

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 more fair economy and democratic society.

Take the Pledge!

You received a gift from George Bush last year and a similar gift from President Clinton in 1997. Both were tax cuts for the wealthiest Americans at the expense of everyone else.

Want to do something about it? You can join hundreds of others in rejecting tax cuts for the rich, especially at a time of war. Put your money where your mouth is and take the Responsible Wealth Tax Fairness Pledge.

**See page 4 or
ResponsibleWealth.org**

Dividend Tax Cut Revolt

At last month's Responsible Wealth National Conference in Seattle, one idea that surfaced was to organize against President Bush's proposed elimination of taxes on corporate dividends. RW member Jody Wiser of Portland, Oregon gathered several ideas from conference participants on how to address this issue.

Dozens of members are writing letters to companies that have used shareholder funds to urge shareholders to lobby Congress in favor of the cuts. (See letter on p. 3) Wiser is also organizing a letter-writing campaign to Charles Schwab, who reportedly first mentioned the idea to President Bush last year. Wiser and other Schwab clients are asking Mr. Schwab not to appropriate his clients' political power for his own personal use.

Responsible Wealth member Carol Rice of Washington, DC appeared on Bill Moyers' *NOW!* program on March 28 discussing her opposition to the dividend tax cut.

**Sign on to our "Shareholder Rebellion" statement
at www.faireconomy.org/dividend/index.html**

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The infamous "Cell Phone Drill Team" made a surprise appearance at the Responsible Wealth conference last month in Seattle, using their cell phones, wrist watch calculators and fistfuls of cash to lobby Congress for a dividend tax cut. (Full conference report p. 8)

**Responsible Wealth
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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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Book Tour Creates a Stir

Estate Tax Book Tour Creates a Stir

Bill Gates, Sr., and United for a Fair Economy co-founder Chuck Collins took to the road in January and February for a three-week, nine-city book tour promoting their new book, *Wealth and Our Commonwealth: Why America Should Tax Accumulated Fortunes* (Beacon, 2002). Combining traditional book promotion events

NOW! that drew over a thousand new signers of RW's Call to Preserve the Estate Tax (see www.ResponsibleWealth.org for more details). **In all, nearly a hundred news stories and radio shows resulted from the book tour.** In Portland, Maine, more than 250 business owners turned out for an early morning breakfast sponsored by Maine Businesses for Social Responsibility. The overflow crowd was deeply moved, with most promising to contact their pro-repeal

Senators to let them know that the business community in Maine is not all in favor of estate tax repeal.

New Economic Justice Resources in Spanish

RW's parent, United for a Fair Economy, has made it a high priority to translate its core educational workshops into Spanish. The new materials

are being warmly received, as there is a dearth of economic literacy and economic justice information available in Spanish. In November, UFE organizer Tomás Aguilar conducted the first training of trainers entirely in Spanish. The three-day training, held in Austin, Texas, equipped 25 local activists to go back to their communities and educate one another about the causes and solutions of the economic problems they face. In April, a second training of trainers in Spanish will be led in Boston by UFE's Jeannette Huevo.



PHOTO: MIKE LAPHAM

Bill Gates, Sr. and Chuck Collins taping "Marketplace" with David Brancaccio. You can still hear the interview by visiting our website at www.ResponsibleWealth.org.

with grassroots organizing events, Gates and Collins spoke directly to 4,000 people. Highlights of the tour included a kickoff press conference at the National Press Club, where Gates and Collins were joined by George Soros and Senator Kent Conrad (D-ND). The press conference was repeatedly aired on C-SPAN. Following the press conference, Gates, Collins and Soros attended a private lunch attended by 11 Senators, including several who are backers of permanent repeal.

Later that week, the authors spoke with Bill Moyers for a PBS segment on

Conference Spurs Members to Action on Many Fronts

State Fiscal Crises

In response to the estimated \$100 billion combined state deficits nationwide, RW has begun to work for the first time on state fiscal issues, advocating for more progressivity in state tax systems, preservation of state level estate taxes and close scrutiny of corporate tax breaks. In many states, budget cuts are already being made that target the most vulnerable members of society. In Oregon, the school year has been shortened by six weeks. In Massachusetts, 35,000 low-income families have seen their health insurance eliminated. In many states, college tuition has gone up at double digit rates.

RW member Lois Canright testified before a Washington State Senate committee about the importance of addressing regressive taxation and corporate tax breaks – the underlying structural reasons behind the state's deficit. Canright and RW member John Pappenheimer also spoke at a press conference about legislation that would sunset all tax breaks after six years if they are not reapproved by the legislature.

Meanwhile, several RW members in California have signed on to an open letter to California elected officials calling for the reinstatement of the higher tax rate previously paid by the richest Californians. The letter is being coordinated by the Health Access Foundation and can be found at health-access.org/openletter.htm.

In Virginia, RW members Gene Mulligan, Peter Rousselot and Thomas Wolf actively lobbied their state legislators

to prevent the repeal of Virginia's estate tax. RW members in Illinois are scheduled to speak out at a press conference about the importance of retaining Illinois' estate tax. Finally, in New Jersey, we're helping to organize a press conference in April in which RW members will join with the "Fairness Alliance" in support of a temporary tax on the wealthiest New Jerseyans so that they, too, share in the sacrifices resulting from state's enormous budget shortfall.

Shareholders Voice Concern about Goofy CEO Pay at Disney

The worst snowstorm in Denver in two decades didn't keep the show from going on at Walt Disney's annual shareholder meeting. The meeting, usually attended by a couple of thousand shareholders, was attended by fewer than 50. Even the videotapes that are the backbone of the usually glitzy event could not get through, forcing CEO Michael Eisner to address the sparse crowd informally. The snowstorm did not prevent shareholders from considering several shareholder resolutions, including one filed by Bay Area RW member Michele McGeoy. The resolution calls for Disney to undertake a comprehensive executive pay review in light of Disney's lofty pay for poor performance. More than 14% of Disney's shareholders supported the RW resolution, the highest level of support of any shareholder proposal on Disney's ballot and more than twice as many as supported a similar resolution last year at Disney.



Excerpts from a letter by Responsible Wealth members David Bradlee and Kathryn Gardow to their Smith Barney investment advisors:

We are quite unhappy... that your executive officers ...are urging us to lobby ...Congress for the elimination of taxes on corporate dividends. They do nothing to disclose that they will personally benefit greatly if this proposal is enacted, probably more than most of their clients; they give no perspective on who in general will benefit most; they give no consideration for the tradeoffs between lower taxes on dividends and lower federal deficits...

....There should be vigorous debate about how much we as a society should expect our governments, federal, state and local, should spend on defense, social security, health care, education, transportation, [etc.], and who should pay, those with high incomes or low, large assets or small... We urge Smith Barney to stick to giving investment advice and not political advice...

Tax Fairness Pledge 2003

Wealthy Taxpayers Say “No” to Top Tier Tax Cuts

Responsible Wealth was founded on the premise that the surprising voice of the wealthy speaking in favor of policies that reduce the gap between rich and poor would attract significant media attention and help shape public policy. Nowhere has this been more true than when Responsible Wealth members have collectively called for a greater share of the tax burden to fall on wealthy people like themselves.

At Responsible Wealth’s Founding Forum in December, 1997, RW member Charles Demeré, an Episcopal priest from rural Maryland, stood up to express his ex-

asperation with the US Congress for passing legislation that cut the capital gains tax rate from 28% to 20%, a rate less than many moderate income taxpayers pay on their earned income. “This tax cut is unjust and I’m going to give mine away,” Demeré announced to the assembled crowd. Several

others voiced support for the idea, and with that, RW’s Tax Fairness Pledge was born.

Though the Pledge has changed a bit over the years, the central theme remains the same: wealthy individuals are giving away tax cuts they don’t feel they should receive. The mechanics of the Pledge are simple. Individuals pull a few key figures from their IRS tax forms and calculate the amount they have saved from recent tax

cuts. They then have the option to give away their savings to any group of their choice. One option for giving is the Fund for Tax Fairness, administered by the Funding Exchange. The Fund for Tax Fairness supports national and grassroots groups advocating for progressive taxes.

The Fund has provided financial support for Alabama ARISE!, a grassroots group which, among other things, has helped organize a statewide effort to use church pulpits to make a theological argument against the state’s regressive tax structure. This effort has gained national attention, including National Public Radio coverage and a front-page story in the *Wall Street Journal*.

The Washington Association of Churches, another Fund grantee, is leading a coalition of labor, community and church groups to press for a state income tax in Washington state. Washington has the most regressive tax structure in the United States, with the poorest 20% of citizens paying 18% of their income and state and local taxes, while the richest 1% pay just 4% of their income.

The Fund also supports national organizations such as Citizens for Tax Justice, which provides vital data to those who fight for fair taxes, including the data about “who pays” cited above.

We hope you’ll take a few moments and review this year’s Tax Fairness Pledge, found on the adjoining pages, and consider putting your tax savings to work for a fairer economy.



PHOTO: RON WURZEL

RW members Robert Krinsky and Ellen Camin at the conference in Seattle.

RW Issues In the News

Senate Approves Acceleration of Estate Tax Repeal During First Day of Iraqi War

With the rest of the world's eyes focused on the Middle East, the US Senate seemed to think the most important item of business was accelerating the repeal of the federal estate tax. The measure, approved in a 51-48 vote, would accelerate the complete repeal of the estate tax by one year, to 2009. The \$46 billion cost of the measure would be paid for out of general government funds, qualifying the measure as "funded," and therefore not subject to the 60 vote supermajority required for most tax cut bills under Senate rules.

Despite this modest setback, there were significant signs of hope in the vote as five Senators who previously supported complete repeal of the estate tax voted against this measure. Our thanks to all members who made calls to their Senators about this important vote and special thanks to members in Maine who successfully turned both of their U.S. Senators around on this issue.

As we go to press, there is at least one more positive sign, as the Senate has voted to cut President Bush's \$726 billion tax cut request to \$350 billion.

Companies Slowly Start to "Get It" on CEO Pay

In a rare but welcome move, two major banks sent out press releases ahead of their proxy statements announcing that in

light of weak performance, they had cut executive pay. FleetBoston Financial and Citigroup, each a past target of RW shareholder proposals criticizing excessive executive pay, separately reported the elimination of bonuses and curtailment of stock option grants in the face of weak business performance. Their actions were widely reported in the media.

Victory: SEC Orders Mutual Funds to Begin Disclosing Proxy Votes

Two years ago, Responsible Wealth undertook an Investors' Right-to-Know Campaign, calling upon its members to contact their mutual fund managers to ask how proxies were being voted. Though mutual funds control nearly a quarter of the stocks traded on US markets, they have a reputation for uncritically voting in favor of management positions

on matters of corporate governance. Late last year, two Responsible Wealth supporters, Charles Sandmel of Massachusetts and Walter Krieg of New Jersey, took the unusual step of filing a shareholder resolution with a mutual fund. The two asked



Responsible Wealth members Jody Wisner (left) and Lois Canright (center) share a laugh with Washington State Senator Lisa Brown at the Seattle Conference.

PHOTO: RON WURZER

(continued on next page)

Report from Seattle

(Continued from p. 8)

lars of investment in basic technological research by the federal government, observed Gates. The estate tax, in Gates' eyes, is nothing more than "a bill that's due" for a claim society has on the creation of individual wealth.

David Korten, author of *When Corporations Rule the World*, laid out the current conflict he sees between the "suicide



RW Members Bruce Herbert, Larry Dohrs and Raffi at the Seattle Conference.

economy," based on competition and domination, which concentrates wealth and power in the hands of the few, and a "living economy," based on cooperation and partnership, which distributes

wealth and power equitably. Korten outlined a path centered on building community and local economies. (Korten's talk is available online at www.yesmagazine.org/korten/kortenchange.htm.)

Highlights of the 14 workshops in-

cluded a presentation of data showing a clear link between economic inequality and reduced life expectancy for people of all economic classes, in a session led by Dr. Stephen Bezruchka, a noted public health researcher. In a workshop on Philanthropy and Economic Inequality, participants learned that while structural change resonates with many donors, less than 3% of charitable giving each year supports systemic social change work. The "Responding to State and Local Budget Disasters" workshop focused on the efforts of RW members to reduce inequality by speaking up about tax laws in their states.

A spirited closing session included commitments by participants to use their voices for positive change and the launching of this year's Tax Fairness Pledge, a initiative first undertaken at Responsible Wealth's Founding Forum in 1997. (See page 4 for more information on the Pledge).

We are tentatively planning next year's conference to take place in Washington D.C. in late March or early April 2004. Stay tuned for further details.

(SEC/Proxy Voting...continued from p. 5)

the Fidelity Magellan Fund to begin disclosing its proxy voting record to fundholders.

The Fidelity resolution complemented another effort coordinated by the Social Investment Forum and the AFL-CIO which sought an SEC rule requiring mutual funds to disclose their proxy votes. The

proposed rule by the SEC drew a record 7,000+ letters of comment, with fewer than a hundred opposing the proposed rule. In November, the SEC gave final approval to the rule and ordered funds to begin reporting their proxy votes, starting with the 2004 proxy season. A big victory for corporate disclosure!

Photo Gallery and Appreciation



PHOTO: RON WURZER



PHOTO: RON WURZER



PHOTO: MIKE LAPHAM



PHOTO: RON WURZER



PHOTO: RON WURZER

Responsible Wealth extends a warm thank you to the many organizations and individuals who generously supported the National Conference in Seattle:

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Seattle Conference a Resounding Success

The most telling moment of the recent Responsible Wealth conference came at the end of a media training workshop entitled, "Using Our Voices." Most of the overflow crowd reported no previous experience and a great deal of trepidation about talking with the media. They then spent ninety minutes hearing the stories of members who were media veterans and practicing mock interviews. At the end of the workshop, the leaders asked, "How many of you would like to be contacted when we have media opportunities?" Every hand went up.

In the weeks following the conference, several of those workshop attendees have already made good on their commitment, talking with reporters, speaking at press conferences, and testifying before legislative committees.

The goal of the conference was to educate Responsible Wealth members and move them to action. Education occurred in many forms, including workshops, small group sessions, interest tables at meals, and three engaging plenary speakers. A "Marketplace of Ideas" woven through the conference allowed participants to make two minute statements describing an issue they care about and inviting others into deeper discussions about topics such as privatization of prisons, electoral politics and socially responsive investing.

Plenary speakers Julianne Malveaux, Bill Gates, Sr. and David Korten each illuminated a different aspect of growing inequality and suggested paths to a fairer economy. Dr. Malveaux, an economist and regular columnist in *USA Today*, spoke



PHOTOMIKE LAPHAM

Dr. Julianne Malveaux addresses the Responsible Wealth Conference

about several widening gaps, including the yawning wealth gap between white people and people of color and the gap of privilege and power in America. She challenged RW members to find creative ways to give up some of the power and control that their wealth affords them.

Bill Gates, Sr. reflected on society's role in the creation of wealth. Gates believes that no one gets wealthy through their own genius and hard work alone, but rather with the support of a society that encourages wealth creation in myriad ways. There would be no computer industry, no internet and indeed no Microsoft Corporation had it not been for billions of dol-

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