

November 13, 2023

Senator Mitt Romney  
354 Russell Senate Office Building  
Washington, DC 20510

Dear Senator Romney:

Reference is made to your statements of September 13, 2023 announcing your intention to relinquish your Senate seat upon the conclusion of the current term. In describing the reasons leading to this decision, you expressed your aversion to the reactionary populist demagoguery and disregard for the Constitution manifesting in a disaffected portion of the Republican Party.

All who are familiar with George Washington's nightmare vision of the fate stalking America's experiment in self-government – which judging by the sad state of our national discourse is far fewer than it ought to be – should applaud your loyalty to the Constitution and the egalitarian principles for which the Republican Party was originally conceived. Regardless of to which party, candidate, or cause one's political sympathies may now or then run, all Americans should always share your devotion to these.

In his *Farewell Address*, apprehending the rise of some future American Sulla or Caesar bent on usurping the Constitution and the orderly transfer of power that it ordains, America's Cincinnatus foresaw that:

*The alternate domination of one faction over another, sharpened by the spirit of revenge, natural to party dissension, which in different ages and 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 and miseries which result gradually incline the minds of men to seek security and 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.*

But your steadfast principles – demonstrated both here and in your gracious concession to Barack Obama in the 2012 presidential election – reflect more than mere obedience to our Founding traditions of civic virtue and the responsible pursuit of power. In sounding the alarm of our accelerating transition from legitimate popular government to demagogic mob-rule, you join the ranks of a much older political anthropology reaching all the way back to Plato and Polybius. For it was Plato who first enunciated an order of political regimes, describing democracy's inclination to drift toward authoritarianism and despotism. And it was Polybius who, watching the floodgates of political violence open in the late Roman republic, first synthesized those and other lessons into a complete sequence of political evolution. This sequence, which he calls anacyclosis (*ἀνακύκλιωσις*), spans the entire story arc of political society from tribal chieftdom to imperial monarchy, mocking all our hubris with the guarantee that popular government is never more than a brief phase in the full course of human civilization.

You recently commented on the brevity of popular governments in your October 17 visit to Georgetown, stating: “*The default setting of world history is authoritarianism, not democracy.*” The historical record not only confirms that democratic and popular governments such as ours have existed for less than one-tenth of recorded history since it began in Mesopotamia and Egypt. It also agrees with Polybius’s anacyclosis. Monarchies were the most common regime in ancient Greece from 700 BC until around 450 BC, then oligarchies until circa 350 BC, then democracies until the conquests of Macedonia and Rome.

Democracy tends to come and go in waves. The first great wave broke on the Mediterranean basin in the 6<sup>th</sup> century BC, spawning over 300 democracies. The second commenced along the North Atlantic more than twenty centuries later, producing over 100 popular governments since our Revolutionary War. Studying the circumstances attending its emergence, the reason that stable self-government is so rare is in retrospect clear: because a predominant and independent middle class is rare. Independent middle classes are the *sine qua non* of legitimate popular government, and both great waves were preceded by their entrenchment.

Sure enough, as you are no doubt aware, the principal fact of America’s founding is that despite slavery, it was born middle class. In 1764, visiting British army officer Lord Adam Gordon remarked that “*everybody has property here, and everybody knows it.*” Just two days before the Constitution was ratified, George Washington predicted that America “*will be the most favorable Country of any in the world for persons ... possessed of a moderate capital,*” and celebrated “*the facility of procuring the means of subsistence.*” Two generations later, Alexis de Tocqueville confirmed that these egalitarian circumstances still prevailed, stating: “*Amongst the novel objects that attracted my attention during my stay in the United States, nothing struck me more forcibly than the general equality of conditions.*” And modern scholars confirm what contemporary observers already knew. Peter Lindert and Jeffrey Williamson’s 2012 paper concluded that “*New England and the Middle Colonies appear to have been more egalitarian than anywhere else in the measureable world.*”<sup>1</sup>

Even more than in the wisdom of its Founding Fathers or in the valor of its Greatest Generation, America’s exceptionalism was to be found in the diligence and modesty of the ordinary men and women of an upright, preeminent, and independent middle class. The moment we ever admit to losing this is the moment we lose our country.

Our national destiny hinges on the fate of our middle class. Its preservation is far too important to trust to conventional politics. Conventional redistributive schemes also cannot ensure it, for while stimulus and subsidy programs alleviate household insecurity, they do so at the cost of aggravating and institutionalizing household dependency. Wealth *redistribution*, channeled through government intermediaries, can only sustain a dependent underclass.

Michael Norton and Dan Ariely’s 2011 paper shows that the intuition of ordinary Americans agrees with the insight of Aristotle: ***The middle should own half.***<sup>2</sup> But today, the middle 60% only owns about 26% of national wealth. To revive the middle class – secured in its rightful share of at least 50% of our national prosperity – we must instead adopt a plan of wealth *de-concentration*, conveyed through market actors.

To achieve this requires the introduction of a new market incentive. The only force powerful enough to produce the requisite incentives is a federal household wealth tax. As such taxes

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<sup>1</sup> Peter H. Lindert and Jeffrey G. Williamson, *American Incomes 1774-1860*, National Bureau of Economic Research Working Paper 18396, 2012.

<sup>2</sup> Michael I. Norton and Dan Ariely, *Building a Better America – One Wealth Quintile at a Time*, Perspectives on Psychological Science, Association for Psychological Science, 2011. Compare to Aristotle, *Politics*, 1295b.

must be uniform to nullify geographic arbitrage, they must be federal. And as they must survive both Apportionment Clause attack and the vicissitudes of ordinary politics, they must be constitutional. This means one thing: They must be adopted via constitutional amendment.

Rising to the level of events, we therefore propose a constitutional amendment that would cap household wealth at a prescribed multiple of the national median household net worth such that, ***in order to enjoy any future gains, covered households must utilize their market power to raise the median as their outcomes would thereafter rise and fall lockstep in mathematical proportion thereto.***

Unlike conventional wealth taxes which are assessed solely for revenue-raising purposes, this plan's objective is to encourage market actors to voluntarily de-concentrate wealth, thereby scaling capitalism's own device of the management incentive plan from the level of enterprise to nation. The initial median-top wealth ratio would be 10,000:1 (subject to periodic adjustment until the optimal ratio is discovered), implying an initial wealth cap of approximately \$1.43 billion (based on last 3-year average reported national median), a limit presently surpassed by around 640 American households having an aggregate net worth of \$4 trillion. At a 10,000:1 ratio, every \$1 gain to the median lifts the wealth cap by \$10,000; every \$10,000 by \$100 million, every \$100,000 by \$1 billion. The only limit this plan imposes on the wealth of elite households is the limit of their genius and efficiency in raising the median.

The amendment would grandfather preexisting fortunes to the extent located within American territory and provided their owners are not convicted of certain crimes, adding both repatriation and good behavior incentives to the underlying market incentive. To incentivize ratification, ***the amendment would distribute all revenues raised by ratio enforcement in equal shares to each State which timely ratifies it, bypassing any Congressional inaction via Article V convention.*** The States can use their respective shares however they wish, to satisfy the dictates of their local constituencies, whether of a conservative or progressive conscience, strengthening our bedrock principle of federalism.

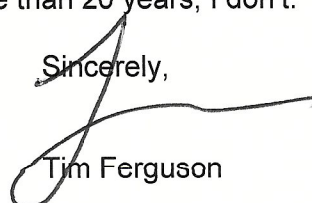
If this seems radical at first glance, know that this wouldn't be the first time someone proposed a constitutional amendment to divert luxury tax revenues to the States: Thomas Jefferson proposed one in his Second Inaugural Address, just a few years after he said that "*legislators cannot invent too many devices for subdividing property.*"

Though we could find authority for the amendment in the words of Thomas Jefferson, George Washington, James Madison, Noah Webster, or Thomas Paine, John Adams perhaps best described the ultimate mandate of republican government:

*Property monopolized, or in the Possession of a Few is a Curse to Mankind. We should preserve not an Absolute Equality – this is unnecessary, but preserve all from extreme Poverty, and all others from extravagant Riches.*

This letter is not to ask you for money. It's to ask if you have a better idea to reestablish our middle class, and thereby to preserve our democratic-republican model of government. Because after thinking about this for more than 20 years, I don't.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tim Ferguson', with a long, sweeping horizontal stroke extending to the right.

Tim Ferguson

CC:

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