Adams Institute
FOR THE PRESERVATION
OF THE DEMOCRATIC-
REPUBLICAN MODEL OF
GOVERNMENT

P.O. BOX 16428
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February 13, 2024

Abigail Disney
c/o Roy and Patricia Disney Family Foundation
3500 West Olive Avenue
Suite 700
Burbank, CA 91505

Dear Dr. Disney:

We've initiated a journal of open correspondence with American leaders who've set a good example or made noteworthy contributions related to our mission of preserving the democratic-republican model of government. In furtherance of that effort, we plan to send letters to two distinguished Americans each month, on or about the Ides. We hope that, even if you should not reply, these letters will at least contribute to informed national discourse on the question of whether we shall have a true republic, one which could scarcely be surpassed in significance by any other. You and Darren Walker have been selected to receive letters for the month of February 2024. Your letter is hereby enclosed.

In an effort to ensure that we do retain the democratic-republican model of government, key purposes of these letters include: (a) ***introducing a plan*** to preserve the political substance upon which it depends: an upright, optimistic, and independent middle class, continually refreshed by upward mobility; and (b) ***identifying receptive people*** who are willing to further discuss this project. This project entails reversing extreme wealth concentration.

To be clear, the intent of these communications, as they are made available to the public, is solely to provide a framework to stimulate intelligent discourse. They should not be construed as soliciting financial support or as lobbying communications. A draft of the proposed amendment is included not to request your advocacy as a legislative measure – many more hands would be required to even finalize the form before it would be ripe for consideration by any legislative body – but to instead furnish a concrete example of how ***structural wealth de-concentration*** might be done, so that people can see that it can be done.

And as we do hope to receive a reply I also make this clear: *We only regard our initiating letters, along with their respective cover letters like this one, and letters addressed to copied individuals explaining why they were copied*, as comprising our project corpus of "open correspondence" absent some further understanding. All responses from you or them would be treated with appropriate circumspection, as though not arising from these open letters.

Sincerely,

Tim Ferguson

Enclosures

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Dear Dr. Disney:

By the time you earned your philosophy doctorate, you must have encountered Socrates's saying: "*The unexamined life is not worth living.*" And your own examination seems to have brought you some pain: wearing old clothes to conceal your wealth. Exiting the taxi a few blocks before your destination to be seen on foot. The warnings never to say anything about the family business. Your mother's voice telling you to sit up straight even if you do, as you prepared to call upon Congress to raise your own taxes.

Witnessing the harm that extreme wealth concentration inflicts on our republic – the pessimism, insecurity, narrowing upward mobility, polarization, demagoguery, and authoritarianism – many may wonder if anyone else with a conscience lives in your neighborhood. On the one hand we have you, with a net worth below 1,000x the national median,[1] struggling to pull the plutocracy back to Earth. On the other we have the plutocrats, some of which seem to be governed by souls with holes so cavernous they can't be filled with 10,000, 100,000, even 1,000,000 American Dreams, with half the country in want of just one. Indeed, one may wonder where conscience dwells at all in the twilight of a superpower republic, considering how nearly Sallust's eulogy for Rome's mirrors the present decline of our own:

> *Avarice destroyed honor, integrity, and all other noble qualities; taught in their place insolence, cruelty, to neglect the gods, to set a price on everything. Ambition drove many men to become false; to have one thought locked in the breast, another ready on the tongue; to value friendships and enmities not on their merits but by the standard of self-interest, and to show a good front rather than a good heart. At first these vices grew slowly, from time to time they were punished; finally, when the disease had spread like a deadly plague, the state was changed and a government second to none in equity and excellence became cruel and intolerable.*

Our political trajectory after the Second World War not only echoes Rome's after the Third Punic War, it also tracks ancient Greek historiography on regime change.[2] Your profound sense of conscience, however, reminds us that patriotism and benevolence is still found among the very wealthy. And it drove you to make *The American Dream and Other Fairy Tales.* Telling the story of five ordinary Disney employees barely scraping by, your documentary differs from a typical Disney movie in that the good guys don't win and nobody lives happily ever after.

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[1] Our guess, based on your public statements. We calculate that circa 1776, the largest American fortune was also below 1,000x the median.
[2] (*i.e.* Anacyclosis (*ἀνακύκλωσις*)) (See, *e.g.*, Herodotus (III. 80), Thucydides (VIII. 97), Plato (*Rep.* VIII. 544 C) (*Laws*, III. 677 A), Aristotle (*Nic. Eth.* 8. 10; *Pol.* 1286b), Polybius (*Hist.* Bk. VI), Dionysius (*Rom. Ant.* VII, 54-56), and possibly Panaetius, Dicaercus, Isocrates, Protagoras, and Hecateus).

But as you noted in your film, neither the Disney company nor its management are the bad guys. They aren't responsible for systemic wealth concentration. As far as the business game goes, Disney does well for its owners and customers despite any grievances of its workers. Since those grievances aren't unique to Disney but reflect a national pattern, we shouldn't presume that Disney – or other enterprises facing similar complaints – doesn't play fairly. Even if Disney wanted to go rogue and play a different game than the rest of the market, it would truly be Jiminy Cricket taking on Darth Vader: Disney's roughly $200 billion market cap is only a tiny slice of the $30 trillion that must drop down from top to middle, until the middle class acquires its rightful share of at least fifty percent of national wealth.[3]

Our greatest enemy isn't the ***players*** in the game or the ***rules*** of play. Capitalism isn't evil. It's an amoral bundle of legal techniques like private property, limited liability corporate franchises, and securities exchanges facilitating profits and capital accumulation. This, in turn, enables great and risky ventures like sponsoring dangerous ocean voyages, building large factories, developing drugs, and sponsoring dangerous space voyages. The ***avarice*** and ***ambition*** that fuels innovation and entrepreneurship isn't a problem either, or the ***competition*** that variously makes winners and losers within free and fair markets, provided the winners don't win by being predators or parasites, the losers don't lose because of their race, sex, or some other immutable characteristic, and all are willing and able to keep playing.

The enemy isn't even the ***goal*** of the game, for to divert men from the pursuit of gain would be to alienate them from their own nature. Mankind's chief preoccupation is to improve its status.[4] This is mainly achieved through wealth accumulation because of all the ways to demonstrate one's excellence, wealth is the easiest to obtain, compare, display, and translate into influence and power. That's why the rich and famous still pursue it long after their fortunes surpass any practical utility: to serve their innate and insatiable pretensions.

And owing to its ubiquity and utility, all institutions – church, school, government, media – not only tolerate but celebrate even the most unconscionable wealth accumulation. What university chancellor or political candidate won't fawn over a wealthy prospective donor however his riches were derived? This produces virtually universal approbation of great fortunes whether they originated from genius, innovation, labor, luck, birth, predation, or parasitism. Universal avarice in turn produces an ingratiating deference to the habits, opinions, and preferences of the richest men, even when they are repugnant and reviled.

Our biggest problem is rather how we ***take score***. This is because our political outcomes flow from the method by which we measure economic success. In measuring economic success, our most powerful actors favor ***indiscriminate capital accumulation without regard to any other metric, or whether it is deployed by enterprises or stagnates within households***.

The cause of inexorable wealth concentration is thus concisely stated: No affluent society has ever held, during time of peace, any standard of excellence or success rivaling maximalist wealth accumulation. Its natural progression has never been serenely reversed,[5] and it's been fatal to all republics whose life was not cut short by the conquest of another.[6] The only responses so far administered are ***palliatives*** to ameliorate its symptoms. Subsidies, safety nets, the *Cura Annonae*, the *Zakat*, old-age support in the Han Dynasty. Like morphine, these

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[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%
[4] See Aristotle, *Pol.* 1301a: "*Inferiors revolt in order that they may be equal, and equals that they may be greater*" and extrapolate therefrom.
[5] See Walter Scheidel, *The Great Leveler: Violence and the History of Inequality from the Stone Age to the Twenty-First Century*, Princeton 2018. Shows that structural inequality has only been reduced by the shocks of plague, revolution, mass-mobilization warfare, or state collapse.
[6] See Machiavelli, *Discourses on Livy*, Ch. I. Bk. II. (*Of the Different Kinds of Republics, and of What Kind the Roman Republic Was*).

measures have alleviated suffering and sedated revolutions – but never ***cured*** the extreme wealth concentration that our innate status addiction inevitably produces. And these treatments come with side effects like dependency, patronage, and inflation.

If we would reverse extreme wealth concentration while yet preserving capitalism's productive energies and cultivating the middling virtues essential for self-government, the cure is as simply stated as the disease: ***median-top household wealth tethering at an efficient ratio***, say 10,000:1. Anchoring those households collectively wielding market power to the median such that their outcomes ***rise and fall lockstep in mathematical proportion*** thereto requires them to raise the median in order to enjoy any future gains. In other words, we'd put plutocracy on an incentive plan. And like a true incentive plan, we'd let market actors determine how to raise the median – with no regulations upon enterprises – taxing households only in proportion to market failure and imposing no absolute limit on their prospects. Howsoever they decide to raise the median, elites must in any case open the gates of upward mobility.

Taxing only the top households works best since they are the final owners of almost all wealth, and none could evade if we took enforcement seriously. We could achieve this by a ***household tax adopted via constitutional amendment,*** like the one Thomas Jefferson suggested in his Second Inaugural Address to distribute luxury tax revenues to the States. But unlike taxes designed to generate revenues to facilitate government-administered wealth redistribution, our purpose is to promote voluntary wealth de-concentration through market actors.

A 10,000:1 ratio implies an initial wealth cap of $1.43 billion, a limit today surpassed by around 670 American households whose aggregate wealth exceeds it by about $4.4 trillion.[7] To grasp its incentive power, consider that at 10,000:1, every $1 gain to the median increases the cap by $10,000; every $10,000 by $100 million, every $100,000 by $1 billion.

This plan may sound idealistic, but it doesn't rely on good will or class warfare. It was conceived to harness human avarice: We should prefer to see greed's yoke around the plutocracy's neck over the proletariat's knife to its throat. And to ensure ratification, it ***would split all revenues raised by ratio enforcement equally among all States timely ratifying it, bypassing any Congressional inaction via Article V convention***. With around 98,000 public schools, 1,600 public colleges, 1,000 public hospitals, 18,000 police departments, 29,000 fire departments, 19 million state and local employees, 35 million retirement system beneficiaries, and $6 trillion held in pension and university endowments, the States can make efficient use of their respective shares. And the proceeds, worth billions over time, can be used according to the dictates of their local constituencies, strengthening the principle of federalism.

You've been criticized for saying there is such a thing as too much money. But you're right. At least within the ambit of households, and at least ***until the middle owns half***, for that is the common ground on which ordinary Americans and political philosophers agree.[8] We write you not to ask for money, but to join us at that rally point.

Sincerely,

Tim Ferguson

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[7] The amendment would grandfather preexisting fortunes to the extent located within American territory and provided their owners are not convicted of certain crimes, adding repatriation and good behavior incentives to the market incentive. Median based on average of 2019-2021 Census Bureau data.
[8] 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, *Pol.*, 1295b and James Harrington, *The Commonwealth of Oceana* (*the Preliminarys*).

CC:

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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.

John Adams, 1765

Legislators cannot invent too many devices for subdividing property, only taking care to let their subdivisions go hand in hand with the natural affections of the human mind.

Thomas Jefferson, 1785

The most common and durable source of factions has been the various and unequal distribution of property.

James Madison, 1787

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.

George Washington, 1796

A PROPOSED AMENDMENT TO THE CONSTITUTION OF THE UNITED STATES OF AMERICA TO PRESERVE THE DEMOCRATIC-REPUBLICAN MODEL OF GOVERNMENT, CONCEIVED BY A LOYAL CITIZEN.

ARTICLE [__].

SECTION 1. Every census prescribed by the Second Section of the first Article of this Constitution shall calculate and publish the national median Household net worth, accounting for every Household subject to the jurisdiction of the United States, and all factors relevant to the determination thereof.

SECTION 2. Congress shall annually lay and collect taxes on every Household described in the preceding section whose net worth would otherwise exceed a prescribed multiple of the amount last published pursuant thereto, which for all property located within any territory subject to the jurisdiction of the United States shall, in the aggregate, initially be and never exceed [ten Thousand] times, or reduced below [one Thousand] times thereof[; and for all property located in all other territories shall, in the aggregate, never exceed [one-fifth] the limit established by such preceding multiple as is then in effect and as may change from time to time as described in the following sentence]. Congress shall prescribe such multiple within sixty days after the publication of each census, which multiple will remain in effect until adjusted by Congress after a subsequent census or as provided in the fifth section of this Article.

For all Households liable for such taxes Congress shall broadly account for all Property directly and indirectly beneficially owned by or for all natural Persons within such Household without regard to title, but disregard from the calculation of net worth: the appraised value of all Real Property as reflected on the records of any State or subdivision thereof (but not any monies or other Property, other than different Real Property of otherwise like description, at any time and in any manner received in respect thereof); and, unless any such Person shall have been anywhere duly convicted of any felony or financial crime, the value of any corpus of Property existing prior to the date this article (or any reduced multiple) takes effect which: is as of such effective date located within and not thereafter removed from the United States; or cannot actually be located within the United States without regard to any Treaty or foreign law conceived in subversion hereof.

Within [ninety] days after the ratification of this article, Congress shall prescribe legislation to effect the foregoing Intent and Purposes and punish and deter the evasion thereof, without regard to any renunciation of citizenship, redomestication of any Household or any member thereof (or any of its or their respective beneficiaries, heirs, descendants, successors, or assigns), expatriation of any Property outside of any territory subject to the jurisdiction of the United States, apportionment among the States, uniformity, any other census or enumeration or any inconsistent provision of this Constitution.

Subject to the preceding paragraph, Congress may exempt from any provisions of this article foreign Households not circumventing its Intents and Purposes for the benefit of, or otherwise including, any current or former United States citizens or resident aliens, or any of their respective beneficiaries, heirs, descendants, successors, or assigns.

SECTION 3. The Treasury shall distribute all Revenues collected in accordance with this article equally to each State ratifying this article within [sixty] days after its ratification by three-fourths thereof. Absent manifest error, controversies between States concerning such distributions shall be resolved favoring the more populous claimants. No State which fails to timely ratify this article shall ever be entitled to any portion of the revenues raised pursuant hereto, and no amendment to this prohibition shall be made or effective, without the consent of each State timely ratifying this article in the first instance.

SECTION 4. This article shall take effect and the next census made within three years after the date of ratification, and every subsequent census every [tenth] year thereafter. Congress shall allocate all resources as necessary, and the President shall use the executive power, to ensure the full and complete enforcement of the provisions of this article and the complete, accurate and impartial conduct of each census. Any State may bring suit in any Court of the United States to compel the enforcement of any provision herein. No Treaty shall be made, confirmed, or enforced to the extent conflicting with this article.

SECTION 5. Congress may temporarily suspend the tax required by this article, but only during any period that the aggregate net worth owned by the [middle three quintiles by annual income] of all Households described in the first section of this article exceeds [fifty percent] of the entire net worth owned by all Households described in the first section of this article, as determined by the last-published census; at all other times the tax shall automatically and without further action of Congress be reinstated in the last-effective multiple before such suspension, until Congress further adjusts such multiple as provided in the second section of this article.

DRAFT OF FEBRUARY 2024