

PFM Communication Leaps for 2019

The Charles & Agnes Kazarian Foundation

A. Terminology:

1. **Citizens' Wealth:** Total economy GDP per citizen less Total Government Net Debts financial burden per citizen or plus Total Government Net Worth per citizen.
2. **Financial Burden:** Concept of financial burden put on citizens in communicating weight of Total Government Net Debts.
3. **Framework:** Concept of a framework to describe and compare debt and deficit framework with the Total Government Balance Sheet framework.
4. **Five Parts:** Noting that there are five parts of a Total Government Balance Sheet, which are financial assets, non-financial assets, financial debt, non-financial debt, and Total Government Net Worth/Total Government Net Debts.
5. **Total Government Net Worth/Total Government Net Debts:** Using the term Total Government Net Worth or Total Government Net Debts depending whether Total Government Assets or Total Government Debts is larger.
6. **Total:** Inserting the word "Total" before Government Balance Sheet, Assets, Debts, and Net Debts.
7. **Debts:** Changing the word Liabilities to Debts (note the "s").
8. **Government:** Inserting the word Government before five major balance sheet line items.
9. **Per Citizen:** Calculating and showing numbers per citizen not as a percentage of GDP.
10. **Citizens Wealth* - Simplified (with an asterisk):** Total economy GDP per citizen less government financial net debt per citizen.

B. Rationale:

1. **Citizens' Wealth:** Citizens' Wealth is a new per citizen government performance indicator that provides significantly better historical and comparative insights into the relationship between the total economy GDP and Total Government Balance Sheet (especially when compared to GDP or a debt to GDP ratio). The Citizens' Wealth government performance indicator disrupts obsolete and financially destructive conventional thinking merging two data silos by starting with an annual economic statistic, total economy gross domestic product (GDP), and subtracting a government financial statement balance sheet number, Total Government Net Debts. (See next page for more details.)
2. **Financial Burden:** Financial burden put on citizens by the government is easier to understand than the technical term Government Net Liabilities.
3. **Framework:** Framework is a good starting point to understand the significant comparative advantage of a Total Government Balance Sheet framework compared to the debt and deficit framework. Simply put, the debt and deficit framework is both chronically flawed and massively value destructive in part because it enables corruption and mismanagement.
4. **Five Parts:** Five parts of a Total Government Balance Sheet contrasts with one part focus in the debt and deficit framework with its omission of financial assets, non-financial assets, non-financial debt, and Total Government Net Worth/Total Government Net Debts. Stressing that there are five parts to a Total Government Balance Sheet exposes partial or improperly reported government balance sheets as fake.
5. **Total Government Net Worth/Total Government Net Debts:** Using different terms to describe the relationship between Total Government Assets and Total Government Debts makes it easier to communicate and understand which side of the Total Government Balance Sheet is larger.
6. **Total:** Stresses that there is much more than debt and cash on government balance sheet.

7. **Debts:** Using Total Debts is easier to communicate than Total Liabilities and distinguishes from financial debt without the “s”.
8. **Government:** Reinforces that all five parts of the total government balance sheet are under the legal stewardship of the government and elected officials.
9. **Per Citizen:** Per citizen more meaningful, easier to understand, and more helpful management performance metric than abstract percentages or numbers in the millions, billions, or trillions.
10. **Citizens Wealth* - Simplified (with an asterisk):** Citizens' Wealth is simplified as Citizens' Wealth* (with the asterisk) utilizing only the government financial net debt, because Total Government Balance Sheet financial statement information is most often not available.

C. Citizens' Wealth

Starting in 2019, The Charles & Agnes Kazarian Foundation will support the use of its new government performance indicator, Citizens' Wealth. Citizens' Wealth is a new per citizen government performance indicator providing significantly better historical and comparative insights into the relationship between the total economy GDP and Total Government Balance Sheet (especially compared to GDP or a debt to GDP ratio). Citizens' Wealth can expose touted claims of economic prosperity (i.e., GDP growth) that in reality is financial destruction resulting from hidden increases in government financial burden put on its citizens. Citizens' Wealth is calculated per citizen, which can be more meaningful, easier to understand, and a more helpful management performance metric than abstract percentages or numbers in the millions, billions, or trillions.

Citizens' Wealth is defined as total economy Gross Domestic Product (GDP) less Total Government Net Debts financial burden put on citizens. The total economy GDP, although a flow, is by default considered a proxy for annual national wealth. Total Government Net Debts financial burden put on citizens includes all five parts of a Total Government Balance Sheet (not just debt): Total Government Assets (both financial and non-financial), Total Government Debts (both financial and non-financial debts), and Total Government Net Worth/Total Government Net Debts. Citizens' Wealth is measured per citizen and can be calculated: to show changes over time, at a point in time, or often to reveal a value created or destroyed ratio.

When Total Government Net Worth/Total Government Net Debts are not available, Citizens' Wealth is as simplified Citizens' Wealth* (with an asterisk) by replacing Total Government Net Debts with government financial net debt (government financial debt less government financial assets).