The Just Third Way: A Graphic Overview
“We the people of the United States, in order to form a more perfect union, establish justice....”

Preamble to the Constitution of the United States
“It is absurd to entrust the defense of a country to people who own nothing in it.”

Diodorus Siculus
“We are called to be architects of the future, not its victims.”

R. Buckminster Fuller
“[Our challenge is to] make the world work for 100% of humanity in the shortest possible time through spontaneous cooperation without ecological offense or the disadvantage of anyone. .”

R. Buckminster Fuller
The Development Curve

This graph traces the growth of population through all recorded history, and projects population growth into the Twenty-First Century. However, the same sort of curve - a near right angle slightly rounded at the corner - is of quite general application, and would be followed fairly closely by almost any significant factor of modern civilization.

The reason why one curve fits so many and such varied factors of modern life is that what it really measures is the passage of the human race from one kind of history to another: from subsistence to what is now called development. This passage and its implications constitute the single most important clue to an understanding of our civilization - and of all history before it.
Distribution of Corporate Ownership

Who Owns Today’s Corporations?

10% Own 90% of Today’s Corporate Pie
90% Own 10% of Today’s Corporate Pie

(Prof. Edward Wolff, New York University, 2012)

Who Will Own Tomorrow’s Corporations?

10% Keep Their Part of Today’s Pie
While the 90% Gain Ownership of Tomorrow’s Growing Pie

(Prof. Edward Wolff, New York University, 2012)
The Problem: Transforming the Corporation

FROM:
- Majority Owner
- Minority Owner
- Management
- Workers
- Union
- Government

The Conflict Model ("Zero Sum Game") of Industrial Relations

TO:
- Majority Owner
- Minority Owner
- Management
- Workers
- Union
- Government

The Proprietary Interest Model ("Win-Win" Strategy) of Industrial Relations
Objective: Justice-Based Management

FROM:

INCREASES WORKER ALIENATION

DECREASES HUMAN DIGNITY

WAGE SYSTEM CORPORATION

TO:

CUSTOMERS
OWNERSHIP SHARING CORP.

INCREASES HUMAN DIGNITY

DECREASES WORKER ALIENATION

Leader monopolizes power
Leader commands through fear
Ownership and control concentrated
Paternalism
Accountability upward only
Trickle-down incentives
Rewards disconnected from productivity
Waste of time, materials, and human potential
Short-term sense of income security
Target of political attacks

Leader serves by teaching and empowering others
Leader guides through Justice
Every worker an owner
Management by shared values and customer satisfaction
Governance by checks, balances and two-way accountability
New labor deal: gain sharing, risk sharing, profit sharing
Efficiency maximized by Justice
Waste converted into production
Shared interest in long-term survival
Broadened political constituency

CENTER FOR ECONOMIC AND SOCIAL JUSTICE • www.CESJ.org
The Moral Basis of the Just Third Way

The Dignity and Empowerment of Each Human Person
Market-Based Equilibrium Under Kelso’s Binary Economic System

Aggregate Supply (Production) = Aggregate Demand (Consumption)

Labor Inputs (“People”) = Labor Incomes

Capital Inputs (“Things”) = Capital Incomes
Reforms to Money and Growth Capital Financing System

Democratization of Access to Insured Capital Credit = Repayment of Growth Capital Loans with Growth Capital Profits ("Future Savings")
The Three Principles of the Kelso-Adler Theory of Economic Justice

**DISTRIBUTIVE JUSTICE**
(Out-take Principle)
- Income to Capital Owners (Profits)
- Income to Workers (Wages)

**PARTICIPATIVE JUSTICE**
(Input Principle)
- Input from Labor
- Input from Capital

**SOCIAL JUSTICE**
(Feedback and Corrective Principle)
The Four Pillars for Building a More Just Economy

**EXPANDED CAPITAL OWNERSHIP**

**Goal**
Promote widespread citizen access to capital ownership

**Means**
Democratization of productive credit

**Result**
Decentralizes economic power and profit sharing to each citizen

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**LIMITED ECONOMIC POWER OF THE STATE**

**Goal**
Shift state ownership and control over production and income distribution to the citizens

**Means**
Limit government power over economy

**Result**
Promotes economic justice for all and increases revenue for public sector programs

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**PRIVATE PROPERTY**

**Goal**
Restore personal rights of property in the means of production, particularly in corporate equity

**Means**
Reform laws which deny shareholders the full rights of property

**Result**
Secures personal choices and economic self-determination

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**FREE AND OPEN MARKETS**

**Goal**
Restore free and open markets

**Means**
Gradually eliminate all non-voluntary methods of determining prices, wages, and profits

**Result**
Decentralizes economic choice and empowers each person as a consumer, a worker and an owner
Capital Homesteading

Through access to low-cost capital credit, citizens would build up their capital accumulations through such vehicles as ESOPs, CHAs, CLBs and CSOPs, as well as through inheritance, gifts, savings, etc.
What Capital Homesteading Would Mean to the Average Citizen
Projected Tax-Sheltered Wealth Accumulations
and Pre-Tax Income Under Capital Homesteading

<table>
<thead>
<tr>
<th>Assumptions:</th>
<th>Calculations from Assumptions:</th>
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<tbody>
<tr>
<td>1 0 Accumulation Beginning at Birth</td>
<td>7 $140.00 Commercial Bank Discount Amount</td>
</tr>
<tr>
<td>2 2.00% One-Time Discount Rate</td>
<td>8 $315.00 Capital Credit Insurance Premium Amount</td>
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<tr>
<td>(Assumes Immediate Rediscounting at Central Bank)</td>
<td>9 $6,545.00 Cash Available to Homesteader Each Year</td>
</tr>
<tr>
<td>3 4.50% One-Time Initial Risk Premium</td>
<td>(to Purchase New Shares)</td>
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<tr>
<td>(Capital Credit Insurance and Reinsurance)</td>
<td></td>
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<tr>
<td>4 $7,000.00 Annual Capital Credit Allocation</td>
<td>10 $981.75 Annual Earnings Per Loan</td>
</tr>
<tr>
<td>5 8 Term of Acquisition Loan in Full Years</td>
<td>11 7.1301 Payback Period (in Years)</td>
</tr>
<tr>
<td>6 15.00% Pre-Tax ROI</td>
<td>12 $981.75 Annual Payment of Principal per Loan</td>
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</table>

Capital Homesteading Wealth Accumulation Projections

<table>
<thead>
<tr>
<th>Age</th>
<th>B Cap. Homestead Accumulation</th>
<th>C Annual Earnings</th>
<th>D Debt Service Payment</th>
<th>E Acquisition Debt Balance</th>
<th>F Annual Net Income</th>
<th>G Aggregate Dividends</th>
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Financing Green Growth Through Citizen Ownership

1. Cash Used to Purchase New Capital Assets
2. Acquisition of Capital Tools, Structures & Working Capital
3. Sale of Green Energy Shares (full profit payout, voting) at Current Market Price
4. Insured Term Note
5. Insurance
6. Risk Premium 0.5% or Less For Prime Customers
7. Insured Bundled Notes
8. New Asset-Backed Money (discounted at Fed servicing fee)
9. Insured Loan (Less Transaction Fees)
10. Investment of Cash Proceeds Of Loan
11. Guarantee To Pay Annual Profits Into Capital Homestead Accts
12. Annual Tax-deductible Payments and/or Dividends
13. Government (calculates periodic capital credit allotments)
14. Annual Installment Payments on Loan
15. Money Cancelled

Capital Credit Creditors
(Capital Credit Insurers & Reinsurers (CCIs & CCRs))

Growing Enterprise

Capital Homestead Accounts for Each Citizen (tax-sheltered)

Commercial & Cooperative Banks

Regional Federal Reserve Bank

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“There is one thing stronger than all the armies in the world, and that is an idea whose time has come.”

Victor Hugo