

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 SIX:

THAT EXTREME WEALTH CONCENTRATION IS THE GRIM REAPER OF DEMOCRACY.

To the People of the United States of America:

A community which has no communion with either poverty or wealth is generally the one in which the noblest characters will be formed; for in it there is no place for the growth of insolence and injustice, of rivalries and jealousies.

Plato

This series has so far shown that authentic democracy is enforced by one circumstance alone: **ELITE FEAR OF AN UPRIGHT AND INDEPENDENT MIDDLE CLASS**. In this essay we consider what happens when that middle class dies.

MODESTY IN FORTUNES PRODUCES MODERATION IN CUSTOMS, LAWS, AND GOVERNMENTS.

As our prior essay showed, the best political society exists where the greatest number are busy, self-sufficient, and content in their pursuit of higher status. Living within their means and financially independent, the people retain modest political expectations. There being no need to develop robust political machinery by which to channel revenue and appropriations for there being little need of subsidies and interventions, government remains weak as an unexercised muscle, reducing both the objects of political faction and the prospects of despotism.

These happy circumstances of civic moderation and limited government emanate from a common devotion to industry and the equitable sharing of its blessings. The obligation to work, merged with both the opportunity and the belief that the rewards justify the efforts, binds everyone to the habits and expectations incidental to labor: modesty, personal responsibility, self-reliance, diligence, frugality, honesty, and sobriety.

Preoccupied with their various enterprises and diversions, a middling people are also oblivious to innovations and revolutions which do not advance their immediate interests. A deaf, distracted, but upright middle class constitutes a far greater safeguard against deception and demagoguery than any political agency that would sanction the dissemination of only good information and forbid the flow of only bad information. Indeed, the very existence of a power to determine what is true and censor what is false presupposes an authority that is unnecessary for a

middling people and pernicious for all others, as the ruling bias inevitably infects the major organs of public opinion in democracy and despotism alike.

Not only do such circumstances distract the people from falsehoods and propaganda, they make them insensible to the unequal distribution of gains which always increases in a free and peaceful domestic economy. As long as most people remain financially secure, the road to riches stays open to all who prove adequate diligence and genius, and provided that great fortunes are attributed to the beneficial inventions and contributions of their holders, the people even celebrate inequality as an index of prosperity, innovation, and free enterprise, regarding poverty as the just reward of idleness and laziness.

There being little sympathy for subsidies and interventions among a people who do not need them, and little attention for ideas that do not concern them, the body politic remains immune to electoral bribery and false narratives. Society's collective morality is also not corrupted by the prospect of unscrupulous gain: the notion that rewards and comfort should come to idlers, cheaters, fraudsters, promoters, speculators, and thieves is anathema.

Such describes a paradigm of civic moderation, anyway. One at which perhaps no society has ever truly arrived and surely not long visited. Yet of all the political ideals for which men have ever struggled – for justice, liberty, equality, fraternity, virtue, enlightenment – the ideal of middling status has surely been nearest approached and will always remain the most attainable to the bulk of mankind.

To be sure, the middling virtues alone do not ameliorate every single social ill. Even the mildest middle classes can act despotically and cruelly toward minorities and nonconformists. Useless traditions and beliefs may suffocate beneficial or harmless liberalizations. A middling people often draw undisciplined adverse inferences against poorer racial minorities, nourishing a prejudice which too often ripens into debilitating discrimination. Many fail to recognize when changing economic circumstances render their economic assumptions anachronistic, and that poverty is not always the fault of the poor. On balance, however, the nearer any free society approaches these middling ideals, the better, for the reasons stated.

THE EXTREMES OF POVERTY AND LUXURY DESTROY THE MIDDLE VIRTUES.

As Aristotle said, "*man is by nature a political animal.*" But democracy only remains anchored to the middling virtues provided the herd does not spread too thin at the middle. To prevent the dissolution of the herd, and preserve these middling virtues, the bulk of ordinary workers must be kept within eyesight and earshot of the local median household net worth and the plain habits derivative of middling status. Not only that, those beneath the median must harbor reasonable hopes of attaining it, while many who achieve it must be able to surpass it by their own efforts. When the herd dissipates too far from the center and too much wealth is concentrated in too few hands, the middling virtues are ruined.

The second essay showed that wealth is the principal standard by which men, enterprises, and nations appraise their value. All major institutions, therefore, sanction capital accumulation as *prima facie* evidence of merit and success: school, church, media, government, and society. The more wealth, the greater the accolades. But when pecuniary success is widely celebrated without inquiry into the social benefit or ethical circumstances surrounding its achievement, as it is today, virtually every fortune is ratified without regard to whether it was honorably or ill-gotten. The man on the street comes to admire the world's most rapacious hedge fund manager no less than the scientist that devised the cure to cancer. Youthful ambition is accordingly taught

not only to tolerate but to employ almost any means to acquire wealth, whether its motives or effects are base or honorable, creative or destructive, selfish or beneficent.

Thus detached from the middling virtues, successive generations of unscrupulous financiers, speculators, monopolists, lobbyists, extortionists, and arbitrageurs capitalize on every conceivable commercial opportunity without regard to the harm thereby inflicted upon middling households. Whether it be environments of high capital mobility, developing communications networks, capital-friendly tax regimes, gratuitous extensions of market exclusivity, or the proliferation of automation technologies as today – or an influx of slaves, the importation of foreign grain, or the exhaustion of smallhold farmers as in antiquity – greedy minds exploit every economic circumstance and legal artifice to their advantage, encroaching ever further into the middling share of national prosperity, acquiring fortunes so vast they exceed any practical utility.

And since pecuniary success cannot be demonstrated unless it is displayed, modesty and frugality become synonymous with failure within the vulgar hivemind. More than honor and valor, wealth and power become the commonest benchmarks of human excellence. The similarity of conditions that were once society's cardinal virtue transforms into the curses of mediocrity and obscurity. So, in order to prove their worth and be acknowledged, many ordinary people will, among other things, make prodigal acquisitions and ostentatious displays of their possessions. Yet as Montesquieu noted long ago, most men's efforts to attain recognition are doomed to failure:

The more men there are together, the more vain they are, and the more they feel arise within them the desire to call attention to themselves by small things. If their number is so great that most are unknown to one another, the desire to distinguish oneself redoubles because there is more expectation of succeeding. Luxury produces this expectation; each man takes the marks of the condition above his own. But, by dint of wanting to distinguish themselves, all become equal, and one is no longer distinct; as everyone wants to be looked at, no one is noticed.

The common avarice uniting with the common obscurity amplifies the notoriety and influence of wealth, producing a corresponding obsequiousness to the richest individuals and organizations. Measured by the standard of wealth, the richest are the best, wisest, and strongest members of society, their advice and demands challenged only at peril. Undue deference is thereby afforded the opinions and preferences of the most avaricious and frequently least virtuous portion of mankind. Offering financial inducements to legislators who defend their habits and practices, while threatening capital flight against those who would dare temper them, elite whims are thus codified as the constitution of the so-called free market economy, neutralizing all serious remedial political movements.

THE GREATER THE SOCIAL STRATIFICATION, THE GREATER THE POLITICAL FACTION.

The people nevertheless tolerate the loss of their virtues so long as it is not clearly accompanied by the loss of their status and prospects. They may even countenance temporary stagnation, provided their material demands can be met through stimulus and debt. But political moderation and social cohesion quickly dissolve, fragmenting the body politic, once the middle class apprehends its own decline. This, America's middle class cannot fail to do today. Since the Second World War, over \$30 trillion has been diverted from labor to capital relative to the 1947

labor share run-rate. This figure exceeds the entire net worth of Japan. The richest one percent is wealthier than the entire middle class. The middle third of American households hold less than ten percent of American wealth. After fifty years of stagnation, wages quickly fall behind living expenses. The median bank account balance is only about \$5,000. Most Americans live paycheck-to-paycheck, if not stimulus check-to-stimulus check, and have less than \$1,000 in savings.

When so many ordinary households endure such financial insecurity in the presence of such extreme wealth concentration, the vast fortunes once imputed to shared national prosperity are ridiculed and condemned by many as proof of elite corruption and exploitation. Household precariousness meanwhile increases the people's need for public support, fueling demands for safety nets, subsidies, stimulus payments, basic income, and the like. This expands the role and powers of government, hence the objects and intensity of political conflict. As household insecurity persists, household dependency deepens. Ever more people come to rely on ever greater support from the public treasury. The people therefore gradually become wards and dependents of the regime and its ruling parties, forfeiting the political volition necessary to sustain authentic popular government for the reasons considered in the fourth essay.

Despite this transformation of independent middle classes into dependent underclasses, many – even of modest means – oppose all levelling interventions. Some credit the general prosperity to elite habits and preferences. Others object to any regulation of such practices simply because they profit from them, or imagine they will. Some fear expatriation of wealth or some other retribution by elites. Others adhere to the errors or anachronisms of beloved statesmen or philosophers. Some are unwilling to sanction forms of support they themselves never received. Many see the specter of socialism behind every egalitarian plan.

Such oppositions and admonitions notwithstanding, networks of public support tend to expand, less to promote equality or dignity than to pacify the swelling multitude. In difficult economic times, politicians reap greater rewards for liberality than austerity. And though many of egalitarian minds proclaim each new thread added to the public safety net as a progressive triumph, the proliferation of economic palliatives actually does more to reveal than to resolve the underlying household precariousness, since **IT IS BETTER NOT TO NEED ANY HELP THAN TO RECEIVE EVEN THE BEST.**

In all events, the domestic strife that inevitably ensues when some seek to obtain and others to deny great appropriations from the public treasury aggravates the people's animosities as it perpetuates their dependencies. All of this, in turn, enhances the people's responsiveness to every species of political rhetoric.

Populist demagogues and an unscrupulous press exploit these dependencies and animosities for their own economic and political gain, today denominated in clicks and votes. The very instrumentalities of public opinion and choice that were once entrusted to preserve public liberty thereby selfishly inflame political faction, the most persistent causes of which James Madison characterized as “*the various and unequal distribution of property.*” But though wealth concentration widens the gaps between the social classes, American political faction – at least insofar as economic issues are concerned – is in practice today defined less by a sharp class division between those with and those without property than it is by the reflexive assignment of blame for the expanding public distress.

Although as Aristotle noted “*the encroachments of the rich are more destructive to the constitution than those of the people*” many are oblivious to elite excesses. It is easy to perceive the abuses of the native-born poor or of immigrants who quite rationally flee from their poorer homelands, seeking refuge and comfort in wealthier democracies. Even simple men know it is

wrong to steal food, abuse entitlement programs, or violate immigration laws. Yet many do not understand elite intrigue in a sophisticated commercial republic such as America has become. The intricacies of tax laws or various methods of financial arbitrage, for instance – even the distinction between wages and capital gains – are incomprehensible to many. Many are accordingly found condemning the crimes of foreigners and the poor, while pardoning those of elites, perhaps in most cases less due to racism, malice, or any other want of magnanimity than for knowing what forces inflict the greater injury. For these reasons alone, the proletariat class consciousness long hoped-for by socialists will never materialize.

Thus deprived of their middling virtues, their upward mobility, their financial independence, and their political volition; addicted to demagoguery, propaganda, and patronage; divided and antagonistic; and bewildered in the causes of their stagnation and decline and how it may be redressed, **THE ELECTORATE'S ONLY MEANINGFUL POLITICAL CHOICE FINALLY BECOMES WHO TO BLAME FOR THE PUBLIC DISTRESS: WHETHER POOR PEOPLE, RICH PEOPLE, FOREIGN PEOPLE, OR SOME COMBINATION THEREOF.** Because as long as the multitude subsists on the public treasury, there are few inducements – especially for progressive legislators – to resolve the household dependency which nourishes their careers. And because the obvious and petty crimes of many are more apparent than the grand but subtle plunders by few, even good and fair-minded men may attend more to their animosities than to their reason, posterity, and immediate self-interest in obliging their reactionary champions.

Reactionary populist demagogues exploit these animosities by promising to eject foreigners and reclaim past national glory. Progressive and radical populist demagogues exploit these dependencies by promising to improve the condition of workers, immigrants, and the poor. Around these poles of animosity and dependency do we find two factions hardening and diverging from America's center. One accusing the other of xenophobia and greed; the second accusing the first of weakness and betrayal, neither liberating their adherents from their underlying precariousness or prejudices, and both deploying increasingly authoritarian techniques to win their allegiance.

And though it may seem that such factions arise from ideological differences and therefore invite varying philosophical conclusions, these factions are really two sides of the same coin admitting of no solution except to restore and expand the middle class. For both animosity and dependency – the poles defining our present economic polarization – are the product of middling household insecurity. Hence the death of our middle class threatens to consummate Anacyclosis in America, quite like George Washington thought it might:

The alternate domination of one faction over another, sharpened by the spirit of revenge natural to party dissention, which in different ages & countries has perpetrated the most horrid enormities, is itself a frightful despotism. But this leads at length to a more formal and permanent despotism. The disorders & miseries, which result, gradually incline the minds of men to seek security & repose in the absolute power of an Individual: and sooner or later the chief of some prevailing faction more able or more fortunate than his competitors, turns this disposition to the purposes of his own elevation, on the ruins of Public Liberty.

GRACCHUS.