

SAVE AMERICA

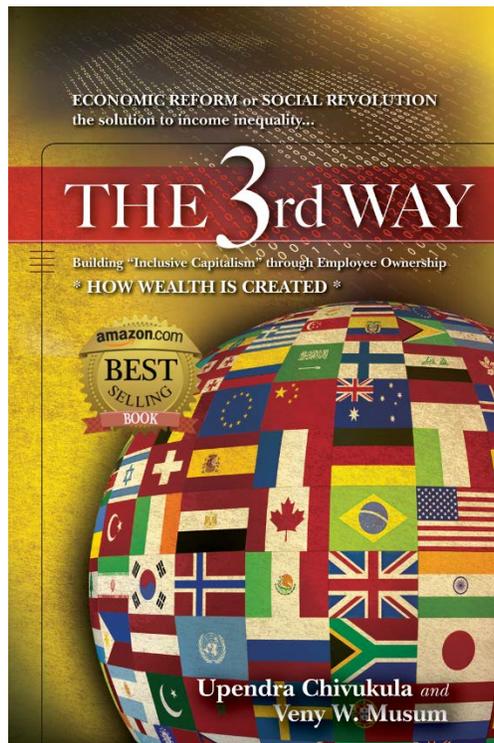
and

The World

In the *information age* capital wealth far more than even wage disparity is indeed the “hidden” driving force behind widespread inequity and anger. A new, provocative book reveals there is a proven, bipartisan answer to our divisive political issues of today – income inequality, job creation, economic growth, and taxes. Their common sense solution will lead to *inclusive capitalism*, *economic democracy* and harmony for all.

THE 3rd WAY

By: Upendra Chivukula and Veny W. Musum
“The Unlikely Allies”



Links to our full TV commercial online:

Youtube:

https://youtu.be/ZCo5h_oMCTg

Vimeo:

<https://vimeo.com/181240447>

“If you want to see the one fresh economic growth idea that has finally jelled in American society and that cuts across party lines with the potential to create a large middle-class majority, then read on.

A new book, *THE 3rd WAY*, presents a major idea that will renew The American Dream and make more wealth available to more citizens by encouraging broad-based employee stock-ownership in small businesses and large corporations.

“The central purpose of this book is to make the case that by further enhancing the tax incentives for corporations to share profits and equity with their employees, the nation will see an overall better performance

by corporations, a more secure and motivated workforce, countless benefits to society, a stronger economy, and potentially more tax revenue,” says Republican co-author Veny W. Musum.

Democrat co-author Upendra Chivukula says: “Like massive tectonic plates, the two most fundamental forces of labor and capital are moving away from each other with catastrophic consequences. But it’s not too late to act.”

Some 15 million fortunate employees *already* participate in employee-owned companies, impacting over 10,000 companies with combined assets that exceed one trillion dollars. But this only represents a little over 10% of the workforce. **THE 3rd WAY** lobbies for a revolution and calls for the greatest economic reform this country has ever undergone. It wants the nation to adopt the ESOP (Employee Stock Ownership Plan) model as the **standard** way of doing business.

THE 3rd WAY addresses the following:

- How to solve income inequality in America.
- Why capitalism works but is not fair – and why socialism seems fair in theory, but doesn’t work.
- Why Congress needs to pass significant tax relief to incentivize companies to create ESOPs.
- How a system of shared capitalism – **THE 3rd WAY** – can be enacted and what it could look like.
- How Democrats and Republicans can agree on key economic policies that no one seems to know are the critical ones that our greatest Founding Fathers and President Abraham Lincoln embraced.
- Why America is in significant trouble and how **THE 3rd WAY** is the only viable solution.
- A ranking of America’s Top 100 Largest and best rated Majority Employee-Owned Companies.
- Why there are now more employee-owners than private union members.
- How we must stop the bleeding. Roughly 90% of wealth-producing capital is owned by just 10% of the population and the gap is widening!

The book is authored by a long-standing activist Republican, Musum, who is a New Jersey businessman. He is joined by a respected Democratic leader, Chivukula, the well-liked, brainy, policy-oriented Deputy Speaker of the New Jersey Assembly. The political officeholder capable of across-the-aisle dialogue and policy discussion when it’s designed to benefit the middle class.

Both political parties are observing that an economic Hurricane Sandy has slammed into the American middle class in the last few decades. Unlike our parents’ post-World War II generation, the middle class on average is not doing better each year. This book’s solution is to broaden the ownership of private capital without redistribution from the rich to the poor, by creating many more capitalists who can supplement their wage income with some capital ownership and income.

The key proposal of this book is to restructure tax incentives to expand the opportunity for citizens to own a piece of the rock. The authors offer a straightforward solution and agenda for restructuring the tax state, thus expanding the number of taxpayers while decreasing the rate of taxes. Their solution is to provide tax incentives to increase the chance for middle-class citizens to have ownership opportunities in the small businesses and the large stock market companies where they work, through a variety of methods of moderate risk. Their message: tax credits that expand private citizen ownership of the economy. They favor removing the barriers to greater support of Employee Stock Ownership Plans (ESOP), which would allow workers to gain shares in the companies where they work by having worker trusts in successful companies borrow the money to buy the stock without using worker savings. Over the last few decades, closely held businesses and large, publicly traded businesses – have successfully used employee stock ownership plans.

The authors propose critical tax incentives for closely held companies and large stock market corporations to set up and fund employee stock ownership plans. They want the tax incentives expanded in both urban and rural Enterprise Zones to reset American policies on poverty to be oriented toward capital ownership rather than just transfer payments. They want to give strong incentives for banks and insurance companies and other financial institutions to loan funds to ESOPs that want to purchase corporate stock.

“We can move away from this unending futile debate between capitalism and socialism, between taxing and spending, between individual liberty and the state, between Republicans and Democrats – all of which leads us to the same frustration and failed answers,” say the authors.

“Our proposals for this transformation involve a 50% or 100% tax credit for corporations on the value of employer stock contributed to employees’ compensation. In Enterprise Zones where the impact on poverty can be greatest, the tax credit would be 100%, while the tax credit would be 50% in all other areas.

“The ever-widening gap between technology and labor is a cold reality. The central question for our age is how we resolve the two as it relates to public policy. The decisions we make have massive social, economic, and political implications. We must get this right. The time to act is now.”

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Contact Information: BEST GUEST MEDIA

Peter Zorich - CEO

917-754-8198 direct line

pzorich@bestguestmedia.com

Amy Doyle - Senior Talent Executive

917-658-4814 direct line

adoyle@bestguestmedia.com



**Princeton Public Television
Proposed legislative
changes to address income inequality**

Watch on Youtube:

<https://youtu.be/RDPuLPAqgQA>



**Danvers Community Access Television
Off the Shelf with Veronica Andrews**

Watch on Youtube:

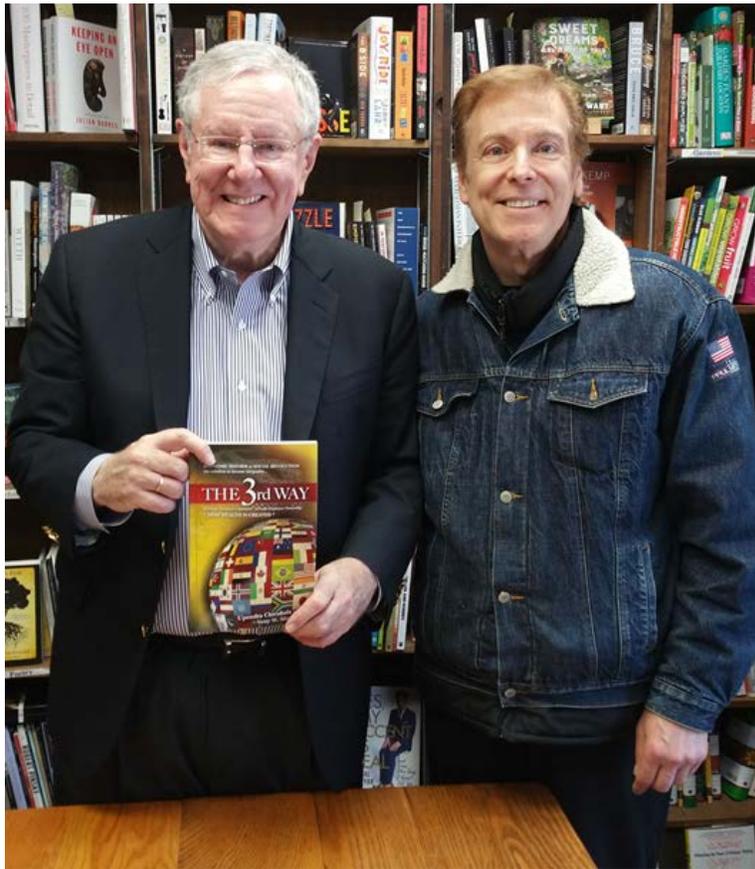
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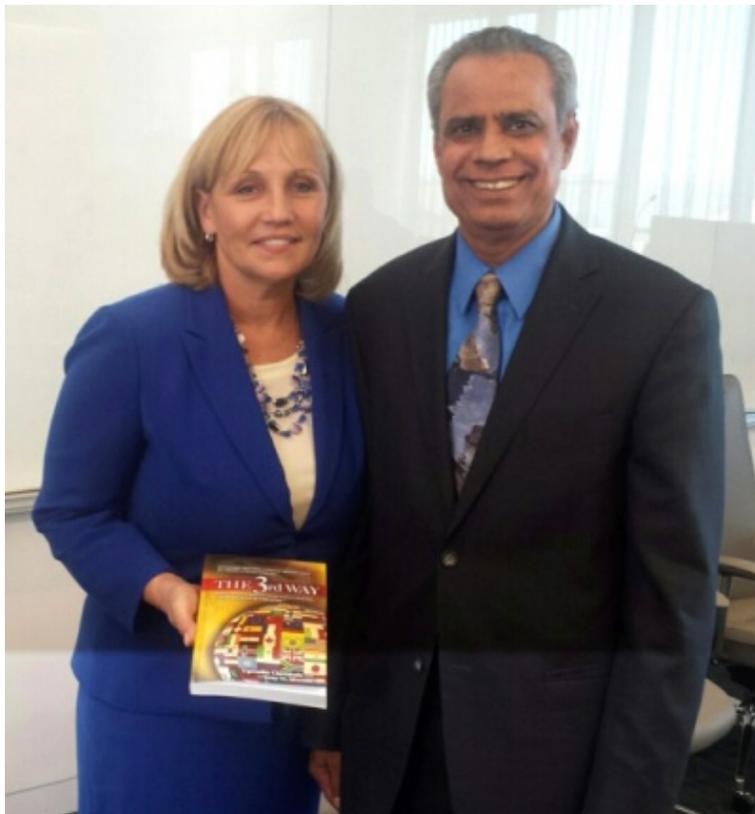
**Voice of America
Business Report with Jill Malandrino**

Watch on Youtube:

<https://youtu.be/5ouyck6VYMw>



**Co-Author Veny Musum meets with Steve Forbes,
Editor-in-Chief of Forbes magazine.**



**Co-Author Upendra Chivukula meets with
New Jersey Lieutenant Governor Kim Guadagno.**

Testimonials

“Chivukula and Musum’s easy to read THE 3rd WAY convincingly explains a set of common sense policies that can expand the wealth created by capitalism to all working Americans... Our national leaders need to read and implement their road map to a fair and enriching economy for all Americans.”

--**J. Michael Keeling, CAE, President - The ESOP Association**

“THE 3rd WAY makes the case for action to spread wealth and ownership in a style we all can grasp. May it help mobilize people nationwide across the political spectrum on the best way to rebuild middle class America: greater capital ownership by regular citizens.”

--**Richard B. Freeman, PhD, Herbert Ascherman Chair in Economics at Harvard University**

“This book will prove to be a focal point for those seeking to set the tone and create a new conversation in terms of where the U.S. economy is headed.” --**Sheila Y. Oliver (D), Speaker, NJ General Assembly**

“This book is a most welcome entrant into the debate, its authors offering a credible pathway to a system that prizes employee ownership. It deserves the most widespread consideration and discussion.”

--**Dana Rohrabacher, US Congressman, (R) California, President Ronald Reagan’s Speechwriter**

“The authors identify the way for new generations to again improve lives: Worker ownership that couples democracy and capitalism and in the process captures the best of capitalism and socialism.”

-- **Ray Carey, Chairman and CEO of ADT (Former)**

“This book combines political acumen with thoughtful meditation on economic democracy. They deserve our congratulations.” -

- **Jagdish Bhagwati, University Professor of Economics, Law and International Affairs, Columbia University**

“Our freedom comes from ownership and an ownership society must also now include shares of companies. This way embodies growth, independence, self-reliance, dignity and real equality before the law and man.”

- **Grover Norquist, Founder and President, Americans for Tax Reform**

“Chivukula and Musum present a compelling political and economic basis for more inclusive capital ownership that would reverse the long-term trend of income inequality and would expand the middle class. This is an excellent compilation of research, data, and significant policy implications presented in a straight-forward manner.” -- **Mary Ann Beyster - President, Foundation for Enterprise Development**

“In this book, Chivukula and Musum offer a proposal to spread wealth through new forms of capital ownership for middle-class and poor Americans... THE 3RD WAY... Should be read by mass and scholarly audiences interested in the growing problem of wealth and income inequality throughout the world.” --**Marvin P. Dawkins, Ph.D., Professor of Sociology, University of Miami**

“THE 3rd WAY is a communications breakthrough! The authors have "got" the essentials of Louis Kelso's message. And they have imparted that message so simply and accurately that others can understand it, too--and more important--translate it into political action and wise government policies.”

-- **Patricia Kelso, President of The Kelso Institute / Wife of the late Louis O. Kelso - Father of the ESOP movement; Co-author of many of Louis Kelso’s most important books, congressional submissions, columns and speeches.**

“THE 3rd WAY’s emphasis on employee ownership as a way forward is a refreshing departure from the usual policy proposals on dealing with inequality that either have not worked, or have little chance of becoming law.” --**Cory Rosen, Ph.D, Founder, National Center for Employee Ownership**

“THE 3rd WAY is an excellent treatment of a thesis by two distinguished authors. Readers of the volume should compel their elected leaders for real world legislative actions to follow.” -- **Manoranjan Dutta, PhD, Professor Emeritus of Economics, Rutgers University**

Veny W. Musum

Biography



Veny William Musum, 61, is the coauthor of *THE 3rd WAY: Building “Inclusive Capitalism” through Employee Ownership*.

The Republican businessman, entrepreneur, and political appointee has championed the concerns of businesses since he spent four years in the family beauty and barber supply business, where he rose to become COO (Musum Company & Sons, Inc.). The Newark, NJ company, once one of the largest and oldest companies in its field, was founded by his grandfather.

He went on to break numerous sales records when serving as a district manager for Clairol Inc. in the early 1980s. He managed the top district in the number one region in the company.

Musum then moved to John Paul Mitchell Systems in Beverly Hills, CA, and quickly rose to become senior vice president. He was the longest-serving executive since the company’s inception and has since retired. He is credited with developing many of the company’s most innovative sales and marketing programs. His successful strategies were responsible for the corporation’s current position as a worldwide leader in the professional hair-care market.

Musum is also a successful real estate and equity investor.

In 1998 he was selected by New Jersey Governor Christine Whitman to serve on the states’ Property Tax Commission, to find effective methods of reducing the tax burden while maintaining proper levels of quality service. He co-chaired the sub-committee on regionalization and efficiency. Later, Governor Whitman appointed Musum as a founding member of the newly-formed New Jersey Council on Physical Fitness, Sports, Nutrition, and Wellness. Currently he is serving his eighth term on the Bernard’s Township Republican County Committee.

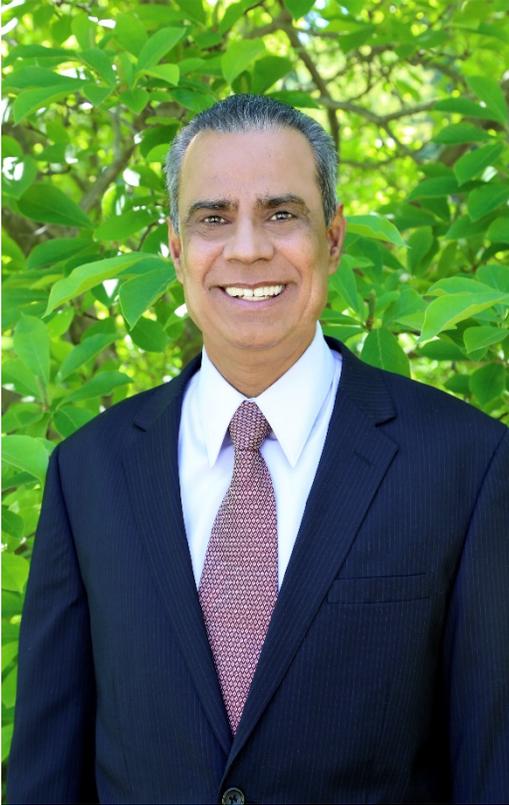
Musum was struck by Lyme Disease several years ago and continues to battle the chronic illness, having made an amazing recovery.

He received a BA from Rutgers University. He is a Phi Alpha Theta Life Member Honoree of Rutgers Historical Honors Society and a member of the Colonel Henry Rutgers Society, a foundation for substantial donors to the University. Musum is a guest-lecturer at Rutgers University.

He resides in New Jersey with his wife Patricia. For more information, please consult: <http://the3rdwaybook.com/>

Upendra Joge Chivukula

Biography



Upendra Joge Chivukula is a politician, author, senior management consultant, and an electrical engineer. He is also the co-author of a new, progressive book, *THE 3rd WAY: Building “Inclusive Capitalism” through Employee Ownership*.

He is a democrat who won election to the New Jersey Legislature in 2001, becoming the first and only South Asian Representative in the state’s history. Prior to joining the legislature, he was a city councilman for eight years, deputy mayor for three years, and mayor for two years of Franklin Township. He also has served as a delegate to the Democratic National Convention five times and was a Presidential Electoral College member in 2004.

An information-technology executive, Chivukula is serving his sixth consecutive two-year term in the New Jersey General Assembly, where he is currently deputy speaker. He represents the 17th Legislative District, which contains the Middlesex County communities of Milltown, New Brunswick, North Brunswick, and Piscataway, and the Somerset County community of Franklin Township.

Chivukula, 64, 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 50 laws. Currently, he serves as chair of the Telecommunications and Utilities Committee, vice-chair of the Homeland Security Committee, and is a member of the Transportation Committee and of the Health Information Technology Commission. He was a leading force behind the creation of the bipartisan, bicameral Legislative Caucus on Science and Technology in 2004, a panel charged with enhancing the state’s position as a leader in research, technological development, and innovation.

Born in Nellore, India, Chivukula came to the United States in 1974 to attend college. He worked for CBS Television from 1977 to 1978. He served as senior management consultant and systems engineer with AT&T Bell Labs and many divisions of AT&T from 1981 to 1998.

Chivukula currently serves as consultant as Web Team Corporation, a Somerset-based information technology firm. 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*.

He and his wife, Dayci, have a son, Suraj, and a daughter, Damianty, and two grandchildren.

KIRKUS

REVIEWS

TITLE INFORMATION

THE 3rd WAY

Upendra Chivukula and Veny W. Musum

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BOOK REVIEW

An ambitious book offers a radical proposal to save capitalism by exponentially increasing the number of capitalists. According to the two debut authors and various politicians, the American middle class is ailing; while wealth is increasingly concentrated in the hands of a plutocratic elite, inequality skyrockets. Chivukula, New Jersey's former Deputy Speaker and Democrat, and Musum, a prominent Republican businessman, argue that the crux of the problem is that labor has gradually become severed from capital, and so the vast majority of productivity in the economy is supplied by a disenfranchised class hobbled by an appalling lack of appropriate payment for its efforts. The authors contend that the solution to this problem is to make the economy more inclusive by expanding the private ownership of both small businesses and corporations. This would be largely accomplished by a systematic overhaul of the tax system, which would simultaneously decrease taxes and dismantle various tax barriers to the proliferation of Employee Stock Ownership Plans. Those stock plans permit workers to enjoy the advantages of ownership while avoiding the principal disadvantages: they don't have to buy this stock with their own wages or front their own property as collateral. The authors repeatedly make clear that this enlargement of the owner class, or the creation of more capitalists, drives their proposal. "Here's the bottom line: Dramatically accelerate broad based property/capital ownership. Do that by requiring every corporate tax incentive conditioned on having some form of a broad based ownership share plan for their workers. Period." The authors believe that this approach navigates between the alternatives of ferocious capitalism and ideological socialism. They call this the third way, which is an expression of "economic democracy." This is not a facile exercise in political idealism: Chivukula and Musum furnish considerable empirical evidence that their strategy will not only work, but also be politically appealing to a broad spectrum of citizens, irrespective of party allegiances. This remains an impressively ambitious effort to find pragmatic and innovative solutions to problems created and sustained by blinkered partisan commitments.

A serious, rigorous contribution to the debate over how to rescue a drowning middle class.

Upendra Chivukula

Co-Author, *THE 3rd WAY*

Q&A

- 1. As a lifelong Democrat, how can you support a political movement that involves significant tax cuts for corporations?** This political movement is not just a handout to corporations but a well-thought out way of including the middle class and poor Americans in the American Dream. The vision to share the American Dream was implemented during Lincoln's presidency, through the Homestead Act, and subsequently through the employee stock ownership plan legislated by the US Congress. With land ownership, Americans were able to participate in economic prosperity. That earning involved a lot of labor and the earnings proportional to the labor put in. But, as times changed and technology advances were made, the importance of capital grew. Capital ownership made a big difference in the earnings, thereby, leading to income disparity—capital owners were able to earn more rapidly than through their individual labor. While the human labor and its earnings are directly proportional to time spent, the capital-based earnings had no such time limitation. As a Democrat, I am concerned about the growing income inequality and the income divide, especially, among hard-working middle-class Americans. As explained in the book — in the GDP, content of labor decreased from 80+ % during the Homestead Act to around 10%. This is attributable to reducing content of the labor to 10% and increasing content of capital at nearly 90%. The economic gap is caused because capital ownership contributes to rapid wealth creation. One can address the access to wealth creation through increased employee ownership.
- 2. How did you come to write a book with a Republican, where you both agree on major things in a big way?** Many good things have happened when people with different backgrounds, especially differing political backgrounds, have come together. Two well-meaning individuals who care about contributing to the inclusive democracy can come together and share their viewpoints for the betterment of society. I would like to offer solutions as I have done as a NJ legislator. Veny Musum is a very caring individual with clear objectives to solve the economic disparity issue. He is a firm believer that stock ownership is one of the reasons why he is able to care for himself and his family. Together, we would like to offer a solution through employee ownership and at the same time help small family-owned businesses as well as other businesses to share their wealth with their employees.
- 3. What exactly is *THE 3rd WAY* advocating for?** *THE 3rd WAY* is advocating for inclusive democracy that addresses income inequality and access to the opportunity to succeed in American society. We would like to see employees get ownership in addition to wages, so that they can be part owners of the American prosperity. Traditional approaches to addressing economic disparity have not worked. *THE 3rd WAY* advocates for the government at all levels to promote and incentivize employee ownership through tax credits, and it advocates for creating economic zones in select urban areas to address high unemployment rates. An employee who has ownership in the company that he or she is working for has a stake in the company's success and tends to work harder. We need to recreate the hope in the American Dream; we need to empower the American worker with the economic incentives to increase productivity.
- 4. How do you hope to achieve the aims you outline in the book?** The book explains that Communism has failed and "Concentrated" Capitalism works but it is not fair, and that there is a third way to increase wealth creation by engaging all working Americans. I have introduced legislation in the NJ Legislature to incentivize non-public corporations (family-owned businesses, etc.) with under 500 employees to sell the companies to their employees, instead of out-of-state and large corporations. We are advocating for similar laws at the federal level. While advocating employee ownership at various levels of government, we must engage the presidential candidates to talk about income inequality at various levels of government—what role the federal government can play and how quickly. We need to engage the American public with the concept of employee ownership and how they need to engage their elected officials to proactively address it.
- 5. Nearly 15 million Americans already work for companies that involve an ESOP. What will it take to grow that number significantly?** The demographics have been changing. Entrepreneurship among millennials is

increasing. New small businesses tend to create more new jobs than multinational corporations. Adequate funding to the states so that employee ownership benefits through tax reductions can be offered at the state level. Also, increasing the funding through the Small Business Administration will help. Even though the concept of employee ownership seems so simple it is not well understood or seems to be difficult to explain. It is imperative to engage the American public in this conversation, and empower the American worker. We do have Urban and Rural Enterprise Zones (UEZs, REZs) offering sales tax incentives. We need to expand the concept in creating Economic Zones both in urban and rural areas, with appropriate tax incentives for business creation and employee ownership.

- 6. If Congress takes action, what will then be needed to convince and help companies to share some of the wealth?** With the right economic incentives, companies should be willing to participate in employee ownership. Additional benefits like increased productivity because of an empowered and motivated worker can lead to prosperity for the company. That could be a motivator for the companies to share their wealth.
- 7. Why don't you believe capitalism or socialism can fix the significant issues of income inequality?** When you look at the current economic trends, we can easily conclude that income inequality is on the rise in America and in other parts of the world. Middle-class America is a critical part of the great American democracy. As the times have changed, technological advancements have been made. We need to fine tune our capitalistic approach towards employee ownership. No one can deny the fact that the contribution of labor decreased to about 10% when compared to the growth of contribution of capital to nearly 90% in the production of goods. This disparity can be contributed to the importance of capital and ownership of the same. For example, the earnings of the owners of Starbucks when compared to the worker in the coffee plantation, or the coffeemaker in a Starbucks store, tell quite a compelling story.
- 8. Do any of the political parties or presidential candidates appear ready to embrace *THE 3rd WAY*?** Many of the presidential candidates are talking about the middle class. But, their solutions don't seem clear. We are working hard to get this concept into both party platforms. On the Democratic side, we are able to include the concept of "inclusive democracy" in the platform. While the Republican candidates talk about tax cuts to corporations, they seem to seldom talk about income inequality and a possible solution being employee ownership. We need to engage both parties in problem-solving and not just pointing fingers at the inadequacy of the other party. While no solution is perfect, Veny and I believe that employee ownership is a strong, viable solution with great potential and significance to the current times. We need political leaders with vision who are willing to take a risk through new innovative approaches.
- 9. You were born in India and come from a very interesting cultural background. How does your heritage inform your views on what needs to be done to strengthen America?** Having grown up in India and succeeding in America, I believe that the real difference for me was the access to the opportunity to succeed. America has taught me that through hard work, you can succeed. It also has taught me that in a global economy, we need to compete, which means we have to strengthen our labor force through not only preparing it with the skill set for the 21st century but also, employee ownership. We need to continue the prosperity for a strong middle-class America. America has been one of the most innovative nations in the world. We must continue that tradition by continuing encouragement of entrepreneurship and wealth creation and sharing the wealth through employee ownership.
- 10. If we can't get more people to adopt the approach taken in your book, what will eventually happen?** In order for democracy to thrive, we need a strong middle class. We continue to see the middle class getting squeezed and the economic disparity continues to increase. Wealth disparities can increase frustration and dissatisfaction towards governments' inability to help. We must convince people that there is a better way to address this issue. Many people are not looking at the income disparity in-depth to find existing and innovative situations. This requires engagement of people from all walks of life. That's why, we need to get the public involved through high-profile presidential elections. We need to be proactive. We must act while we have the opportunity to bring about change.

Veny Musum

Co-Author, *THE 3rd WAY*

Q&A

- 1. As a passionate Republican, how can you support a movement that endorses the movement of wealth from some to others?** As one can see from www.THE3rdWAYbook.com, the incredibly powerful, though sadly forgotten words of our Founding Fathers appear on this subject. For example, President Thomas Jefferson, third President of the United States made it a major theme in his writings: “Legislators cannot invent too many devices for subdividing property.” President John Adams pushed broad property access and made the powerful quote, “Property monopolized or in the possession of a few is a curse to mankind. We should preserve not an absolute equality – this is unnecessary, but preserve all from extreme poverty, and all others from extravagant riches.” As a staunch constitutional, conservative Republican, I am supremely confident I am standing on very solid ground. What should be known is President Abraham Lincoln pushed through the Homestead Act that granted free land/property to settlers. What is *not* widely known is what his Speaker of the House Galusha A. Grow, “father of the Republican party,” said in his last speech to Congress he stated that in the future, because there were growing limitations on capital in the form of land, the future will be in assisting property ownership via *shares of corporations*. President Ronald Reagan was the one who championed employee ownership and put most of the original favorable ESOP legislation in place. Most importantly, our proven plan accomplishes its objective via private enterprise and not through any and all failed socialistic, state-driven, state-owned model of redistribution to solve income inequality.
- 2. How did you come to write a book with a Democrat, where you both agree on major issues?** Regardless of party, Upendra is a very special man with very endearing qualities. The first time I met him I recall him saying straight out, even though he was the Deputy Speaker of the State of New Jersey, “just because I’m a high profile politician, don’t think I’m any better or smarter than you.” His humility was impressive and powerful to me. I have come to know that when someone is a braggadocio, or holds themselves out as a paragon of virtue – watch out! From the very first time I came to know Upendra, three wonderful qualities stood out:
 1. He is both highly intelligent *and* has good common sense.
 2. He is a man of utmost integrity.
 3. He is a political figure that is involved in politics because of what he can do for *others* instead of what he can do for *himself*.
- 3. What are some steps citizens need to take in order to force Congress to take action?** Excellent question. Any citizen can instantly become the most powerful person in their Congressional District. Call, write, or best yet, make an appointment to meet with your elected official for the US House and/or Senate. Insist your representative read the book and ask for a written response as to whether they will support the concept. Let them know upfront in a polite and respectful way that you fully intend to pen a letter to both your local and statewide papers and on the Internet concerning the response you received back. Also check our “Action Steps” section in the back of our book to see other specific steps you can take to advance economic Democracy. Any citizen can indeed be a one-man or one-woman army when armed with *THE 3rd WAY* and a little persistence!
- 4. If the government provides the necessary tax breaks and incentives for businesses to share some of its profits with the workers who played key roles in creating that wealth, what should employees come to expect from the company they work for?** Thanks to the extensive and exceptional work by Professors Blasi and Kruse of Rutgers and Freeman of Harvard we have over 100 years of data amassed regarding the idea of employee empowerment. What is absolutely terrific is the data indicates not only is there a high probability that every important business metric is improved for the business, it also shows that higher wages, dramatically fewer layoffs, and higher worker morale are almost always the case for workers! The great thing about our plan is the government is not picking winners and losers in the “Crony Capitalism” we see today. The synergy of a highly motivated workforce working *with* management in all cases is a proven success for workers, management and most importantly society.

5. **You were struck by Lyme Disease a number of years ago. How did this impact your writing of this book?** Though one who lead a totally clean life, I was suddenly and inextricably stricken by at least a dozen serious chronic maladies. They included Lyme; CFS; Thyroiditis; CPN (pneumonia-lesions all over my lungs); eyes all full of blood and unbearable, crushing, paralyzing thoracic spine pain that at its worst often caused me to hyperventilate from the pain and once collapse in the hallway of my home. I was dying. Nevertheless, my indomitable spirit would *not* let me give up – I would *find* a way to overcome this. In time, as a result of this ordeal I came to know the top molecular biologist and metagenomic scientist on earth, Professor Trevor Marshall. I am now a patient advocate for his brilliant and revolutionary “Marshall Protocol” that saved my life and helped thousands of others with serious chronic illnesses worldwide and I continue to regain my health more and more each day.

All my life I always sensed there just *had* to be a better way, an optimal way to organize society that was both fair and productive, allowing us all to live both in harmony and able to seek the rational pursuit of happiness. This was now my life’s goal. Then when I became deathly sick my “opportunity” came as it was ordained writing WAS THE ONLY THING I COULD DO to be a productive citizen. So each day I cared for my wife, who is severely disabled with Alzheimer’s, then dragged myself and sometimes yes, crawled up the stairs to my office and pened the book I was destined to write with Upendra. I put my suffering and troubles aside and instead focused on all the *good I could do for others* if I could complete our work and bring to the masses a truly better way for us all.

6. **Are you proposing something new or merely to grow something that has been around for a while?** Both. The idea was first piloted in 1956 by famed economist and investment banker Louis Kelso who developed a succession plan for Peninsula Newspapers, Inc. The co-owners, both in their 80s, were able to sell the company to their employees through a creative financing plan. Then the great leap forward was the passage of *The Employee Retirement Income Security Act, 1973*. Kelso is introduced to Russell B. Long (D-LA), head of the Senate Finance Committee and "arguably the most powerful member of the Senate" at the time. Long sees merit in the ESOP concept and becomes a supporter, helping introduce language into ERISA that defines ESOPs and preserves their tax-advantaged status. Thus the idea took wing that today results in nearly 15 million workers (more now than in unions) enjoying employee equity. However, the new potential of this proven concept is immense and the common sense, straightforward policies in our book would expand this tremendously successful idea.
7. **Are other countries employing the model that you share in your book?** Yes! Perhaps the best example is the Mondragon Corporation (MC) in Spain, outlined in our book. Mondragon is a stunningly successful alternative to the traditional capitalist organization of production. At the end of 2013 MC employed 74,061 people in 257 companies and organizations in four areas of activity: finance, industry, retail, and knowledge. In each enterprise, the co-op members (averaging 80–85 percent of all workers per enterprise) collectively own and direct the enterprise. As each enterprise is a constituent of MC as a whole, its members must confer and decide with all other enterprise members about what general rules will govern MC and all its constituent enterprises. In short, MC worker-members collectively choose, hire, and fire the directors, whereas in capitalist enterprises the reverse occurs. One of the co-operatively and democratically adopted rules governing MC limits top-paid worker/members to earning 6.5 times the lowest-paid workers. Nothing more dramatically demonstrates the differences distinguishing this from the capitalist alternative organization of enterprises. (In US corporations, CEOs can expect to be paid 400 times an average worker’s salary—a rate that has increased 20-fold since 1965.) The largest corporation in the Basque region, MC is also one of Spain’s top ten biggest corporations (in terms of sales or employment). Far better than merely surviving since its founding in 1956, MC has grown dramatically. Along the way, it added a co-operative bank, Caja Laboral (holding almost \$25bn in deposits in 2010). And MC has expanded internationally, now operating over 77 businesses outside of Spain.
8. **How did we get to the point where you say labor and capital have become decoupled in the production of goods and services?** Simple. Capitalism (anything that increases the productive power of labor) is a fabulous system for creating wealth, because it relies heavily on technological progress to make the efficient delivery of goods and services more productive. The central question is, who *owns* that capital? Without new, intelligent public policy called for by our Founding Fathers, Lincoln, and in our book, we will continue to barrel headlong into an inescapable form of “Concentrated Capitalism” and severe social unrest. In our book, we show the changing participation of labor workers and capital workers over time. In 1776, we hoped to be an *economic*

democracy for those with initial citizenship, which was thankfully expanded to exclude no one. We then took the first steps into *political democracy*. Had technology not advanced, Jeffersonian democracy would have, for the most part, produced a fair and equitable society. At that time, if measured by market forces, 95 percent of the input into production (goods and services) were produced by labor and 5 percent by capital, which was mostly land. In 1776 everyone with citizenship had potential economic power because labor was the main source and everyone was born with it. Therefore, economic power was democratically diffused. Then as technological change advanced, capital workers grew at an exponential rate. The inputs of capital workers and labor workers have roughly changed places! Capital workers now produce at least 90 percent of the input to the economy, with only 10 percent coming from labor. In today's highly industrialized world, wealth has a close connection to both technology and capital formation. Technological power marches on, yet labor can only work so hard for so long. Tragically, for the most part, we have decoupled labor from capital. The masses of labor own no capital and therefore can't possibly keep up. Herein lays the root cause of the pervasive, precipitous decline in the standard of living for both the middle and lower classes. The blessings of technological advancement caused their ability to keep pace with income via just their labor to be slashed over time. This is why, in this day and age, the poor stay poor and the rich get richer.

- 9. Why do you propose even deeper tax cuts for businesses in certain inner cities or enterprise zones?** This is perhaps the most exciting, powerful element of the book. It will not only dramatically affect the economic reality of UEZ's, it will also fundamentally impact the social order in these areas. A dramatic step is what's required! Remember, that rate is only for a business that grants the equivalent amount in equity to their workers. There are so many virtually miraculous ramifications to such an intelligent new public policy. To name a couple, let's realize investment wealth naturally flows to its most propitious location. Let's make our distressed inner cities the most desired locations for private investment, instead of the least. Then perhaps the most exciting element to the wise policy we advocate is how it will drive a change in the socioeconomic culture in those areas.
- 10. Will companies come to the table to grow ESOPs if they already get attractive tax relief through overseas banking, using technology to replace workers, and the outsourcing of other work?** First of all we have made the tax incentives dramatic – a 50% cut and 100% in distressed enterprise zones. Second, many of the tax breaks/loopholes could and should be phased out in lieu of a drive for a more broad-based property distribution plan for workers. Currently we have over two trillion dollars parked overseas to avoid taxes. Both parties are already currently seeking to address this. Our plan gives lawmakers a politically palatable solution that benefits companies in higher productivity, no loss in revenue to the government if the final bill is structured correctly and once known, demanded by the electorate. As for technology there is no way to stop its inexorable march and it will continue to grow exponentially. The urgent mission is to put intelligent public policy in place that significantly encourages the recoupling of labor and capital. As far as outsourcing, the data shows that companies with a significant amount of employee equity tend to be far less likely to both outsource and/or lay its workers off in times of economic shock or recession. Moreover, via competition, the idea will feed on itself as the best and brightest will naturally be drawn to companies offering stock as part of their incentive to attract candidates that can help them grow. In the very near future a prospective employee will want to know 3 things before joining a company:
1. What is my compensation?
 2. What is my benefit package?
 3. What employee equity plan(s) do you offer?

Everyone Wins – Even Uncle Sam

by *THE 3rd WAY* Co-Authors Upendra Chivukula and Veny Musum

Under our proposal, instead of the government getting corporate taxes from employers, it gets – via the transfer of wealth – income taxes from workers. Combine this with our call to cut some of the most egregious corporate tax loopholes (outlined later in the book) and the result can be crafted to result in a NO NET LOSS IN REVENUE TO THE UNITED STATES.

Though the United States corporate tax rate is the highest in the world at 35%, the *effective* corporate tax rate is only HALF that for many corporations, with many paying zero taxes through a variety of methods.

Our proposal has many beneficial dimensions with no downside loss in overall tax revenue. Everyone wins.

Nevertheless, the overriding positive element is how economic democracy helps drive all the synergistic benefits to workers, their companies and the nation as a whole. For most of these workers, their income gain from ESOP equity is not the single factor in the positive effects on both worker and company. *Ownership* drives a much deeper core motivator.

Gaining some level of ownership in one's place of work brings with it a cascade of tangible benefits to all sides:

1. The better relationship between workers and their employer
2. Enhanced employee loyalty to the company
3. A feeling of enhanced security by the employee
4. A sense by the employee of truly being involved in the company
5. A much more motivated work force
6. Improved performance of the firm

These positive elements not only redound to the company -- they transfer to society as a whole:

1. A motivated employee is de facto a productive member of society.
2. Productive members of society need *dramatically fewer social services*.
3. They are positive role models for both their families and their community.
4. Inner-city youth involved in such programs tend not to be a drain on society via crime and negative behavior. They could become a bright light of hope to others all around them. A dramatic, positive social shift is at work!

THE 3rd WAY details a bi-partisan solution that represents a win-win situation for companies, labor, and the American people.

Facts & Stats

- The first ESOP (employee stock ownership plan) came into being in 1956.
- Over 10,000 companies, covering nearly 15 million workers, with assets of over \$1.1 trillion participate in ESOPs – representing about 10% of the private sector workforce.
- 3% of all ESOPs are in publicly traded companies.
- Another way to express the disparity of income is to realize the world's highest-paid billionaire for 2013 is worth \$74,000,000,000. In contrast, the average median income for the same year was \$32,104. That billionaire's sum of wealth was more than the combined income of 2,302,496 median-income earners.
- Using 2010 data, the authors estimate that 80.8 percent of stocks in mutual funds and 91.5 percent of business equity are held by the top 10 percent of American society. So despite the marketing claims that Wall Street is owned by all of us, the evidence indicates otherwise.
- The richest 1 percent of Americans control more wealth than 90 percent of the population combined!
- An employee stock ownership plan (ESOP) is a defined contribution plan that provides a company's workers with an ownership interest in the company. Under the ESOP, companies provide their employees with stock ownership, typically at no cost to the employees. Shares are given to employees and are held in the ESOP trust until the employee retires or leaves the company, or earlier diversification opportunities, creating an opportunity for workers to amass long-term savings and benefit from their work.
- The Employee Retirement Income Security Act of 1974 (ERISA) was the first major bill that facilitated the establishment of ESOPs... Due primarily to vigorous legislative promotion by the US Congress, the number of ESOPs nationwide has increased from several hundred in 1974 to well over ten thousand by 2008, with continued growth expected. Promoted as a means of broadening the ownership of capital and improving the productivity of the American work force, ESOPs have been at the forefront of the movement for employee ownership that is having profound effects on methods of employee compensation, techniques of corporate finance, and efforts to increase corporate performance and competitiveness.
- An ESOP is a powerful, flexible vehicle for providing employers, shareholders, and employees with advantages not found in traditional tax-deferred benefit plans. Though ESOPs are unique in many respects, they do share some common characteristics with other employee benefit plans. As with all tax-qualified employee benefit plans, ESOPs must conform to the guidelines established by the IRS Code and ERISA (Employee Retirement Income Security Act of 1974).

Selected Excerpts

Tax Breaks Are Key

“There is a stark reality that needs to be addressed from the onset. For business owners and holders of capital to share their equity through ESOPs, we must recognize it will take an aggressive, simple-to-understand offer of 100 percent tax credits in enterprise zones and 50 percent tax credits in all other areas to get the kind of massive conversation to the system needed to change the social order for the better...

“While US corporations pay the highest corporate tax rate in the world, given the plethora of deductions they enjoy, their effective rate is, of course, reduced. Nevertheless that effective rate is still higher than desired. What we have is a grossly burdensome tax rate matched with a slew of deductions. The entire system is out of whack...

“The US economy’s 35 percent corporate tax rate is among the highest in the industrial world, reducing the ability of our nation’s businesses to compete in the global economy and to invest and create jobs at home. By limiting investment and growth, the high rate of corporate tax also hurts US wages.”

Becoming Competitive

“We need to shift corporate incentives toward including the proper empowerment of their employees through employee ownership as the primary means for corporations to receive tax deductions. Lowering the corporate tax rate to one competitive in the world market is a splendid idea. However, it must be done in a way that leaves a significant incentive for those same companies to allow their employees to build equity in the very companies they are helping to build!”

Ownership Needs To Expand

“Here’s the bottom line: Dramatically accelerate broad based properly/capital ownership. Do that by requiring every corporate tax incentive conditioned on having some form of a broad-based ownership share plan for their workers. Period.”

Drowning In Debt

“We are in trouble. Surely, in the overall scheme of economics, there is no doubt that government spending as a percentage of GDP must be significantly reduced. In 2011, US debt reached 100 percent of our country’s GDP. Our debt is quickly approaching more than \$20 trillion (over \$175,000 per taxpayer). We are on the same alarming path to insolvency that is now happening all over Europe. In addition, there is no doubt we need to expand both free and fair trade, especially as it relates to China. There is also no doubt we must greatly expand all our domestic energy resources in as clean and safe a manner as possible. And there is no doubt the education establishment is failing our students and is crying out for reform. These are all grave matters indeed.”

The Greatest Good For The Greatest Number

“However, the most important and effective step we need taken immediately is to incentivize the corporate tax system in exchange for a transformation in the measure of employees’ equity in their place of work. This is fundamental. And it will fundamentally correct the economic system we operate under for the better. Yes, we need to cut corporate taxation, but only if it is offset with equivalent employee ownership. Only then can we obtain the greatest good for the greatest number. Only then can we unleash the full power of our nation’s people!”