

ECONOMIC REFORM or SOCIAL REVOLUTION  
the solution to income inequality...

# THE 3<sup>rd</sup> WAY

Building “Inclusive Capitalism” through Employee Ownership

\* HOW WEALTH IS CREATED \*



Upendra Chivukula *and*  
Veney W. Musum

# BIO



**Upendra Chivukula** of Franklin Township holds the distinction as the first and only South Asian representative in the history of the New Jersey Legislature.

Chivukula was just nominated by Governor Chris Christie as a Commissioner to the N.J. Board of Public Utilities on September 18, 2014 and confirmed by the senate on September 22, 2014.

Chivukula completed serving his sixth consecutive two-year term in the New Jersey General Assembly where he was also the Assembly Deputy Speaker.

Chivukula, has a professional background in electrical engineering and is considered one of the legislature's leading experts on telecommunications, science, and technology issues. He has authored nearly fifty laws. He served as chair of the Telecommunications and Utilities Committee, vice-chair of the Homeland Security Committee, and member of the Transportation Committee and of the Health Information Technology Commission.

Chivukula holds a master's degree in electrical engineering from the City College of the University of New York. He is the coauthor of a six-book engineer series, Best Manufacturing Practices, and a three-book series, Supplier Management.



# BIO



**Veny William Musum** began work in corporate America as district manager for Clairol Inc. where he broke numerous sales records. He moved on to John Paul Mitchell Systems in Beverly Hills, CA, and quickly rose to become senior vice president. He is credited with developing many of the company's most innovative sales and marketing programs responsible for the corporation's current position as a worldwide leader in the professional hair-care market. He began his career at Musum Company & Sons, Inc., Newark, NJ in an entry-level position and rose to become the COO of the company. Musum Company was the oldest and one of the largest beauty and barber supply businesses in the state, originally founded by his grandfather. Also a successful real estate and equity investor, Musum has learned firsthand the importance of cash-flow producing assets. Veny has also been involved in local and state government. In 1998 he was selected by New Jersey Governor Whitman to serve on the state's Property Tax Commission to find effective methods of reducing the tax burden while maintaining proper levels of quality service. He co-chaired the subcommittee on regionalization and efficiency. Currently he is serving his eighth term on the Bernards Townships Republican County Committee. Musum received a BA in 1983 from Rutgers College, Rutgers University. He is a Phi Alpha Theta Life Member Honoree—Rutgers Historical Honors Society; a member of the Colonel Henry Rutgers Society, a foundation for substantial donors to the University; and a member of Who's Who in Finance and Industry. Musum also studied with world-renowned American statistician and quality-enhancement consultant Dr. Edwards Deming.

# THE 3<sup>RD</sup> WAY

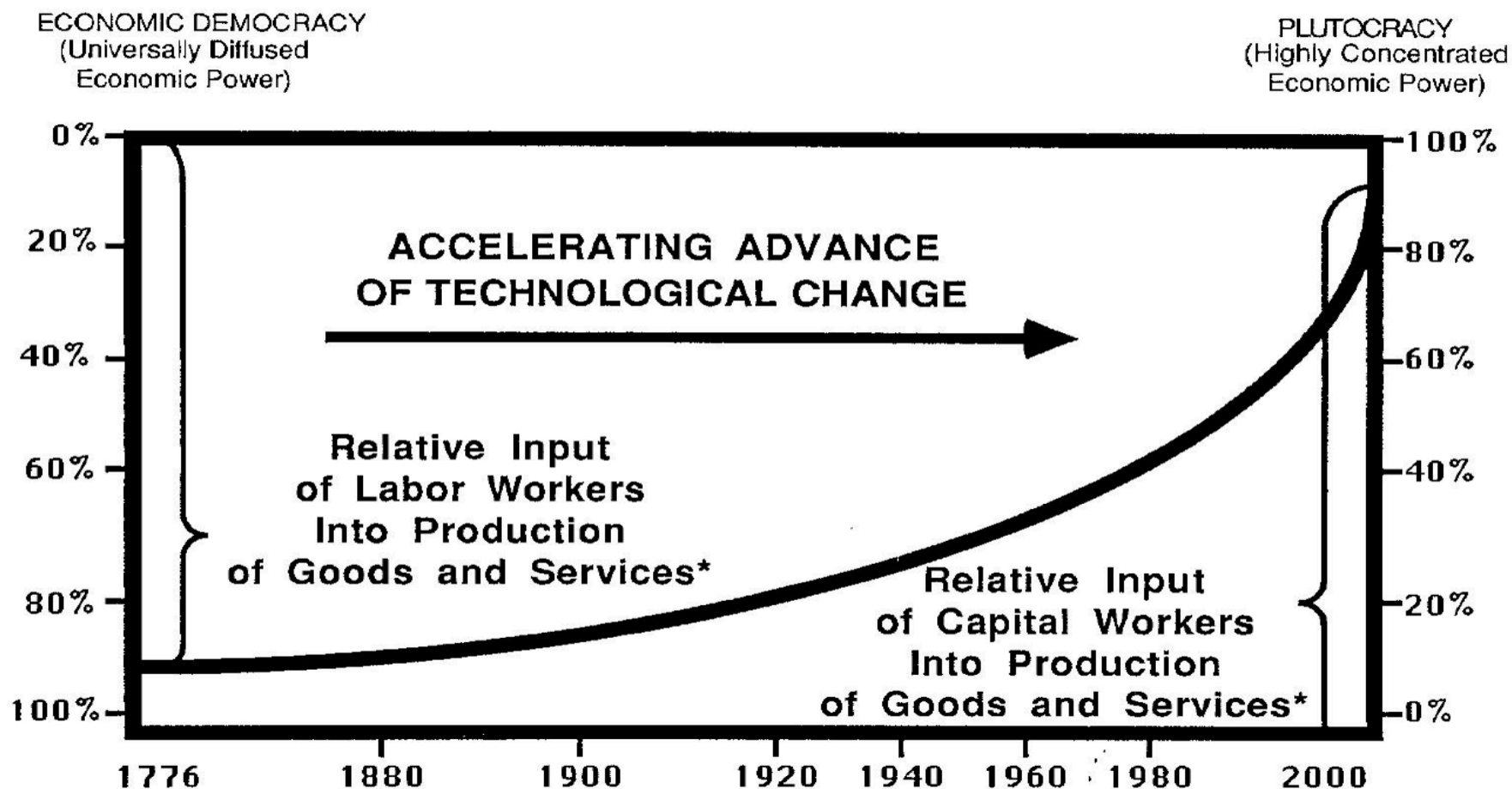
- While our book is called THE 3<sup>rd</sup> WAY, we could have called it THE ONLY WAY. **It's the only real way to save our country** and in the long term all of mankind.
- Capitalism [anything that increases the productive power of labor] has the power to generate massive wealth, yet it tends to be **concentrated** in fewer and fewer hands. While, Socialism has **failed** everywhere and every time it has been tried.
- Don't be angry and assume the political class, at all levels, **EVEN KNOWS** what's fundamentally wrong that's causing all this suffering. Then, surely don't assume they know the ANSWER (which is *THE 3<sup>rd</sup> WAY*) to solve the problem!
- Here's the good news and bad news: **Bad News** – If we don't dramatically expand inclusive capitalism we will at best continue to slide downward towards further income inequality and widespread frustration and despair, at worst devolving into serious unrest and even violence. **Good News** - If we succeed in doing what's recommended in our book we will have reached the **final, ultimate stage in human economic progress**.....Feudalism; Capitalism (Not Socialism/Communism); Economic Democracy.



# THE 3<sup>RD</sup> WAY

- We are employing an **18<sup>th</sup> century** economic model that's failing to address a **21<sup>st</sup> century** technological capital/labor reality!
- The rich already know what's in this book – **How wealth is created**. Almost impossible to get rich on wages alone!
- Someone who makes a billion dollars a year earns \$20,000,000/week; \$4,000,000/day - that's \$500,000/hour! **Are they WORKING any harder than you?** NO! They have capital working for them!
- **KEY PROPOSAL:** Cut the 35% corporate tax rates - the highest in world - by 50% if and only if those funds are shared with their employees in the form of stock equity.
- OWNERSHIP makes all the difference in productivity: **Did you ever wash a rental car?** How do you treat a hotel room?
- OWNERSHIP makes all the difference in social spending: A kid, who was once in a gang, **will not spray paint the building HE NOW OWNSs!** He will not destroy the city HIS business is in. Moreover, he won't let his friends spray paint *his* building or degrade *his* city either!
- In inner cities/Enterprise Zones – zero federal corporate taxes. **Massive, positive social implications!** World capital pours in.

# CHANGING PARTICIPATION of LABOR WORKERS and CAPITAL WORKERS in PRODUCTION of GOODS and SERVICES

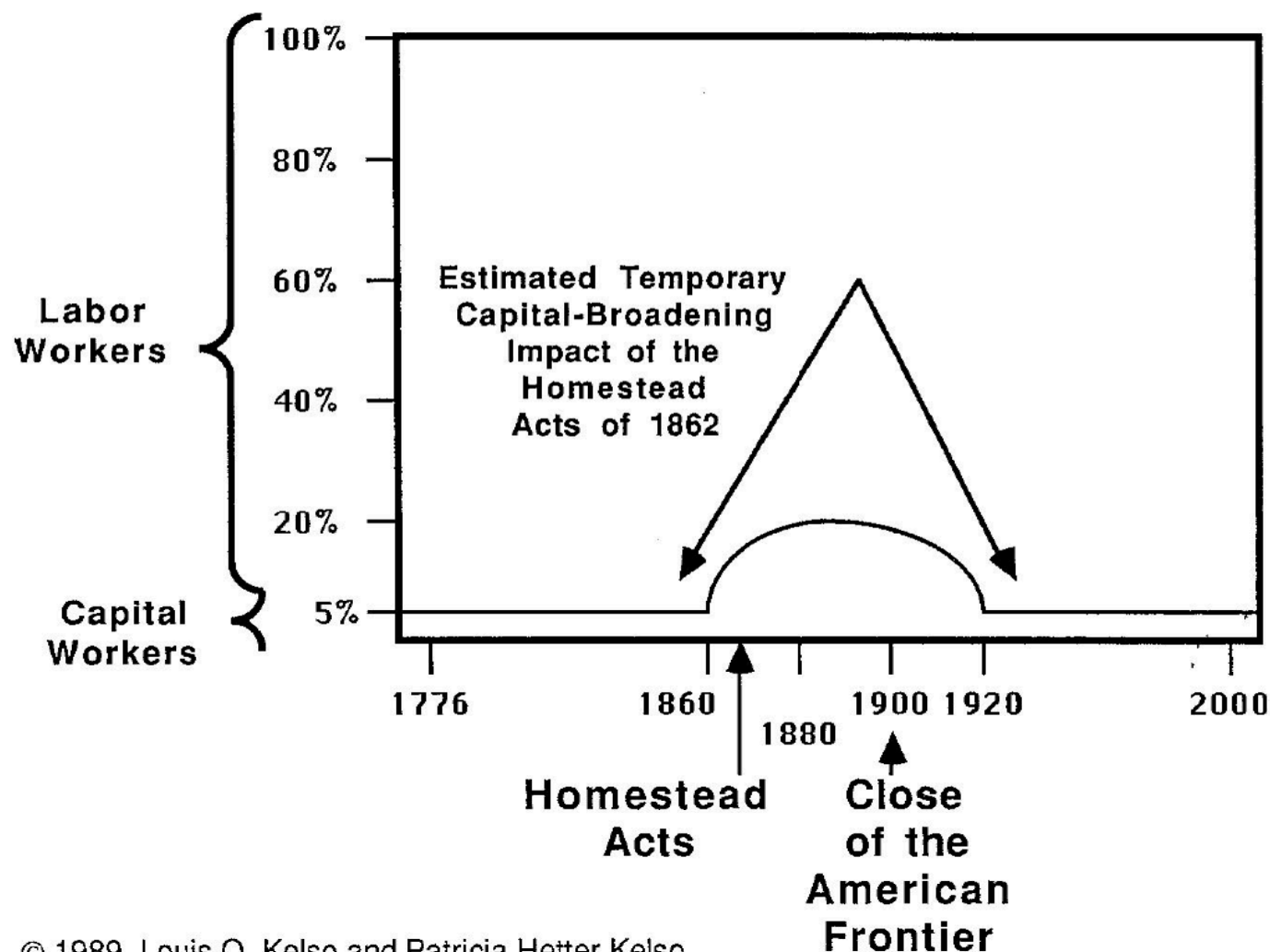


\*Estimated on the assumption that the value of productive inputs  
is measured in reasonably competitive markets.



# THE CONCENTRATION OF THE OWNERSHIP OF CAPITAL OVER THE PERIOD OF THE INDUSTRIAL REVOLUTION

Proportion of  
Labor Workers and  
Capital Workers



A "Labor Worker" individual or family is a consumer unit earning no income or negligible income through ownership of capital.

A "Capital Worker" individual or family is a consumer unit earnings substantial or all income through ownership of capital.

**Number of nations scoring 8 or higher on the Polity IV scale 1800–2003**

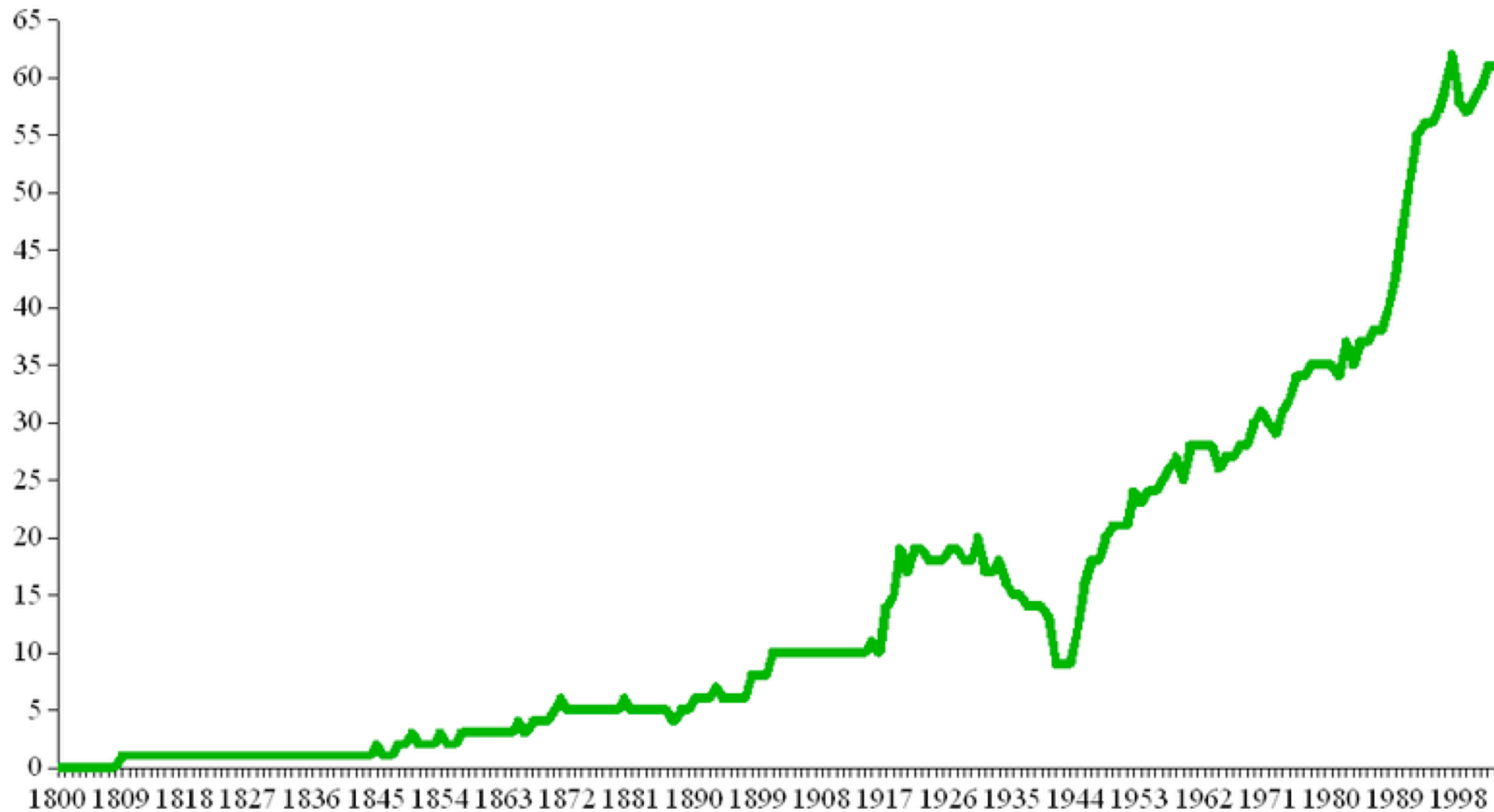
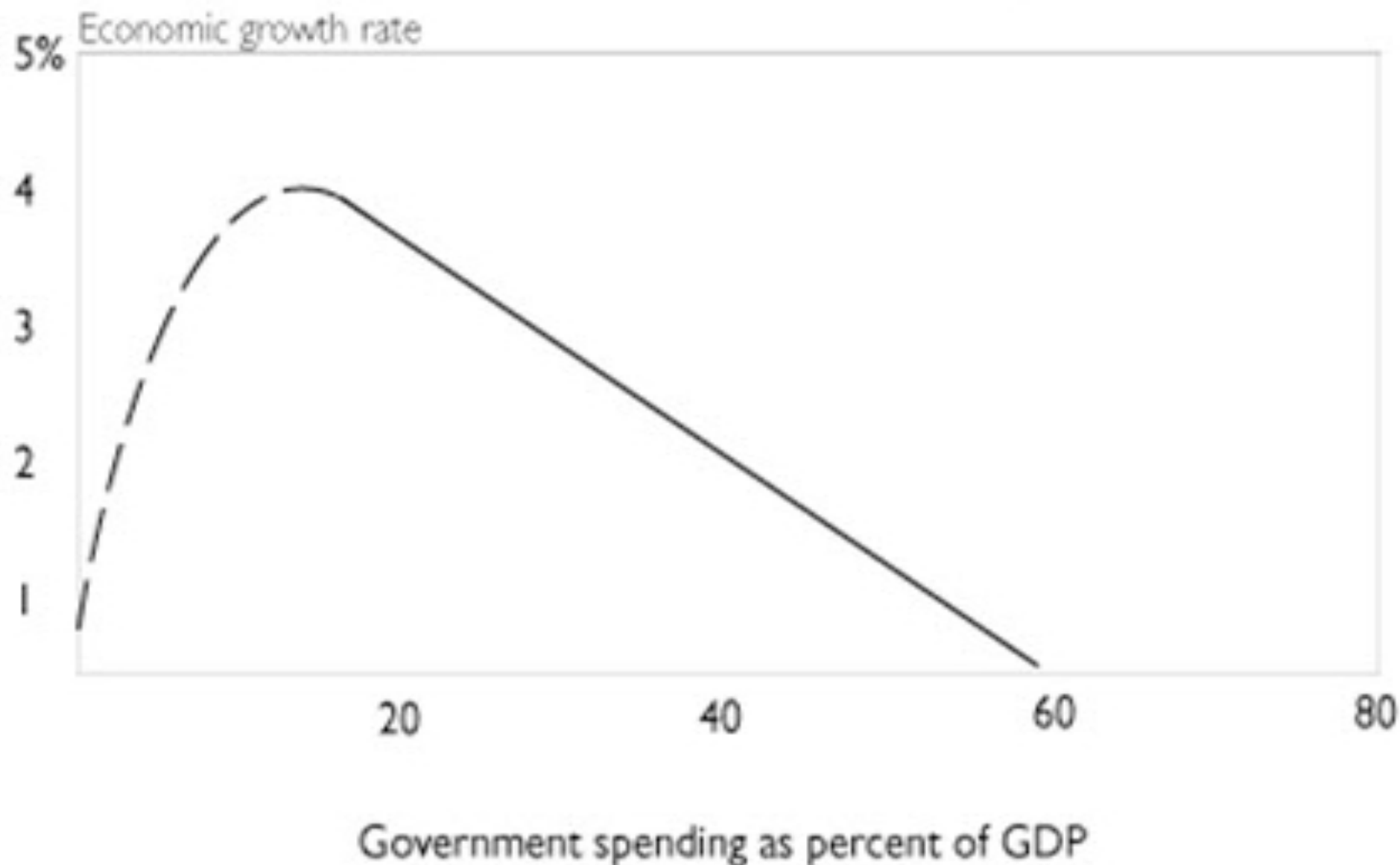


Figure 15. Number of nations scoring 8 or higher on the Polity IV scale 1800–2003 (Source: Polity IV Project, Center for Systemic Peace, August 28, 2006)

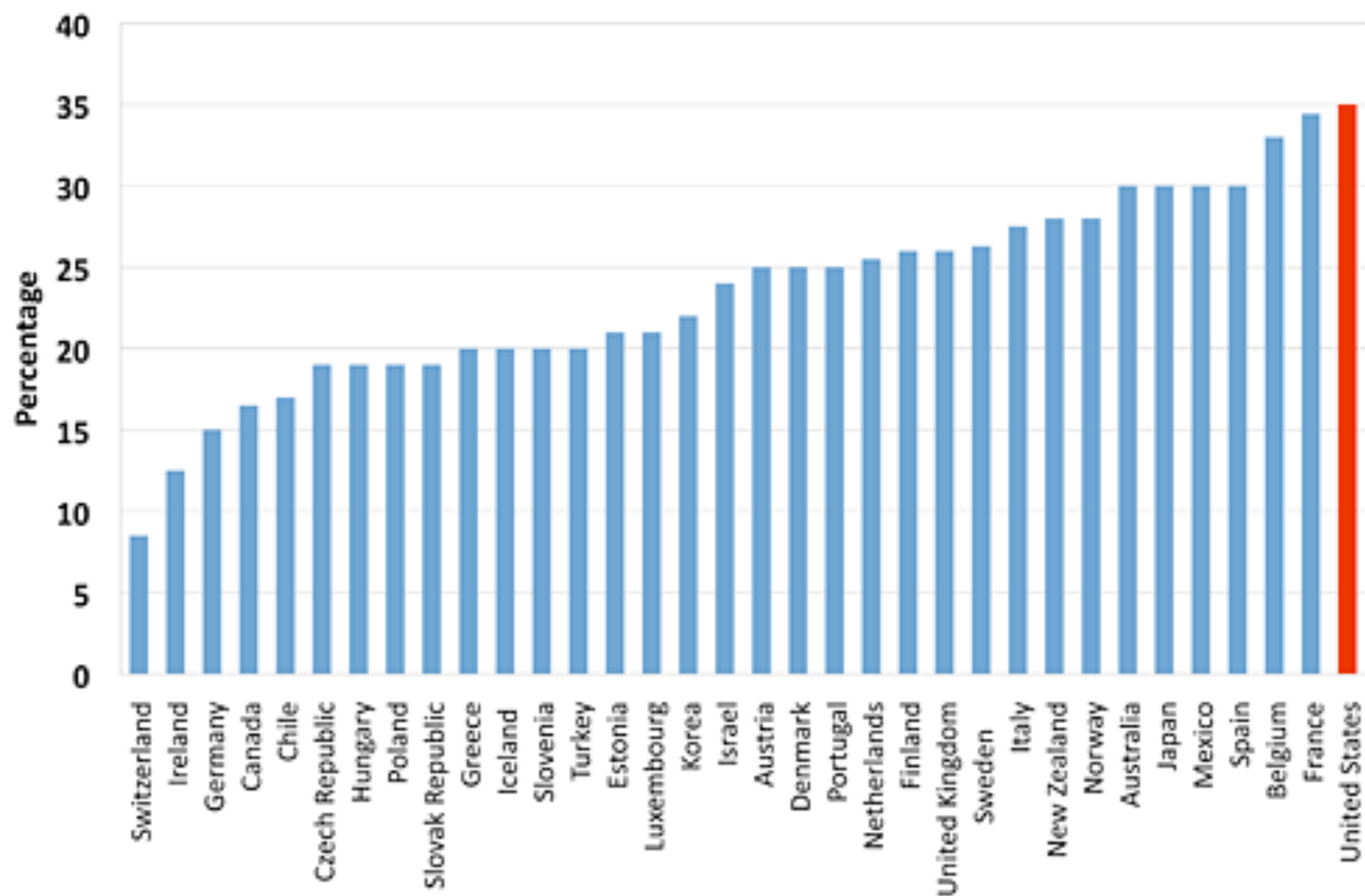
Polity: The form of government of a social organization, or a politically organized unit.



# The Rahn Curve: Economy Shrinks When Government Grows Too Large



## Corporate Income Tax Rates in the OECD



Source : 2011 OECD Tax Database  
Produced by: Veronique de Rugy, Mercatus Center at George Mason University



# THE 3<sup>RD</sup> WAY

- To **solve income inequality**, rather than self centered capitalism or more failed government redistribution, *THE 3<sup>rd</sup> WAY* explains “inclusive capitalism” leading to **economic democracy** - the most fundamental thing individuals and governments MUST do to shrink income inequality and grow personal and national prosperity.
- Concentration of Wealth \$74b **vs.** \$32k. Approx. 37m grains of sand vs. 16 GRAINS OF SAND per worker.
- The individual employees win because they will **share in the wealth** producing equity/stock of the companies they work for. Participating corporations who share the wealth win because we call for an **intelligent**, equivalent drastic cut in corporate taxes. And the government/ society wins because it will lift the middle and even lower classes, cut social costs, cut unemployment and boost the economy!
- It is **proven solution** by most in the enormously successful Silicon Valley like Microsoft, Apple, Google, etc.; hundreds of very successful medium to small private companies; massive companies like P&G, GM, UPS, Amazon; and regional giants like Publix Supermarkets, and industry leaders like Exxon/Mobile, Bloomberg, Southwest Airlines, etc.
- If you want the best **job and career advice**, we list NCEO’s “100: America’s Largest Majority Employee-Owned Companies” and the best rated Employee-Owned Workplaces!

# THE 3<sup>RD</sup> WAY

- **Everyone wins** when workers share in the wealth via capital equity/stock. While over 10 million Americans enjoy capital ownership (more now than in unions), **EVERYONE** needs to know specifically how wealth is created...**the acquisition of income producing capital**...so every citizen can begin to participate in it!
- Technology is the key driver of how economic power is dispersed. In 1776, the dawn of the industrial revolution **labor was 90% of productive power and capital 10%; now labor is 10% of production and capital 90% - completely reversed!** Yet today our wage only labor force is generally DISCONNECTED from wealth producing, technology driven capital. And our political and economic systems **HAVE NOT KEPT PACE** with technological change! Your smart phone has more computing power than what put a man on the moon!
- **Technology** and capital are the drivers. Depending on how you measure "power", the answer could vary, but today's smartphones are THOUSANDS of times more powerful than the computer used in the Apollo missions. The Apollo guidance computer had 2KB of memory and ran at about 1 MHz By comparison, the latest iPhone version has 256 MB of memory (128,000 times as much as Apollo), and runs at around 1 GHz (1,000 times as fast).
- We urgently need bold new, enlightened Public Policy as it relates specifically to Labor and Capital. **While cutting loopholes, cut onerous corporate tax rates ONLY if equivalent capital equity (stock) is shared with workers.**



# THE 3<sup>RD</sup> WAY

- The Founding Fathers had **3 central principles/legs of a stool**: Low Taxes; Limited Government and **Broad Based Property Ownership**. Most, especially conservatives have forgotten the last one! And **without the last one it is impossible to sustain the other two**.
- Once new intelligent, inclusive capitalism public policy is put in motion **its success will feed on itself as the best and brightest will naturally flow to businesses that offer equity**. More and more businesses will be “forced” to adopt positive change!
- Today roughly **90% of wealth producing capital is owned by just 10% of the population and it's getting worse daily!** Unless we move to the **economic democracy principles in *THE 3<sup>rd</sup> WAY*** expeditiously, **massive social unrest is INEVITABLE**. The time to act is now!
- How to be the most powerful citizen in your Congressional district – **insist your representative read the book** and ask for a **written response** as to whether they will support the concept.
- ***Capitalism works, but is not fair. Socialism is fair in theory, but does not work. HERE IS THE SOLUTION!***