

with future pre-tax profits, for the issuance of new shares or for the purchase of existing shares.

Communities that adopt for-profit **Citizens Land Banks (CLBs)** – also called for-profit **Citizens Land Cooperatives (CLCs)** or **Community Investment Corporations (CICs)** – could attract interest-free credit to buy land for development or build new infrastructure. Every citizen could participate as a shareholder in community land planning and governance decisions. Moreover, each citizen would share in profits from rents and fees for use of land and infrastructure.

Access to capital credit

Through the Capital Homestead Act, access to capital credit – which today helps make the rich richer – would be enshrined in law as a fundamental right of citizenship, like the right to vote.

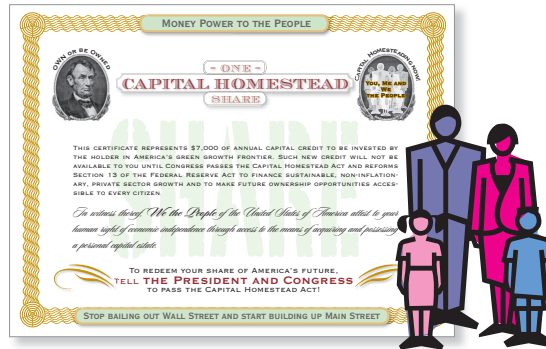


Using its powers under **Sec. 13 of the Federal Reserve Act**, the Federal Reserve System would supply local banks with the money needed by businesses to grow. The new money and credit for private sector growth would, however, be “irrigated” through Capital Homestead Accounts and other credit democratization vehicles.

Through a **well-regulated central banking system and other safeguards** (including capital credit insurance to cover the risk of bad loans), you and all other citizens

could purchase with interest-free capital credit, newly issued shares representing newly added machines and structures. (See <http://www.cesj.org/socialsecurity/safeguards-cha.html>) These purchases would be paid off with tax-deductible dividends of these companies. Nothing would come out of your pocket or reduce the income you use to put food on your family’s table.

Within a relatively short period of time, you would become a full owner of your shares. (See www.cesj.org/socialsecurity/projections-cha.htm) For the rest of your life, you would receive a decent and regular income from the earnings of the capital you accumulate over the years. Then you would have income-producing property to pass on to your children. This is how Capital Homesteading works.



For more on Capital Homesteading:

www.cesj.org/homestead/summary-cha.htm

Also see

*Capital Homesteading for Every Citizen:
A Just Free Market Solution for Saving Social Security,*

available in paperback from
www.Amazon.com and www.BN.com,
or download the free PDF from www.cesj.org.

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The Capital Homestead Act

A Plan for Getting Ownership, Income, and Power to Every Citizen

Throughout history the rich and powerful owned the things that produced the wealth.

When land and people were what produced wealth, the rich and powerful owned land and people.

Today the things that produce most of the wealth are land and technology. In particular, technologies such as machines, robots, rentable structures and advanced information systems are replacing people at their workplaces and threatening their family incomes.

And today, who are the rich and powerful?

The people who own the land and the technology (productive capital).

So what's the problem?

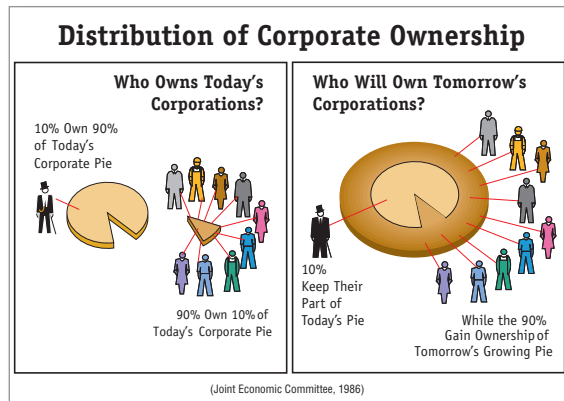
The problem is that too few own income-producing wealth (capital) and too many own nothing. Many people **owe more than they own**.

Why Are So Many Citizens Powerless?

If you feel economically insecure or powerless, you're not alone. The fact is, you are economically vulnerable if you don't own — as your private property — some of the land and technology that produce most of our wealth.

Economic power is tied closely to political power. It comes from property (the rights and powers of ownership) and the means to acquire property. In today's 21st century global economy, the most significant forms of property are in advanced technologies and corporate equity.

When ownership is concentrated, power is concentrated. This is why a few people are very powerful and most people are virtually powerless. The wealth-producing power of an individual worker has not increased much over the last 1,000 years. Poor people and most non-property-owning workers can only produce insecure subsistence incomes from their jobs.



Some people, however, profit from the work that the technology does by owning shares in the companies that use that technology. These people become rich and powerful because they own the things (capital) that produce most of our wealth.

In a democratic and just economy everyone should have an **equal opportunity** and **equal access to the means** to own shares in companies that use advanced technology. The U.S. economy, for example, should have programs that lift artificial tax and credit barriers to help every American become an owner of American Industry. Every family could then earn **income from jobs** and **income from capital** that every family member would own.

How Could Every Citizen Gain a Capital Income and Economic Power?

Today many people, even the poor, can buy on credit consumer items such as cars, TV sets, clothing and homes. However, these purchases are not income-earning property. They can make the borrower even more economically vulnerable.

Meanwhile, every year America adds about \$2 trillion worth of new productive assets in both the public sector and private sector, or \$7,000 for every man, woman, and child. **The way we finance these new assets creates few new owners** and widens the gap between “haves” and “have-nots.”

There is an alternative that is **neither socialism nor capitalism**. This “just third way” would be a free enterprise economy, generating private sector profits — but with ownership of the new growth systematically flowing to every individual citizen.

With access to **capital credit** repayable with the full pre-tax earnings of the capital itself, everyone could gain ownership in America's expanding technological frontier. We wouldn't have to take away wealth from those who already own capital.

What is the Capital Homestead Act?

The Capital Homestead Act is a modern version of Lincoln's Homestead Act of 1862 which offered a piece of the land frontier to many propertyless Americans. Lincoln's Homestead Act was one of the most significant economic initiatives in America's history. It laid the foundation for America's rise as the world's greatest industrial power. Unfortunately, the land frontier ran out.

Most Americans were never given a chance to share in the ownership and profits of our high-tech industrial frontier, which unlike land has no known limits.

Capital Homesteading would take nothing away from present owners, but would link every American (including the poorest of the poor) to the profits from sustainable economic growth. Every worker and citizen could gain a share in power over technological progress and the tools and enterprises of modern society. Through widespread ownership all citizens would participate in a more democratic economic process, just as they now participate in the democratic political process through access to the ballot.

Under Capital Homesteading, every child born today could gain by age 65:

- \$460,000 in tax-sheltered assets.
- \$46,000 in annual after-tax income.
- \$1.6 million in dividends during that period.

The Capital Homestead Act proposes a number of programs so that every man, woman and child could get **interest-free capital credit** from a local bank. (Future earnings of the capital purchased would pay off the loans, including bank service fees and premiums to cover capital credit default insurance.) You and every member of your family could get access to this special credit by setting up a tax-sheltered **Capital Homestead Account (CHA)** — like a “Super-IRA” — at your local bank.

Through your CHA, and with the guidance of your financial advisor, you could purchase with your capital credit part ownership in: 1) companies for which a member of your family works; 2) a company where you have a monthly billing account; or 3) “qualified” companies that are well-managed and highly profitable, like Microsoft, Exxon-Mobil, Proctor & Gamble, IBM, etc.

Companies could also establish **Employee Stock Ownership Plans (ESOPs)** for their workers and **Consumer Stock Ownership Plans (CSOPs)** for their regular customers to borrow funds repayable