

December 13, 2023

Mike Pence
10201 N Illinois Street
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Dear Mr. Pence:

Although I've never voted against the Republican presidential nominee, I salute you for certifying Donald Trump's defeat on January 6, 2021. In so doing, you placed the orderly transition of power ordained by the Constitution above partisan politics. You may even have single-handedly prevented a constitutional crisis for which, as your legal counsel put it, there would be "*no neutral arbiter to break the impasse.*"

But though you protected our republican institutions from that crisis, the populist forces which precipitated it – the "*disorders and miseries*" that George Washington warned lead men to "*seek security and repose in the absolute power of an individual*" – yet gather strength. There will be more crises. And those disorders and miseries which inflame them flow from one main source: ***middle-class decline***. Noah Webster warns that the same middling insecurity which fueled Rome's tournament of demagogues has inaugurated our own:

The causes which destroyed the ancient republics were numerous; but in Rome, one principal cause was the vast inequality of fortunes Rome, with the name of a republic, was several ages losing the spirit and principle. The Gracchi endeavored to check the growing evil by an agrarian law but were not successful. In Caesar's time, the Romans were ripened for a change of government; the spirit of a commonwealth was lost, and Caesar was but an instrument of altering the form when it could no longer exist. Caesar is execrated as the tyrant of his country; and Brutus, who stabbed him, is applauded as a Roman. But such was the state of things in Rome, that Caesar was a better ruler than Brutus would have been; for when the spirit of a government is lost, the form must change.¹

I vote in federal elections with no enthusiasm. The same neglect of our middle class that put Trump in the White House also proves that capital appeasement is the centerpiece of both major political parties. Though the Republican Party wears the robes of piety and tradition and the Democratic Party clothes itself in equality and progress, fifty years of middling stagnation show that neither is a friend to the middle class, for the middle class has always funded their patronage. The common sense of ordinary Americans agrees with the genius of Aristotle: The ***middle should own half***.² Today, the middling share is only 28% of our national wealth, about \$33 trillion off the mark.³

¹ Edited for modern spelling and punctuation.

² 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.

³ Q2 2023 Federal Reserve data shows that total U.S. household wealth is ~\$155 trillion and the middling share is: (a) 28.1%, when defined as middle three asset quintiles by income; and (b) 28.6% when defined as the "middle 40%" (between the top 10% and bottom 50%), averaging 28.35%.

Before January 6, the President's greatest constitutional impact arose mainly from his Supreme Court appointments. In this regard I concur with the Federalist Society: "*It is emphatically the province and duty of the judiciary to say what the law is, not what it should be.*" If we want to expand the Constitution's scope, we must learn to amend its text: Only 27 amendments have issued of some 12,000 attempts. A want of such discipline not only creates legal shocks like reversing 58 years of Commerce Clause jurisprudence and 49 years of abortion rights, it coaxes judicial activism out of so-called textualists and originalists.

As important as judicial review may be, however, Noah Webster makes the bigger point: A government's *form* follows its *spirit and principle*. The Constitution only established the **legal form** of a republic. Its **political substance** – its spirit – arises from the moderate disposition incidental to middling status. And the principal fact of America's founding is that despite slavery, it was born middle class. Middle class resurgence was the principal feature of our post-war life until the Bicentennial. If we lose this middling substance, we lose our republic, period.

Federalist No. 10 counsels that "*The most common and durable source of factions has been the various and unequal distribution of property.*" Experience teaches that a common prosperity, when touching upon most households, nevertheless sedates the latent causes of faction. When this economic sedative is removed and pessimism drives out optimism, "*the most frivolous and fanciful distinctions*" are noticed and inflamed until all intelligent discourse succumbs to ideology and partisanship and a thirst for vengeance. That is our politics today.

The Founders knew that republican government depends upon the broad diffusion of wealth. That's why **Thomas Jefferson** said "*Legislators cannot invent too many devices for subdividing property.*" And why **Noah Webster** said "*The basis of a democratic and a republican form of government, is, a fundamental law, favoring ... a general distribution of property.*" And why **James Madison** said the law must withhold "*unnecessary opportunities from a few, to increase the inequality of property, by an immoderate, and especially an unmerited, accumulation of riches*" and "*reduce extreme wealth towards a state of mediocrity, and raise extreme indigence towards a state of comfort.*" And why **George Washington** said America will be the best nation for those "*possessed of a moderate capital,*" and celebrated "*the facility of procuring the means of subsistence.*" And why **John Adams** said: "*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.*" Our Founders, in other words, advocated government intervention as necessary to preserve America as a **middle-class democratic republic**, in form and substance. From them we inherit the authority and duty to empower the Constitution to this end.

Your July 2020 speech at Ripon Wisconsin rightly warned of the dangers of socialism. But this fear is correct only if applied to *socialism*, properly defined. By deceiving Americans about their founding heritage and abusing their fears of socialism to deprive the middle class of its rightful share, elite sycophants would increase middling insecurity, hence popular demand for precisely the kinds of interventions they decry as socialism. Far from protecting us from socialism, the most ardent anti-interventionists are busily feathering its bed. Remembering that our Founders were American patriots like John Adams and James Madison and not Austrian intellectuals like Ludwig von Mises and Friedrich Hayek defines the proper role of government:

Socialism (Founders would not approve)
Abolition of private property
State ownership of the means of production
Centralized economic control

Not socialism (Founders would approve)
Egalitarian government intervention
Heavy taxation of elite households
Wealth de-concentration via market actors

We must reestablish our middle class. Not through socialism or any other type of government-administered *wealth redistribution*. But through a plan of voluntary wealth *de-concentration*, conveyed through market actors. This requires the introduction of a new market incentive. You need no reminding that the socialist and authoritarian consequences produced by middle-class decline are far worse than any elite tantrums engendered by its salvation.

The only force strong enough to generate the requisite market incentives is a federal wealth tax applied to households with market power. As such taxes 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.

We therefore propose a constitutional amendment that would link elite household wealth to 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. 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 (averaging 2019-2021 Census Bureau data), a limit presently surpassed by around 660 American households whose aggregate wealth exceeds that threshold by \$4.2 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, and every \$100,000 by \$1 billion. The only limit thereby imposed upon elite households is the limit of their genius and efficiency in raising the median, a task over which they retain total control.

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.*** Each State can use its 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 constitutional amendment conceived to divert luxury tax revenues to the States: Thomas Jefferson proposed one in his Second Inaugural Address. But this really isn't radical at all, as it merely scales capitalism's own device of the management incentive plan from the level of enterprise to nation.

Looking back at January 6 this summer, you said "*President Trump asked me to put him over the Constitution. But I chose the Constitution, and I always will.*" You certainly did, but only with respect to its legal form. I'm writing to ask your help in restoring its spirit and principle. Because when we lose the substance, the form is for naught.

Sincerely,



Tim Ferguson

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