Economists Endorse Professor Robert Ashford's Inclusive Capitalism
April 14, 2021

With deep concern regarding (1) the eroding economic prospects of growing numbers of poor and middle-class people, (2) growing wealth concentration, and (3) the urgent need to promote environmentally sustainable, equitable growth, we undersigned economists are honored to write this letter in enthusiastic support for Professor Robert Ashford's ground-breaking work on Inclusive Capitalism. We do so in the belief that in his pioneering scholarship, Professor Ashford has made the most important contribution to economic theory in many decades: an idea with many practical, beneficial policy implications for both current and future generations.

Professor Ashford's remedy for the economic problems that left-wing stimulus and right-wing austerity approaches have failed to solve is to broaden the ongoing process of capital acquisition with non-recourse credit repaid with the future earnings of the capital acquired. Although this approach focuses on broadening capital acquisition rather than more jobs and higher wages as a remedy for the economic prospects of poor and middle-class people, rigorous economic analysis reveals that this remedy may have the effect of increasing jobs and wages as well.

Remarkably, the foundational principle underlying Professor Ashford's innovative approach to a more inclusive capitalism, can be summarized in a single sentence: A broader distribution of capital acquisition with the future earnings of capital creates the rational expectation of a broader distribution of discretionary capital income in future years (to people with a higher propensity to consume) and therefore greater incentive to employ more labor and capital in earlier years. In other words, the more broadly capital is acquired with the earnings of capital, the more an economy will grow without redistribution.

Broadening the acquisition of financial capital with the future earnings of financial capital, is an idea originally proposed by Kelso and Adler (1958 and 1961), Kelso and Hetter, (1967), and Kelso and Kelso (1986). The underlying logic was subsequently refined, transformed, and enriched by Ashford (1996, 1998, 2009, 2013, and 2016). The idea has further been discussed by Ramady and Kantarelis (2009) as well as Ashford and Kantarelis (2008 and 2016). In light of the various, breakthrough, transformative modifications proposed by Professor Ashford over time in shaping this new model of capitalistic thinking, especially as it relates to real economic growth and distribution, it is appropriate to label it as the ***Robert Ashford's Model of Inclusive Capitalism*.**

After thorough analysis, we find this principle to be elegant, productive, and very sound. If implemented, Professor Ashford's approach to inclusive capitalism would (without redistribution) enrich and empower millions of people (by enabling them to acquire capital with its future earnings and thereafter earn discretionary income from their ownership of capital) and also enhance the profitability of corporations that choose to implement it. It can be implemented in a sustainable, environmentally friendly way; and it would reduce rather than increase the federal budget.

Among the important economic implications that logically and plausibly flow from Professor Ashford's principle of fuller employment and growth is revealed in its crucial relevance to corporate finance. "[A]lthough business corporations have proven to be excellent means to acquire capital with the earnings of capital in industrialized economies, their benefits have not yet been made available to a substantial degree to poor and middle-class people. … [Professor Ashford's principle of fuller employment and growth] reveals how business corporations may voluntarily choose to broaden their share ownership to include poor and middle-class people, enhance the earning capacity of those people, improve corporate profitability as well as shareholder wealth, and lay the structural economic foundation for sustainable growth." [Quotation from "Enhancing Poor and Middle Class Earning Capacity with Stock Acquisition Mortgage Loans" by Robert Ashford and Demetri Kantarelis" *Economics, Management, and Financial Markets* 11(2) 2016, pp. 11–26, ISSN 1842-3191, eISSN 1938-212X, p. 13.]

Significantly, this foundational principle of fuller employment and growth appears nowhere in the antecedent history of economic thought. It appears neither in Adam Smith's *Wealth of Nations* nor in any of the writings of any of the classical economists who build on its foundation. Yet it has implications that (1) alter the foundational, classical economic analysis of prices, production, and per-capita growth and (2) reveal how greater per-capital growth can be achieved by broadening capital acquisition with the earnings of capital.

It appears neither in the neoclassical economic analyses of efficiency advanced by Alfred Marshall, Leon Walras, and their contemporaries, nor in the analysis of later neoclassical economists, nor in the various contemporary neoclassical growth theories such as the approach advanced by Nobel Prize Laureate Robert Lucas. Yet its implications alter the neoclassical analysis of prices which are foundational to any measures of efficiency and productivity and to any modeling used in economic forecasting. Moreover, it reveals how greater benefits of efficiency and productivity can be achieved by broadening capital acquisition with the earnings of capital.

It appears neither in the fuller-employment analysis of John Maynard Keynes nor any of the economists that build on or modify his analysis. Significantly, it can be understood as transforming Keynesian general theory of fuller employment from a short-run analysis into a long-run analysis in which the distribution of capital acquisition is a fundamental variable. It fundamentally enriches the Keynesian analysis of how market economies can suffer substantial, chronic unemployment and reveals how corporate finance can be structured to achieve fuller employment voluntarily without redistribution. It appears neither in the creative construction analysis of Joseph Schumpeter, nor in the analyses the Austrian economists such as Friedrich Hayek, nor in other analyses that focus on the important role of the entrepreneur, yet it significantly enriches those analyses and, if widely understood, would greatly enhance the growth predicted by advocates of those approaches.

We believe that Professor Ashford's transformative contributions to economic theory will eventually become widely recognized, taught, and celebrated throughout the world. The only question in our minds is how long poor and middle-class people and society as a whole will needlessly be deprived of the great benefits that would voluntarily flow from their widespread acceptance and implementation.

Professor Ashford is the world's pre-eminent expert on this singular approach to a more inclusive capitalism. Presently there is no other person who can so ably and effectively advance it.

By assisting Professor Ashford in his work, individuals, universities, private foundations, businesses, labor organizations, the mainstream media, and governments will hasten the time when the great social benefits that would flow from the wider recognition of Professor Ashford's work will be realized. Please feel free to send a copy of this letter to anyone who might help.

If we can provide additional information or answer any questions, please do not hesitate to contact any one of us.

Sincerely,

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