

*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.*

## July is Membership Month

*If you're not a member,  
please join  
Responsible Wealth  
online at  
[www.ResponsibleWealth.org](http://www.ResponsibleWealth.org)*

*Members, please renew  
your membership this  
month. Your membership  
gifts fund this important  
work and keep us strong!  
We need your support!*

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Breaks Redirected

## Lobby Day 2004: Diverse Voices - One Powerful Message

"This is the first time I've been visited by someone who supports the estate tax." That was the response some of our members received during our recent visit to the US Capitol.

For more than 10 years, lawmakers in Congress have been hearing from individuals and organizations who want the estate tax repealed. More recently, Congress has begun to hear from those who oppose repeal, thanks in large part to the organizing efforts of United for a Fair Economy and Responsible Wealth. Some of the Representatives said this was the first time they had been visited by a group in favor of preserving the estate tax. They said our visits would allow them to tell opponents that they are getting pressure on both sides of the issue.

On March 9-10, 2004, 75 people gathered in Washington, DC for a day of education and training followed by a day of action. The Education Day included a series of workshops, lobbying training, and public speaking training, and a terrific lineup of speakers, including Pulitzer Prize-

*(continued on page 4)*



*(l-r) Drummond Pike (CA), Wayne Silby (DC), Jing Lyman (CA) and RW Co-Director Mike Lapham before a visit with staff of Sen. Dianne Feinstein (D-CA).*

**Responsible Wealth  
Action News**

Vol. 8, No. 1  
July 2004

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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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## Building Bridges, Asking Questions 2004 Shareholder Resolutions

*“ACORN is here today because Wells Fargo’s high cost subprime loans are hurting people in our communities. Predatory loans have no place in the business of a responsible company. Making loans that drain wealth from working families, rather than helping them build wealth, pushes these families outside the financial mainstream.”*

—Chris Jones, California ACORN (Association of Community Organizations for Reform Now), speaking at the April, 2004 Wells Fargo annual shareholder meeting in San Francisco.

Shareholders at Wells Fargo’s April, 2004 annual meeting heard powerful stories about the effects of the company’s lending practices on low-income people and their communities. Chris Jones and Monica Sudler, both members of ACORN, the nation’s largest membership organization of low-income people, were appointed by Responsible Wealth (RW)

members who were also Wells Fargo shareholders to introduce a shareholder proposal asking the company to link a portion of its executives’ pay to eradicating predatory lending practices.

The four-year old RW/ACORN partnership between people of wealth and low-income people continues to develop. RW and ACORN share information and coordinate media strategies throughout the year. ACORN receives access to corporate management and boards when RW members assign their right to attend annual meetings as shareholders.

This is the fourth year Responsible Wealth members have filed shareholder resolutions on predatory lending issues. We have been pleased that as a result of a sustained dialogue and public pressure (including RW shareholder resolutions), Citigroup has begun to adopt some long sought reforms, including a commitment that customers should receive a loan pack-

### 2004 Responsible Wealth Shareholder Proposals

<u>Company Name</u>	<u>Type of Resolution</u>	<u>Result</u>
American International Group	Link CEO Pay to Eradicating Predatory Lending	2.6% support
Coca-Cola	Stock Option Glass Ceiling	5.3% support
Exxon Mobil	Stock Option Glass Ceiling	7.0% support
Lehman Brothers	Client Selection Standards	Withdrawn
Verizon	Stock Option Glass Ceiling	10.4% support
Wal-Mart	Stock Option Glass Ceiling	11% support
Wells Fargo	Link CEO Pay to Eradicating Predatory Lending	5.9% support

## Building Bridges (cont'd)

age based on their credit record, not based on which subsidiary of the company they deal with.

RW's particular concern with predatory lending and CEO pay is based on the view that profits generated through exploitation of the poor should not be finding their way into executives' compensation packages. This concern is in line with United for a Fair Economy's newest initiative: the Racial Wealth Divide program, through which we are shining a spotlight on the persistent racial wealth divide in the US. That divide is fueled by both public policies and corporate policies.

A new shareholder resolution filed by Responsible Wealth this year, asking companies to report on the race and gender of stock option recipients, supports UFE's racial wealth divide work. For many years, major companies have disclosed the race and gender makeup of various job categories within their workforce. This new resolution seeks to ascertain how the map of corporate diversity compares with the map of wealth distributed through stock option grants.

Until measuring workplace diversity includes an evaluation of workplace equity, the racial wealth divide within corporations will persist.

### Racial Inequality Persists: UFE Report: State of the Dream 2004

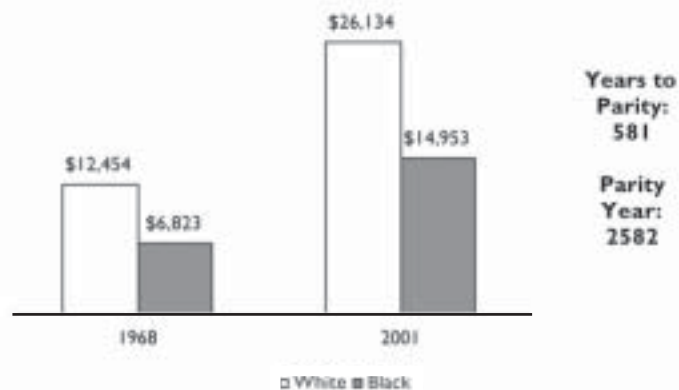
More than 35 years after Dr. Martin Luther King, Jr. was assassinated, his vision of justice and equality remain on the distant horizon. For every dollar of white per capita income, African Americans had 55 cents in 1968 – and only 57 cents in



2001. At this pace, it would take Blacks 581 years to close the gap and get the remaining 43 cents. The Black poverty rate was three times greater than the white poverty rate in 2002. The poverty gap is receding so slowly that it will take 150 years, until 2152, to close.

These are just some of the enduring disparities profiled in UFE's "State of the Dream 2004: Enduring Disparities in Black and White" report, available free online at [www.faireconomy.org](http://www.faireconomy.org) or for \$9 postpaid by calling 877-564-6833.

Per Capita Income, 1968 and 2001  
(Adjusted for Inflation in 2001 dollars)



Source: US Census Bureau

## Lobby Day (cont'd)

winning journalist David Cay Johnston and Wade Henderson of the Leadership Conference on Civil Rights. The following day, the 75 participants visited 85 Congressional offices (in teams of 3-5), including 35 Senators and 50 Representatives.

Many participants were members of Responsible Wealth – wealthy business owners, investors, inheritors, and philanthropists – who delivered the powerful message “Tax us.”

Others were members of the 250,000-member National Farmers Union, whose

message was essentially “Don’t use us as the ‘poster children’ for a repeal that would in truth *hurt* us.”

Still others were lower-income constituents who came from key swing states, arguing that the loss of \$1 trillion of revenue from the estate tax would result in taxes being shifted onto them, or would lead to further cuts in important social services, or both.

The lobby day also featured a National Press Club event, where Bill Gates, Sr. was joined by former

Federal Reserve Chairman Paul Volcker in making the case for preserving the estate tax. Gates and Volcker also teamed up for lobby visits to key senators. Their presence helped turn around two Senators, who announced that they would switch from voting for repeal to working for responsible reform instead.

As we go to print, the estate tax is still in jeopardy. The House and Senate are still battling over the budget, which initially included repeal language, but currently does not.

Several moderate Republican Senators are holding out against the current version of the budget on the grounds that it is fiscally irresponsible. Whatever happens with the budget, the estate tax battle will continue to be fought in the months and possibly years ahead. The voices of wealthy individuals, farmers, small business owners and low-income individuals who oppose repeal remain critical to the debate.



Wade Henderson (Leadership Conference on Civil Rights) addresses the audience at dinner.

### Take Action

Sign the new  
“Statement of  
Business Owners  
for a Responsible  
Estate Tax” at  
[responsiblewealth.org](http://responsiblewealth.org)



Paul Volcker answers a question at the National Press Club as Bill Gates, Sr. and Chuck Collins look on.

## Sharing our Stories in DC



*Stephanie Letzler (NY), Liz Letzler (NY) and Walter Carlson (VA).*



*UFE Racial Wealth Divide Coordinator Dedrick Muhammad.*



*Karabelle Pizzigati (MD), UFE Board Member Sam Pizzigati (MD) and John Russell (OR).*



*Don McClanen, founder of Harvest Time (MD) and RW Co-Director Scott Klinger.*



*Liz Mednick (PA) and Trakia Thomas (AR).*

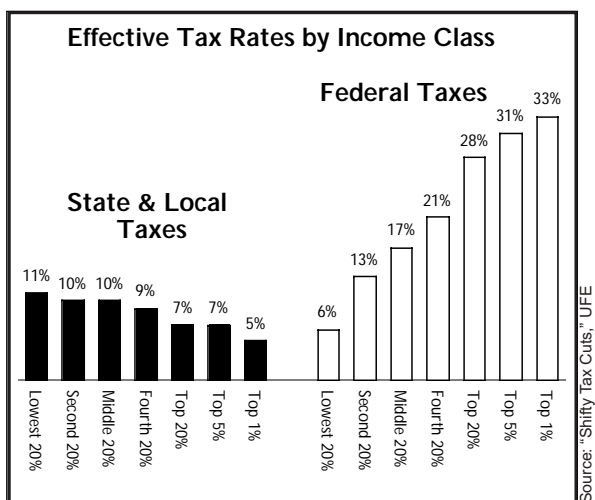


*Eric Rice (MD), Curt Verschoor (IL), Bill Foster (IL) and Ed Jayne (AFSCME) meet with Illinois Senator Durbin's staffer, Vin Moscardelli.*

# UFE Exposes Shifting Tax Burden

When you hear the phrase “tax cuts,” think “tax shifts.” That’s the message of a provocative report released by United for a Fair Economy in April, 2004. The report, entitled *Shifty Tax Cuts: How They Move the Tax Burden off the Rich and onto Everyone Else*, identifies five key ways that

*Tax Shift #3: From Taxes on Wealth to Taxes on Work.* A person who derives income solely from investments now pays a marginal tax rate of just 15%. Compare that with a schoolteacher earning \$28,400, who pays a marginal income tax rate of 28%.



taxes are being shifted.

*Tax Shift #1: From federal taxes to state taxes.* Since 2002, state governments have closed budget gaps by raising taxes and cutting services. During those same years, federal tax cuts delivered about as much

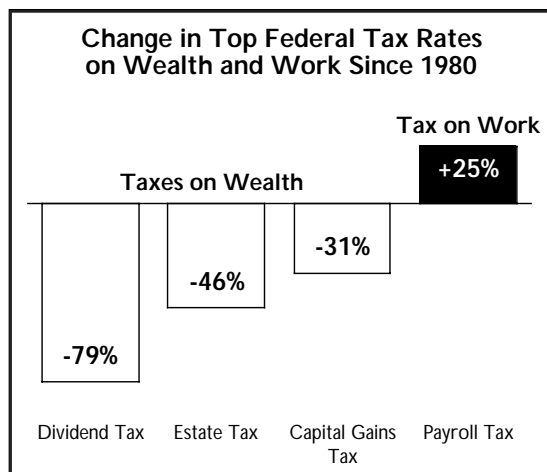
*Tax Shift #4: From Corporations to Individuals.* Since 1962, the share of federal revenues contributed by corporations has declined by two-thirds, while the share contributed by individuals and unincorporated small business has risen 17%.

*Tax Shift #5: From Current Taxpayers to Future Generations.* President Bush sold his tax cuts using the line, “It’s your money.” He left out the other side of the story: “It’s your children’s debt.” According to Citizens for Tax Justice, between 2002 and 2007, Bush’s fiscal policies will impose \$13,000 in additional debt on each man, woman and child in America.

money (\$197.3 billion) in new tax breaks to the wealthiest 1% of Americans.

*Tax Shift #2: From Progressive to Regressive Taxes.* President Bush has focused on reducing income tax rates. But 71 percent of us pay more in payroll taxes (Social Security and Medicare) than in income taxes. Payroll taxes are regressive: low-income people pay a higher tax rate than high-income people. The opposite is true of progressive taxes, such as federal income, corporate and estate taxes. Since the early 1960s, this trio of progressive taxes has been sharply cut.

The full report is available at [www.FairEconomy.org](http://www.FairEconomy.org).



# Shifty Tax Cuts and the State Fiscal Crises

Flanked by California State Treasurer Phil Angelides and State Assemblymember Wilma Chan, Lee Lawrence added a unique voice to the California budget debate: a rich person calling for tax increases – on the rich.

**Lawrence is just one of several Responsible Wealth members to engage in statewide fights to support more progressive taxes.** Earlier in the year, Cathy Salser testified before the California Legislative Committee on Ending Poverty in California. Like Lawrence, Salser called for the reimposition of higher tax rates for upper income Californians.

Three thousand miles away, Tracy Hewat lent her voice in support to Connecticut's "Millionaires Tax," an idea put forth by Connecticut Voices for Children. Speaking at a March press conference in the Connecticut State Capitol, Hewat said:

"We cannot simultaneously cut federal taxes, reduce federal support of states, and trim money to our non-profit organizations, and expect to meet our expectations of a good living environment, good education, and good services within our community. The answer lies in asking [wealthy] people like me to pay their fair share. It's time to permanently preserve Connecticut's estate tax and to adopt a Millionaire's Tax."

Within United for a Fair Economy (RW's parent organization), we have been vigorously calling the President's tax cuts

what they really are: tax shifts. With this theme in mind, UFE has been laying the groundwork over the last few years for supporting state-based grassroots organizing that advances a progressive tax agenda and raises revenue to prevent painful budget cuts. With money received from the Tax Fairness Pledge (see p. 8), the Fund for Tax Fairness will soon distribute over \$54,000 to state fair tax groups.

In addition, UFE has just received a foundation grant that will allow us to dedicate additional funding to our state-level partners, allowing them to develop greater organizing capacity. In the fall, we will host a gathering of the Tax Organizing Collaborative, where ideas on best practices will be shared.

During the past few years, United for a Fair Economy has supported fair tax organizing in Washington, Oregon, Maine, Missouri, Virginia, Texas and Massachusetts by developing customized workshops to educate citizens about the roots of their state budget crises, who pays state taxes, and what they can do to advance progressive state tax reform. In the coming months, we will begin a similar effort in Colorado, where strong organizing is underway to repeal part of a particularly regressive constitutional tax provision.



VICTORIA BALLESTROS

*"How can we take food and health care away from children just to avoid modest tax increases for*

*someone like me? It's wrong to balance California's budget on the backs of poor children. I'm in a*

*position to pay a little more in taxes if means children can keep their health insurance and get three meals a day. But the Governor has not asked me to do my part. I'm here to ask the Governor and our state representatives: 'What are you waiting for? I'm ready to do my fair share.'*"

*- RW member Lee Helena Lawrence, speaking at a press conference in Sacramento, CA, co-sponsored by the Children's Defense Fund California.*

## \$100,000 of Tax Breaks Redirected to Tax Fairness

Does it gall you that President Bush and the Congress have given away over \$3.3 trillion in tax cuts since 2001, mostly to the wealthiest Americans, while most state and local governments are making deep cuts in social programs?

If so, you're not alone. Since 1998, over 200 people have rejected their tax cuts and taken the Tax Fairness Pledge.

Responsible Wealth's Tax Fairness Pledge is an attempt to connect the dots between federal tax cuts and state and local organizing for progressive taxes.

Here's how it works:

Step 1: Calculate how much money you have saved from Bush's income and dividend tax cuts.

You can use the chart

on this page, call us at 617-423-2148 x12, or go to [www.ResponsibleWealth.org/taxpledge](http://www.ResponsibleWealth.org/taxpledge) and use the "EZ" or "1040RW" form!

Step 2: Armed with the knowledge of exactly how much cash President Bush put in your pocket this year, you can choose to pledge some or all of it to groups working for tax fairness.

One option for giving away your tax break is the Fund for Tax Fairness, administered by the Funding Exchange in New York ([www.fundingexchange.org](http://www.fundingexchange.org)). The Fund for Tax Fairness distributes funds to

grassroots organizations working for progressive taxes.

To date this year, 46 individuals have taken the Tax Fairness Pledge and have re-directed over \$100,000 in tax breaks to the Fund for Tax Fairness and United for a Fair Economy/Responsible Wealth.

Income Group	2003 Adjusted Gross Income	Share of 2003 Tax Cuts	Average 2003 Tax Cut
Top 1%	\$337,000 or more	28%	\$51,627
Next 4%	\$145,000 - 337,000	15%	\$6,829
Next 15%	\$73,000 - 145,000	26%	\$3,144
Fourth 20%	\$45,000 - 73,000	16%	\$1,469
Middle 20%	\$28,000 - 45,000	9%	\$827
Second 20%	\$16,000 - 28,000	5%	\$443
Bottom 20%	less than \$16,000	1%	\$87

Source: Citizens for Tax Justice, July 2003. Does not include additional capital gains tax cuts which took effect prior to 2001.

"The Bush tax cuts have been good for us..."



...but bad for our country.

So we're taking the Tax Fairness Pledge."



### Take Action

Take a moment today to take the pledge at [responsiblewealth.org!](http://responsiblewealth.org!)