

THE RATIONIST

TWELVE ESSAYS INTRODUCING A PROPOSED AMENDMENT TO THE CONSTITUTION OF THE UNITED STATES OF AMERICA TO PRESERVE THE DEMOCRATIC-REPUBLICAN MODEL OF GOVERNMENT.

ADDRESSED TO THE PEOPLE OF THE UNITED STATES OF AMERICA.

BY *GRACCHUS*, A LOYAL CITIZEN.

NUMBER ELEVEN: A GENUINE REPUBLICAN MEASURE.

To the People of the United States of America:

In every political society, parties are unavoidable. A difference of interests, real or supposed, is the most natural and fruitful source of them. The great object should be to combat the evil: 1. By establishing a political equality among all. 2. By withholding unnecessary opportunities from a few, to increase the inequality of property, by an immoderate, and especially an unmerited, accumulation of riches. 3. By the silent operation of laws, which, without violating the rights of property, reduce extreme wealth towards a state of mediocrity, and raise extreme indigence towards a state of comfort. 4. By abstaining from measures which operate differently on different interests, and particularly such as favor one interest at the expence of another. 5. By making one party a check on the other, so far as the existence of parties cannot be prevented, nor their views accommodated. If this is not the language of reason, it is that of republicanism.

James Madison

Our last two essays picked up where *Federalist No. 10* left off. Continuing Madison's disease analogy, we diagnosed the strain of popular faction mortal to the democratic-republican model of government as arising from the malady of middling insecurity. This disease is caused by the prevailing habit of measuring economic success by maximalist wealth accumulation, impelling elites to encroach into the middling share of national prosperity without regard to the harm thereby inflicted upon the middle class. The cure therefore lies in correcting those habits by making elite outcomes middle-dependent via median-top household wealth tethering. We now continue that analysis by further elaborating the target, the vital sign, and specific method of intervention.

HOUSEHOLDS ARE THE PROPER TARGET FOR OUR INTERVENTION.

Having settled upon a market incentive to encourage voluntary and peaceful wealth de-concentration we next consider the market actors upon which it should operate: **HOUSEHOLDS** or **ENTERPRISES**? Our corrective would be applied to households with greater justice and efficacy and fewer drawbacks than to enterprises because:

FIRST, all of the human traits driving Anacyclosis – the animosities, jealousies, insecurities, and desires which fuel human endeavor and political faction – exist within the human component of civilization, and the human component of civilization resides within households as it concentrates within cities. Households finally own most wealth and individuals are the ultimate beneficiaries of almost all capital gains. Thus, although individuals pursue financial gain **THROUGH ENTERPRISES**, they pursue it **FOR HOUSEHOLDS**.

SECOND, notwithstanding any debates concerning corporate personhood, corporations do not behave as people. They may not, per Edward Coke, “*commit treason, nor be outlawed, nor excommunicate, for they have no souls, neither can they appear in person, but by Attorney.*” Enterprises offer no fulcrum against which to apply the levers of fiscal policy save to the extent some consequence accrues directly or indirectly to individuals. Measures impacting households therefore carry greater force and are easier enforced than those applied to enterprises.

THIRD, the probability of adverse market reactions in response to mandates imposed directly on for-profit ventures caution against imposing heavy burdens on enterprises. The environment of high capital mobility enables multinational enterprises to engage in geographic arbitrage, thus risking capital flight, tax avoidance, and domestic layoffs. Businesses can pass external costs forward to consumers and backward to workers, easily shrugging them back on households in any case. Any such costs companies cannot avoid – as through excess profits taxation – could diminish innovation and investment spending and put domestic firms at a competitive disadvantage. If we wish to de-concentrate wealth without destroying it or sending it into exile, any contribution to that goal undertaken by enterprises must be of the volition of their human masters who, to use Coke’s criteria above, can commit treason.

MIDDLE CLASS HEALTH IS BEST MEASURED BY THE NATIONAL MEDIAN HOUSEHOLD NET WORTH.

Having isolated households as the proper target of our political intervention, we must next identify the vital sign which it aims to improve. The best metric of middle-class health is the **MEDIAN HOUSEHOLD NET WORTH** because:

FIRST, the calculation of **HOUSEHOLD NET WORTH** accounts for all factors **WITHIN** households, including income, assets, taxes, debt, expenses, inflation, and government transfers and subsidies. The calculation of the **MEDIAN** meanwhile aggregates outcomes **ACROSS** households, sensitizing it to macroeconomic, nationwide effects such as unemployment, underemployment and gig employment, offshoring, layoffs, job-destroying and labor-saving technology, and Black household wealth disparities.

SECOND, income furnishes only a partial account of household financial health. Gross income only reports inflows during a given period. Because it does not factor outflows eroding household bottom lines such as taxes, prices, debt, and inflation, it is useless for

assessing middle class welfare. Net income at least deducts certain costs, but still does not report household wealth. Relevant to the purposes of our Amendment, income data also understates the severity of Black household wealth disparities, as income gaps are not as extreme as wealth gaps.

THIRD, purchasing power, though a better metric than income, conceals the extent of household reliance upon public support, thereby overstating their financial health and democratic potency. We have already considered in our fourth, fifth, sixth, and seventh essays how financial dependency and economic patronage are incompatible with political independence and destructive of legitimate popular government. As Alexander Hamilton saw fit to state twice in both *Federalist No. 73* and *Federalist No. 79*, we here restate thrice: “*In the general course of human nature, A POWER OVER A MAN’S SUBSISTENCE AMOUNTS TO A POWER OVER HIS WILL.*” Because increasing household precariousness must be offset by concomitant increases in public support, purchasing power alone is an unsuitable metric by which to gauge the welfare of an upright and independent middle class.

CAPITALISM WITH VITRUVIAN CHARACTERISTICS.

Our diagnosis, target, and vital signs defined, we can now precisely design our intervention. For this we borrow from yet another Classical source, but not on politics or medicine. The Roman architect Vitruvius advised that “*the architect’s greatest care must be that his buildings should have their design determined by the proportions of a fixed unit.*” He believed that every design should adhere to exact calculation (*rationum exactiones*) based upon a fixed unit of measurement (*ratae partis*). Ancient Greek and Roman architects adhered to this principle by using the diameter of a column as their fixed unit of measurement, appropriately scaled to that building’s particular dimensions.

Having isolated the target of our political intervention as the household and its pulse the national median household net worth, we may adapt this Vitruvian precept to our purposes by adopting as our fixed unit of measurement **ONE TIMES (1X) THE NATIONAL MEDIAN HOUSEHOLD NET WORTH**, hereinafter defined as **1xM**. We may go further and define 1xM as the building block of the modern democratic-republican model of government. And it is this building block of **ONE STANDARD MIDDLE-CLASS HOUSEHOLD** that constitutes the foundation upon which responsible, authentic, and stable popular government rests. Tiberius Gracchus’s *Lex Sempronia Agraria* adopted the standard of 30 *iugera* for its republican building block. Thomas Jefferson’s draft Virginia constitution adopted 50 acres as its. The proposed Amendment adopts 1xM for ours.

Every human political society resolving itself into an economic pyramid, our building block analogy communicates two values as essential to political constitutions as to physical construction: **STABILITY** and **PROPORTION**. Republics and public buildings must not only rest upon a solid foundation, they must scale upward in sustainable proportion. Their topmost portions must not be augmented at the expense of their lower parts. To embellish the top by plundering materials from the middle and bottom assures systemic failure in both building and political systems alike. In physical structures, the destructive agency is gravity. In popular governments, it is political faction.

Though the size and shapes of building blocks and the design and dimensions of buildings may in each case vary – just as the composition of households and the aggregate configuration of political societies vary – the overarching blueprints should in every case subsist within mathematical ranges dictated by rational principles. The fundamental task of both legislator and architect therefore lies in maintaining optimal relationships between the primary constituent elements of their respective objects. In the realm of architecture these elements are form and space. In politics they are, most essentially, adverse economic interests like those enumerated by Madison in *Federalist No. 10*:

Those who hold, and those who are without property, have ever formed distinct interests in society. Those who are creditors, and those who are debtors, fall under a like discrimination. A landed interest, a manufacturing interest, a mercantile interest, a monied interest, with many lesser interests, grow up of necessity in civilized nations, and divide them into different classes, actuated by different sentiments and views. The regulation of these various and interfering interests forms the principal task of modern legislation, and involves the spirit of party and faction in the necessary and ordinary operations of government.

For the strain of popular faction characterizing late-stage Anacyclosis – which is caused by middling household insecurity, which is in turn caused by elite invasion into the middling share of national prosperity – we must consolidate Madison’s numerous dichotomies into one: the **NOW-CONFLICTING INTERESTS OF THE TOP AND MIDDLE HOUSEHOLDS**. This denominates the fundamental polarity of popular faction through the appropriate social constituencies, expressed through the numerical unit of 1xM. And this not only enables us to articulate our political intervention using simple mathematical notation, it reveals the method by which we can achieve our ultimate objective of encouraging peaceful and voluntary wealth de-concentration: **BY ALIGNING THE INTERESTS OF THE TOP AND MIDDLE HOUSEHOLDS**.

THE SOCIAL ASPECT RATIO.

To align the interests of the top and middle households we must, as we have already said, make the outcomes of the top households dependent upon the outcomes of those of the middle. To achieve this we must raise a middle class-dependent benchmark of economic success which exploits the prevailing standard of maximalist wealth accumulation. For the reasons considered, that benchmark is 1xM. We must accordingly tether the economic outcomes of the top households to some rational multiple of 1xM such that they thereafter **RISE AND FALL LOCKSTEP IN MATHEMATICAL PROPORTION** to 1xM. This would anchor our economic elites to our middle class, enabling them to accumulate vast riches within the limit of that multiple, but never to abuse or neglect the middle class without impairing their own outcomes. Properly calculated and dutifully enforced, a median-indexed household wealth **RATIO** would create a market incentive to voluntarily and peacefully de-concentrate household wealth, the first in the history in the world.

Proficient implementation of a national household wealth aspect ratio would leave no lawful means of evasion for those whose net worth exceeds the upper limit. This is because the median is omniscient. The calculation of the median directly and indirectly registers the

cumulative effects of all economic activity and all adverse effects operating against the median which have been enumerated above, including debt, inflation, offshoring, automation, Black wealth disparities, and the like. So long as wealth concealment and expatriation is made less profitable than ratio compliance, pecuniary minds would devote more care and attention to the project of raising the median than to self-destructive schemes of circumvention.

The optimal ratio for any given political society will naturally depend upon its particular circumstances, including the size and nature of its economy, the relative value of $1xM$, and the number of households it covers. It must be high enough to encourage and promote innovation, entrepreneurship, and risk-taking, preserving the creative and productive energies of human ambition. It must be low enough to cover enough top households having adequate market power – by virtue of their ownership and control of enterprises – to affirmatively influence market behavior, thereby endowing the incentive with **DISTRIBUTIVE MARKET FORCE**.

The application of sufficient distributive market force would, in turn, translate into market-generated **UPWARD MOBILITY** for all households whose net worth hovers near or below $1xM$, invigorating the markets which nourish genuine free enterprise through an infinity of positive feedback loops. There must certainly be an upper and lower figure beyond which a given multiple would produce diminishing returns within any given system. But within the then-optimal range for that system, which can only be discovered through experience and which will naturally change based on contemporaneous circumstances, future legislators may periodically adjust the ratio as appropriate to **BACKSOLVE FOR A NATIONAL MIDDLE CLASS OF ANY TARGET SIZE** by raising or lowering the multiple to capture the appropriate number of covered households having sufficient market power to generate the requisite market-generated distributive force.

Those adopting the most aggressive reading of Aristotle would set the ratio at a number computed to vest half of the nation's wealth in the middle third of its citizens. In the United States, achieving this target would require the movement of around \$50 trillion – a figure exceeding the entire net worth of the United Kingdom, France, and Germany combined – from America's top households into its middle census tercile. It would nevertheless be more elegant, feasible, and congruous with Vitruvian principles to vest **HALF THE WEALTH IN THE MIDDLE SIXTY PERCENT**, thus establishing the relationship between the middle class and the other classes within close proximity of the Golden Ratio. The target would entail the movement of the more modest sum of about \$30 trillion from America's top households into its middle three census quintiles, an amount surpassing the wealth of Japan.

Whatever the target and the optimal ratio for any given nation may be, once it is discovered and properly enforced, then in order for the top households to enjoy any future gains, they must cause the median to be raised as their outcomes would float upon it.

A median-benchmarked household wealth cap indexed to the national median household net worth – as opposed to a fixed or arbitrary wealth cap or wealth tax – therefore creates a new and beneficial market incentive to peacefully, productively, and permanently de-concentrate household wealth. Because it does not establish an **ABSOLUTE LIMIT** on the wealth that any household may accumulate but only a **RELATIVE LIMIT** by which the top households may exceed the median, this approach not only preserves mankind's underlying ambition for gain, it enlists and deploys it for the public good.

Tethering the top households in proper aspect ratio to the national median will harness their genius, talents, and energies for the national interest, uniting the financial interest with the general interest, and aligning America's billionaire class with its middle class. The mechanism of

action by which we may restore the middle class and upward mobility for those below – first halting any further encroachment by the top households into the middling share of national prosperity, and then de-concentrating household wealth so that we may reverse the damage already done – may be succinctly expressed: **NO GAINS FOR THE MIDDLE, NO GAINS FOR THE TOP**. This is our rallying cry.

GRACCHUS.