

RESPONSIBLE WEALTH *Action News*

Responsible Wealth believes that growing economic inequality in America has resulted from rules tilted in our favor as large asset owners. In our work, we examine these tilted rules and propose changes that will lead to a more fair economy and democratic society.

Action Alert

Congress Poised to Eliminate Estate Taxes

- The estate tax is America's most progressive tax falling on just 2% of taxpayers.
- The effective estate tax rate is on average 17%.
- The estate tax provides an important incentive for wealthy Americans to make charitable contributions.

Call Congress Today!

See page 2 for more information.

Redefining Self-Interest

There is no doubt that economic inequality is bad for the poor, but a growing body of evidence suggests that widening economic inequality also takes its toll on those at higher levels of the economic pyramid.

The Picture of Health

"The health of a population depends not just on the size of the economic pie, but on how the pie is shared," concludes a groundbreaking study on the effects of economic inequality and public health. The study, "Why Justice is Good for our Health," appeared last September in *Daedalus*, the prestigious journal of the American Academy of Arts and Sciences.

Health researchers have long known there is a positive correlation between health and income, a relationship explained by such factors as better access to health care and improved nutrition. In their *Daedalus* article, researchers Norman Daniels, Bruce Kennedy and Ichiro Kawachi document a strong connection between high socioeconomic inequality and poor health status. Regardless of whether one looks at the national, state or city level, in areas where there are wide disparities between rich and poor, the

(continued on page 7)

Inside

-
- 2 Changing the Rules

 - 3 Corporations & Democracy

 - 4 True Wealth

 - 5 A Member Reaches Out

 - 7 Business & Spirituality

 - 8 New RW Report on Living Wages



Keynote speaker Robert Reich shares a laugh with RW Co-Director Scott Klinger and Wainwright Bank Co-Chairman Robert Glassman at the Responsible Wealth National Conference in April.

**Responsible Wealth
Action News****Vol. 4, No. 2
July, 2000****Responsible Wealth**
A Project of
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Responsible Wealth is a group of business people, investors and affluent individuals among the top 5% of income earners and asset holders in the US (over \$135,000 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 in our own best interest to do so.

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Changing the Rules

Three bills of concern to Responsible Wealth members and friends are currently under consideration on Capitol Hill. We urge you to call your Congressional representatives and let them know your views. **Congressional offices (House and Senate) can be reached via the U.S. Capitol switchboard – (202)224-3121.**

Estate Tax Repeal

The U.S. House of Representatives has passed H.R. 8, a bill that would completely eliminate the estate tax, the most progressive tax in America and one of the few tools we have to slow the accumulation of vast intergenerational fortunes. In the words of one staffer at Citizens for Tax Justice, "People are signing on to this who should know better." They need to hear from constituents like us that the estate tax should be preserved. **Please contact your U.S. Senators immediately and urge them to oppose efforts to eliminate the estate tax.**

Federal Living Wage Bill

U.S. Representative Luis Gutierrez has introduced a long-awaited Federal Living Wage Responsibility Act (H.R. 4353), a bill which would require that federal government contractors and subcontractors pay their employees a living wage of at least \$8.20 an hour. **Please contact your Representative and urge him/her to sign on as a co-sponsor of the bill.**

Corporate Responsibility

It is a travesty that many corporations found guilty of violating federal laws are still able to receive generous subsidies from the federal government. The Corporate Code of Conduct Act (H.R. 4596), offered by Representative Cynthia McKinney, would require corporations receiving federal subsidies to comply with numerous corporate responsibility requirements, including paying a living wage. **Please contact your Representative and urge him/her to sign on as a co-sponsor of the bill.**



PHOTO: ELEN SHUB

Bill Densmore (right) makes a point to Henry Dewey, Gary MacConnell and Chris Mackin at the Responsible Wealth Conference.

Corporations and Democracy

You may remember this story about the suppression of free speech from our last newsletter. On a blustery winter morning in Chicago, RW Chair Michele McGeoy stepped off a shuttle bus on her way to the Walt Disney annual meeting. She began to distribute flyers to her fellow shareholders, urging them to support a resolution asking the company to share more broadly the stock ownership that had made Disney CEO Michael Eisner a billionaire. Before you could say "Chicago deep-dish pizza," Michele and five other members of United for a Fair Economy were descended upon by members of the Chicago Police Department who searched Michele's bag, confiscated all remaining flyers and threatened arrest. The crime: seeking to exercise free speech rights on private property.

Like many other companies enmeshed in significant public controversies, Disney had moved its meeting deep into private property, where shareholders would have no chance of hearing from other stakeholders affected by the company.

Several months later, RW members prepared to return to Chicago for AT&T's annual meeting. Like Disney, AT&T held its annual meeting on private property. Eager to avoid further confrontations, we wrote to AT&T asking for their permission to distribute leaflets in support of our proxy resolutions. We received a tersely worded reply denying our request and threatening expulsion and possible arrest should we attempt to distribute fliers.

However, in spite of AT&T's concern that shareholders and other stakeholders might mingle before the annual meeting,

the company's annual meeting was itself a testament to the importance and power of the democratic process. A full two hours of the three hour meeting was a conversation about whether AT&T is meeting its obligations to the democratic society of which it is part. Numerous AT&T employees spoke of the deteriorating relationship between senior management and employees. Several shareholders questioned CEO pay. And an elderly gentleman wondered aloud how the company justified charging tens of millions of AT&T long distance customers a \$3 monthly minimum, whether or not they made any long distance calls.

Democracy & Corporate Governance

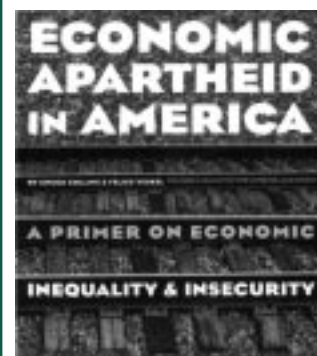
The increasing willingness of corporations to hide behind the protection of things like private property laws finds its roots in the undemocratic governance processes that lie at the heart of many corporations.

Shareholders, as owners of the company, are supposed to play a vital role in corporate governance. Among the rights of shareholders is the election of directors. Yet in every public company in America, shareholders have no real choice in the election of directors. The directors elect each other behind the closed doors of the Boardroom, leaving shareholders a hollow, ritualistic affirmation.

Shareholders also have the right to introduce and vote upon shareholder resolutions. Responsible Wealth is often challenged with the question: "do you expect to win the shareholder resolutions you present?" The answer is always "No," for

(continued on page 6)

New Resource



by UFE Co-Directors
Chuck Collins and
Felice Yeskel

An engaging handbook for closing the economic gap in America. Looks at recent changes in income and wealth distribution and examines the policies and power shifts that have fueled this growing divide. Packed with charts, graphs, and political cartoons. *Economic Apartheid* is an action-oriented, movement-building guide.

Available from your local bookseller in August or order today from United for a Fair Economy. \$21.95 postpaid. To order, call (877)564-6833.

2000 Shareholder Resolutions**Voting Results**

(% shareholder support)

Freeze CEO Pay During Periods of Downsizing

AT&T -- 7.5%

Huffy -- 15.6%

Raytheon "B" -- 10.0%

Establish Maximum Ratio Between Highest/Lowest Paid Employees

Honeywell --12.5%

Report on Pay Equity

RR Donnelley -- 6.5%

Link Executive Pay and Employee Ownership

The SEC allowed these resolutions to be omitted from proxy ballots on the grounds that they involved establishing a new employee benefit.

American Home Products

Citigroup

MBNA

Corporate Welfare Report

AT&T --5.4%

General Electric -- omitted

Democratic Board Elections

American Int'l Group-- 2.3%

Lobbying/Campaign**Finance Report**

General Electric -- 7.0%

Microsoft -- pending

Catalyzing the Debate Over Economic Inequality**True Wealth**

Members of Responsible Wealth have been using their voices to begin some important conversations about economic inequality during this tremendous economic boom.

Several Responsible Wealth members have attended corporate annual meetings this spring. On a spring morning in April, RW member Daniel Solomon attended the Raytheon annual meeting to introduce a RW-coordinated shareholder resolution calling on Raytheon to freeze the pay of its officers during periods of significant downsizing. Others came to join the conversation that RW started. One of those attending the annual meeting was Reed Hinchliffe, an staff engineer at Raytheon, who took the day off work to voice his anger that the CEO who denied him an annual bonus was rewarded with a \$900,000 bonus, despite the fact that the company's stock price declined by half, and more than 10,000 workers lost their jobs. "You don't share our pain, sir," Hinchliffe told Raytheon CEO Daniel Burnham before assembled shareholders.

AT&T, too, granted its executives generous raises while preparing to lay off more than 6,000 employees. RW member Judith Barnet addressed shareholders at the company's May annual meeting, saying: "I don't think it's asking too much to urge CEO Armstrong and other officers to share in the sacrifices and send a message to AT&T employees and shareholders that we're all in this together." Months earlier, she was contacted by representatives of the AT&T Concerned Employee's (ACE)

Council on Retirement Protection, a group of salaried AT&T workers organized to fight a company plan that would cut long-term employees' pension benefits by up to 60%. ACE leaders asked Barnet to give voice to the sacrifices that had been asked of them. But they did not stop there. ACE leaders crossed the traditional management/labor divide and reached out to members of the Communications Workers of America (CWA), asking them to support the RW resolution. Several CWA members joined the conversation at the annual meeting, sharing stories about what layoffs had meant to their members.

Sometimes the surprising voice of RW members is not used to start the conversation, but to join a conversation begun and led by others. Such is the case in the living wage movement, where Responsible Wealth is organizing business people and investors to stand as allies with low wage workers in their struggle for higher wages and greater economic justice. RW's new report, *Choosing the High Road: Businesses that Pay A Living Wage and Prosper*, is introducing an alternative voice of business into the living wage debate in communities throughout America. We are distributing our report to living wage campaigns across the country and will be working closely with several campaigns to inject the voices of RW members in support of low-wage workers leading the fight for living wages.

Having a voice in this society is too often a privilege. Using this privileged voice to catalyze conversations with workers, shareholders and corporate leaders is the true wealth of Responsible Wealth.

—Scott Klinger, RW Co-Director

Building Membership

A Member Reaches Out



In February, Bill Densmore, a retired Senior Vice President of the Norton Company, did something he's been looking forward to doing for years:

he wrote a letter to 175 friends and business associates in the Worcester, Massachusetts area stating his concern about economic inequality, and asking them to join Responsible Wealth.

The response to his mailing has been outstanding. To date, he has heard back from over 70 people, seven of whom have joined Responsible Wealth. Responses have ranged from "get lost" to "sounds intriguing" to "I've been waiting for an organization like this to come along!"

Not only did 70 of Densmore's friends and associates respond, but on May 23, seventeen came to a breakfast meeting at the Worcester Club to hear more about Responsible Wealth. At the meeting, UFE Co-Director Chuck Collins and RW Co-Director Mike Lapham joined Densmore for an informal presentation of the Responsible Wealth program, followed by a lively Q&A session and discussion.

We hope to replicate this model of outreach around the country over the coming year. Plans are underway for meetings in Seattle, Los Angeles, and Washington, DC in addition to the ongoing events being planned by the local RW groups in New York and the Bay Area.

Inconvenience Yourself!

About four years ago, the cartoon below was part of my inspiration to begin talking publicly about how the rules of our economy are tilted in favor of the haves at the expense of the have-nots. In early 1997, I was part of a group of 10 business people and other wealthy individuals who decided to form Responsible Wealth to be the unexpected voice in the movement for economic fairness.

The cartoon below first appeared in the Responsible Wealth newsletter in June, 1997, but the time seems right for us to print it again. As part of our membership drive for calendar year 2000, we are asking RW members to make an additional contribution of time or effort beyond their basic membership dues. We hope the cartoon will inspire some of you to "inconvenience yourselves" the way it inspired me.

—Mike Lapham, RW Co-Director



"I used to ask myself, 'What can I do to help my fellow man?' but I couldn't think of anything that wouldn't have put me to considerable inconvenience."

"The work of Responsible Wealth has to be done by us, the members. We can't sit back and expect the three staff people in Boston to do it for us."

**Michele McGeoy,
RW Chair,
at RW National
Conference**

Democracy

(continued from page 3)

even resolutions that garner 60%, 70% or more of the vote will not be implemented without the consent of the Board. In the last year alone, more than a dozen shareholder proposals received more than 50% support from shareholders, only to have company leaders refuse to implement them. At the recent Raytheon annual meeting, 56% of shareholders voted to have the company return to annual board elections.



Members of RW and United for a Fair Economy proclaimed Corporate Board Independence Day as they greeted shareholders arriving at American International Group's annual meeting. RW sponsored a resolution at the meeting calling for democratic board elections. RW chose AIG because 12 of 18 directors are insiders.

When asked about the vote by a reporter from the *Boston Herald*, CEO Daniel Burnham stated he didn't know "what message" the vote conveyed. Perhaps we need more civics classes in

America's business schools.

The questions of corporate accountability in a democratic society raised in the streets of Seattle, Washington, DC and many other cities around the world are echoing within corporate annual meetings.

Private property may restrict the distribution of leaflets and the holding of signs, but it does not squelch the longings of people to shape their destinies and those of their families and communities.

Spirituality & Business

More than 40 RW members enjoyed a lively workshop on Spirituality & Business at the recent RW conference. Here are additional networking and educational resources:

Ministry of Money

Founded a quarter century ago, Ministry of Money has helped thousands of people grapple with the spiritual implications of wealth. Through intensive workshops, "pilgrimages of reverse mission" to places such as Haiti and Iraq, and their thought-provoking newsletter, Ministry of Money helps people "live their way into a new way of thinking rather than trying to think their way into a new kind of living."

For more information, contact: Ministry of Money; 11315 Neelsville Church Road; Germantown, MD 20876-4147; (301) 428-9560; minmon@erols.com.

Mark Your Calendars

Currency of the Spirit -- a Ministry of Money retreat designed to help women with discretionary income clarify their resources, passions and creative tension around money. With Tracy Gary, Helen LaKelly Hunt and Rosemary Williams. October 20-22, 2000 in Germantown, Maryland. Info: 203-336-2238.

Fourth Annual International Symposium on Spirituality and Business -- Boston, MA; March 21-23, 2001; info: spirit&business@babson.edu.

Self-Interest

(continued from page 1)

life expectancies of all people – rich and poor – are adversely affected. For example, at the national level, Iraq and Cuba are equally poor nations when measured in income per capita, but unequal when measured in terms of life expectancy. In Cuba, where inequality is relatively narrow, life expectancy exceeds that of Iraq by more than 17 years. Per capita income in the United States exceeds that of Costa Rica by more than \$22,000 per person. Yet residents of Costa Rica, with one of the lowest levels of economic inequality in the world, have a longer life expectancy than citizens of the United States, a country near the top in inequality.

The comparison extends to states and cities as well. The authors utilize techniques of statistical analysis to conclude that income inequality alone accounts for 25% of the difference in mortality rates between states.

The Cost of Overwork

Americans, on average, are working over three weeks a year more than workers did a generation ago. Interestingly, this rise in working hours falls hardest on those at both ends of the economic spectrum. The working poor often cannot make ends meet on a single low-wage job. Meanwhile, those at the top find that the standard 40-hour week does not provide enough time to meet the intense job demands of the corporate executive, the investment banker, the entrepreneur, the lawyer or many other time-taxing professions. The costs of overwork are similar regardless of one's place on the economic spectrum: less time with

family, less time spent raising children, less time available for participating in civic affairs.

Religious activist Reverend Jim Wallis calls our attention to the phenomenon of the Burger King Mom, who runs between the counter where she works and the back table where her children need help with their homework. A recent television commercial depicts a traveling road warrior on the other end of the economic spectrum enjoying the benefits of an internet feed of his child's soccer game.

Teenage suicide rates also rise with the rise in family income. It is increasingly the children of affluent families, those with a seeming world of opportunities before them, who have filled the newspaper headlines with stories of shooting rampages in schools. These are but a few signs throughout society that reveal children bearing the brunt of their parents' overwork.

The time has passed when the motivation for addressing economic inequality sprang solely from charity toward the poor. It is increasingly clear that the economic gap hurts us all. Working to reduce economic inequality helps all of us. It is time for us to redefine our self-interest.



RW members Barry Hermanson, Barbara Overby and Kathy Barry at RW Conference.

What right have you to take the word “wealth” which originally meant “well-being” and degrade and narrow it by confining it to certain sorts of material objects measured by money?

–John Ruskin

Taking Action

Bringing Business Voices into the Living Wage Movement

Responsible Wealth launched our campaign “Business Leaders and Investors for a Living Wage” to an overflowing audience during a press event at our conference in

Earlier that day, Amaral and Wicks were joined by Maude Hurd and Lisa Clauson, leaders of ACORN’s successful living wage campaign in Boston, to lead a workshop on the business advantages of paying a living wage and the role of business owners as allies in this important and growing movement.

The *Choosing the High Road* report has been enthusiastically received by living wage coalitions throughout the country. ACORN’s national office distributed over 100 reports and copies of the Living Wage Covenant to their campaigns and activists nationwide. We sent copies to Members of Congress who have co-sponsored the Federal Living Wage Act. Authors Karen, Scott and Chuck have been on the radio; the *Boston Globe* wrote a major story featuring Jim Amaral; and the *womenconnect.com* website interviewed Judy Wicks for an online article. The *Philadelphia Inquirer* also recently ran an op-ed by three profiled business owners.

Over 100 business owners and investors have signed the Living Wage Covenant, including such notable companies as Working Assets, Utne Reader, and Mother Jones Magazine. Responsible Wealth staff is continuing to do outreach to businesses to increase the visibility and influence of this important alternative business voice in the wage debate. Please contact us to receive Living Wage Covenants to distribute to business owners or to investors who might be interested in joining Business Leaders and Investors for a Living Wage.



PHOTO: ELLEN SHUB

United for a Fair Economy Co-Director Chuck Collins with Judy Wicks and Robert Reich before Living Wage press conference at RW Conference.

April. Former Labor Secretary Robert Reich joined business owners Judy Wicks (White Dog Cafe), Barry Hermanson (Hermanson’s Employment Services) and Jim Amaral (Borealis Breads), three of the six business leaders profiled in the recent RW report, *Choosing the High Road: Businesses that Pay a Living Wage and Prosper*. Also present were report authors Scott Klinger, Karen Kraut and Chuck Collins.

Passionately and poignantly, Wicks, Hermanson and Amaral shared their commitment to paying a living wage, and spoke about the challenges of acting on that commitment, as well as the real business and social benefits that result.

Learn More:

If you would like to receive a copy of *Choosing the High Road* or the articles referenced, please see our website: www.responsiblewealth.org for a downloadable version, or contact Karen Kraut at 617-423-2148 ext. 22.