pay cuts, cancerous morale where motivational speak sounded more like threat of unemployment (BE THANKFUL you have a job), crushing sales targets, outright lies to the frontlines meant to keep clients in an imploding proprietary product, compelled me to re-shape my views about the company and jumpstart additional research into corporate behavior. At a contentious arbitration, I vocalized how I went from the custodian of the clients? dreams to custodian of shareholder dreams. That?s not what I signed up for. I am and always will be a fiduciary and advocate for clients first.

Jonathan Tepper wrote in his eye-opening tome ?The Myth of Capitalism:? *Today, votes for Sanders, Trump and Brexit are the expression of discontent by the ?Newly Poor.? They feel the system is rigged against them and future is not as bright as the past.*

Historian Will Durant warned that societies fall apart when inequality is too severe.?

The market now pays attention to extreme views which reinforces my belief that socialism has crept into conventional thought. There was a time when markets would ignore outlier political sentiments. The recent example of healthcare stocks trashed in fear of Medicare for all initiatives tells me the market, as a leading indicator, believes our capitalist structure is being questioned. The cracks are beginning to spring leaks.

Here are 4 charts that outline how the private sector has helped to nurture the seed of socialism in our American soil.



Surprisingly, Warren Buffett believes that stock buybacks represent an excellent use of capital. A passionate believer in value has now been converted into a momentum-growth market participant. There was a time in our history that stock buybacks were illegal. Considered stock price manipulation (which it is). So, what?s changed? Today, it?s a prevalent form of financial engineering. Corporations purchase shares in the open market, artificially boost EPS, decrease float and ultimately drive stock prices higher. Not coincidentally, CEO compensation lives and dies by stock share price.

If you?re investing periodically in index or other mutual funds in a 401(k) or another type of company defined-contribution plan, stock buybacks have indeed been a tailwind to your net worth.

Unfortunately, while we enjoy a light breeze at our financial backs as retail investors, the richest 10% of households control 84% of the total value in stocks as outlined in a 2017 NBER Working Paper penned by NYU professor Edward N. Wolff ? ?Household Wealth Trends In The United States, 1962-2016: Has Middle Class Wealth Recovered??

The richest households have experienced a full gale force of appreciation in risk assets thanks primarily to record stock buybacks and unorthodox central bank policies such as quantitative easing and persistently low short-term interest rates. In addition, less than 42% of small businesses ? those with two to 99 employees ? offer any kind of retirement benefits which means their employees may not participate in market returns at all.

Keep in the mind, the wealth of the bottom 90% of the population is in primary residences. Houses with mortgages which require income to make payments. In other words, to many Americans, rising household incomes and the appreciation of home prices, not the possibility of future gains in the stock market, fuel the faith in prosperity envisioned by the American dreamers. House prices rose post-Great Recession. However, wealth grew more vigorously at the top of wealth distribution than in the middle, due to the increase in stock prices.

Which leads me to chart #2.

Abigail Disney, the grandniece of Walt Disney was on CNBC in April lamenting over Disney CEO Bob Iger?s $65.6 million 2018 paycheck, calling it ?insane.? Her tweet from April 21st has been retweeted 12,958 times and liked by over 42,000.

https://twitter.com/abigaildisney/status/1119985336308912128

According to the Economic Policy Institute which examines trends in CEO compensation, in 2017, the average CEO of the 350 largest U.S. firms received $18.9 million in total compensation ? a 17.6% increase over 2016. Worker compensation remained flat.

From the EPI:

> *"The 2017 CEO-to-worker compensation ratio of 312-to-1 was far greater than the 20-to-1 ratio in 1965 and more than five times greater than the 58-to-1 ratio in 1989 (although it was lower than the peak ratio of 344-to-1, reached in 2000). The gap between the compensation of CEOs and other very-high-wage earners is also substantial, with the CEOs in large firms earning 5.5 times as much as the average earner in the top 0.1 percent."*

CEOs make 312 times more than typical workers

CEO-to-worker compensation ratio, 1965–2017

Notes: CEO annual compensation is computed using the "options realized" and "options granted" compensation series for CEOs at the top 350 U.S. firms ranked by sales. The "options realized" series includes salary, bonus, restricted stock grants, options realized, and long-term incentive payouts. The "options granted" series includes salary, bonus, restricted stock grants, options granted, and long-term incentive payouts. Projected value for 2017 is based on the change in CEO pay as measured from June 2016 to June 2017 applied to the full-year 2016 value. Projections for compensation based on options granted and options realized are calculated separately. "Typical worker" compensation is the average

Listen, CEOs, senior managements, deserve big pay and incentives. I get it. •However, one needs to ponder whether they?re worth 312 to 1. I don?t think so. What do you think? Is Abigail Disney correct to rail about Iger?s pay package?

Ironically, in March, Disney World increased ticket prices by 23%. A one-day ticket will now set us back a lofty $159. What is a middle-class family going to do? Will they pay up? Probably. Despite consistent price hikes every year, park attendance continues to hit new records. As customers we just deal with the financial hit, shift items around in the budget, use credit, to make memories with our children.

Profligate compensation and price disparities not only raise the ire of those with socialist interest. Believers in the capitalist system consider them questionable, too.

What about the current state of household income? Sentier Research known for its thorough analysis of trends in household income, reported in March that median household income is now 3.5% higher than back in January 2000. Stagnation in household incomes finally broke after 18 years, which is good news.

However, the long-term financial distress to middle class wage earners may take decades to recover. The lingering financial vulnerability has done tremendous damage to the confidence in the American system, especially among post-Baby Boomer generations who feel their lives may never be as prosperous as their parents.

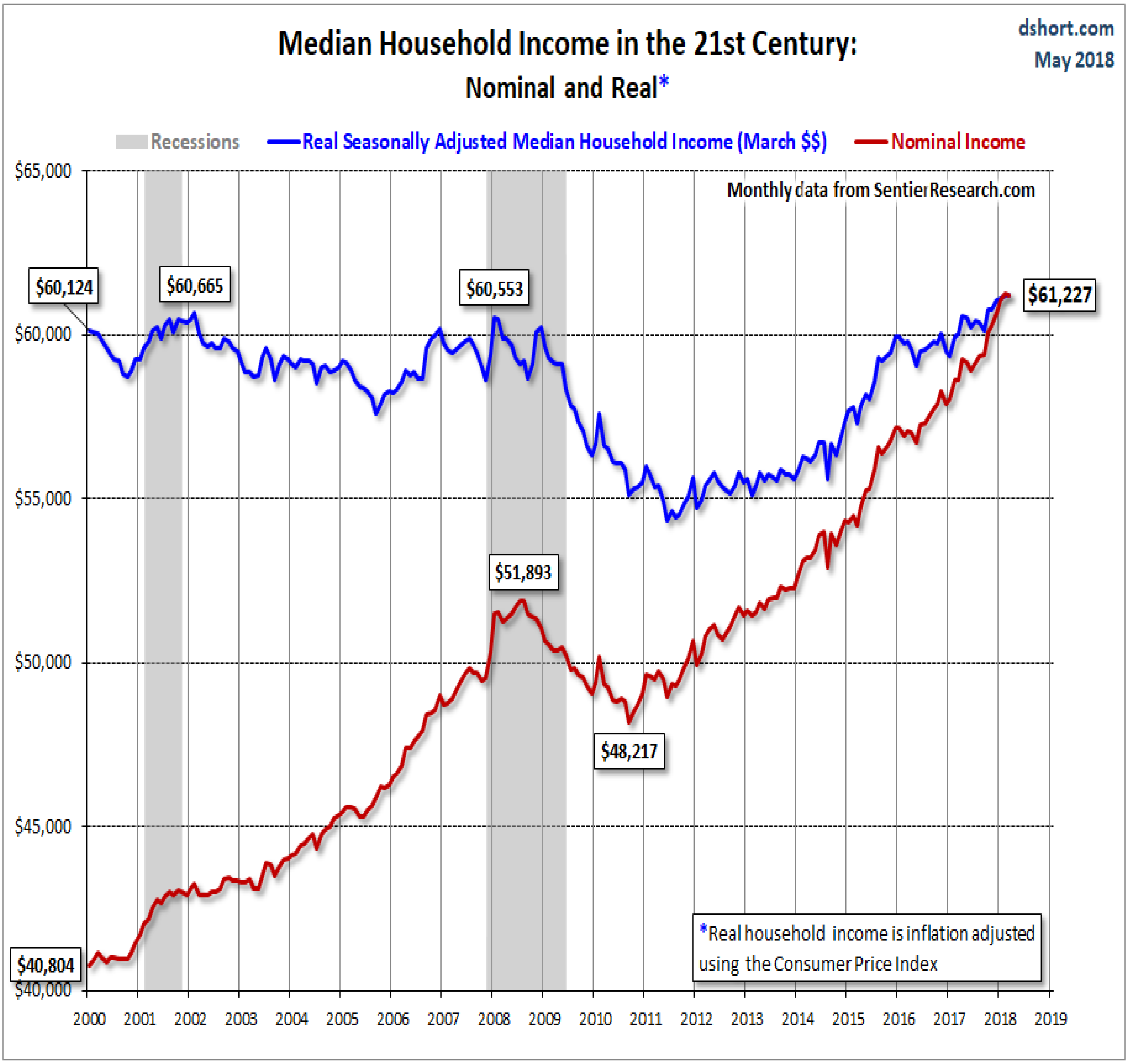
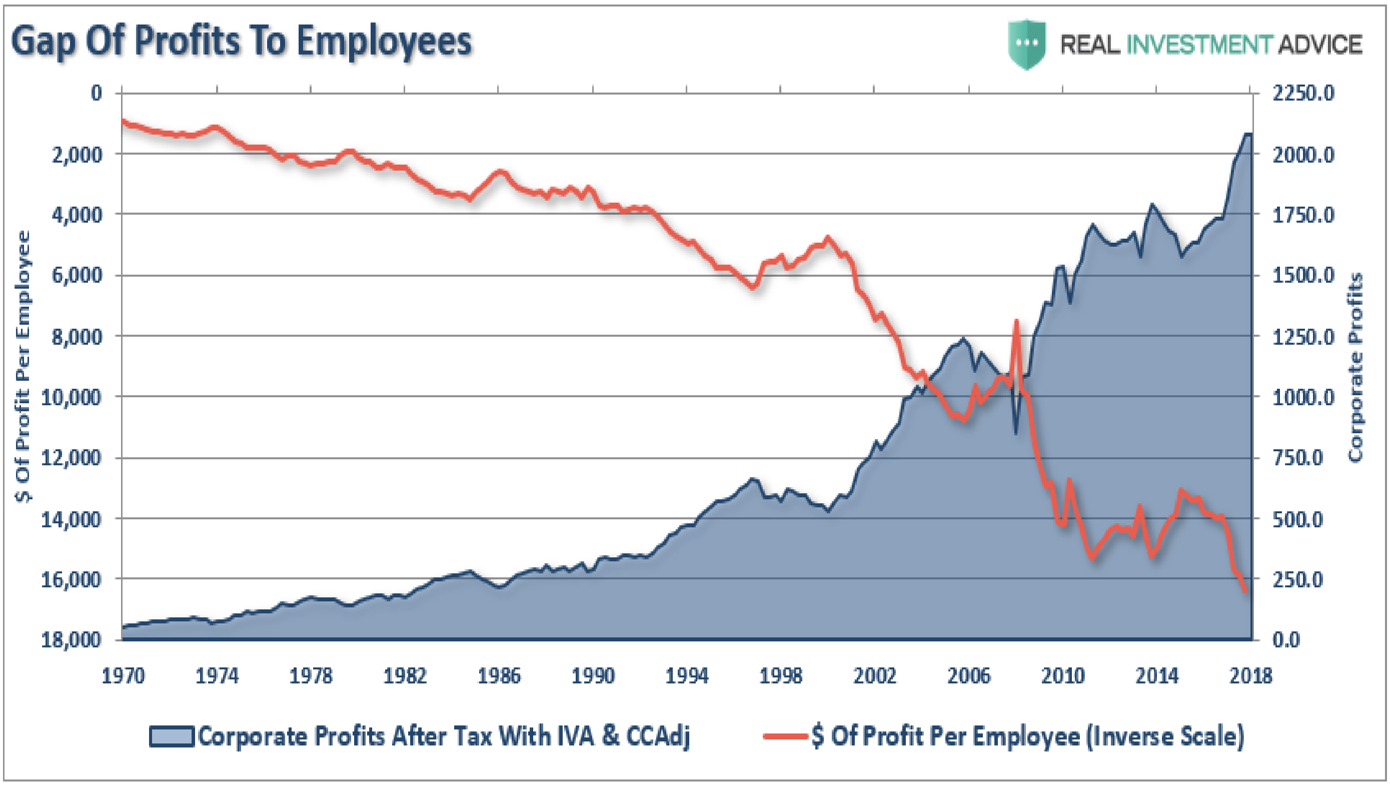
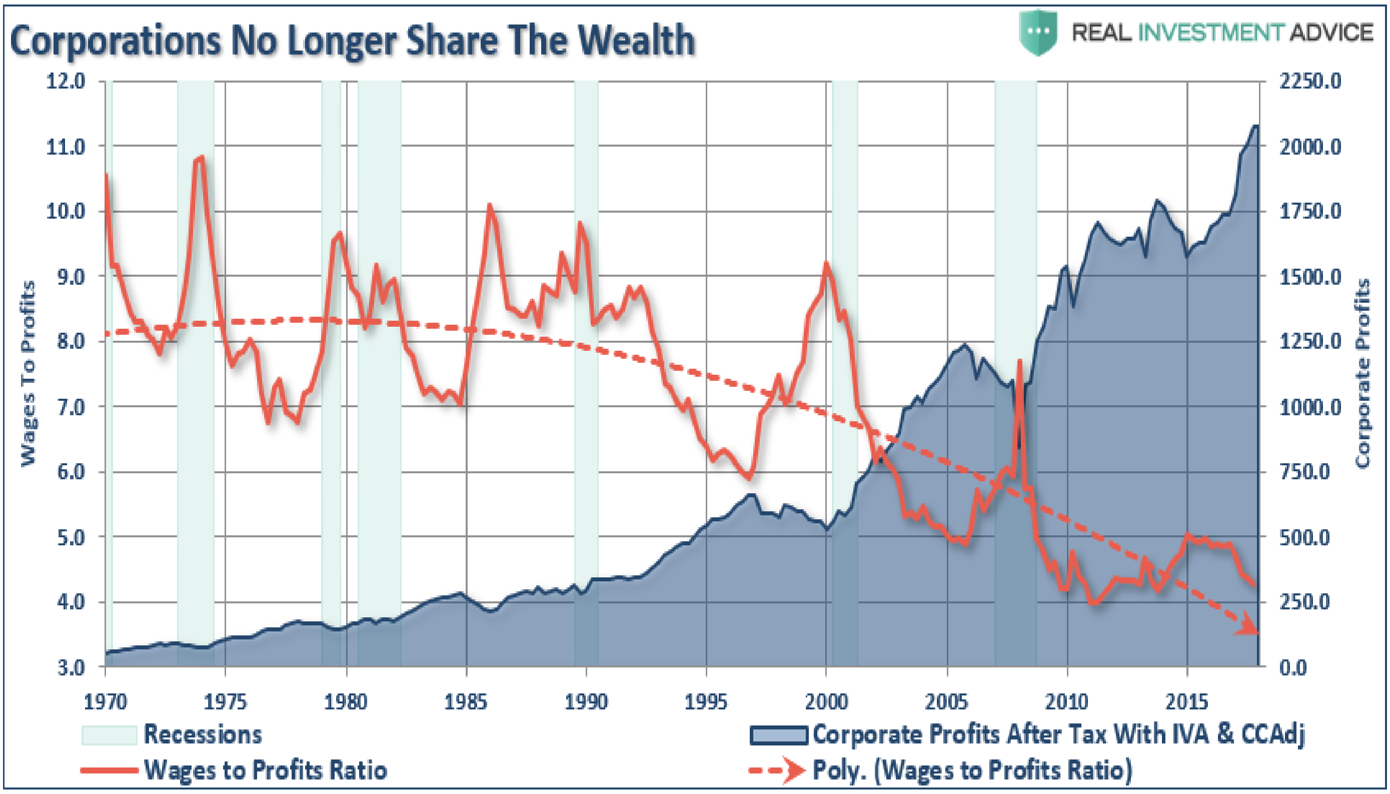


Chart #3 is an eye-opener, courtesy of Lance Roberts.

There is a marked deterioration in the willingness of corporations to share their prosperity with employees. The gaps of profits to employees and corporate unwillingness to share the wealth have never been so wide.

Lance?s analysis helped me to personally understand what I experienced at my former employer post-Great Recession. I lived these charts. I?m certain many readers have experienced the same. In my opinion, the interminable focus on shareholders over employees is one of the reasons extreme or outlier political views have become more widely accepted.





Last, The New School?s Schwartz Center for Economic Policy Analysis has undertaken eye-opening research which dives deep into the reality of U.S. retirement readiness. Teresa Ghilarducci, the Director of SCEPA along with her team, has been banging the drum hard over retirement inequality among lifetime earnings quintiles.

Low and moderate wage earners have experienced a dramatic deterioration in retirement wealth due to the death of pensions. However, there?s damage in every quintile which proves to me how defined contribution plans such as 401ks have failed a majority of Americans as primary retirement savings vehicles regardless of the impressive bull run in markets over the last 10 years.

Two major stock market derails along with a decade to break even after the financial crisis, lack of financial literacy, poor savings skills, oh, and the ability to tap plan account balances for loans and down payments for primary residences (which I believe is fiscally irresponsible), have proven that defined contribution plans should have remained a compliment to pensions as originally envisioned, not a replacement.

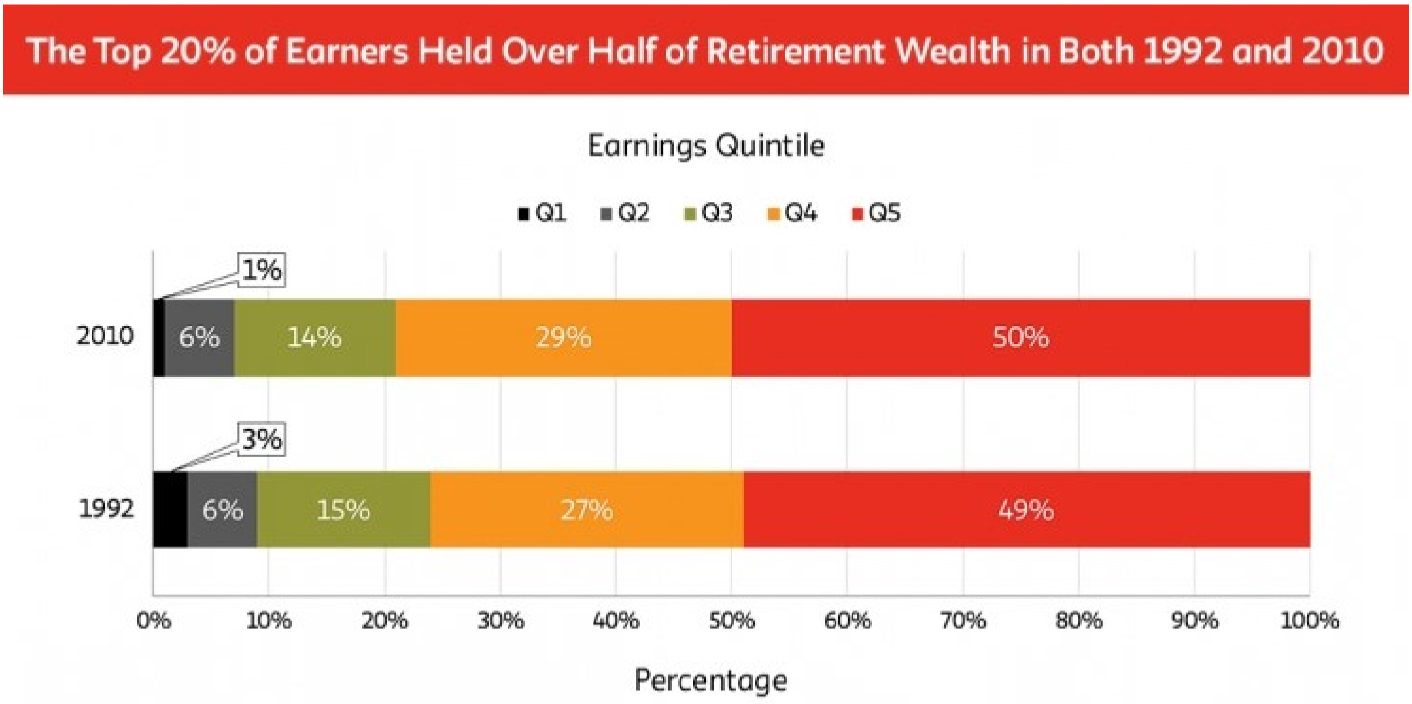
Per SCEPA?s analysis, among workers in the bottom fifth of the earnings distribution, the share of those with no retirement wealth increased from 45% to 51% between 1992 and 2010.

Workers are grouped below into five tiers of lifetime earnings. The share of total retirement wealth held by the top fifth of earners held steady from 1992 to 2010 at around half of all retirement assets. The lowest-earning quintile, meanwhile, held only 1 percent of retirement wealth in 2010, down from 3%.

Even WITHIN quintiles, the top 10% of savers held 10-20 times the retirement wealth of the bottom 10%.

Retirement inequality can compel workers to vote their dissatisfaction for mainstream political candidates within their respective parties.

Read The New School Policy Note here.



Corporate America has prospered enough to benefit *both* shareholders and employees. They have failed to do so. Shortsightedness and outright greed have allowed outlier political views to prosper enough for markets to pay attention.

Capitalism will always prevail over socialism. The proof is in the prosperity and growth we enjoy in America when compared to all other nations.

However, the C Suite?s bastardized definition of capitalism isn?t the answer. Nor is cloying regulation and massive Federal Reserve intervention appropriate responses.

If these conditions persist, be prepared for continued unwelcomed surprises to emanate from voting booths across America.