“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
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

**To:**
- Majority Owner
- Minority Owner
- Management
- Workers
- Union
- Government

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

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

FROM:
- Increases worker alienation
- Decreases human dignity

TO:
- Customers
- Ownership sharing corp.
- Increases human dignity
- Decreases worker alienation

Wage system corporation

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
The Moral Basis of the Just Third Way

The Dignity and Empowerment of Each Human Person
Say’s Law: Market-Based Equilibrium Achieved 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)

**PARTICIPATIVE JUSTICE**
(Input Principle)

**SOCIAL JUSTICE**
(Feedback and Corrective Principle)

- Input from Labor
- Input from Capital
- Income to Capital Owners (Profits)
- Income to Workers (Wages)
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

---

**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

---

**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

---

**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.

Employee Stock Ownership Plan
For Corporate Employees

Capital Homestead Account
For Every Citizen

Citizens Land Development
Bank/Cooperative for Residents

Consumer Stock Ownership Plan
For Utility Customers
What Capital Homesteading Would Mean to the Average Citizen:
Projected Wealth Accumulations and Dividends Under Capital Homesteading

<table>
<thead>
<tr>
<th>AGE</th>
<th>HOMESTEAD ACCUMULATION</th>
<th>ANNUAL EARNINGS</th>
<th>TOTAL DEBT SERVICE</th>
<th>TEST</th>
<th>PRINCIPAL DEBT BALANCE</th>
<th>ANNUAL PRINCIPAL PAYMENTS</th>
<th>AMORTIZED DISCOUNT</th>
<th>RESIDUAL (DIVIDENDS) TO HOMESTEADER</th>
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**PRE-TAX "RESIDUAL" (DIVIDENDS) RECEIVED BY HOMESTEADER DURING PERIOD OF CAPITAL ACCUMULATION:** $2,667,015.44
What Capital Homesteading Would Mean to the Average Citizen:  
Projected Wealth Accumulations and Dividends Under Capital Homesteading

NOTES

(1) These projections are calculated on the assumption that a Capital Homesteader will begin accumulating assets on the day of his or her birth.

(2) The amount of the annual capital credit allocation for each citizen is calculated by dividing the total estimated capital needs of the United States for the period, by the total qualified population of the United States. For this example, we divide $3.955 Trillion (total "US Gross Fixed Capital Formation" as of November 8, 2018; Source: St. Louis Federal Reserve) by 328.95 Million (the US population as of November 18, 2018; Source: CIA World Fact Book), getting a per capita capital credit allotment of $12,023 for every citizen. To be conservative and to simplify our calculations, we have decreased the amount of capital credit per citizen to $10,000.

(3) The one-time service fee plus risk premium (the "discount," sometimes incorrectly called an interest rate) is the difference between the face value of the promissory note and the amount the Capital Homesteader receives to purchase shares. It must be enough to cover the bank's expenses and a just profit plus the capital credit insurance premium, or the investment is not "feasible," i.e., is not expected to pay for itself out of its own future earnings. The "discount" amount covering these one-time fees would also be financed with no-interest capital credit.

(4) The promissory note is the amount the Capital Homesteader owes to the bank. It is used to "purchase" the bill of exchange from the Capital Homesteader and backs the demand deposit out of which the Capital Homestead pays the discount and purchases shares.

(5) The pre-tax rate of return on the shares is based on a conservative Return On Investment for a typical company. Actual ROI differs according to industry and type of company.

(6) This is the number of years the Capital Homesteader has to repay each loan. It is based on the maximum possible payment given the annual earnings of the shares.

(8) Total amount of assets the Capital Homesteader will accumulate, everything else being equal.

(9) This is the full amount of earnings attributed to the shares owned by the Capital Homesteader, paid out as dividends. These are tax deductible to the corporation paying them, but are ordinary income to the Capital Homesteader unless used to make debt service payments.

(10) This is the amount of principal payments (13) plus the amortized discount amount (14).

(11) This column displays "BAD!" if the debt service payments exceed projected earnings, indicating the proposed loan is not financially feasible.

(12) This amount is the total amount of loans outstanding at the end of the year after principal and debt service payments.

(13) This amount is calculated by dividing the net loan principal (2) by the term of the loan in years (6).

(14) This amount is calculated by subtracting the net loan principal (2) from the amount of the promissory note (4) and dividing the result by the term of the loan (6).

(15) This is the amount remaining to the Capital Homesteader for consumption purposes from earnings after taking out debt service payments.
Financing Green Growth Through Capital Homesteading

1. Periodic calculation of capital credit allotment per citizen
2. Government presents bill of exchange for Bank's approval of CHA loan
3. Guarantee to pay profits into CHA
4. Citizen presents bill of exchange to Bank for approval of CHA loan
5. Guarantee to pay risk premium for CHA loan
6. Risk insurance for CHA loan
7. Insured CHA loan
8. New asset-backed money (discounted at Fed servicing fee)
9. Bundled insured CHA loans
10. Insured loan (less transaction fees)
11. Investment of cash proceeds of loan
12. Guaranteed to sell Green Growth Shares (full profit payout, voting) at current market price
13. Acquisition of technology, structures & working capital for Green Growth
14. Periodic tax-deductible payments and/or dividends
15. Periodic installment payments on loan
16. Money cancelled

THE JUST THIRD WAY: A GRAPHIC OVERVIEW

CENTER FOR ECONOMIC AND SOCIAL JUSTICE • www.CESJ.org
Financing Green Growth Through Capital Homesteading

1. Capital Homestead Account (CHA) for Each Citizen (tax-sheltered)
2. Periodic Tax-deductible Payments and/or Dividends
3. Guarantee to Pay Profits Into CHA
4. Citizen Presents Bill of Exchange for Bank’s Approval of CHA Loan
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11. Investment of Cash Proceeds Of Loan
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13. Cash Used for Purchase of New Capital Assets and Working Capital
14. Periodic Installment Payments on Loan
15. Periodic Installment Payments on Loan
16. Money Cancelled

THE JUST THIRD WAY: A GRAPHIC OVERVIEW

CENTER FOR ECONOMIC AND SOCIAL JUSTICE • w w w . C E S J . o r g
Financing Green Growth Through Capital Homesteading

1. Capital Homestead Account (CHA) for Each Citizen (tax-sheltered)
2. Green Growth Enterprise
3. Commercial & Cooperative Banks
4. Regional Federal Reserve Bank
5. Capital Credit Insurers & Reinsurers (CCIs & CCRs)
6. Capital Credit Syndicator (CCS) (bundles CHA loans)
7. New Asset-Backed Money (discounted at Fed servicing fee)
8. Bundled Insured CHA Loans
9. Money Cancelled
10. Insured Loan (Less Transaction Fees)
11. Investment of Cash Proceeds Of Loan
13. Acquisition of Technology, Structures & Working Capital for Green Growth
14. Periodic calculation of capital credit allotment per citizen
15. Periodic Installment Payments on Loan
16. Citizen Presents Bill of Exchange for Bank’s Approval of CHA Loan

Guarantee to Pay Profits Into CHA
Guarantee to Pay Risk Premium for CHA Loan
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Insured CHA Loan
Capital Credit Synidcator (CCS) (bundles CHA loans)
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Money Cancelled
Periodic Installment Payments on Loan

Government

Periodic Tax-deductible Payments and/or Dividends
Insured Loan (Less Transaction Fees)
Investment of Cash Proceeds Of Loan
Cash Used for Purchase of New Capital Assets and Working Capital
Acquisition of Technology, Structures & Working Capital for Green Growth

Guarantee to Sell Green Growth Shares (full profit payout, voting) at Current Market Price

Periodic Tax-deductible Payments and/or Dividends
Insured Loan (Less Transaction Fees)
Financing Green Growth Through Capital Homesteading

1. Government

2. Periodic calculation of capital credit allotment per citizen

3. Green Growth Enterprise

4. Citizen Presents Bill of Exchange for Bank’s Approval of CHA Loan

5. Guarantee to Pay Risk Premium for CHA Loan

6. Risk Insurance for CHA Loan

7. Insured CHA Loan

8. Bundled Insured CHA Loans


10. Insured Loan (Less Transaction Fees)

11. Investment of Cash Proceeds Of Loan

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16. Money Cancelled

Capital Credit Syndicator (CCS) (bundles CHA loans)

Capital Credit Insurers & Reinsurers (CCIs & CCRs)

Commercial & Cooperative Banks

Regional Federal Reserve Bank

Government

Capital Homestead Account (CHA) for Each Citizen (tax-sheltered)

Green Growth Enterprise

Money Used for Purchase of New Capital Assets and Working Capital

Guarantee to Sell Green Growth Shares (full profit payout, voting) at Current Market Price
Financing Green Growth Through Capital Homesteading

- **Government**
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- **Regional Federal Reserve Bank**
  - Money Cancelled

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  - Periodic Installment Payments on Loan

- **Capital Credit Insurers & Reinsurers (CCIs & CCRs)**
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  - Risk Insurance for CHA Loan

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- **Guarantee To Pay Profits Into CHA**
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- **Cash Used for Purchase of New Capital Assets and Working Capital**
  - Guarantee to Sell Green Growth Shares (full profit payout, voting) at Current Market Price

- **Citizen Presents Bill of Exchange for Bank's Approval of CHA Loan**
Financing Green Growth Through Capital Homesteading

1. Capital Homestead Account (CHA) for Each Citizen (tax-sheltered)
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Government

Commercial & Cooperative Banks

Regional Federal Reserve Bank

Capital Credit Syndicator (CCS) (bundles CHA loans)
Financing Green Growth Through Capital Homesteading

1. Government
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12. Green Growth Enterprise
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13. Cash Used for Purchase of New Capital Assets and Working Capital

14. Periodic Installment Payments on Loan

15. Periodic Installment Payments on Loan

16. Money Cancelled

17. Regional Federal Reserve Bank
   - Capital Credit Insurers & Reinsurers (CCIs & CCRs)

18. Commercial & Cooperative Banks
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   - Guarantee to Sell Green Growth Shares (full profit payout, voting) at Current Market Price
   - Guarantee To Pay Risk Premium for CHA Loan
Financing Green Growth Through Capital Homesteading

1. Government
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2. Capital Homestead Account (CHA) for Each Citizen (tax-sheltered)
   - Bundle of CHA loans

3. Green Growth Enterprise
   - Proceeds of Loan
   - Guarantee to Pay Profits Into CHA

4. Commercial & Cooperative Banks
   - Insured Loan (Less Transaction Fees)

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6. Risk Insurance for CHA Loan

7. Insured CHA Loan

8. Capital Credit Syndicator (CCS) (bundles CHA loans)
   - New Asset-Backed Money (discounted at Fed servicing fee)

9. Regional Federal Reserve Bank
   - Bundled Insured CHA Loans

10. Periodic Installment Payments on Loan

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13. Acquisition of Technology, Structures & Working Capital for Green Growth

14. Periodic Tax-deductible Payments and/or Dividends

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The Just Third Way: A Graphic Overview

Center for Economic and Social Justice • www.CESJ.org
Financing Green Growth Through Capital Homesteading

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Government

Capital Homestead Account (CHA) for Each Citizen (tax-sheltered)

Commercial & Cooperative Banks

Capital Credit Syndicator (CCS) (bundles CHA loans)

Capital Credit Insurers & Reinsurers (CCIs & CCRs)

Regional Federal Reserve Bank
Financing Green Growth Through Capital Homesteading

1. **Capital Homestead Account (CHA) for Each Citizen (tax-sheltered)**
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3. **Guarantee To Pay Profits Into CHA**
   - Investment of Cash Proceeds Of Loan

4. **Insured Loan (Less Transaction Fees)**
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6. **Insured CHA Loan**
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7. **New Asset-Backed Money (discounted at Fed servicing fee)**
   - Bundled Insured CHA Loans

8. **Capital Credit Syndicator (CCS) (bundles CHA loans)**

9. **Bundled Insured CHA Loans**

10. **Insured Loan**
    - Money Cancelled

11. **Guarantee to Sell Green Growth Shares (full profit payout, voting) at Current Market Price**

12. **Cash Used for Purchase of New Capital Assets and Working Capital**

13. **Acquisition of Technology, Structures & Working Capital for Green Growth**

14. **Periodic Tax-deductible Payments and/or Dividends**

15. **Periodic Installment Payments on Loan**

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**Government

**Commercial & Cooperative Banks

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

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Citizen Presents Bill of Exchange

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Periodic Installment Payments on Loan

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1. Government
   - Periodic calculation of capital credit allotment per citizen
   - Capital Homestead Account (CHA) for Each Citizen (tax-sheltered)

2. Green Growth Enterprise
   - Acquisition of Technology, Structures & Working Capital for Green Growth
   - Periodic Tax-deductible Payments and/or Dividends

3. Commercial & Cooperative Banks
   - Guarantee to Pay Profits Into CHA
   - Insured Loan (Less Transaction Fees)
   - New Asset-Backed Money (discounted at Fed servicing fee)
   - Regional Federal Reserve Bank

4. Capital Credit Insurers & Reinsurers (CCIs & CCRs)
   - Risk Insurance for CHA Loan
   - Capital Credit Syndicator (CCS) (bundles CHA loans)

5. Insured CHA Loan

6. Risk Insurance for CHA Loan

7. New Asset-Backed Money (discounted at Fed servicing fee)

8. Bundled Insured CHA Loans

9. Money Cancelled

10. Insured Loan (Less Transaction Fees)

11. Investment of Cash Proceeds Of Loan

12. Guarantee to Pay Risk Premium for CHA Loan

13. Guarantee to Sell Green Growth Shares (full profit payout, voting) at Current Market Price

14. Periodic Tax-deductible Payments and/or Dividends

15. Periodic Installment Payments on Loan

16. Money Cancelled

Cash Used for Purchase of New Capital Assets and Working Capital

Government

Green Growth Enterprise

Capital Homestead Account (CHA) for Each Citizen (tax-sheltered)

Commercial & Cooperative Banks

Capital Credit Insurers & Reinsurers (CCIs & CCRs)

Insured CHA Loan

Risk Insurance for CHA Loan

New Asset-Backed Money (discounted at Fed servicing fee)

Insured CHA Loan

Money Cancelled

Periodic Installment Payments on Loan

Guarantee to Pay Risk Premium for CHA Loan

Insurance to Pay Risk Premium for CHA Loan

Regional Federal Reserve Bank

Government

Capital Homestead Account (CHA) for Each Citizen (tax-sheltered)

Commercial & Cooperative Banks

Capital Credit Insurers & Reinsurers (CCIs & CCRs)

Government

THE JUST THIRD WAY: A GRAPHIC OVERVIEW

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Financing Green Growth Through Capital Homesteading


2. Capital Homestead Account (CHA) for Each Citizen (tax-sheltered): Periodic Tax-deductible Payments and/or Dividends.


5. Capital Credit Insurers & Reinsurers (CCIs & CCRs): Guarantee to Pay Risk Premium for CHA Loan.


10. Guarantee to Pay Profits Into CHA.

11. Investment of Cash Proceeds Of Loan.

12. Periodic Installment Payments on Loan.


14. Government: Capital Homestead Account (CHA) for Each Citizen (tax-sheltered)
Financing Green Growth Through Capital Homesteading

1. Capital Homestead Account (CHA) for Each Citizen (tax-sheltered)
2. Periodic calculation of capital credit allotment per citizen
3. Guarantee To Pay Profits Into CHA
4. Citizen Presents Bill of Exchange for Bank’s Approval of CHA Loan
5. Guarantee to Pay Risk Premium for CHA Loan
6. Risk Insurance for CHA Loan
7. Insured CHA Loan
8. Bundled Insured CHA Loans
10. Insured Loan (Less Transaction Fees)
11. Investment of Cash Proceeds Of Loan
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16. Money Cancelled

Government

Commercial & Cooperative Banks

Capital Credit Syndicator (CCS) (bundles CHA loans)

Capital Credit Insurers & Reinsurers (CCIs & CCRs)

Regional Federal Reserve Bank
Financing Green Growth Through Capital Homesteading

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   - New Asset-Backed Money (discounted at Fed servicing fee)

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8. Bundled Insured CHA Loans

9. Insured Loan (Less Transaction Fees)

10. Insured CHA Loan

11. Investment of Cash Proceeds Of Loan


13. Acquisition of Technology, Structures & Working Capital for Green Growth

14. Periodic Tax-deductible Payments and/or Dividends

15. Periodic Installment Payments on Loan

16. Money Cancelled

Central to this process is the Capital Credit Insurers & Reinsurers (CCIs & CCRs) who provide risk insurance for the CHA loans and syndicate them.

The start of this process is the Government providing each citizen with a Capital Homestead Account (CHA) which is tax-sheltered. Citizens can use this account to purchase new capital assets and working capital.

The process continues with the Government ensuring that capital credits are allocated periodically to each citizen. These credits can be used for the acquisition of technology, structures, and working capital for green growth.

Periodic payments are made to the CHAs, which are used to purchase insured CHA loans. These loans are syndicated by a Capital Credit Syndicator (CCS), which bundles the CHA loans together.

The syndicated loans are then sold to the Regional Federal Reserve Bank, which issues new asset-backed money (discounted at the Fed servicing fee) against these loans. This money is a form of new money creation, reflecting the principle of capital homesteading.
“There is one thing stronger than all the armies in the world, and that is an idea whose time has come.”

Victor Hugo