

## **Endorsement, from John R. Taylor, Jr.**

July 2, 2024

I endorse the Adams Institute's median-top household net worth tethering plan, both as a way to reverse extreme wealth concentration and rebuild America's middle class, and to enhance the productivity, rationality, and sustainability of American capitalism.

My formative years – studying political systems at Princeton and UNC Chapel Hill and starting my career as Chemical Bank's political analyst – taught me to focus on the connection between politics and finance. In building FX Concepts over 30 years into the largest foreign exchange hedge fund in the world, with \$14 billion under management, I developed my focus on political economy into an expertise. And after founding and serving as chairman of UNC Chapel Hill hemophilia therapeutics spinout Inspiration BioPharmaceuticals, Inc., I gained an even deeper understanding of the inner workings of innovation and venture capital, regulation and industry, and private equity and debt. I give this endorsement based on that experience.

The Adams Institute plan is simple: It would cap the top households at a rational multiple of the median – for example 10,000:1 – such that elite outcomes rise and fall lockstep in proportion to middle-class outcomes. The logic behind this could not be more faithful to capitalism: This approach simply scales capitalism's own device of the incentive plan to the national scale. At 10,000:1, every \$10,000 increase to the median raises or lowers the cap by \$100,000,000. Under the ratio, America's most powerful market actors cannot indiscriminately extract from workers without jeopardizing their own prospects. This incentivizes households having market power to effectuate a more efficient, rational, and sustainable allocation of American prosperity than we have today. Since this plan operates only on households, which are the final owners of almost all wealth, it imposes no new regulations or taxes on enterprise.

I want to emphasize this plan's power to curb the harmful effects that several macroeconomic forces exert on ordinary households, including rentierism, inflation, monopolization, offshoring, and automation. This plan could mitigate the negative effects of these forces because their downward impact is ultimately registered in calculating the median household net worth. Every dollar ordinary households lose to say price hikes, or a job sent overseas, or a robot, reduces the national median. But since this plan would tether the top households to that median, the more effectively elite market actors deploy these techniques against labor, the more they'd just be hurting themselves.

I've seen much in my career, but I've seen no better alternative to incentivize positive-sum economic behavior and solve a myriad of economic and political problems than the Adams Institute's plan, which is why I give this endorsement.

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