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# FROM THE FOUNDER



## The Rise of a Third Political Party

*Sounds impossible. Maybe not.*

A third American political party is one of those proposals everyone says will never happen. Then it happens.

That's because both parties in recent decades have either been bad actors or incompetent goofs. No wonder half the country is open to joining a party not part of the Republican and Democratic Party orbits. The current two-party system has failed to deliver.

Begin with the bad actor charge. As everyone knows, both parties have colluded to rig the U.S. campaign finance system against independent candidates and third parties. A Harvard Business School report shows, for example, a person can give \$1,063,200 annually to each or both political parties. But someone running as an independent is limited to receiving only \$7,000 every four years.

Then there is the fact that the current two-party system is not delivering. America used to lead the world in social mobility. Now we rank 27th among the world's nations. What's the plan to restore the American Dream? Our global education scores rank us 18th in the world. Where is the bipartisan Manhattan Project, gathering together the best minds to save public education in America?

The middle class is in crisis. Since 1980, real wages have risen a total of only 16 percent. More than one-fifth of Americans rely on Social Security and Medicare, yet these programs, if left unaddressed, are flirting with insolvency. Where is the bipartisan plan to save these programs?

The parties have failed the economic growth test. Since the country's founding in 1789, real GDP has grown at an average annual rate of a robust 3.7 percent. Today the

Congressional Budget Office predicts annual GDP growth for 2026 to 2035 of only 1.8 percent.

That difference sounds trivial. It's not. If the American economy since the country's founding in 1789 had grown by 1.8 percent annually, America today would have the per cap-

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ita income of Papua New Guinea, one of the world's poorer developing world economies. When was the emergency session of Congress, called by both parties, to address the slow growth issue?

There are many reasons for this decline in the economy's performance. One is that there is no longer a level playing field. In today's Washington, powerful corporate lobbyists write their own bills. Established institutions manipulate the system at the expense of entrepreneurial newcomers. Less-than-well-thought-out regulations destroy the risk-taking incentive. Corporate Capitalism has replaced Main Street Capitalism. Where's the outrage?

There also appears to be a relationship between acute partisanship and lower growth rates. In the last four decades, those presidents who, when they had no other

choice, engaged in bipartisan compromise (think Reagan and Clinton) enjoyed economies significantly more robust (Reagan average GDP growth: 3.6 percent, and Clinton: 3.8 percent) than the economies of those presidents unwilling, or unable, to compromise much (G.W. Bush average GDP growth: 1.9 percent, and Obama: 2 percent). Coincidence? Probably not. In an environment of hyper-partisanship, investors in relative terms lose confidence. Why then do both parties continue to put party before country?

Since the Supreme Court's 2010 *Citizens United* decision, it seems the only thing that matters to both parties is money. Both openly brag when some tech billionaire writes a check for tens if not hundreds of millions, as if there'll be no strings attached to the cash transfer. People come to Washington to do good. They leave doing well. In the process, American democracy has lost its moral agreement with itself. Is anyone troubled by the fact that our parties seem bought and paid for?

Meanwhile, each party has made an art form of stoking up its base. Today, polls show one in four Americans finds violence against those they disagree with acceptable. Is that good for preserving American democracy?

Here's where partisanship has reached the level of the absurd. In 2013, the pollsters Mark Mellman and Whit Ayres conducted an experimental poll to show how ridiculous partisanship had become. They offered Democrats in their survey group the details of an education plan marked "Republican Education Plan." The Democrats hated it. They offered Republicans in the survey group the details of a plan stamped "Democratic Education Plan" and they hated it. They were the same plan. And this was a dozen years ago when Republicans and Democrats were still on speaking terms. Shouldn't the leadership of both parties be troubled

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about the potential outbreak of a crisis where bipartisan cooperation is needed but can't be delivered?

It is time for a third political party that targets the 75 percent of the country that hasn't lost its mind to nonsensical political extremism. This is what the rock star Bono once cleverly called the rise of "the Radical Center." The

immediate focus of a third party should be on reforming the redistricting process to make every House district as competitive as possible. The current system effectively disenfranchises each state's minority party members since the party primary determines the outcome. To win that primary, candidates currently are forced to adopt extreme positions to turn out their more ideological base voters. With competitive districts, candidates could focus instead on centrist positions aimed at winning the general election. With the rise of artificial intelligence, the district boundaries could be determined by algorithms, not partisan state legislatures.

Remember, neither the Republican nor Democratic parties are mentioned in the U.S. Constitution. George Washington was not a member of a party when elected. In his Farewell Address, he warned of the dangers of political parties. He was right.

The last few decades have been an extraordinary period of wealth creation leaving a lot of multi-billionaire families wondering what to do with these vast sums. Why not help create a new party whose candidates by law take no campaign contributions from the private sector?

As strange as it sounds, Warren Buffett, who is stepping down from his CEO responsibilities at Berkshire Hathaway with a \$160 billion fortune, is perfectly positioned to finance a new party. So are Michael Bloomberg and Bill Gates. They could save American democracy. They have more than enough resources. In the 2016 election, federal campaign spending totaled \$6.5 billion. That's about one year's return on Buffett's fortune if invested in a Treasury bond.

The billionaires would be given nothing in return. There would be no personal or business strings attached. They'd just be donating part of their fortune to pay back a country whose markets have rewarded them handsomely. For Warren Buffett in particular, what a great thing to do at 94. The great master investor would be making his biggest and most worthwhile investment ever: investing in democracy's cleaned-up future. Why not ask him? And to be co-leaders of this project, ask former White House Chief of Staff Rahm Emanuel and former Speaker of the House Paul Ryan.

—DAVID M. SMICK

*Founder, editor, and publisher, TIE, and  
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