



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**

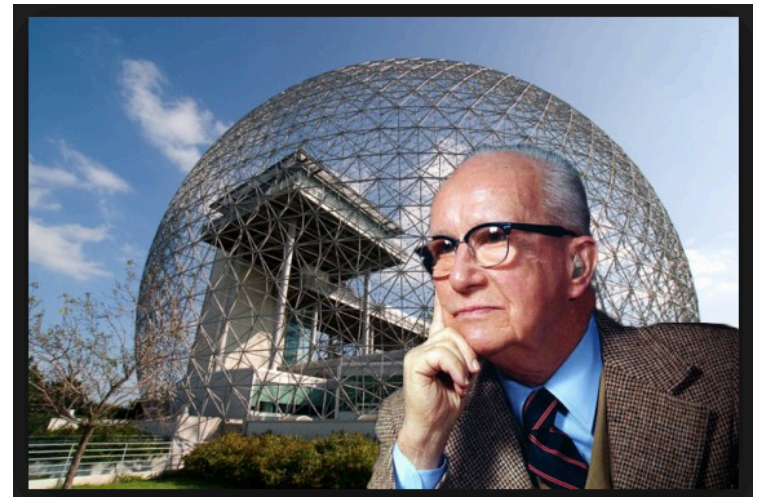


**“It is absurd to entrust
the defense of a
country to people who
own nothing in it.”**

Diodorus Siculus

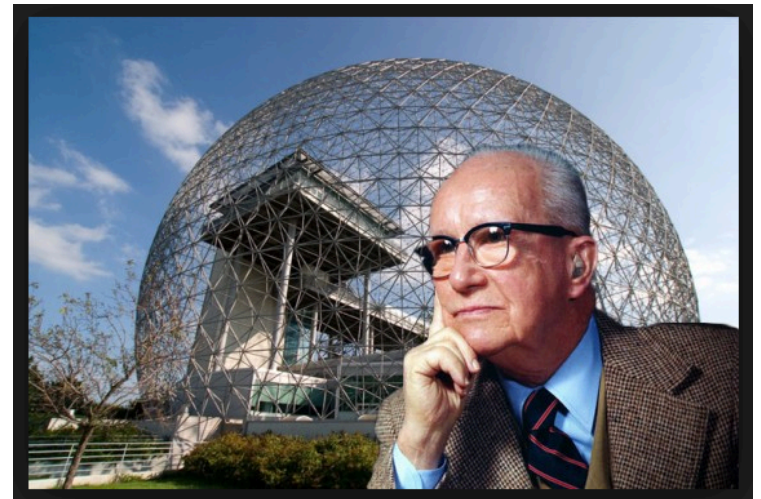
“We are called to be
architects of the future, not
its victims.”

R. Buckminster Fuller

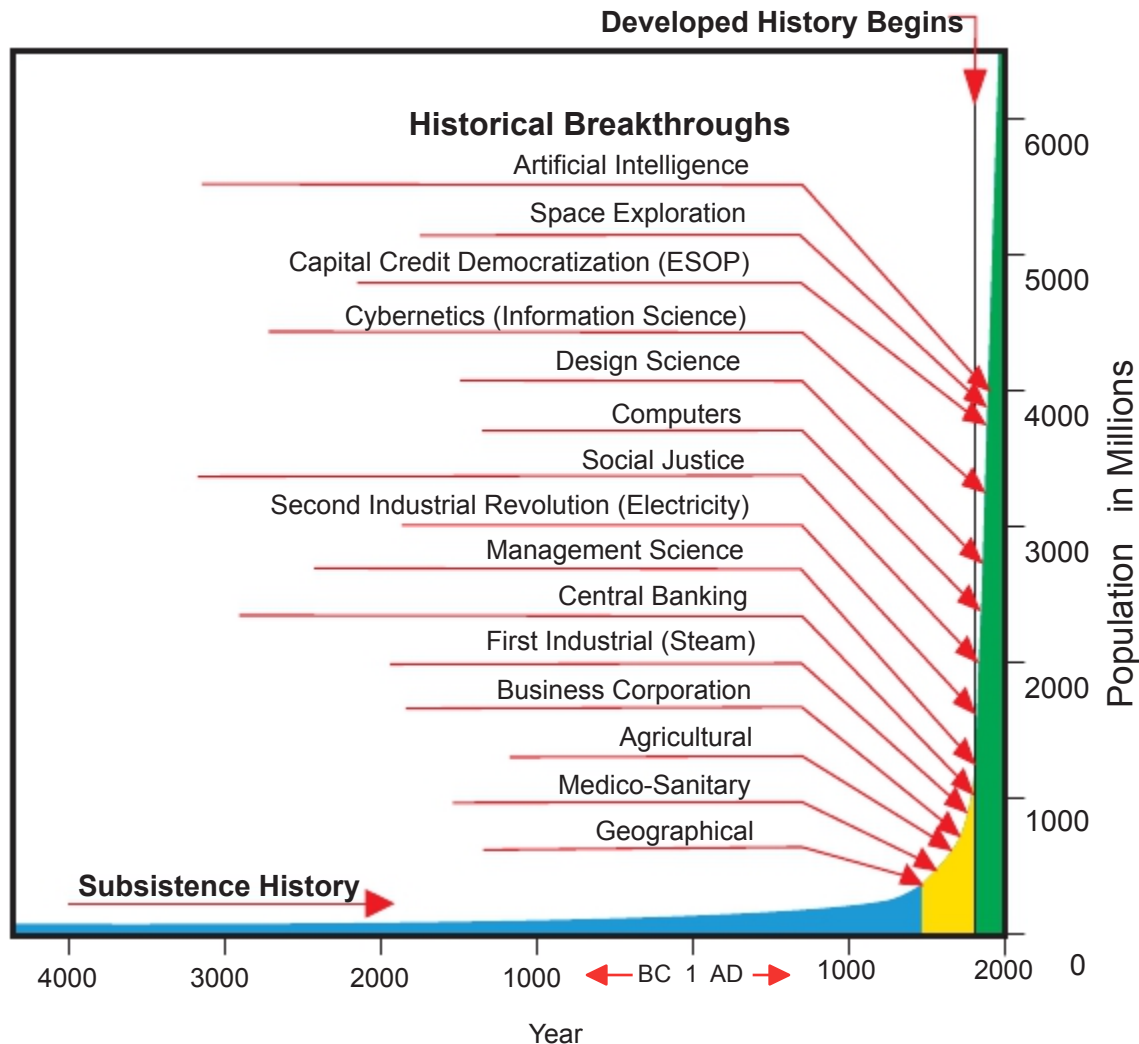


“[Our challenge is to] make the world work for 100% of humanity in the shortest possible time through spontaneous cooperation without ecological offense or the disadvantage of anyone. .”

R. Buckminster Fuller



The Development Curve

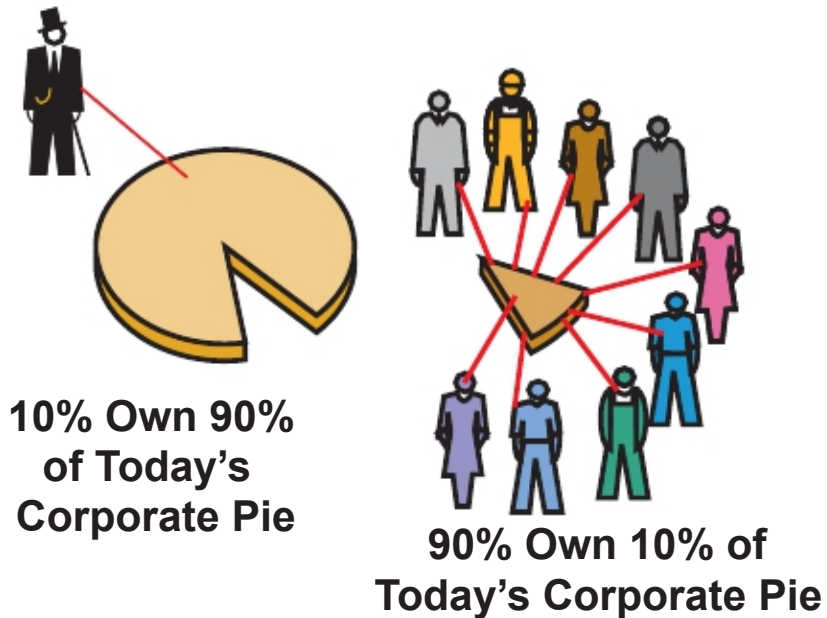


This graph traces the growth of population through all recorded history, and projects population growth into the Twenty-First Century. However, the same sort of curve - a near right angle slightly rounded at the corner - is of quite general application, and would be followed fairly closely by almost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

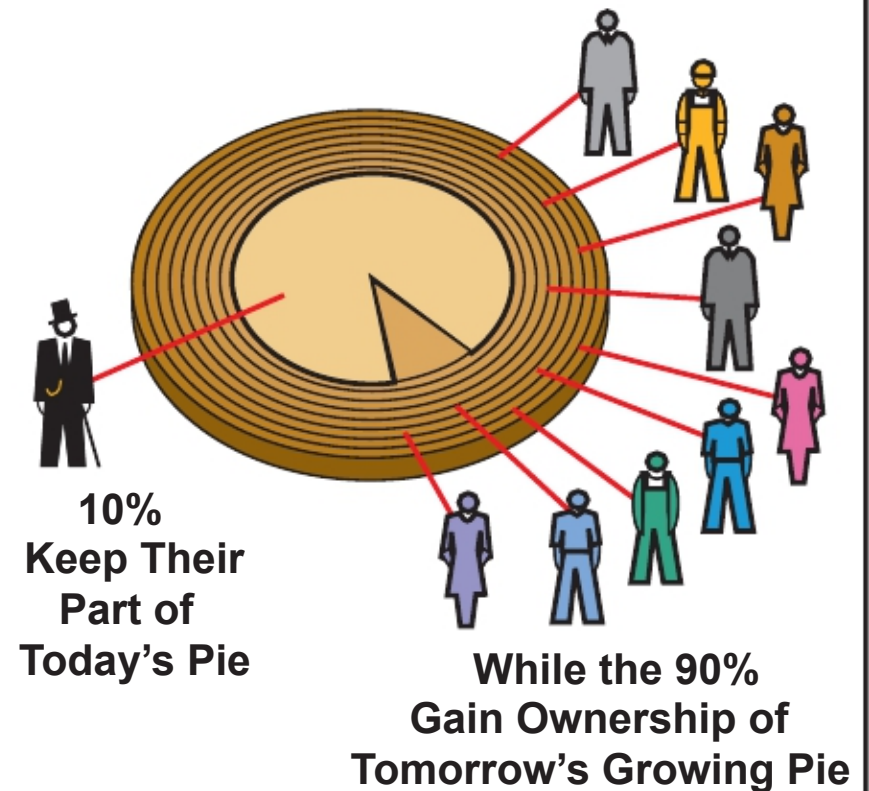
Distribution of Corporate Ownership

Who Owns Today's Corporations?

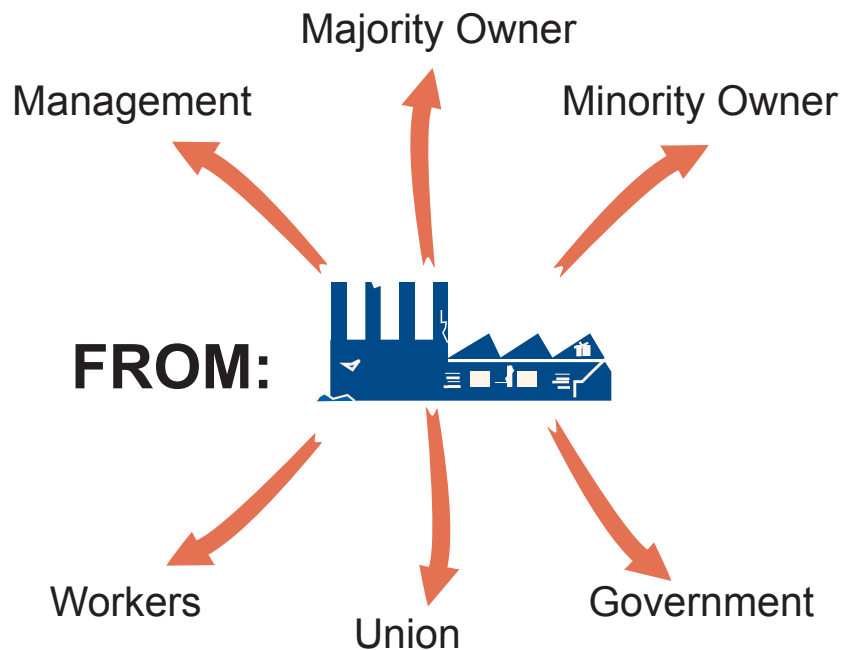


(Prof. Edward Wolff, New York University, 2012)

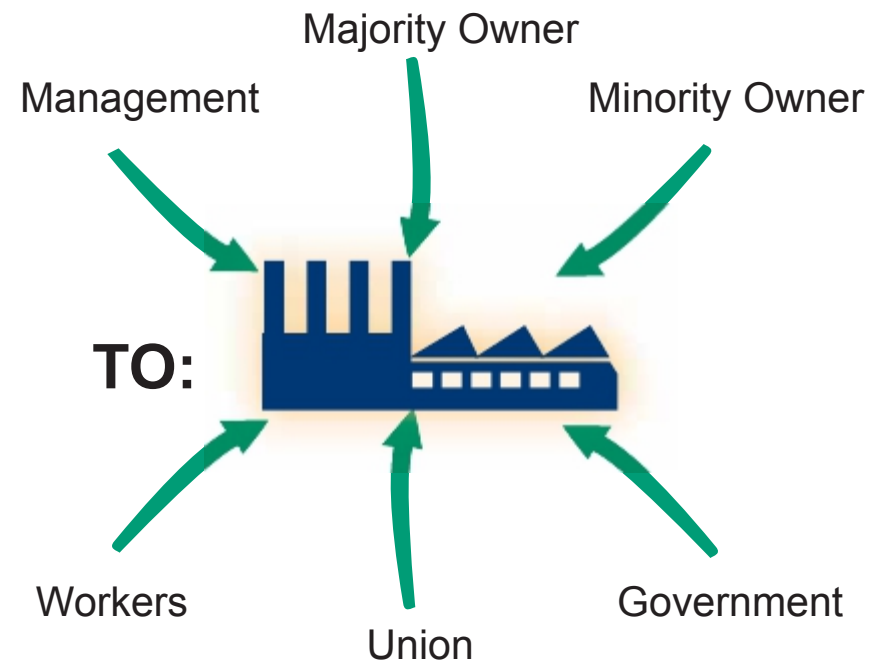
Who Will Own Tomorrow's Corporations?



The Problem: Transforming the Corporation

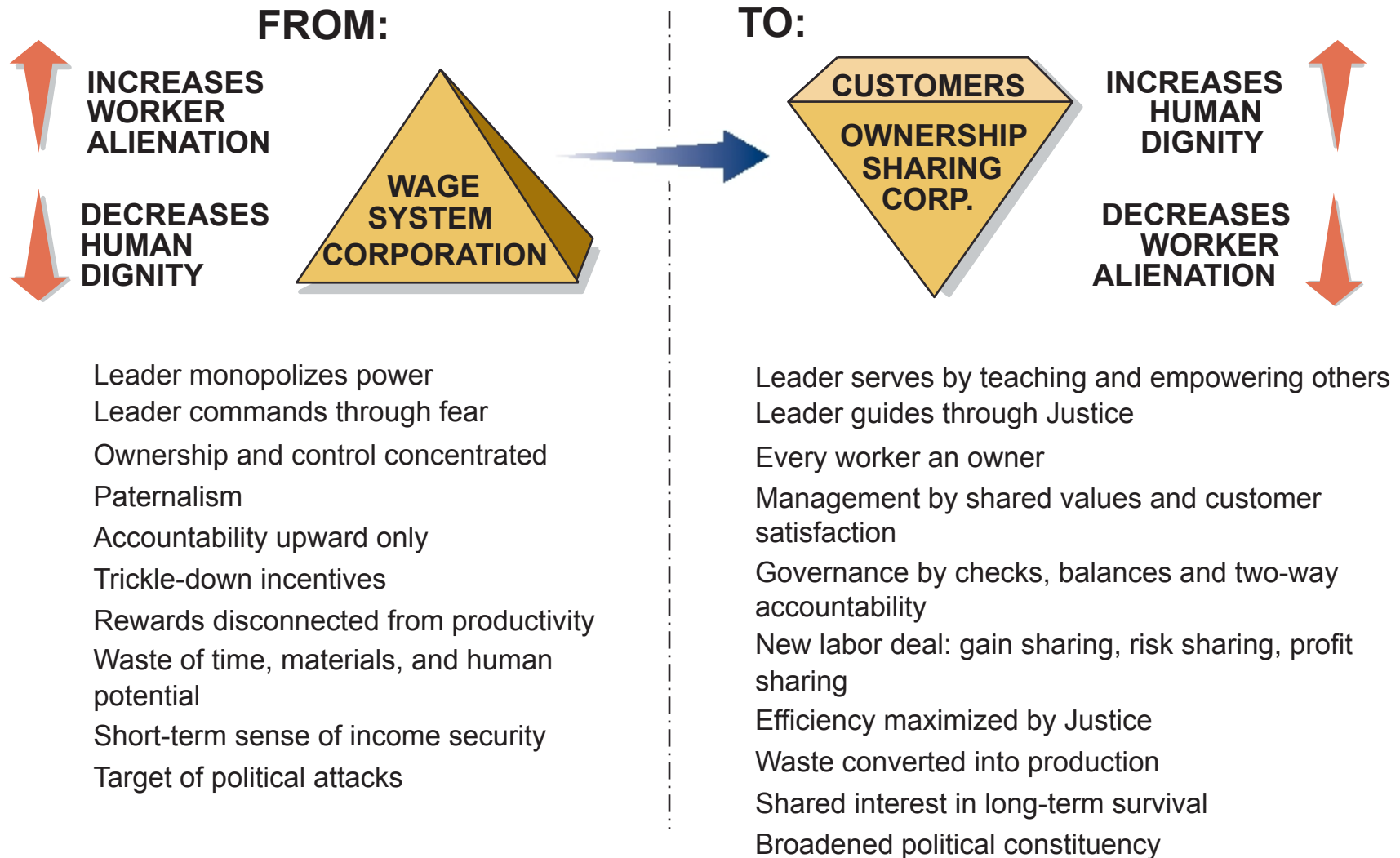


**The Conflict Model ("Zero Sum Game")
of Industrial Relations**



**The Proprietary Interest Model
("Win-Win" Strategy) of Industrial Relations**

Objective: Justice-Based Leadership, Management and Governance



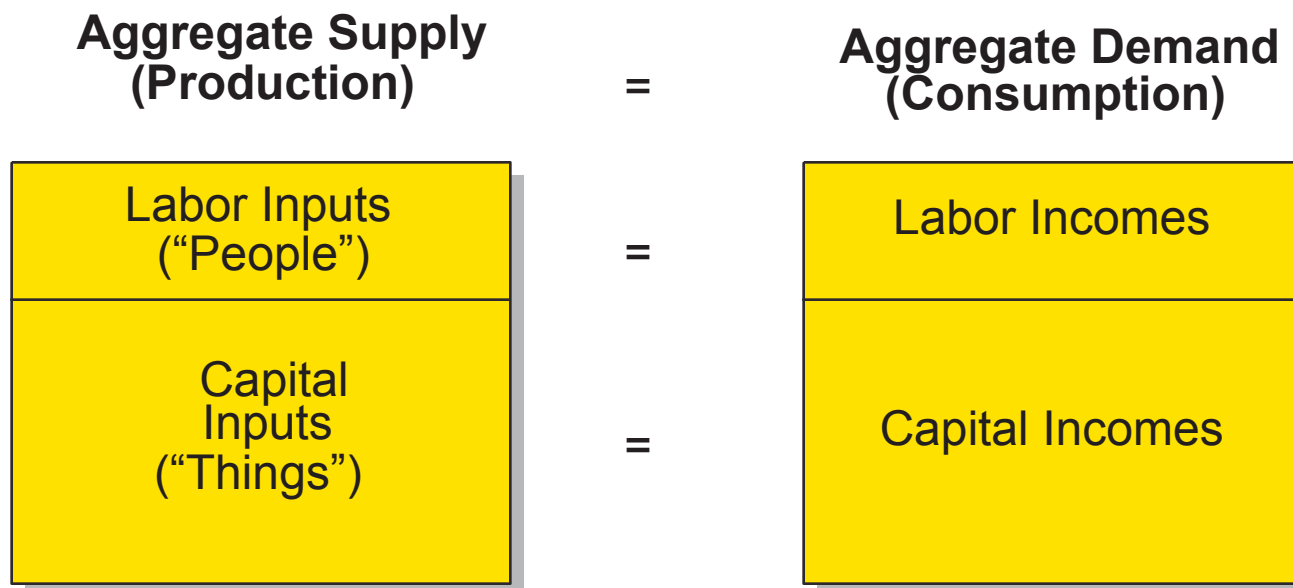
The Moral Basis of the Just Third Way



**The Dignity and Empowerment
of Each Human Person**

Say's Law:

Market-Based Equilibrium Achieved Under Kelso's Binary Economic System



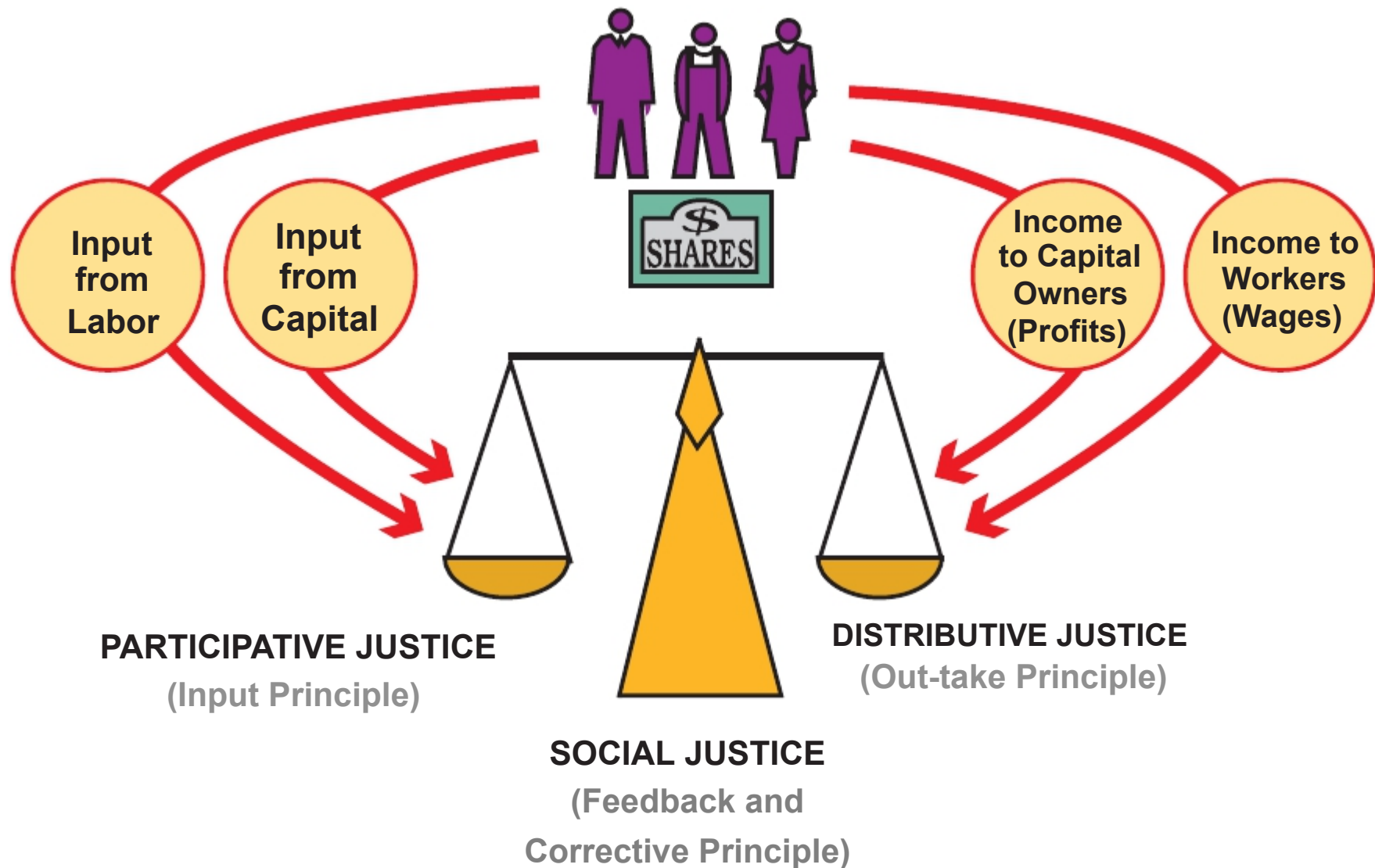
Reforms to Money and Growth Capital Financing System

**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



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

1

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

2

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

3

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

4

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**

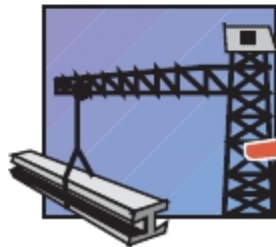


ESOP



**Capital Homestead Account
For Every Citizen**

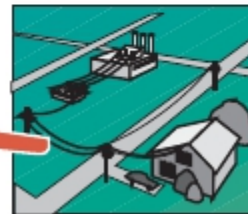
CHA



CLB



CSOP



**Citizens Land Development
Bank/Cooperative for Residents**

**Consumer Stock Ownership Plan
For Utility Customers**

THE JUST THIRD WAY: A GRAPHIC OVERVIEW

What Capital Homesteading Would Mean to the Average Citizen: Projected Wealth Accumulations and Dividends Under Capital Homesteading

(1)	Accumulation Beginning at Age	0
(2)	Annual Interest-Free Capital Credit Allocation	\$ 10,000.00
(3)	One-Time Service Fee on Loans + Risk Premium	3.00%
(4)	Promissory Note (Total New Money Created per Citizen)	\$ 10,309.28
(5)	"Pre-Tax" Rate of Return on "Full-Payout" Shares	15.00%
(6)	Term of Acquisition Loan in Years	7

(7) AGE	(8) HOMESTEAD ACCUMULATION	(9) ANNUAL EARNINGS	(10) TOTAL DEBT SERVICE	(11) TEST	(12) PRINCIPAL DEBT BALANCE	(13) ANNUAL PRINCIPAL PAYMENTS	(14) AMORTIZED DISCOUNT	(15) RESIDUAL (DIVIDENDS) TO HOMESTEADER
0	\$ 10,000.00	\$ 1,500.00	\$ 1,472.75		\$ 8,571.43	\$ 1,428.57	\$ 44.18	\$ 27.25
1	20,000.00	3,000.00	2,945.50		15,714.29	2,857.14	88.36	54.50
2	30,000.00	4,500.00	4,418.25		21,428.58	4,285.71	132.54	81.75
3	40,000.00	6,000.00	5,891.01		25,714.29	5,714.29	176.72	108.99
4	50,000.00	7,500.00	7,363.76		28,571.43	7,142.86	220.90	136.24
5	60,000.00	9,000.00	8,836.51		30,000.00	8,571.43	265.08	163.49
6	70,000.00	10,500.00	10,309.26		30,000.00	10,000.00	309.26	190.74
12	130,000.00	19,500.00	10,309.28		30,000.00	10,000.00	309.28	9,190.72
18	190,000.00	28,500.00	10,309.28		30,000.00	10,000.00	309.28	18,190.72
21	220,000.00	33,000.00	10,309.28		30,000.00	10,000.00	309.28	22,690.72
30	310,000.00	46,500.00	10,309.28		30,000.00	10,000.00	309.28	36,190.72
40	410,000.00	61,500.00	10,309.28		30,000.00	10,000.00	309.28	51,190.72
50	510,000.00	76,500.00	10,309.28		30,000.00	10,000.00	309.28	66,190.72
55	560,000.00	84,000.00	10,309.28		30,000.00	10,000.00	309.28	73,690.72
60	610,000.00	91,500.00	10,309.28		30,000.00	10,000.00	309.28	81,190.72
65	660,000.00	99,000.00	10,309.28		30,000.00	10,000.00	309.28	88,690.72
PRE-TAX "RESIDUAL" (DIVIDENDS) RECEIVED BY HOMESTEADER DURING PERIOD OF CAPITAL ACCUMULATION								\$ 2,667,015.44

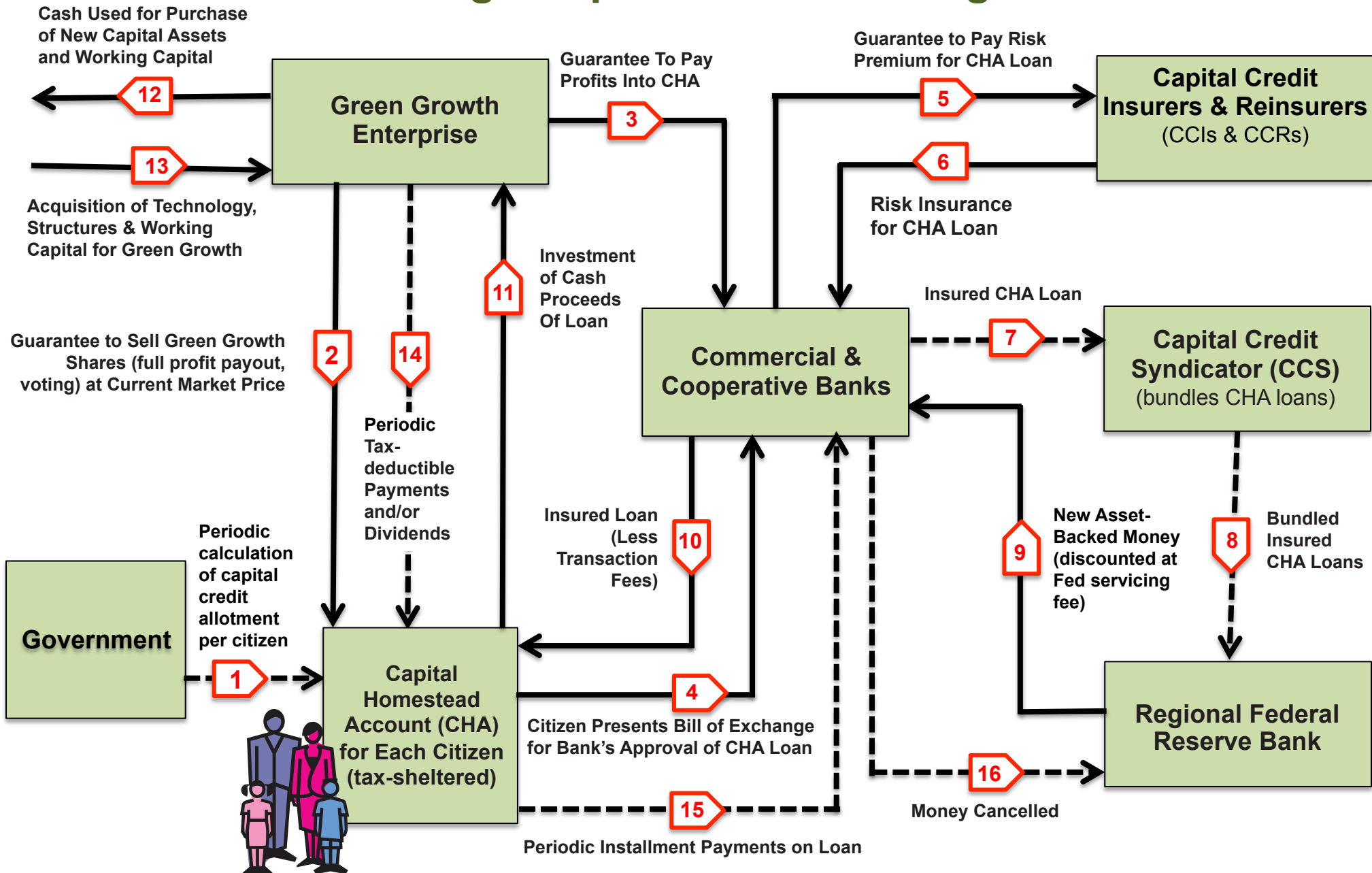
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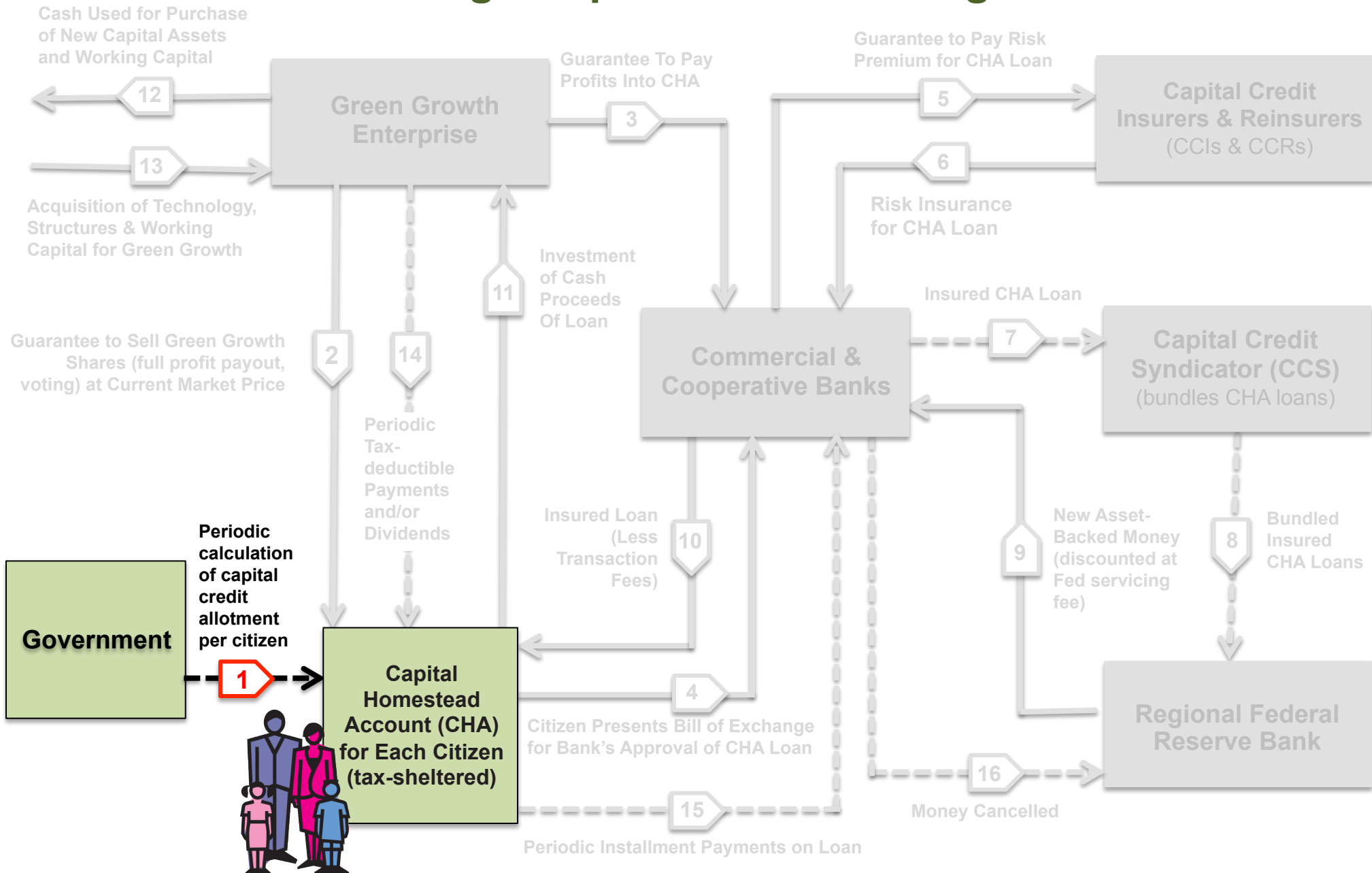
NOTES

- (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.

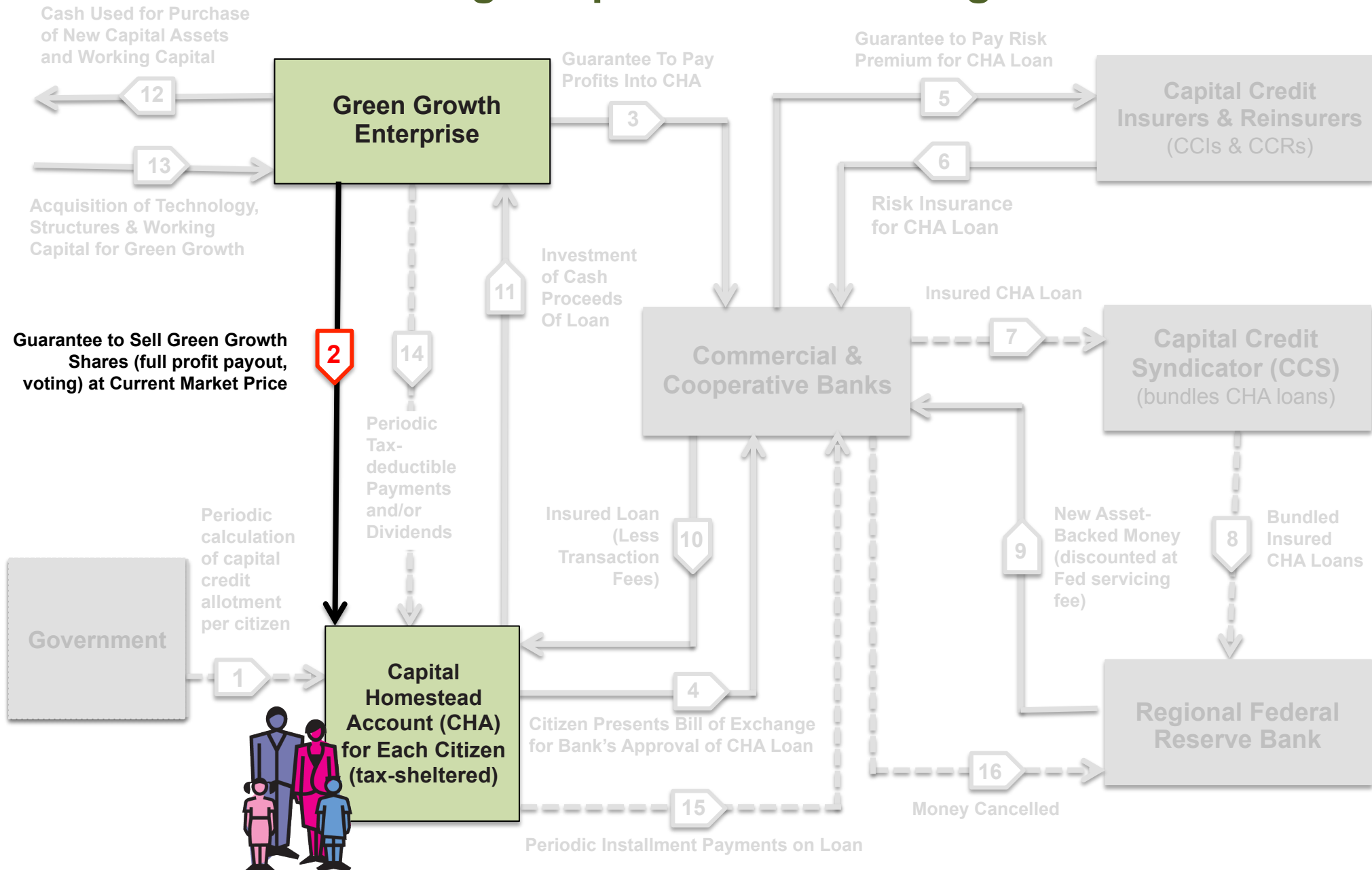
Financing Green Growth Through Capital Homesteading



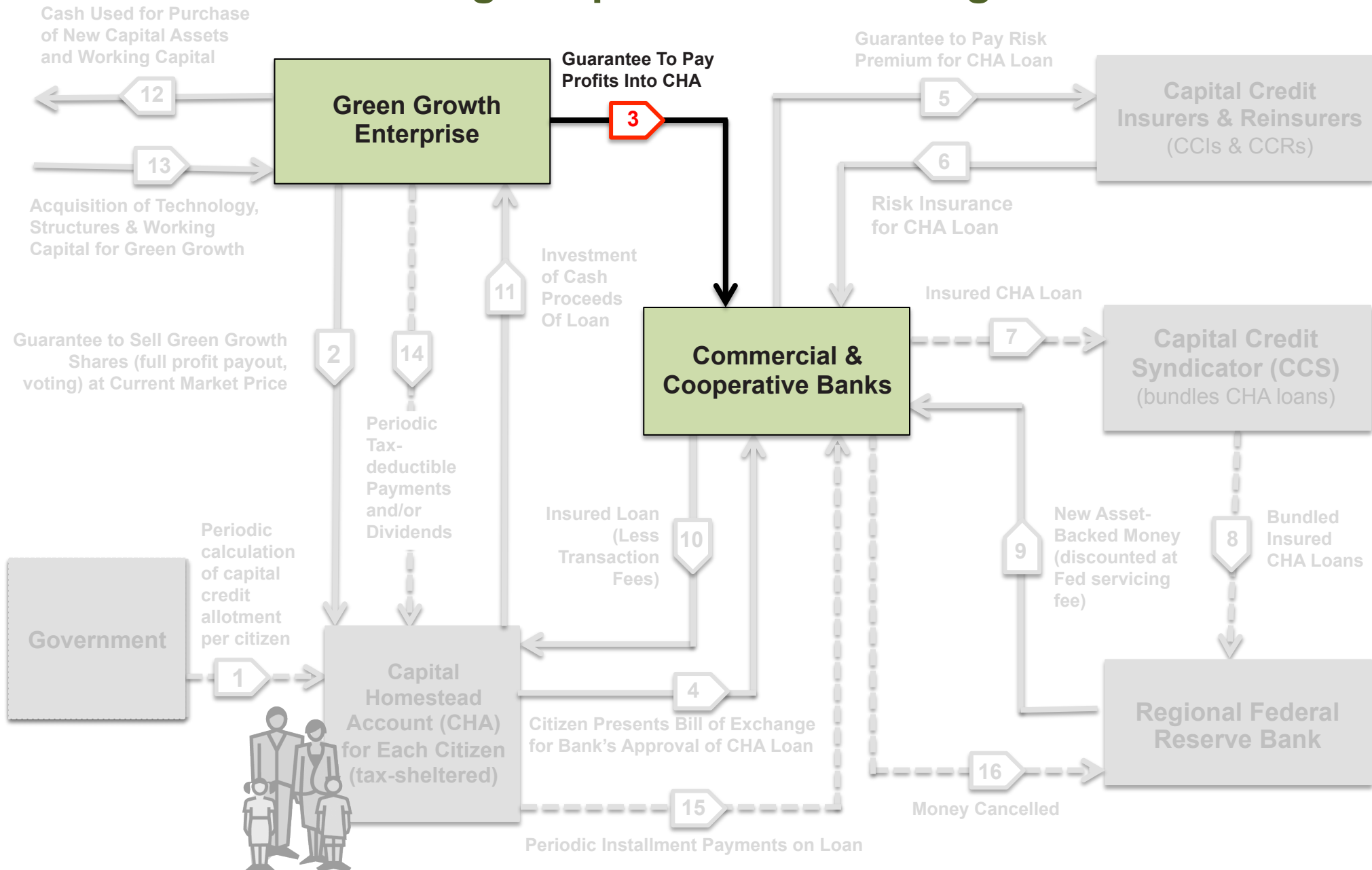
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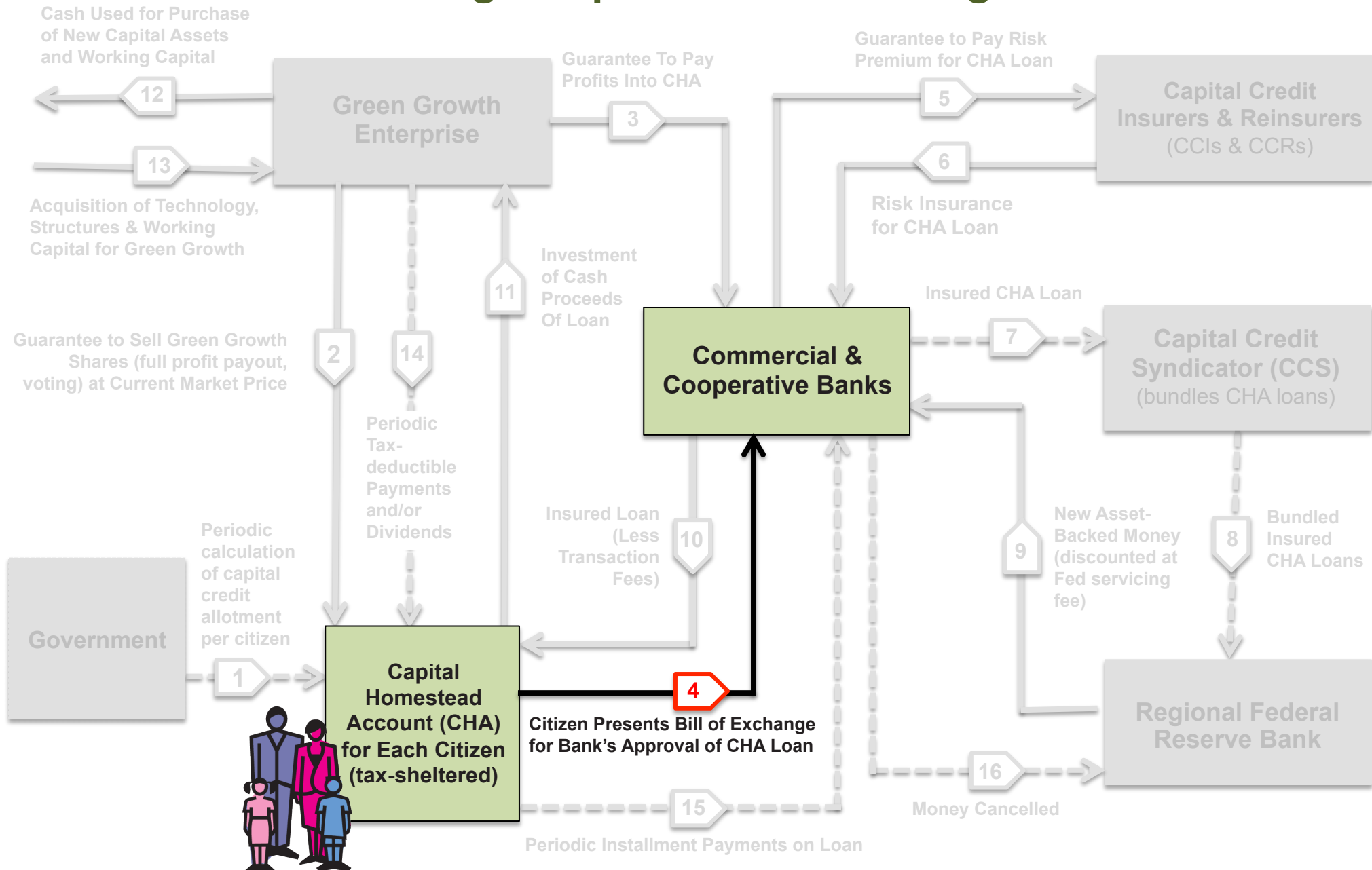
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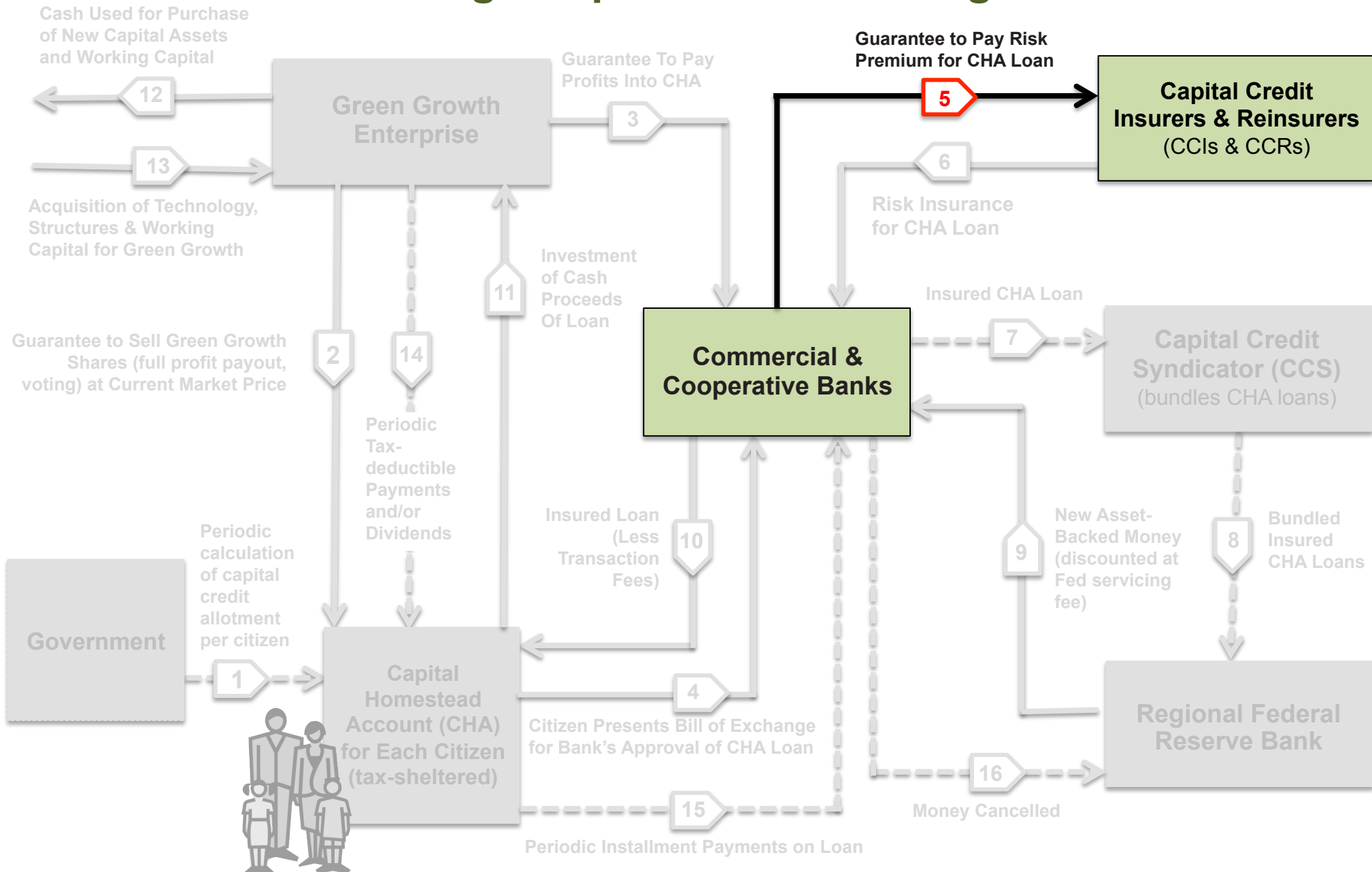
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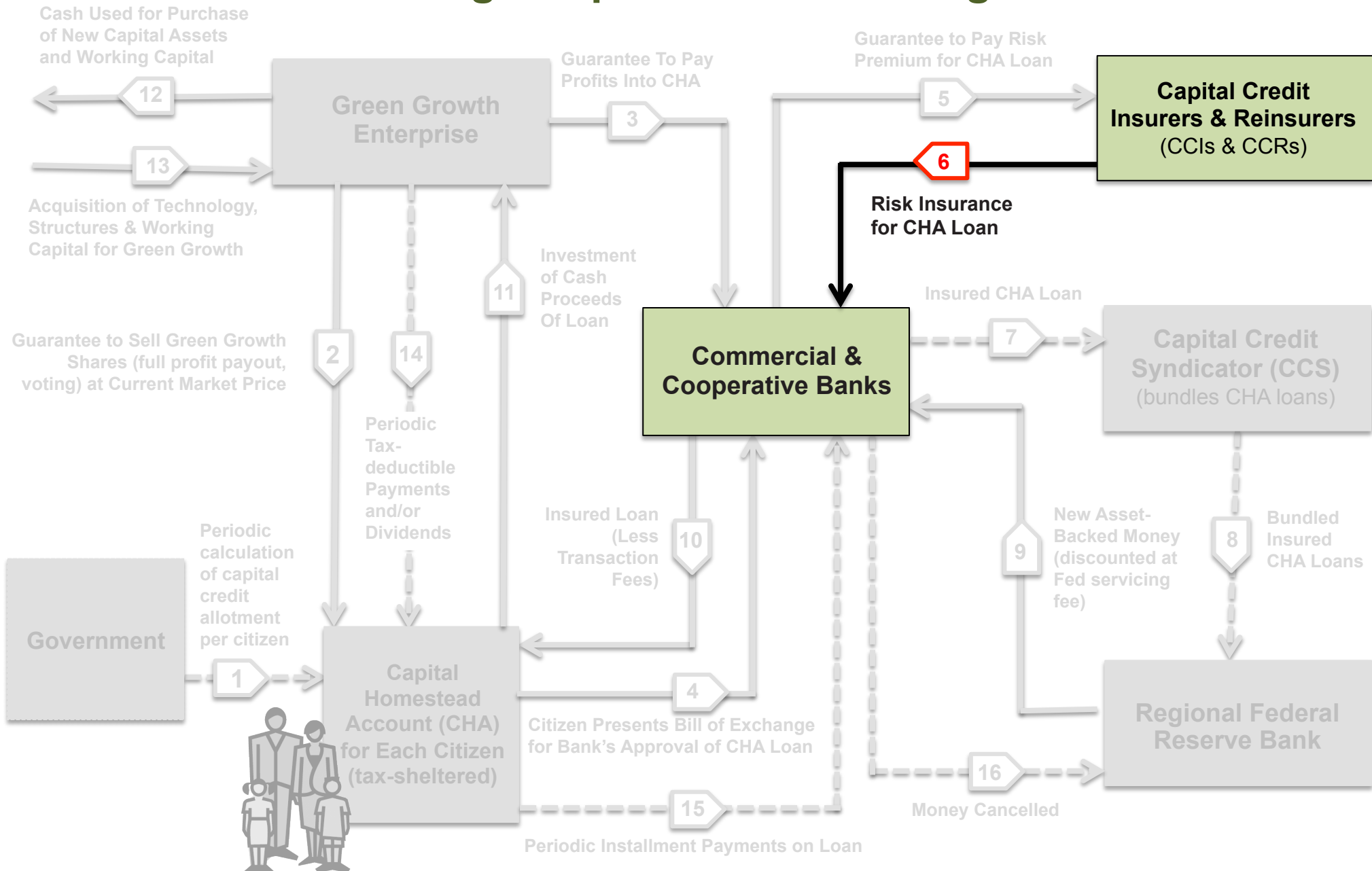
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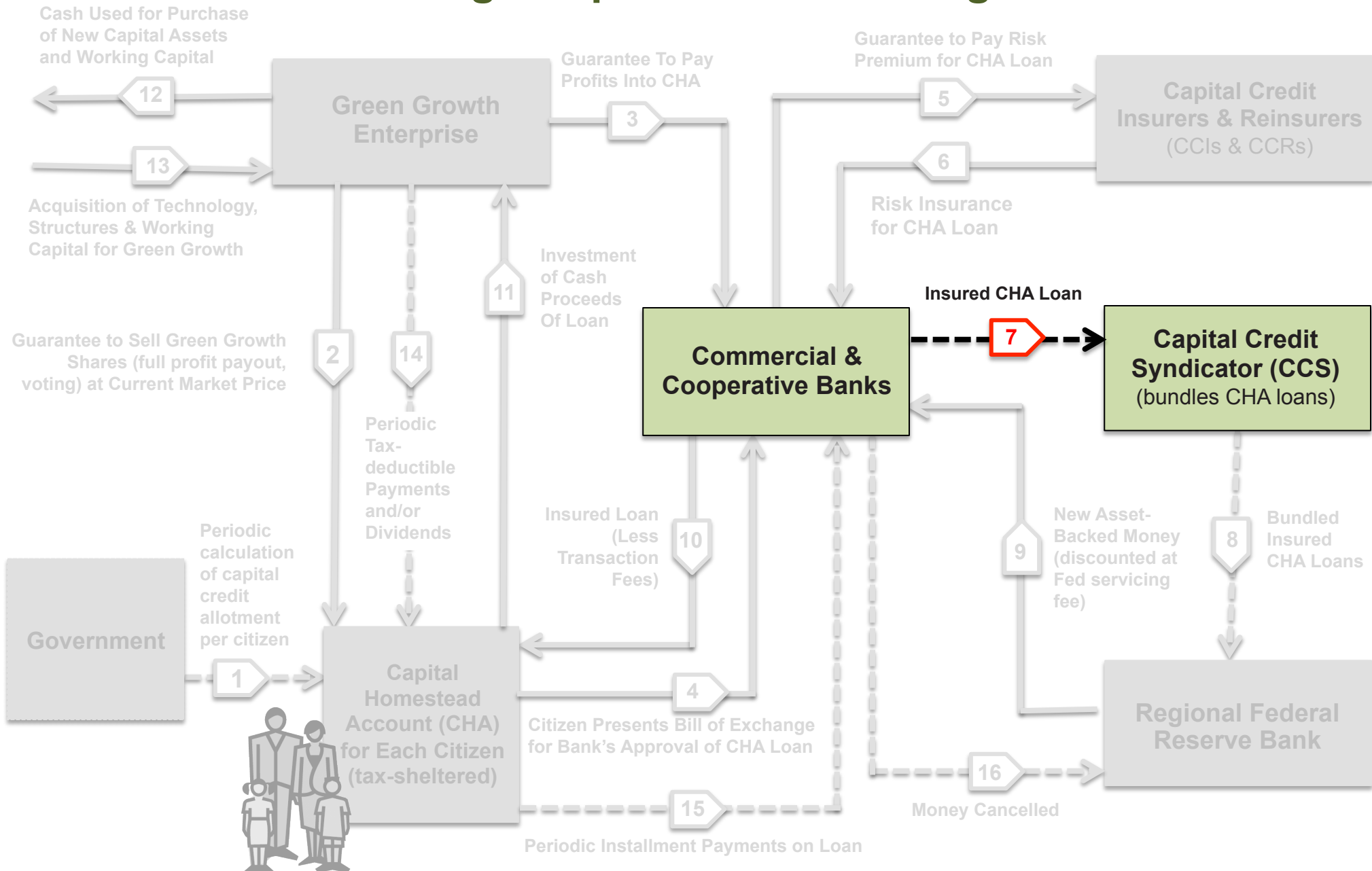
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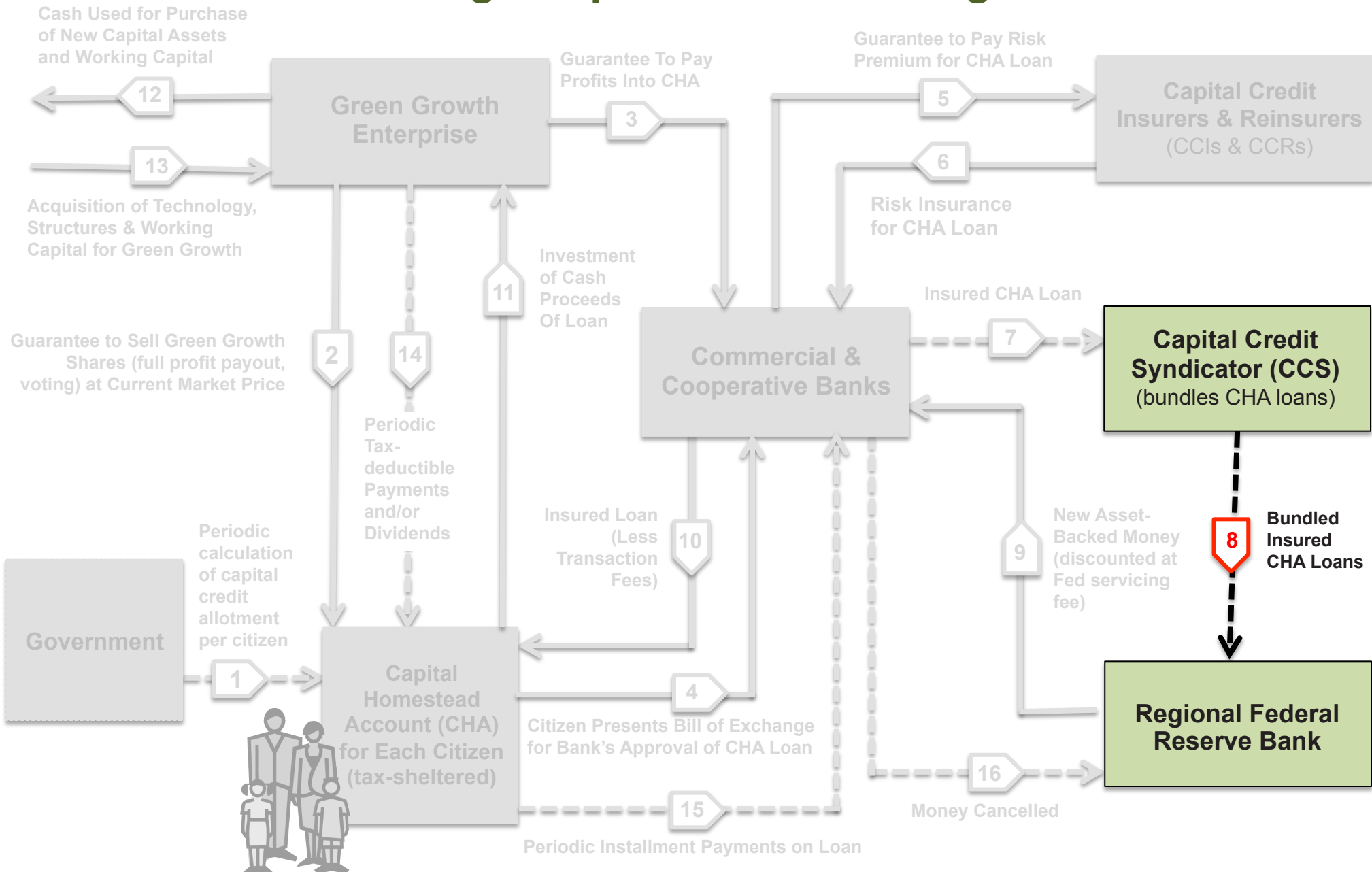


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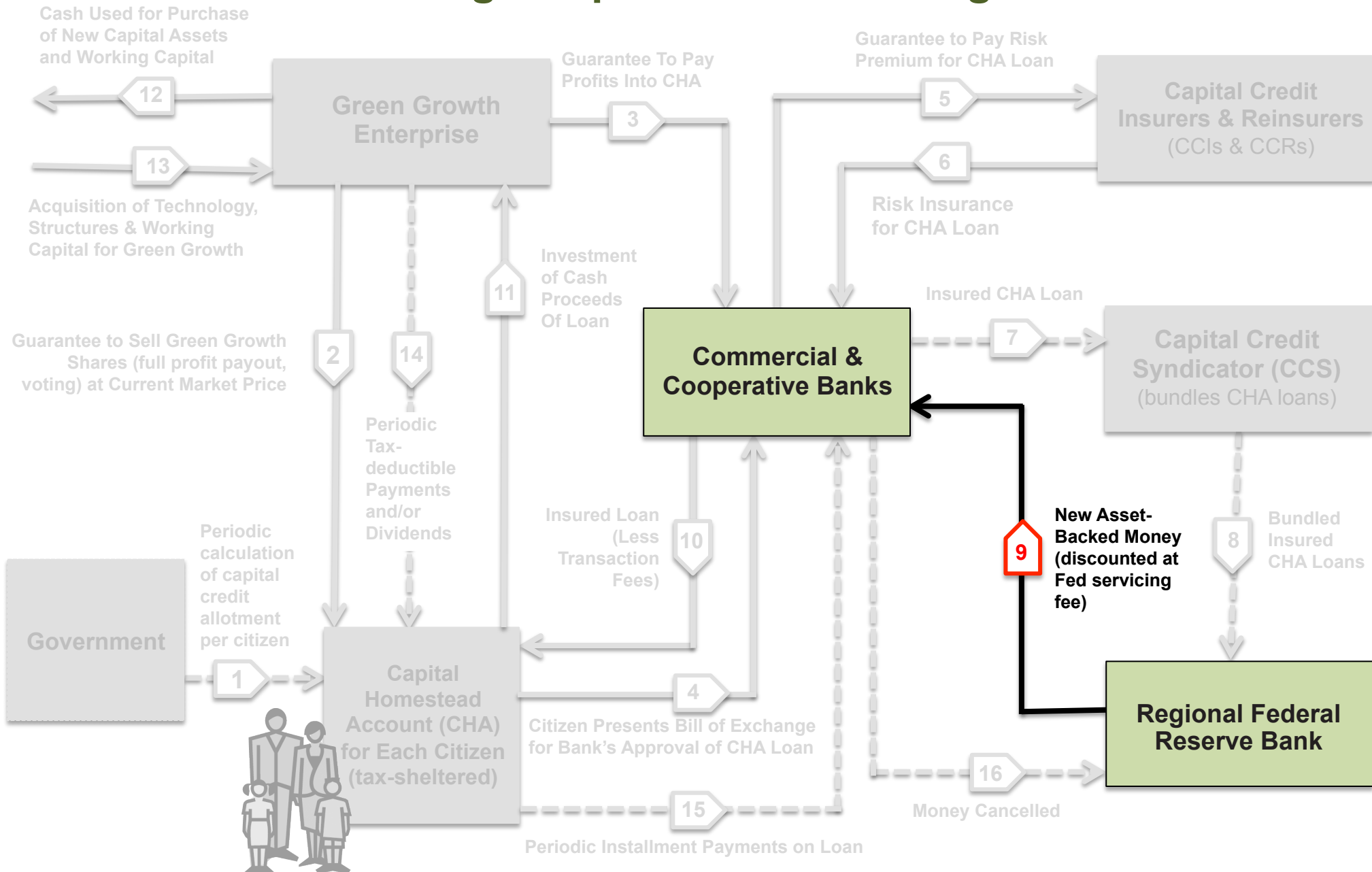


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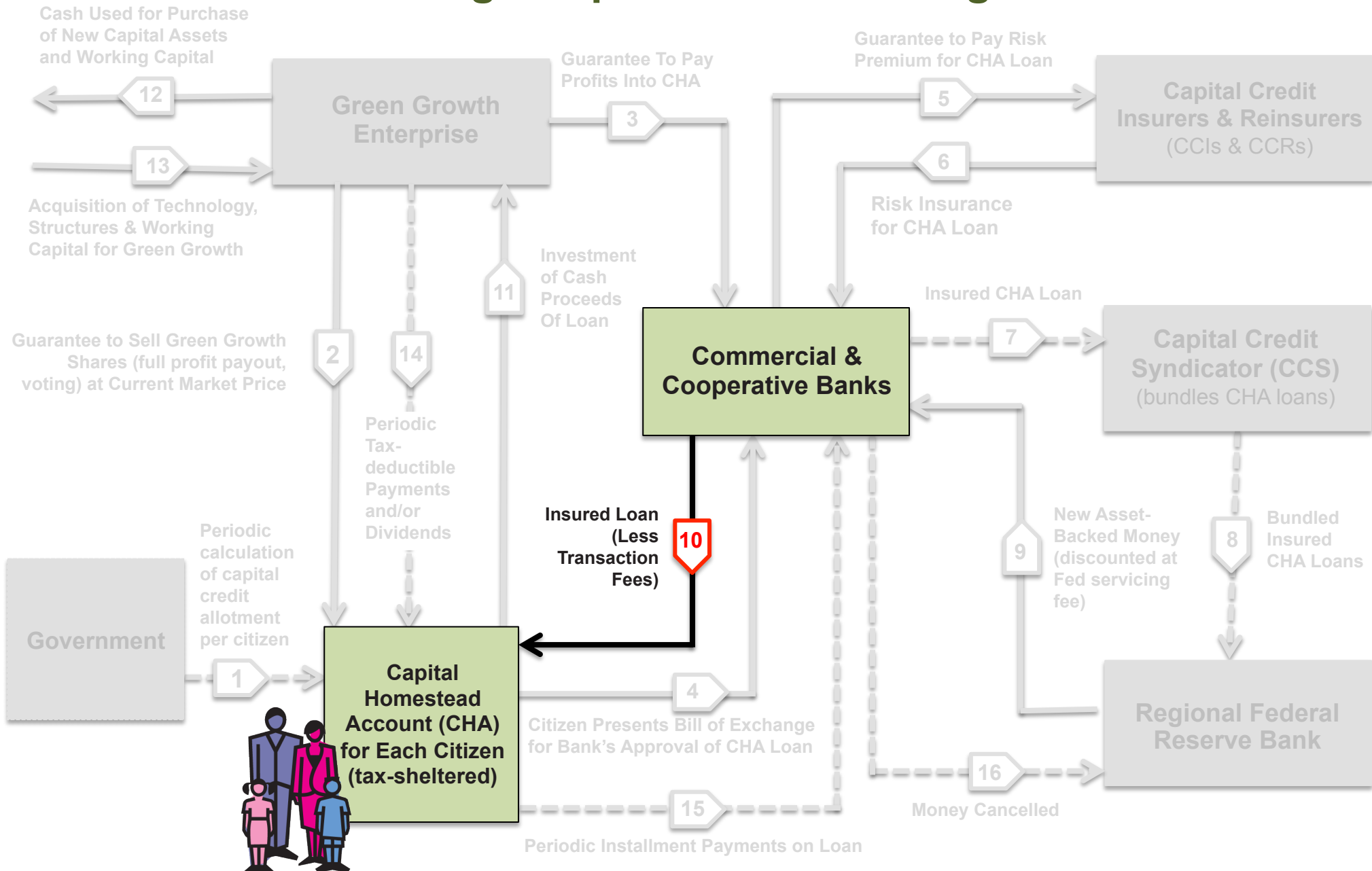
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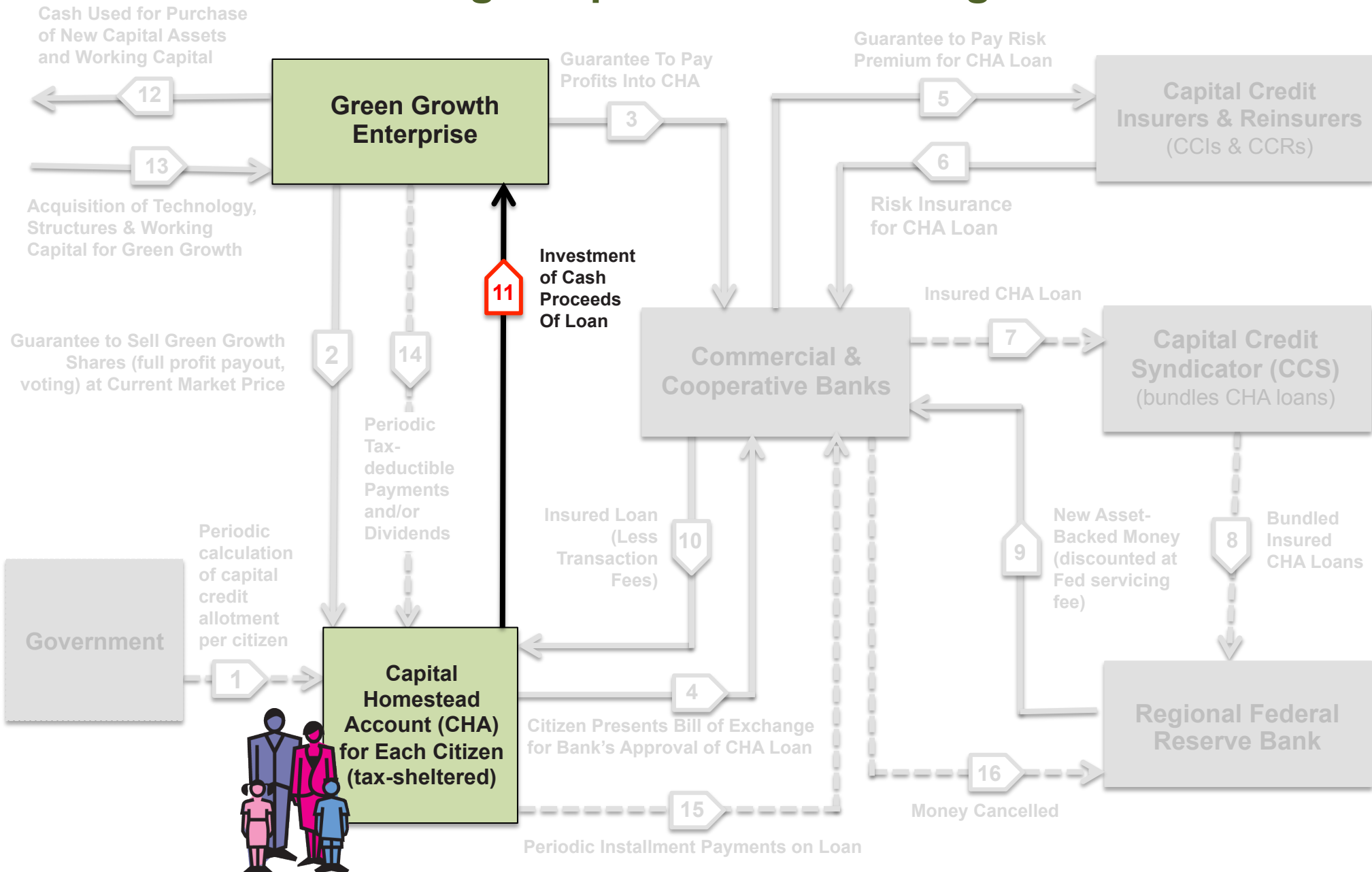


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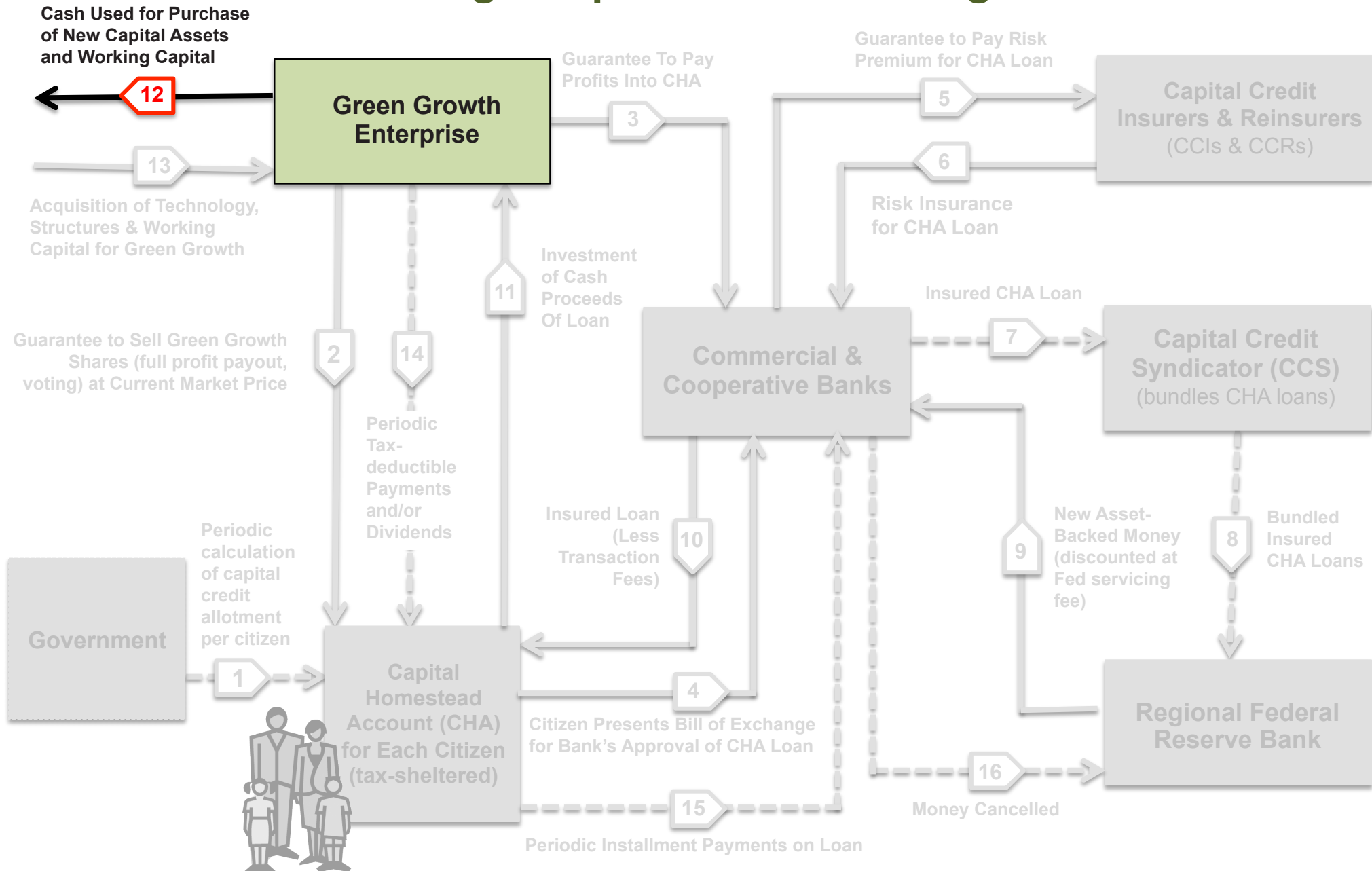


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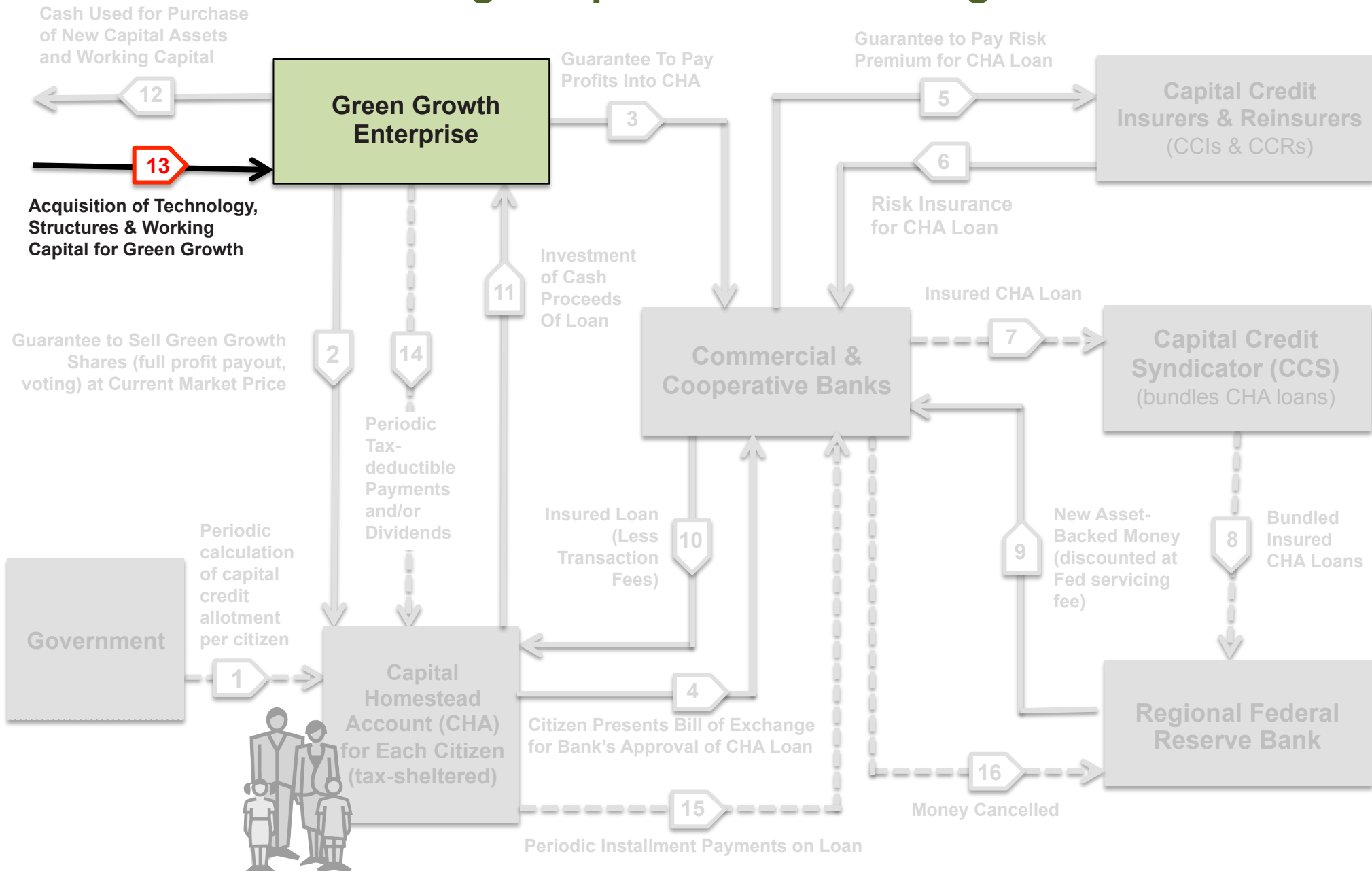
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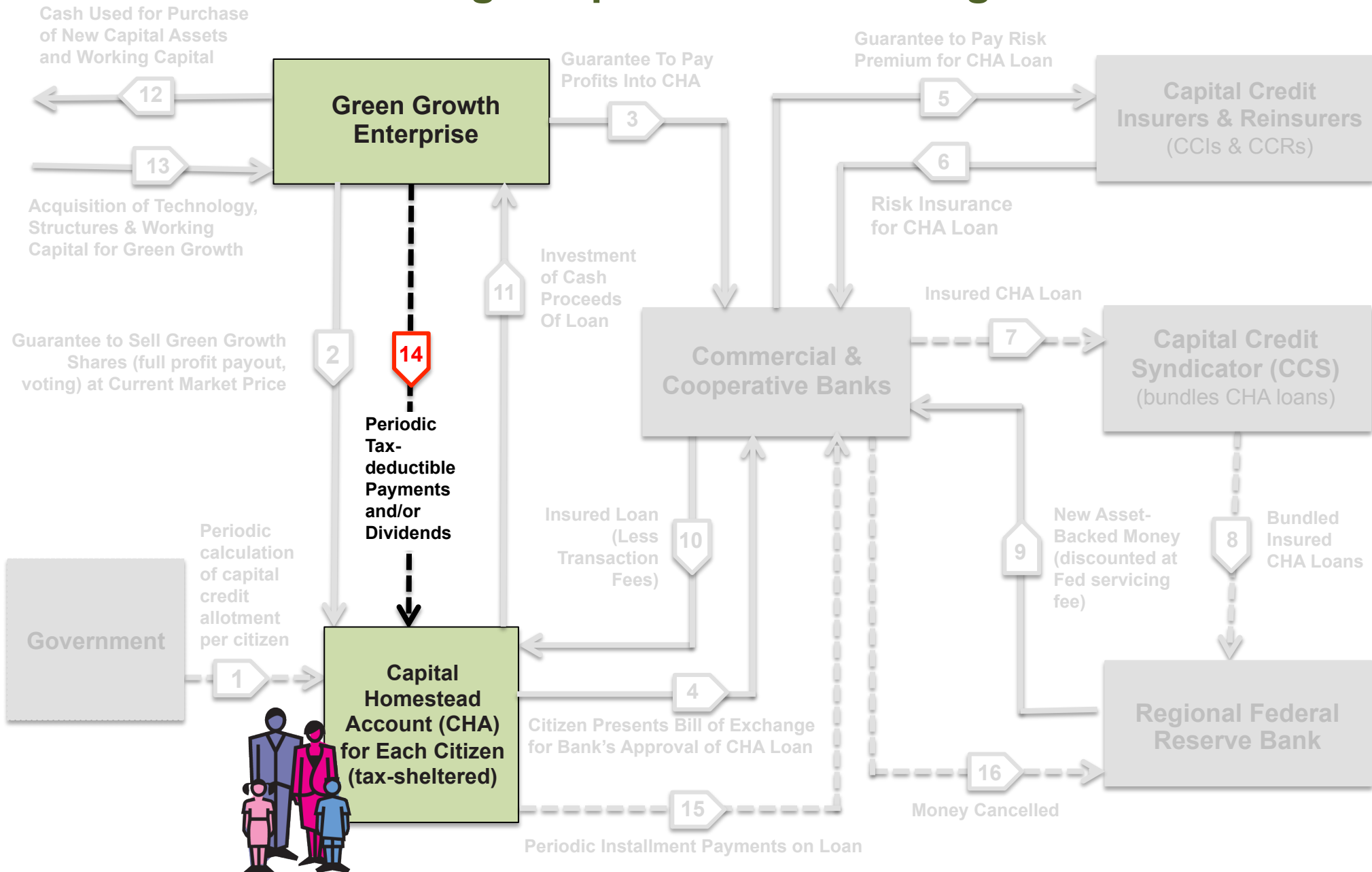
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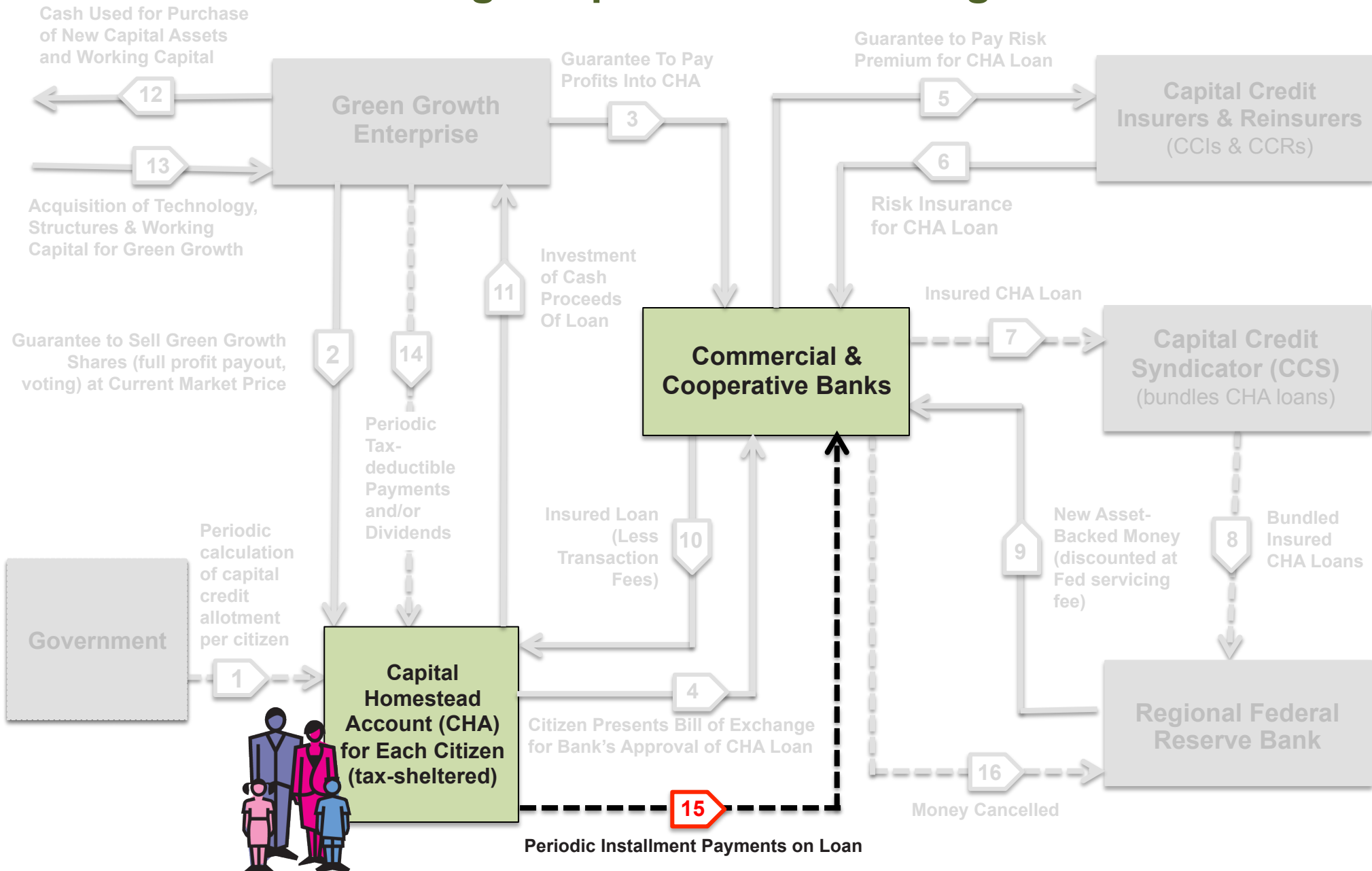


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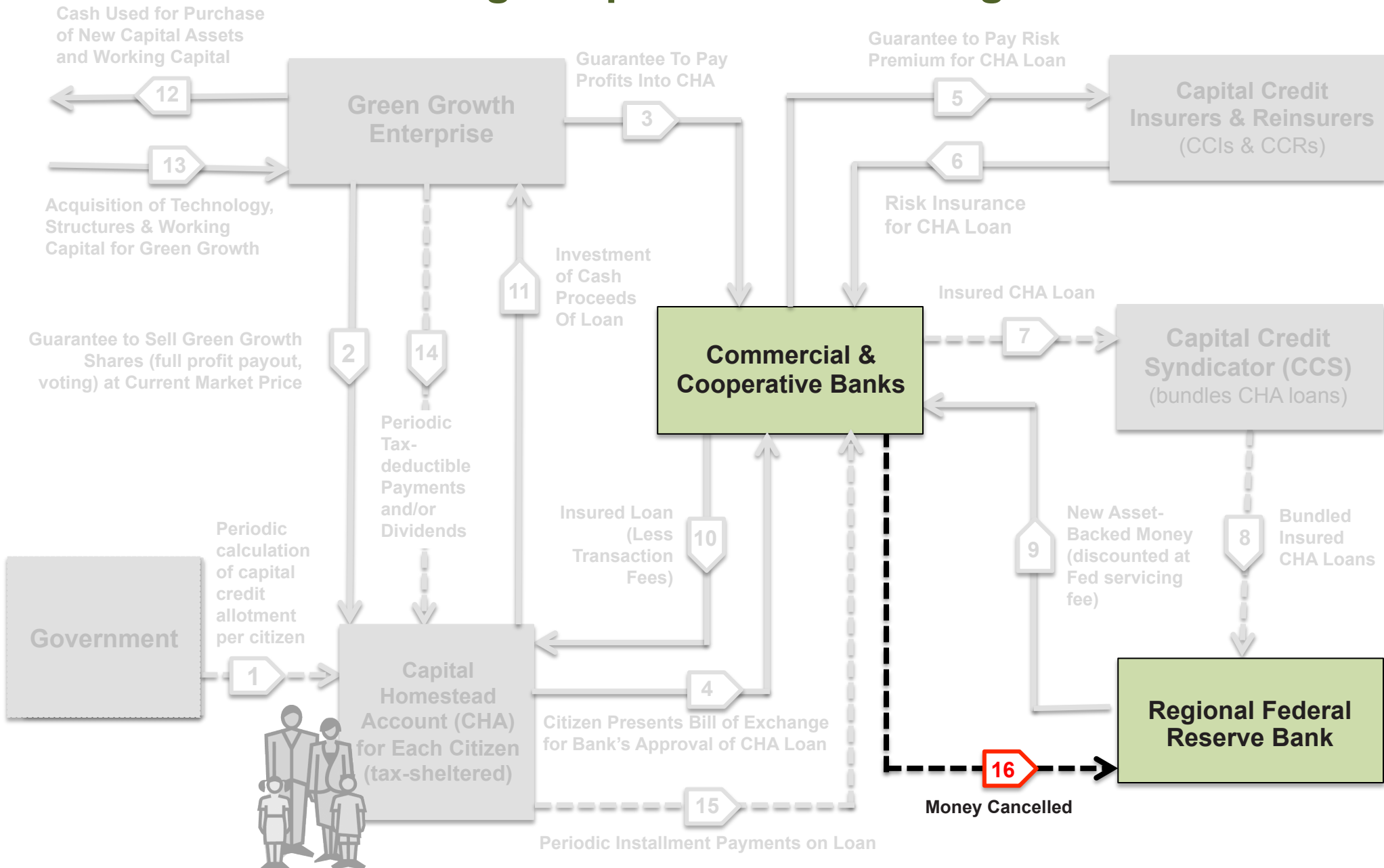


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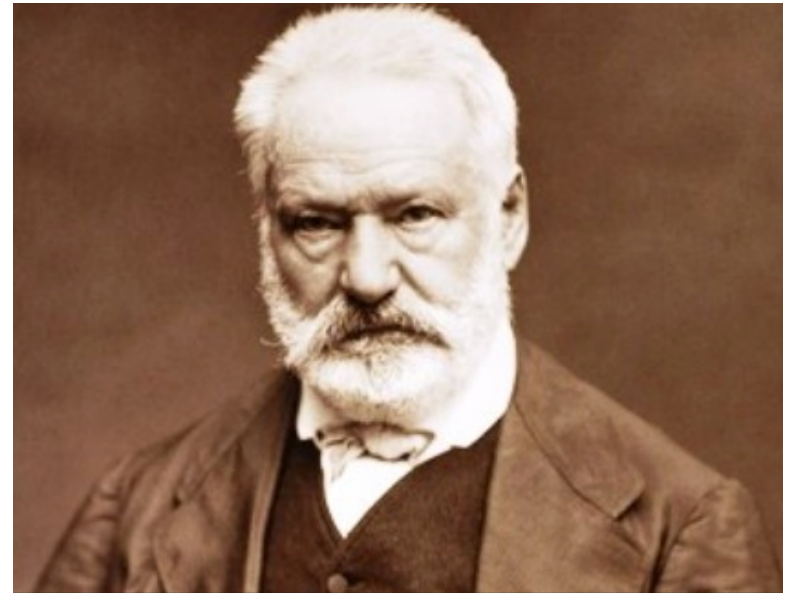


Financing Green Growth Through Capital Homesteading



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

Victor Hugo





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