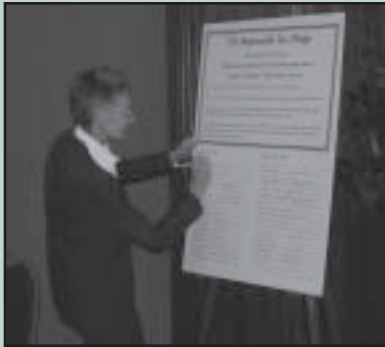


Responsible Wealth believes that growing economic inequality in America has resulted from rules tilted in our favor as large asset owners. We examine these tilted rules and use our unique voice to propose changes that will lead to a fairer economy and a more democratic society.



Liz Letzler signs the Responsible Tax Pledge at February press conference.

Join the Responsible Tax Pledge

*Put your tax cuts to work toward
progressive tax reform.
Take the pledge online at
www.responsiblewealth.org*

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Return on Investment

RW members invest in a justice economy

In a market economy, the number one goal is usually seen as maximizing profits. What if we made investments that instead sought to maximize justice? Our members have found that investing in justice can leverage significant financial returns.

Twenty-five years ago, Responsible Wealth member Barry Hermanson saw a need and an opportunity. He saw that temporary office workers in San Francisco were being underpaid, clients were being overcharged, and the temp agencies in between were taking too big of a cut. He founded Hermanson's Employment Services to remedy that situation. Throughout the 1980s and 1990s, the business flourished.

His greatest success, though, has been his investment in the campaign to raise the minimum wage in San Francisco. Hermanson initially invested \$25,000 for an economic study. The following year, he invested \$90,000 of his own savings in the campaign, and raised an additional \$38,000 from others.



Barry Hermanson

Thanks to these investments, voters in November 2003 approved an increase in the minimum wage for all workers in San Francisco - \$8.50 per hour (\$17,680 per year) indexed to inflation, up from the previous \$6.75 per hour (\$14,000 per year). It is estimated that 54,000 part-time and full-time workers received pay increases which, when added up, total over \$100 million per year. We don't know of many investments with a better return than that!

Another couple who are members of Responsible Wealth (but wish to remain anonymous) have been making an investment with a different kind of return. They have been investing their time and money in giving hope to high school students located in a poor urban neighborhood. Four

(continued on page 2)

**Responsible Wealth
Action News**

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Responsible Wealth
A Project of
United for a Fair Economy

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Responsible Wealth, a project of United for a Fair Economy, is a group of business people, investors and affluent individuals among the top 5% of income earners and asset holders in the US (over \$164,000 annual household income and/or \$650,000 net assets) who are concerned about growing economic inequality and are joining together to publicly address the problem.

As beneficiaries of economic policies that are tilted in our favor, we feel a responsibility to speak out and change the system to benefit the common good. We believe it is also in our own best interest to do so.

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Return on Investment (cont'd)

years ago, the school was graduating only 36 kids out of 160 who entered—the highest dropout rate in the city. The couple

opponents of the estate tax have invested millions of dollars over several decades in their repeal campaign, far outspending

supporters of the tax.

Three years ago, Responsible Wealth asked 40 donors to each pledge \$10,000 a year for 5 years so that we could mount our own sustained and strategic campaign to push reform and oppose complete repeal.

At stake is over \$1 trillion in federal revenue over the next two decades that would be lost if permanent repeal were passed. Think of the return on investment: \$400,000 per year in-

vested in our effort for five years is \$2 million. A \$2 million investment to save \$1 trillion is a 5,000% return on investment. Again, not too shabby.



challenged students to get their high school diplomas and promised those who did a scholarship for post-secondary education.

After four years of the challenge, last year over 100 students graduated. The 27 students who completed the couple's application process received scholarships from the couple totaling \$75,000. These same students received a total of over \$1.3 million in scholarship money from other sources. Talk about leverage! The couple's investment in hope and opportunity will be paying dividends for years to come.

Here at United for a Fair Economy, we also like to think of our work in terms of investment and return. For example,

Tell Us A Story

If you have a story about investing in economic justice and getting an impressive return on your investment, please let us know. Responsible Wealth will continue to spread the word among affluent people about the positive returns our investments can bring.

The State of the States

How UFE is helping

Waves of budget cut pain have rolled across the United States since the state fiscal crisis began in the 2001 recession. Hundreds of thousands of low-income parents and children have been kicked off Medicaid, and higher education has become even less affordable due to double-digit tuition increases.

During the boom years of the 1980s and 1990s, many states lowered their tax rates in response to unusually flush state coffers. But when the economy stalled in 2001 and tax receipts sputtered, legislatures were loath to restore tax rates to their previous levels.

Instead, they balanced their budgets primarily by cutting vital programs, a double-whammy for those already suffering in the economic downturn. Unlike the federal government, virtually all states are constitutionally prohibited from running in the red, leaving only service cutbacks and tax increases as options.

Enter United for a Fair Economy.

A big chunk of UFE's work over the past three years has been working with state-level coalitions that are fighting for progressive taxes in order to expand the budget pie. Drawing on a decade of experience in popular education and participatory workshops that take the mystery out of economics, we have offered tools to groups in half a dozen states: Washington, Missouri, Texas, Massachusetts, Virginia, Ohio and Maine.

UFE's educational tools have been used in successful campaigns such as Maine Citi-

zen Leadership Fund's remarkable 2004 defeat of a revenue-draining property tax cap initiative.

In 2004, UFE recognized a serious void in the national progressive infrastructure: the need for a permanent, well-resourced, and interconnected alliance of state-level fair tax organizing efforts. In response, we formed the Tax Fairness Organizing Collaborative, a network that enables state-based tax organizing groups to share best practices and pool the latest information on messaging and polling. Thirteen states currently participate in the Collaborative, and we expect that number to grow.

The Tax Fairness Organizing Collaborative is an important antidote to over 30 years of anti-tax, anti-government organizing. The Collaborative had its first national gathering in November 2004, and many members caucused at UFE's "Defending the Dream" conference in February.

The voices of Responsible Wealth members are an extraordinarily valuable asset to the collaborative's member groups as they try to buck the prevailing anti-tax messages.

For example, on April 12 at the Statehouse in Columbus, Ohio, Responsible Wealth member Bob Hadley addressed a major rally against the governor's proposed regressive tax cuts. The rally was organized by the Campaign to Protect Ohio's Future, a coalition of 370 non-profit organizations. Hadley is a recently retired lawyer and a board member of Ministry of Money.

Take Action

Our local partners are often looking for people of wealth to speak out in favor of progressive taxes. If you would be willing to speak publicly, please contact Mike Lapham: 617-423-2148 x112

Conference & Lobby Day

Across Class Lines

2005 conference and lobby day packs more punch

When a politician is visited by a lobby team consisting of a wealthy business owner, an inheritor, a farmer, and two low-income constituents, *all* presenting cogent arguments in favor of *preserving* the estate tax, it makes it more difficult for the politician to defend his or her position in favor of total repeal. On our February 8



Bill Foster, Christine Foster, Doug Bauman and Mike Lapham with Sen. Herbert Kohl (center).

Lobby Day, 85 diverse constituents visited 47 Reps and 45 Senators with a message to “reform, not repeal” the estate tax.

One of the highlights of the Lobby Day was a meeting in Senator Herb Kohl’s office (D-WI). After the Senator’s legislative aide heard from a farmer, an inheritor and a business owner, she was so impressed that she left and brought back the Senator, who came and sat with the group for an additional 15 minutes.

The two-day “Defending the Dream” conference that preceded the Lobby Day was also full of diversity and hopeful energy. Participants came from 25 states and from all levels of the economic spectrum: one-third were Responsible Wealth members, the majority were middle-income folks, and, thanks to our generous scholarship donations from around the country, about one-fifth were low-income

people. This economic diversity reflected a very intentional effort to move away from the RW-only format of past conferences and lobby days toward a more cross-class model. The conference successfully linked two areas of United for a Fair Economy’s work: broadening wealth and taxing wealth.

At a session on media interviews, participants practiced linking their own personal stories with the policy arguments in favor of progressive taxation. Many of them offered to make themselves available to fill media requests that come to Responsible Wealth. One of these, RW member Charles Gust, had a letter to the editor published following the conference in response to an editorial by his local paper. Gust’s letter read in part:

“Why should 300 million Americans throw an annual \$50 billion party for the richest 12,000 folks who died that year?...[The estate tax] is our nation’s last defense against aristocracy.”

Another highlight of the conference

(continued on page 6)



Conference participants practice media interviews.

Conference & Lobby Day



Ellen Nissenbaum (Center on Budget and Policy Priorities) briefs Lobby Day participants.



Fifteen-year-old Stephanie Letzler steals the show at the National Press Club.



Press conference speakers Rep. Pete Stark, UFE Executive Director Meizhu Lui, Stephanie Letzler, Liz Letzler, and Rev. Walter Fauntroy.



Voting for budget priorities.

Many thanks to our generous conference underwriters

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Conference & Lobby Day

Conference (cont'd)

Local Estate Tax Action

In Washington state, Responsible Wealth members recently joined forces with the state-wide Tax Fairness Coalition to lobby for preserving the estate tax at the state level. On Tuesday, March 29, RW Members Charles Gust, Becky Liebman, Fran Korten, Bruce Herbert, and Dick Baldwin teamed up with SEIU home healthcare providers to lobby their legislators on the estate tax, then joined Bill Gates, Sr. for a press conference at the Statehouse.

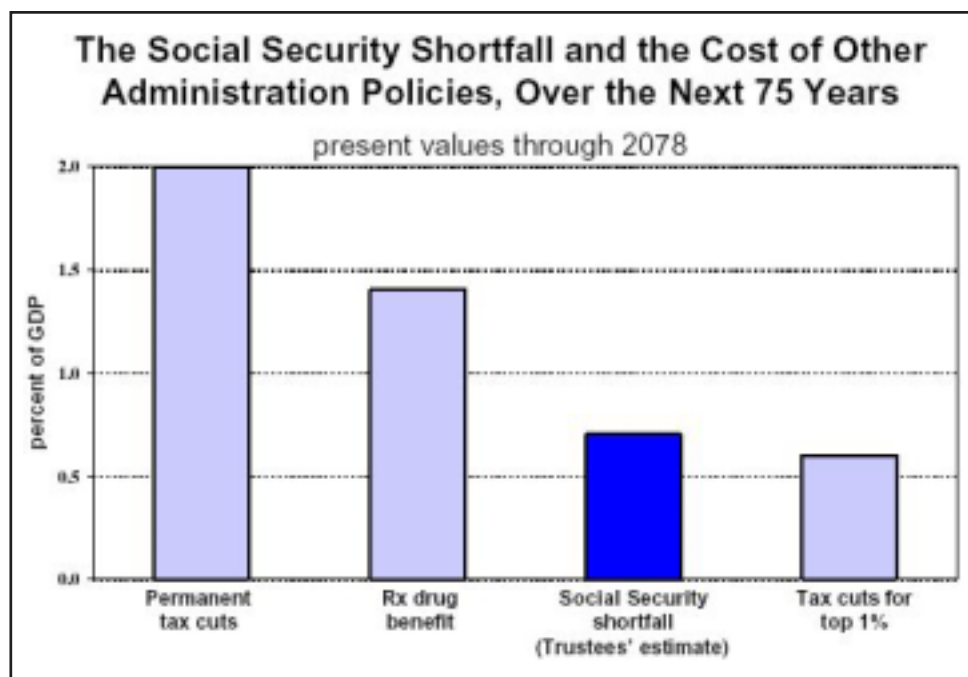
was a press conference that was held at the National Press Club on February 7th, the same day the President released his budget. Speakers included Rep. Pete Stark (D-CA), former U.S. Representative Rev. Walter Fauntroy, and the powerful mother-daughter pair of Liz and Stephanie Letzler.

Rep. Fauntroy, a founding member of the Congressional Black Caucus, brought with him a 1981 Congressional speech he had made condemning then-President Reagan's budget, with its deep cuts in housing and human services and its huge military buildup. He pointed out the many parallels to Bush's FY 2006 proposal.

The President's budget contains cuts to many programs serving the most vulnerable populations. Meanwhile, the budget proposes extensions for a number of

tax cuts that primarily benefit the wealthy, including the long-term capital gains cut (from 20% to 15%), and the dividend tax cut (to 15%), both of which were passed in 2003. Although astronomical deficits and mounting debt have not put a complete halt to the tax-cutting frenzy, they have forced the President to seek his permanent tax cuts one at a time.

As of this writing, the estate tax is still under assault and we should expect yet another vote on repeal this year. The vote might come as part of the budget process, or might be a stand alone bill. Opponents would need 60 votes in the Senate to pass permanent repeal, which at this point is unlikely, but not impossible. We will be keeping a close watch on any votes, and continuing to organize in key states.



Shareholders Taking Action

Wells Fargo: Predatory Lending

When the stagecoach arrives at this year's Wells Fargo annual meeting, April 26 in San Francisco, it will be carrying a delivery of economic justice.

For the second year in a row, Wells Fargo shareholders will be voting on a Responsible Wealth shareholder proposal asking the bank to link a portion of its CEO's pay to the company's progress in eradicating predatory lending practices that have stripped millions of dollars of home equity from low-income customers.

Inside the meeting hall, members of ACORN, the nation's largest membership organization of low-income people, will be attending the annual meeting.

In an innovative partnership between rich and poor, more than two dozen Responsible Wealth members purchased shares of Wells Fargo stock for the express purpose of appointing ACORN members to represent them at the annual meeting and tell the stories of how predatory lending has affected their lives.

On Valentine's Day, a team of Responsible Wealth members who own Wells Fargo stock joined fair housing advocates for a constructive meeting with six Wells Fargo executives that lasted over four hours. We described six policies we want Wells Fargo to change.

As we await their response, we are hopeful that strong support of our proposal by shareholders as they vote their proxies will send a clear message of shareholder concern to the company.

Take Action

*Since 1998, Responsible Wealth members have introduced a number of shareholder proposals that attempt to rein in executive pay and perks. Over the years, CEO compensation has become one of the most common topics of shareholder resolutions. **If you own shares in the following companies, please review your proxies and add your support to proposals that seek to control executive pay and perks.***

<i>Amgen</i>	<i>JP Morgan Chase</i>
<i>AT&T</i>	<i>Lockheed Martin</i>
<i>Black & Decker</i>	<i>Merrill Lynch</i>
<i>Citigroup</i>	<i>Wal-Mart*</i>
<i>HJ Heinz</i>	<i>Wells Fargo*</i>
<i>International Paper</i>	<i>*RW sponsored</i>

Wal-Mart: Stock Option Diversity

Against a backdrop of the largest gender discrimination lawsuit in history, involving 1.6 million current and former female employees who sued for fair pay, Wal-Mart shareholders will again debate a Responsible Wealth resolution asking the company to disclose the race and gender of the company's stock option recipients.

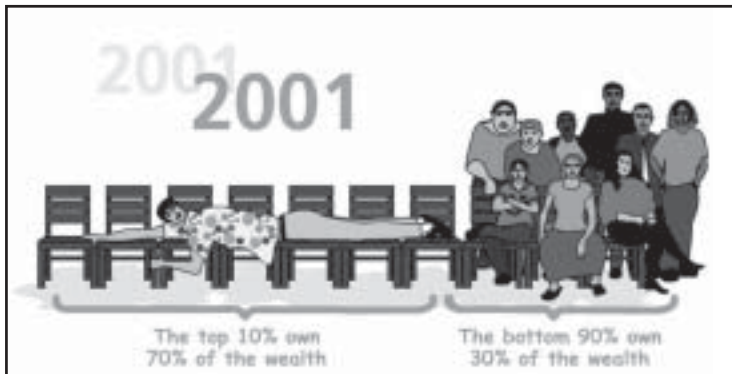
Wal-Mart is the world's largest private employer, yet fully 13% of the company's stock options went to just the five highest paid executives, all white men. Last year's resolution drew support from 13% of shareholders, which is an especially strong showing since 40% of the company's stock is controlled by members of the Walton family! The Wal-Mart shareholder meeting will take place June 3 in the company's home city, Fayetteville, Arkansas.

Classroom Musical Chairs

In a new online version of United for a Fair Economy's signature exercise, "The Ten Chairs," ten animated figures arrange themselves on chairs reflecting the distribution of wealth in the United States, with nine people squeezed onto three chairs and

one person stretched out on the others. Also online (www.reachandteach.com) are instructions for leading an interactive class on wealth inequality.

California-based educators Reach and Teach and United for a Fair Economy are collaborating to raise money to put more lessons like this one online. The lessons come from UFE's curriculum, "Teaching Economics As If People Mattered," which has been snatched up by high school teachers and college professors around the country. If you'd like to help reach high school and college classrooms with online lesson plans on economic inequality, contact Jane Covey at 617-423-2148 x127.



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