



2004-2005

Timeline

JULY 2004 – JUNE 2005



July 2004 – June 2005, By the Numbers

(with apologies to Harper's)

- ▶ Total number of **educational events led or co-led by UFE: 170**
- ▶ Estimated number of **people who attended UFE events: 9,100**
- ▶ Number of **print and online articles, and radio and TV shows** mentioning UFE: **536**
- ▶ Number of **Spanish and African American-oriented radio shows** UFE booked in our “Tax Talk” campaign, respectively: **42, 51**
- ▶ Percentage of **estates in the U.S. that paid any estate tax** during this period: **2%**
- ▶ Number of **states with estate tax organizers** coordinated by UFE: **4**
- ▶ Number of total **downloads of workshops or training materials: 1,191**
- ▶ Percentage of **downloads that were for the flagship “Growing Divide” workshop: 50%**

Thoughts on a **Year of Change**

By Meizhu Lui, Executive Director & Peter Hardie, President of the Board of Directors

Amazing, but United for a Fair Economy became ten years old in 2005. Time flies when there is so much to do!



We first began sounding the alarm in 1995 when economic inequality was rising, but no one seemed to notice or care. Since then, UFE has put a glaring spotlight on the face of growing inequality. We have shifted attention away from blaming the poor, and have instead pointed out the unseemly behavior of those at the top. While the myth is that big winners are the inevitable result of a level economic playing field, UFE has exposed the machinations of those who rig the game with rules that favor those already winning.

And boy, are some winning! By 2001, the top 1% owned 33% of all private wealth. By 2005, CEOs of the 367 biggest companies made 431 times the wages of workers; 61 more individuals became billionaires, while one million more fell below the poverty line. In other words, the wealth of one individual could have kept 16,000 people, most of them children, out of poverty. This is not the America that most of us want. This does not fit the values most of us carry.

But there is an added dimension to the problem that runs deep in the veins of our nation's body politic: the racial economic divide. As we noted in our 2005 *State of the Dream* report, people of color are still *Disowned in the Ownership Society*. For every dollar owned by a white family, a Black family still has less than a dime. Whether you look at home ownership, retirement assets, inheritances, or educational assets, people of color have a fraction of the amount owned by whites.

UFE believes unnamed problems will remain unsolved. So, we have upped the kilowatts in our spotlight and are shining it squarely on racial inequality. Our method is our usual one: to uncover the hidden rules that determine the unequal outcomes, and to debunk the myths that support unequal power.

UFE knows that to reverse the inequality trend, a broad social movement needs to be built. The first step in building a movement is consciousness change, and that is still UFE's main work. Next, people must recognize who their allies are, and act together for their common good. UFE therefore works to bring people together across class, race and status.

As UFE entered its tenth year of fighting for economic justice in 2005, there still was not a mass movement for greater economic fairness. Too many individuals remain focused on their personal situation, and too many organizations are focused on one issue or one constituency.

But we hear more and more people using the inequality framework, and voicing more and more outrage. There is growing interest in the issue of asset policy and the racial economic divide, especially after Hurricane Katrina. There is more and more conversation about strategies for movement building, and more collaborative work going on. The people we have had the privilege to work with, from all sectors of society, who are claiming their own power to speak and to act, give us hope.

United for a Fair Economy keeps its eye on the prize of a multi-racial, cross-class movement to build an economy that puts everyone to work, and that works for everyone.

We want to thank those of you who have joined hands and spirits with ours in this effort. Together, we are making a difference, sharing the knowledge that will turn the tide on inequality.

In the report that follows, we highlight some of our work from July 2004 to June 2005 that best illustrates how we put our theories into practice and support the movement for economic social change.

Handwritten signatures of Meizhu Lui and Peter Hardie in black ink.

Start by **Showing What's Wrong**

All of our work starts with a critical understanding of the status quo and what might be wrong with it.

We break down myths and deceptions to show the stark realities people are struggling with. We lay bare the basic unfairness and injustice that surround us.

Still, people find it hard to believe that change is possible. So much power is consolidated and seems out of reach for too many. So we point to historical examples of successful movements, such as the Civil Rights movement, and the Populist movement as models of how to make change happen.

We know that people can be moved to take appropriate action only after they have a detailed understanding of how things work. When the mechanics of inequality creation are exposed, people can quickly learn to operate the levers of change. What follows are two examples of how we work to start people moving.

► **ECONOMIC EDUCATION**

Our workshops connect with people using their own experience and creative presentations of myth-busting facts. **We have a special ability for transforming dry economic statistics into memorable learning experiences that motivate people to take action.** To multiply our efforts, UFE also trains volunteer workshop leaders.

The largest percentage of our workshops and events continue to focus on the "Growing Divide" and economic inequality in general. In addition, during this year, we also led workshops on these topics: global economy, racial wealth divide, fair taxes, faith-based response to economic inequality, and corporate accountability.

To access wider audiences and inject diverse perspectives into our work, we partnered with organizations such as AFSCME and SEIU locals in several states, the national Catholic Campaign for Human Development and the Highlander Center, as well as local groups such as Lawrence Community Works in Massachusetts and One Colorado in Denver.

► **STATE TAX WORK: IT'S THE REVENUE, STUPID!**

In 2004, UFE took a major step in helping to organize the fight for fair taxes at the state level. We launched the Tax Fairness Organizing Collaborative, a network of statewide grassroots organizations educating and organizing for progressive taxation at the state and federal levels.

With the anti-tax, limited-government movement gaining so much ground, it was clear nothing short of a massive, national effort would turn around the public's belief that "I get nothing from my taxes." To build support for progressive taxation that could fund high quality public services and economic opportunity programs, we launched a long-term initiative that sparks the discussion at the state level. We started a national collaborative that strengthens the capacity of statewide coalitions to reconnect their constituencies to the need for an activist government to protect the common good.

The collaborative is the beginning of what could be a powerful grassroots organizing infrastructure to counter the right's efforts to squeeze the juice out of state and local governments.

Address **Race and Racism**

Fifty years after the Civil Rights movement, there continues to be an economic divide – chasm, really – between whites and people of color.

For example, in 2004, the median household net worth of the typical white family was \$136,000, but only \$20,000 for the typical Black family.

Yet many believe that people of color are not only equal, but that they have special advantages. The conventional wisdom is that if people of color are still poor after the gains of the 1960s and 1970s, it is their own fault. If hard work produces wealth, then it follows that laziness explains poverty. That middle class and wealthy folks believe this is perhaps not surprising, but even the poor internalize this message.

UFE aims to raise the visibility of the racial wealth divide in public discourse, to help communities of color to see the roots of this divide in federal policy and to engage them in demanding that government work in their interest. Following are some examples of how we expose economic racism.

► **DARING TO DREAM IN AN ELECTION YEAR**

Leading up to the Presidential election in 2004, we wrote a “Fund the Dream” petition calling on Congress to reverse the tax cuts for the wealthy and cut the military budget to fund human needs. There was a powerful response to the petition from community activists. The National Black Political Agenda conference adopted it in its platform. It was also endorsed by United for Justice with Peace and by the American Friends Service Committee, which included “Fund the Dream” in its signature ad campaign during the Democratic National Convention in July.

We published “Vote the Dream,” a voter education guide for the hip-hop generation. “Vote the Dream” broke down issues of relevance such as war, criminal justice, and economy, arming readers with

straight-up statistics to help frame the issues in fact. To achieve widespread, national distribution, we partnered with organizations including Youthbuild, NAACP, and Critical Breakdown.

We led an intensive talk radio campaign to discuss tax cuts and related issues in African American and Latino communities. Economic experts from the National Urban League and the National Council of La Raza joined our own staff in leading discussions that explained the difference between the various tax proposals, helping voters of color make more informed decisions about which Presidential candidate to support.

► **STATE OF THE DREAM**

In 2005, we published our second *State of the Dream* report, chronicling the lack of progress for African Americans, Latinos, some Asian Americans and Native Americans in achieving Martin Luther King’s dream of parity and equality with whites. The report found that people of color had fallen backward from 2000 to 2004 in income, poverty and employment.

We are focusing on asset building as a way to direct policy discussions. For example, our **“Starting Line” exercise sensitizes participants to the often invisible privileges and penalties associated with race and class.** Participants take steps forward or back in response to various life experiences. For instance, “Step forward if your family benefited from the GI Bill; step back if anyone in your family did agricultural or domestic work and so couldn’t get Social Security in the ‘30s and ‘40s.” In a racially and economically diverse audience, the results are almost always the same: white middle- and upper-class people way out in front, people of color at the back and some recent immigrants in the middle.

Bridge Class and **Shed Light on Classism**

In early 2003, Bush accused critics of tax cuts of engaging in “class warfare.”

This may have worked then, but since then it has worked less and less well. Throughout 2004 and 2005, the President was dogged by the mantra of “tax cuts for the wealthy.” The momentum may finally be slowing for the slash-and-burn class warfare of the Bush tax cuts.

What follows are two examples of how we used class to push for economic fairness.

► **THE PARIS HILTON TAX CUT**

The battle for hearts and minds is perhaps best exemplified by the fight over the estate tax. Rather than allow it to be a narrow tax debate, UFE has taken the lead in showing that at its core, the issue is: what kind of society do we want?

In 2004 and early 2005, we took the campaign to new levels of grassroots organizing at the state level. In Oregon, we helped move Senator Ron Wyden away from support for repeal, and in Washington state, UFE’s organizer helped win reinstatement of the state’s estate tax, important in the context of the national debate.

At the national level, a major push kept estate tax repeal from being included in the federal tax reconciliation bill. A keystone was the Lobby Day in February 2005, when Responsible Wealth members and grassroots organizers and activists from across the country met with Congressional members and staff to share their views on the need for the estate tax. Providing Senators and Representatives with a cross-class perspective reinforced the message in a powerful way.

► **LEVERAGING TO PUSH SHAREHOLDER RESOLUTIONS**

For several years, Responsible Wealth members have given their proxies to ACORN members so they could present resolutions and tell their stories inside annual meetings. **We believed this would be a persuasive way to cross class lines to speak truth to power.**

A major turning point in this campaign occurred in 2005 when we helped 15 ACORN members attend the Wells Fargo annual meeting to present a resolution calling on the company to make CEO pay depend on improving predatory lending practices. Some of the 15 were people ripped off by predatory loans from that very company.

Previously we were only able to have three ACORN members attend a given annual meeting. With 15 people attending and telling their stories of predatory lending experiences, and with allies to stick up for them when the CEO tried to interrupt them, predatory lending became a recurring theme of the meeting. By the end, even **the folks who were more interested in stock splits were also touching upon the justice issues of predatory lending in their comments.** We reached the hearts of very mainstream people.

Not surprisingly, the resolution received only 5.9% of the vote, just shy of the 6% required by SEC rules to reintroduce. For next year’s resolution, Responsible Wealth members have divided up and introduced two different resolutions. One, in conjunction with ACORN, asks Wells Fargo to prepare a report explaining the racial disparity in high interest rate loans. The other resolution, initiated by Community Reinvestment Association of North Carolina (CRA-NC), is a reintroduction of their proposal asking the company to get out of the payday lending business.

Link **Grassroots with Policy**

There is a disconnect between the plethora of well-intentioned policy papers and those who are supposed to be the beneficiaries of all that analysis.

The same is true between grassroots and “grasstops,” the powerful policy influencers and policy makers.

Typically, participants in poverty programs are viewed more as recipients of services than as potential activists and advocates for policy change.

UFE believes that policies should not be made simply for the people, but they must also be made by the people.

As long as the underserved are seen as objects, rather than the subjects of the asset development field, we will not achieve the changes we are looking for.

Following are three examples of how we serve as an intermediary between grassroots organizations and policy leaders.

► **FAIR TAX COLLABORATION: BUILDING INFRASTRUCTURE**

Many states have excellent fiscal analysis and policy groups. But to the extent that organizations and coalitions in the states are educating and organizing on tax issues, most are stretched to their limit and isolated from groups doing similar work in other states.

We formed the Tax Fairness Organizing Collaborative with a major goal of improving the capacity of participating organizations to more effectively engage grassroots groups outside the traditional state coalitions so they can join the revenue fights.

Our vision is for the Collaborative to become a permanent, powerful, well-resourced, network of tax fairness organizations in all 50 states. We believe widespread organizing, coupled with understanding of how budgets and taxes work, will not only beat back immediate threats, such as permanent federal tax cuts and TABOR (see below), but will proactively establish fair tax systems that raise enough revenue to ensure quality of life and equal opportunity for all people.

Collaborative participants have already made significant inroads. The Washington Tax Fairness Coalition won passage of a state estate tax, which will raise \$100 million each year. In Maine, Taxpayers for a Fair Budget Coalition defeated a disastrous property tax cap ballot initiative, which would have drained \$700 million in revenue annually.

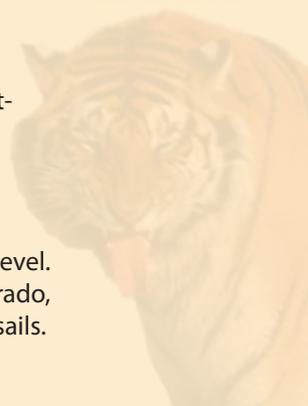
The Colorado Progressive Coalition, using workshops co-created by UFE, educated grassroots constituencies about the consequences of TABOR, thereby helping pass a referendum that reformed it.

As we move forward, we expect to invite more organizations into the Collaborative so as to expand activities at the local, state and federal levels.

The TABOR-toothed Tiger

Constitutional amendments called “Taxpayers’ Bills of Rights” (TABOR) make the appealing promise to limit taxes and spending. Yet on closer examination, TABOR strangles the very investments in the commonwealth that provide people, communities and businesses with opportunity and economic growth. Colorado voters, who passed the original TABOR in 1992, just suspended its most damaging provisions after the painful human and fiscal consequences became obvious.

To national neo-conservatives, Colorado was supposed to be only the first stop in their effort to pass similar draconian anti-government measures across the country and eventually at the federal level. And in fact, 18 states are now considering TABOR-like proposals. But TABOR’s dismal effects in Colorado, and its consequent rejection by the very people who lived with it, have taken the wind out of their sails.



CAFTA & Tax Reform: **Success without Victory**

Our legislative campaigns strengthen cross-border, cross-class and cross-race movements even when policy wins are elusive.

► **CAFTA SPLITS CONGRESS**

CAFTA, which extends NAFTA southward, is an asymmetric agreement between the United States, an economic powerhouse, and the six poorest countries in Latin America—Nicaragua, El Salvador, Guatemala, Costa Rica, and Honduras—as well as the Dominican Republic.

Leading up to the July 2005 ratification of the Free Trade Agreement of Central America (CAFTA), we helped build a coordinated movement to educate elected officials and people in Central America, the Dominican Republic and United States about the implications that CAFTA would have in their countries and lives.

To help get the word to Central American immigrants, the people who would be most affected by the new trade rules, we created a popular education workshop and made CAFTA a major focus of our Spanish language website, economijusta.org.

In the end, we lost the battle, but a movement was started. Groups in the U.S. and Central America are beginning to monitor the effects of CAFTA. And UFE continues to serve as a resource on both sides of the border. **Our popular education workshop materials on free trade versus fair trade have been downloaded in every Central American country as well as the United States.**

► **“DEFENDING THE DREAM”**

Since 2001 UFE has organized our members to spend a day in Washington, DC to talk about tax reform. Originally designed to enable wealthy members to focus on preserving the estate tax, we have expanded the scope to include diverse voices and a broader message.

In February 2005, we brought in people from the state budget and tax coalitions to learn more about the estate tax, and to engage our Responsible Wealth members in tax issues at the state level. At this conference, “Defending the Dream: Economic Opportunity and Tax Fairness,” our framework was the racial wealth divide, and we gave workshops on the history of wealth creation and the role of government dollars in providing wealth “starter kits,” mostly for whites. White and Black church leaders who had been part of the Civil Rights movement provided a historical context for how far we have come and how far we have to go to achieve a fair society.

Participants had the opportunity to engage in cross-race dialogue and heard about the increased hardships and disparities that would result from the elimination of the estate tax. They also heard about exciting new ideas for asset building that could help to close the gap.

Publications

The Wealth Inequality Reader, edited by Dollars and Sense and United for a Fair Economy (September 1, 2004)

Wealth inequality has structural causes. The 25 essays (by Paul Krugman, William Grider, Betsy Leondar-Wright, Meizhu Lui, Chuck Collins and others) explore wealth inequality causes, consequences and strategies for change. Available from Dollars and Sense, www.dollarsandsense.org.

Executive Excess 2004: Campaign Contributions, Outsourcing, Unexpensed Stock Options and Rising CEO Pay (August 30, 2004)

CEOs at the companies outsourcing the most workers were paid more than typical CEOs. The report also looks at the link between high CEO pay and campaign contributions.

State of the Dream 2005: Disowned in the Ownership Society (January 10, 2005)

After steady economic gains in the 1990s, we find that Latinos, African Americans and other people

of color have actually lost ground since 2000. The report shows that President Bush's campaign promise of an Ownership Society slipped farther out of reach for most people of color during his first term.

Taxpayers for a Day: The Most to Gain, the Least to Lose (April 13, 2005)

The report, co-authored with the Institute for America's Future (IAF), finds that CEOs of Wall Street firms supporting the partial privatization of Social Security effectively pay into the system for only a few days per year.

Corporate Traitors: The Decline of Corporate Taxes & the Subsequent Rise of CEO Pay (June 14, 2005)

On the 204th anniversary of Benedict Arnold's death, we consider whether some of America's largest corporations that pay little or no taxes have indeed become traitors.

July 2004 – June 2005, By the Numbers

(with apologies to Harper's)

- ▶ Number of years since 1999 that the permanent **repeal of the federal estate tax** had been discussed but not passed: **6**
- ▶ Number of personal **constituent calls to 11 swing senators** on the estate tax facilitated by UFE: **5,744**.
- ▶ Number of **U.S. Representatives and Senators, respectively, who received direct visits** by wealthy and non-wealthy constituents organized by UFE: **47, 45**.
- ▶ Number of organizations in the UFE-led **Tax Fairness Organizing Collaborative**: **14**
- ▶ Number of **ACORN members attending Wells Fargo annual meeting** to present UFE's resolution on predatory lending: **15**
- ▶ **Percentage of Wal-Mart shareholders** voting for UFE's resolution for reporting on the race and gender of stock option recipients: **15%**



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Jasmine Francis
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** These staff members left during the fiscal year.*

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Other Major Support

Domini Social Investments
Estate of Richard C. Cornelison
Working Assets

Major Collaborators

We can only accomplish our mission of drawing attention to economic inequality and supporting social movements for greater fairness in collaboration with others. Thanks to all!

ACORN
AFSCME
Alianza Guatemalteca
American Friend Services Committee
Americans for a Fair Estate Tax
Boston Parents Organizing Network
Brazilian Immigrant Center
California Reinvestment Coalition
Catholic Campaign for Human Development
Catholic Diocese of Kansas City
Center for Responsible Lending
Center to Support Immigrant Organizing
Center on Budget and Public Policy Priorities
Centro Latino de Chelsea
Centro Presente
CISPES
City Life/Vida Urbana
Class Action
Coalition for America's Priorities
Colorado Progressive Coalition
Community Health Education Center, Boston
Community Reinvestment Association of North Carolina

Statement of Financial Position

June 30, 2005 (with comparative totals for 2004*)

Demos
 East Boston Ecumenical
 Community Council
 Episcopal Network for
 Economic Justice
 Equipo Maiz (El Salvador)
 Fair Taxes for All
 First Nations Oweesta
 Corporation
 Greater Boston Interfaith
 Organization
 Highlander Research and
 Education Center
 Hyde Square Task Force
 Institute on Taxation and
 Economic Policy
 Jobs with Justice
 La Comunidad
 Latinos for Social Change
 Lawrence Community Works
 Maine Citizen Leadership Fund
 Mujeres Unidas en Acción
 National Farmers Union
 National Priorities Project
 National Urban League
 One Colorado
 Progressive Communicators
 Network
 Proyecto Hondureño
 SEIU
 Sociedad Latina
 Southwest Organizing Project
 Tennesseans for Fair Taxation
 USAction
 Washington Association
 of Churches

Assets	2005	2004
Cash and cash equivalent	\$533,174	\$502,181
Investments	\$27,491	
Prepaid expenses	\$8,368	\$7,606
Pledges receivable	\$211,780	\$106,780
Accounts receivable	\$7,710	\$1,481
Due from affiliate	\$2,287	\$24,822
Fixed assets	\$81,590	\$13,305
Other assets (Deposits, Long Term Pledge Receivable)	\$102,414	\$0
Total assets	\$974,814	\$656,175
Liabilities		
Accounts payable and accrued expenses	\$138,025	\$150,462
Net assets		
Unrestricted	\$465,671	\$311,269
Temporarily restricted	\$371,118	\$194,444
Total liabilities and net assets	\$974,814	\$656,175

Statement of Activities

for the year ended June 30, 2005 (with comparative totals for 2004*)

Support and revenue	2005	2004
Contributions	\$907,078	\$339,917
Grants	\$1,304,776	\$438,855
Program and conference fees	\$24,637	\$20,218
Materials sales	\$12,895	\$4,733
Rent	\$1,100	
Interest and dividends	\$11,924	\$1,431
Realized and unrealized gains/(losses) on investments	(\$1,168)	(\$2,319)
Total support and revenue	\$2,261,242	\$847,835
Expenses		
Program	\$1,449,095	\$600,222
General and administrative	\$221,909	\$67,645
Fundraising	\$259,162	\$98,923
Total expenses	\$1,930,166	\$766,790
Change in net assets	\$331,076	\$81,045
Net assets - Beginning FY	\$505,713	\$424,668
Net assets - End FY	\$836,789	\$505,713

* UFE changed its fiscal year to July 1–June 30, therefore a six-month fiscal year was reported for 2004. This report is extracted from our audited financial statement. Copies of the full report are available by request.





United for a Fair Economy raises awareness that concentrated wealth and power undermines the economy, corrupts democracy, deepens the racial divide, and tears communities apart. We support and help build social movements for greater equality.



UNITED FOR A FAIR ECONOMY

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