RATIONISM AKA VITRUVIAN CAPITALISM

THE PROBLEM:

The political outcomes of western democracies flow from the method by which they measure economic success. In measuring success, their most powerful actors prefer indiscriminate capital accumulation without regard to any other metric. Such preference exacerbates the following economic effects: extreme wealth concentration, social stratification, economic inequality, middle class decline, household precariousness, and diminished upward mobility. Such economic effects in turn contribute to the following political effects: pessimism, political polarization and faction, demagoguery, civic unrest, mob violence, erosion of market and electoral credibility, and an increasingly unalterable authoritarian political trajectory.

Such political trajectory generally agrees with ancient Greek historiography on regime change.[1] Standard palliatives (*e.g.* safety nets, government transfers) mitigate rising household precariousness, but while aggravating household dependency and without curing the underlying wealth concentration. Heavy corporate taxation meanwhile risks adverse market responses (*e.g.* capital flight, price hikes). Without a significant and historically-informed intervention to appropriately de-concentrate household wealth, thereby de-polarizing political society and recovering a moderate political disposition, the long-term survival of legitimate popular government in leading western nations is both theoretically and historically improbable.

THE SOLUTION:

To achieve such remedial wealth de-concentration, the definition of economic success must be changed. National success should be benchmarked against the performance of the national median household net worth, because it is the best indicator of national middle class welfare. Net worth accounts for household expenses (*e.g.* taxes, debt) and downward wage effects (*e.g.* offshoring, automation), while the median dictates price signals and purchasing power. Each nation’s most powerful economic actors should therefore be incentivized to value median gains to the same extent as capital gains. But to mitigate adverse market responses, any such incentive should be applied to the top households rather than enterprises.

Therefore, going forward,[2] the outcomes of the top households should be tethered to their respective national median such that they rise and fall lockstep in mathematical proportion thereto. Proper enforcement of each country’s optimal ratio (ratio TBD[3]) would encourage those households collectively wielding sufficient market power to increase their median so as to raise their own outcomes. This plan creates no business mandates or taxes. Markets, not governments, would determine how to raise the median. Market success raises the cap, with no absolute limit. To the extent the market fails, any prosperity diverted from the middle is recovered from the top in pursuance of the national ratio, funding essential benefits programs to ameliorate the public distress according to the general necessity.

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[1] (*e.g.* Anacyclosis (*ἀνακύκλωσις*)) (See, *e.g.*, Herodotus (III. 80), Thucydides (VIII. 97), Plato (*Rep*. VIII. 544 C) (*Laws*, III. 677 A), Aristotle (*Pol*. VI. 1293b), Polybius (*Hist*. VI), Dionysius (*Rom. Ant.* VII, 54-56)).
[2] Existing fortunes should likely be grandfathered, but generally only to the extent they are repatriated.
[3] The initial ratio proposed for American implementation is 10,000:1. At 10,000:1, the $120k median sets the cap at $1.2BN (surpassed by 500-1,000 households); every $10k increase to the median raises the cap by $100MM.