

The Chartrand Curve – The Case for Rational Capitalism

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In 1974, Arthur Laffer proposed the *Laffer Curve* on taxation. For morons and those living in the San Francisco bay area, it loosely postulates that higher taxes have a diminishing return---they “curve out.” The theory goes by *lowering tax rates* you can actually *increase tax revenue*. Laffer is still alive. You can call and ask him.

In 2010 attorney, radio host and admitted sand box economist postulated ***The Chartrand Curve***.ⁱ The curve looks similar, the defined points are simply different. It basically holds that capitalism is good. Capitalism is the only proven economic theory to work. Socialism is bad and Communism is worse. However, *The Chartrand Curve* states that capitalism flatlines and curves negative when individual wealth is allowed to build unchecked and hit unearned and ridiculous levels. *The Chartrand Curve* recognizes the importance of rational taxation but states that taxation to control wealth is counterproductive and bends the curve too early. Again, go read up on the *other Arthur*, Arthur Laffer.

Rational capitalism [© 2010 ®],ⁱⁱ to the horror of uber conservatives, states that unchecked wealth accumulation at some point is not productive for society or economic growth and actually impedes more good capitalism. At its apogee, income and wealth accumulation (net worth) should be capped. The result is more wealth and wealthy people, a broadened middle class and a more fair, content and happier society. In a nutshell, *The Chartrand Curve* recognizes the critical need for motivation, reward and risk but recognizes the latter are met at some point of reasonable, if not outrageous, wealth accumulation. Chartrand suggests this may be at \$5 million a year in income and \$50 million net worth overall. However, he accepts the apex final figures are less important to target or agree upon than simply recognizing the curve itself exists.

The essence of *The Chartrand Curve* is that at some point enough is indeed enough. There is nothing immoral, wrong or even greedy about excess wealth accumulation. Americans thrive on unfettered freedom to be all they can be and get all they can. There must remain huge incentives for risk takers. Hard work must be rewarded. While the curve does not address the friction and drag on the economy or society by the lowest tier of uninspired sloths and feigned disabled, it takes as a given that if the restraints indicated by *The Chartrand Curve* were ever adopted as policy, the ‘slow to get out of bed’ underclass would dramatically shrink. The Democrat Party would also shrink dramatically because give away programs would be much less needed.

Recognizing *The Chartrand Curve* is much easier than policy to implement a shift in the curve. “Putting a statutory limit on income and wealth is not a challenge constitutionally, it is a challenge mentally. Once recognized, even the most ardent conservative “gets it” says its author Arthur J. Chartrand.

For some, *The Chartrand Curve* may ring faintly of the socialistic taxation of excess wealth currently being peddled like snake oil by many liberal Democrats. It should not. It would be like mistaking a baby giraffe for a Boeing 747. Liberals often do this.

Recent politicians like Bernie Sanders, Kamala Harris, Alexandria Ocasio-Cortez and even the uber-extreme Elizabeth Warren have a loose handle on the concept, they just package and sell it wrong. They make the same mistake as Barack Obama's infamous missive "you did not earn that money" speech. Great ideas without proper definition and marketing just fail. We would have no Apple Computer or iPhone if it were just Wozniak's brilliance without Jobs' marketing and packaging skills. .

The fundamental fact is that Oprah, Warren Buffet, Bill Gates, Tom Brady and even Tom Cruise truly did not *earn* or *deserve* their enormous wealth. We have a system that simply allows, *more so it promotes and worships* certain talents and occupations so much they "run over the curve." Simply put, they are aberrations to normal hard work and supply and demand. Fireman and tree trimmers work incredibly hard days. Family practice doctors save babies after long and expensive educations. Food inspectors save millions of lives. But we have an unchecked system that rewards football quarterbacks, good looking movies stars and yes, even folks with incredible ideas and inventions far beyond the normal curve and rationality. There is no rational reason Tom Cruise makes \$22 million a movie. A hedge fund manager reaps a \$65 million paycheck for knowing and often sleeping with the right people. Normal economics just don't apply to movies, football, and those in the CEO or financial manipulation mafia.

The answer is not taxation. Taxes go to the government and government does not utilize money well. The answer is to cap salaries and wealth accumulation in the first place. The result is that Bill Gates would be worth \$50 million. While Microsoft made a number of millionaires, Gates excessive \$165 billion would be spread to more employees who actually do the work and improved Windows far beyond what Gates ever imagined. In addition, the limit would force Microsoft types to lower product prices, invest in more research, or simply hire more customer service people. The same example could be applied to the NFL. Ticket prices would be so much cheaper. Advertising for more emerging companies would cost less. Stadiums would pay for themselves instead of by through massive government subsidies. Youth sports would be virtually free and much safer with all that money being forced *backward* along the curve.

There is no rational reason for any family needing or deserving to pass down more than \$50 million just to create trust fund children. 99% of these kids would be so much better off without it. One can cite countless cases, but we would digress too much here into the lives of the opioid addicted and relationally dysfunctional. Unchecked capitalism allows a system of kings and queens and empire governments of their own. England still worships its queen. Seriously, say the words out loud that Queen Elizabeth earned her wealth or deserves her cushy lifestyle. Try it once without laughing.

Who will be adversely affected? (I refuse to use the word "hurt"). The list is long but not distinguished. The makers of 100 foot yachts, 25,000 square foot homes, Gulfstream 7's and solid gold toilets to name a few. So what? A \$50 million net worth still easily affords a 45 foot luxury boat, several 5000 square foot homes and a leather seated King

Air is still affordable for those who work hard and take risks. Those that built 100 foot yachts and G7's will just build a lot more 45 footers and King Airs.

The reluctance to embrace *The Chartrand Curve* is not sound economics, the constitutional limits on taking of property, freedom, religious adherence to laissez faire concepts or even real fears of socialism. It is the simple fact even the humblest humans roaming the earth scratching out a basic sustenance are enamored with the rich, the famous, the overly good looking and guys who can hit a 98 mile an hour curve ball. We love them. We worship them. We will spend our rent money to go see them and cheer for them. We will drink beer and eat Doritos clothed in replicas of their regal clothing with their names literally pasted on our back. We readily surrender over our few pennies to them like a river needs us to pee in it, rather than pay for our healthcare. And strangely, so many otherwise rational folks are so delusional they would never take away these riches on the insane delusion they might someday be just like them. So we buy lottery tickets. It's true. Denying this only means you live on another planet in another galaxy.

Unfortunately, if you even try to discuss the *The Chartrand Curve*, even as a sound economic theory, friends will squirm, become disoriented and may even physically move away from you. They will call you a socialist or worse a communist. They will question your heritage. They might kick your dog. At best many will laugh and just ask what you have been smoking. Why? It's a new idea? It threatens their delusion of being filthy rich? I think it is more basic. While they may never ride in a G7, never own a 25,000 foot home with a private gymnasium looking over Puget Sound or get near Dennis Washington's \$750 million yacht, but....they like to think they *might*. They like to see pictures of grotesque wealth. They like to dream of a swimming pool filled with dark chocolate. No one likes their dreams taken away.

The Chartrand Curve requires some others to better define, create working rules for and actually implement. Just like the Oprah Winfrey Show and Mission Impossible the movie. Patrick Mahomes is dirt poor without a team, a stadium and people so dumb to drink beer and eat ribs rather than work, create something or get educated. It may even need a better name. I think the "Laffer Curve" may have benefitted from the name and its association with Ronald Reagan. I can only offer that The Chartrand Curve sounds sort of intellectual and mysterious. Kind of like "The Carbenero Effect"...so much that even the conservative elite will not want to publicly admit they do not understand it.

Creating a balance on *The Chartrand Curve* will never inhibit ambition, risk taking, talent or hard work to get a head. Tell anyone at 18 they can do anything they want but at some point, their wealth will be limited to \$50 million. Don't insult yourself feigning such will be any, even remote form of disincentive.

The best ideas for man are often unpopular at first. The basic right to life. Freedom from slavery. Capitalism itself was rare and scorned as immoral until the last few hundred years. Now it is being assailed again as immoral. It is not. It just was allowed to go over

the hill of rationality. The balance perhaps hangs in the balance itself. Not an elimination of capitalism, but a rational adjustment back on the curve.

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ⁱⁱ Rational Capitalism © 2010, ® pending, is the fundamental approach to addressing and solving *The Chartrand Curve*.