

February 13, 2024

Darren Walker
c/o Ford Foundation
320 E 43rd St
New York, NY 10017

Dear Mr. Walker:

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 Abigail Disney 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

February 13, 2024

Darren Walker
c/o Ford Foundation
320 E 43rd St
New York, NY 10017

Dear Mr. Walker:

Roughly one-fifth of America's population were slaves at the moment of Independence, entitling their descendants a primal claim to America's founding lineage, equal to any whose ancestors disembarked the Mayflower. Yet even 159 years after Abolition, countless millions of these descendants feel more alienated from the American Dream than those whose forebears later arrived by choice, making it understandable if any should decline to boast that heritage.¹

History tells us how this wound was made. Economics tells us that the wound remains open. Ignorance daily pours fresh salt into it. And yet you, Mr. Walker, have told us not only how it will be healed, but also how our democratic-republican model of government will be preserved: **hope**. Not guilt or blame, but a universal optimism nourishing the pursuit of happiness that is every American's birthright.

Universal optimism, however, relies upon universal opportunity; that is, reasonable prospects for people of ordinary faculties to secure a happy middle-class life, free of patronage and enmity, and with or without the benefit of patrimony. You explained why this is so in a 2019 visit to Goldman Sachs, stating: "*At the center of the American narrative is the idea of hope, aspiration, and mobility.*" You noted too that accelerating inequality "*asphyxiates*" the American Dream within a growing number of ordinary households who, despite all the free-market rhetoric, see markets for what they really are: rigged. This has informed your signature phrase: "**Hope is the oxygen of democracy**,"² a worthy phrase not least because it's true.

We agree, and ask that you permit us to introduce a proposal to assure hope for millions of ordinary Americans whose collective outlook over the next few generations will either rescue our democratic-republican model of government, or lead inexorably to its downfall. One that will also create a framework orienting philanthropic giving to market outcomes. We call upon historical examples and American political theory to buttress the plan we now put before you.

Democracy has visited mankind in two great waves spanning less than a tenth of recorded history since it began in ancient Egypt and Mesopotamia. And no popular republic has remained accountable to its commoners after the ruination of its originating middle classes. Rome's path from Gracchus to Caesar shows how irrevocably a free people are drawn to "*seek security and repose in the absolute power of an individual*" once infected with faction, as George Washington

¹ The (average 2019-2021) median household net worth is \$143,000; the White median is \$218,000, the Black median \$19,000. Enforcing Sherman's *Special Field Order No. 15* (enabling the 40-acre *virritim*) could have prevented this gap; see John Talbott's \$16.5 trillion estimate of the cost to Black Americans cited in *Resurrecting the Promise of 40 Acres: The Imperative of Reparations for Black Americans*, Roosevelt Institute, William Darity Jr. and A. Kirsten Mullen (June 2020) and *What Would It Take to Close America's Black-White Wealth Gap?*, RAND Corporation, Doug Irving, May 2023.

² You have mentioned this in discussions with the Arbutus Foundation, the John Templeton Foundation, and Christiane Amanpour.

warned. Today's intensifying polarization, demagoguery, and authoritarianism – all fueled by pessimism and cynicism – caution that our institutions and constitutions cannot alone suppress the social effects of middling insecurity, as America's White middle class comes to experience a small but increasing dose of the despair that so many poor Blacks have always known.

Hope is the oxygen of democracy bears repeating because it evokes and confronts a fortress of modern anti-interventionist rhetoric: *Federalist No. 10*.³ In that essay, James Madison warned of the risks of faction to popular government: the destruction of the common weal or minority rights by the narrow pursuit of selfish interests. He wrote: "*There are two methods of curing the mischiefs of faction: the one, by removing its **causes**; the other, by controlling its **effects**.*" The only way to remove faction's causes, he argues, is either by destroying liberty or "*by giving to every citizen the same opinions, the same passions, and the same interests.*" He calls the first choice unwise, the second, impractical. His remedy: to dissipate faction through the **palliative** of a "republic," applying a "*scheme of representation*" over an extended territory.

While Madison was right that destroying liberty is imprudent and that inculcating universal sentiments is impossible, he was wrong both concerning the efficacy of his institutional remedy, and that either such step is actually needed to cure the strain of faction that is fatal to popular government. All that is required to overcome that variety of faction is what Alexis de Tocqueville still saw in his 1831 visit to America: the same "*general equality of conditions*" that Mercy Otis Warren and George Washington had earlier praised.⁴ Indeed, by 1792, Madison prescribed substantive economic **correctives** accordingly:

*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 expense 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.*⁵

America was born a republic precisely because, despite slavery, it was born middle class.⁶ And the James Madison of 1792 was firmly aligned with earlier statements by John Adams, Thomas Jefferson, and Noah Webster all endorsing legislation as useful to preserve the middling political substance upon which self-government rests.⁷ By 1829, anticipating the *Communist Manifesto* by 19 years and affirming Aristotle's narrative of the relationship between the middling virtues and yeoman farmers in the *Politics* after 2,179 years, he knew that no scheme of representation ever made would itself habituate the body politic to republican government:

³ When read to preclude egalitarian intervention. Features the line: "*Liberty is to faction what air is to fire, an aliment without which it instantly expires.*"

⁴ See Mercy Otis Warren, *History of ... the American Revolution*, 1805 Vol. I. Ch. I.: "*Democratic principles are the result of Equality of condition*" and George Washington to Richard Henderson, 1788: "*America ... will be the most favorable Country of any in the world for persons ... possessed of a moderate capital, to inhabit. ... it will not be less advantageous to the happiness of the lowest class of people because of the equal distribution of property the great plenty of unoccupied lands, and the facility of procuring the means of subsistence.*"

⁵ James Madison, *Parties*, 1792, for the National Gazette.

⁶ See Peter H. Lindert and Jeffrey G. Williamson, *American Incomes 1774-1860*, National Bureau of Economic Research Working Paper 18396, 2012. Concluding that in 1774 New England and the Middle Colonies were the most egalitarian place in the measurable world.

⁷ See John Adams, *Dissertation*, 1765: "*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,*" Thomas Jefferson to James Madison, 1785: "*Legislators cannot invent too many devices for subdividing property,*" and Noah Webster, *Miscellaneous Remarks*, 1790: "*The basis of a democratic and a republican form of government, is, a fundamental law, favoring ... a general distribution of property.*"

*It is a law of nature, now well understood, that the earth under a civilized cultivation is capable of yielding subsistence for a large surplus of consumers beyond those having an immediate interest in the soil; a surplus which must increase with the increasing improvements in agriculture, and the labor-saving arts applied to it. And it is a lot of humanity, that of this surplus a large proportion is necessarily reduced by a competition for employment to wages which afford them the bare necessaries of life. **The proportion being without property, or the hope of acquiring it, cannot be expected to sympathize sufficiently with its rights to be safe depositories of power over them.***⁸

The James Madison of 1829 held no delusions that elites would limit their own rapaciousness or that clever political architecture could contain the ensuing populism. These considerations show that far from defending any anti-interventionist canon, the first four Presidents would have urged us to take measures necessary to preserve the middle class, constrained only by reason and due process. Such interventions may include even **wealth taxes and wealth caps**, as made clear by John Adams's praise of the *Lex Sempronia Agraria* as a "genuine republican Measure," and Thomas Jefferson's emulation thereof.⁹

With the benefit of hindsight and in no haste to preserve the Union, a James Madison of 2024 could furnish a better narrative of political faction than was possible in 1787. Considering all that has happened since: the Industrial Revolution, the Civil War, Emancipation, Segregation; the effects of offshoring, immigration, automation; fiat currency, the Great Depression, Great War, America's rise as global hegemon;¹⁰ the Space Race and the Internet: let us dare to imagine how the Father of the Constitution might diagnose and cure faction today:

The most common and durable source of faction has been the various and unequal distribution of property, but the optimistic pursuit of gain within an environment of shared prosperity sedates the latent causes of faction, whatever they may be. Unequal fortunes are then not only tolerated but celebrated as an index of prosperity and innovation. But when this economic sedative is removed – when the middling share is invaded and insecurity and despondency leaps from the poor to middling households – pessimism extinguishes optimism and inequality changes its aspect to that of parasitism and predation. In the bewildered search for who to blame for the rising public distress – rich, poor, foreigners, or some other political adversary – every difference of opinion, religion, race, and other circumstance is noticed and irritated, inflaming the popular faction and infecting the public discourse, inuring the people to the seductions of patrons and demagogues. Though it may be true that no such corruption of manners was ever found in the yeomanry, it is equally true that economic practice will not always remain agrarian. The great task of modern legislation is therefore to cultivate the middling substance in which the virtue, optimism, and independence essential to republican government and incidental to smallholding status can take root as can most fairly be simulated beyond the agrarian mode of economy.

⁸ *Notes on Suffrage*, December 1829. In an historical sense, one might say that democracy is as much a product of the land as olives or wheat.

⁹ See John Adams to Abigail Adams, 1776, on the Gracchi reviving "the old Project of an equal Division of the conquered Lands, (a genuine republican Measure, tho it had been too long neglected to be then practicable)." The Gracchan law revised the *lex de modo agrorum* of the Licinian-Sextian rogations, imposing hard caps on private use of *ager publicus*, lands acquired at public expense. See also John Adams to James Sullivan, 1776, advocating measures "to make the Acquisition of Land easy to every Member of Society: to make a Division of the Land into Small Quantities, So that the Multitude may be possessed of landed Estates." See also Noah Webster's favorable account of the *Lex Sempronia Agraria* in *Miscellaneous Remarks*: "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." See also Thomas Jefferson's draft 1776 Virginia constitution, reviewed by Madison, establishing a *virtim* of 50 acres. These lessons would not have escaped Radical Republicans like Thaddeus Stevens. We may justly assert caps on private fortunes whose size exceeds some rational demarcation, acquired with the benefits of public infrastructure, government subsidies, or legal rights of market exclusivity.

¹⁰ See V. Duruy, *Histoire des Romains*, II, 46-47, 1879 (as quoted by A. Stephenson, *Public Lands and Agrarian Laws of the Roman Republic*, 1891) "After having pillaged the world as praetors or consuls during time of war, the nobles again pillaged their subjects as governors in time of peace; and upon their return to Rome with immense riches they employed them in changing the modest heritage of their fathers into domains vast as provinces."

Having established that our Founding Fathers would intervene as necessary to preserve America as a middling democratic republic, we next consider how that might be accomplished. In his Second Inaugural Address, Thomas Jefferson proposed a constitutional amendment diverting luxury tax revenues to the States. Our approach is not altogether different from his.

Adapting Jefferson's idea, we propose a constitutional amendment fixing 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.***

Setting this cap entails a tax. But unlike wealth taxes that would simply generate revenues, our purpose is to promote voluntary wealth de-concentration via market actors. Our suggestion to achieve this is quite modest: We would initially cap our top **households** at 10,000x the national median household net worth, establishing a median-top ratio of 10,000:1, implying a wealth cap of \$1.43 billion – a limit surpassed by around 670 households whose aggregate wealth exceeds that cap by about \$4.4 trillion.¹¹ To raise the cap, elites must simply raise the median. In other words, we'd put plutocracy on capitalism's own device of the incentive plan, thereby improving capitalism. And just like a true incentive plan, market actors would determine how to raise the median. This plan imposes no mandates on enterprise, and the only limit imposed on the top households is dictated by their genius and skill in raising the median. Whatever method elites use to actually raise the median in any case necessitates opening the gates of upward mobility, reviving authentic hope for the middle class and all those aspiring thereto.¹²

These points bring us full-circle back to our first: healing slavery's persisting economic wounds. In discussing your book *From Generosity to Justice: A New Gospel of Wealth*, Jeff Raikes said: "Design the solution to the systemic problem you are trying to solve for the person who is least well-served by the system you are trying to fix. Chances are, if you get it right for those who have suffered most, others will benefit too." Implementation of median-top tethering promotes this because the further any group clusters below the median, the greater the incentive at the top to raise it. Because the Black median approaches the bottom, median-top tethering would elevate the goal of reducing Black racial disparities to a market imperative.¹³ And because the median can't be meaningfully increased by merely reallocating wealth from those in its zone, median-top tethering would mitigate Black disparities at no cost to ordinary White households.

We write you not to ask for money, but if you might endorse these efforts. We espouse them with the notion that they may help redeem what was best about America's founding, and help repair what was worst. And just like anyone else, we need hope to keep going, too.

Sincerely,

Tim Ferguson

¹¹ Preexisting fortunes would be grandfathered 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 figure reflects average of 2019-2021 Census Bureau Data. Once the rule of median-top tethering has acquired the force of custom, future legislators would be able to adjust the governing ratio within a prescribed range enabling them to backsolve for a middle class of any desired target size, based on number of elite households/market power covered.

¹² Part of our strategy for ratification entails distributing 100% of the revenues to the States, who could adopt this proposed amendment via Article V convention regardless of any Congressional obstinance (perhaps joining forces with the Congressional term limits advocates).

¹³ At 10,000:1, the delta between the Black and White medians reduces the cap by \$300 - \$400 million, but the amount must be confirmed. The ratio creates the incentive; the specific methods used to close the gap (e.g., philanthropic giving, or Darrick Hamilton's Baby Bonds program, which could be seeded by the revenues) are left open. Median-top tethering should in any case accelerate/advance the mitigation of racial disparities past the glacially slow pace made possible (or impossible) by income convergence alone; See simulations by Ellora Derenoncourt *et al.*, which shows that "even by the year 2200, by which time the racial income gap would have closed in our model, we would still have a positive wealth gap of 1.4," from *Wealth of Two Nations: The U.S. Racial Wealth Gap, 1860-2020*, National Bureau of Economic Research Working Paper 30101, 2022.

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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