

RESPONSIBLE WEALTH

Questioning and Challenging A Tilted Economy

The economy is booming! Unemployment is down! Things couldn't be better for Americans. I don't think so. At a time when many indicators say our economy is strong, over half the population has seen their paychecks either remain flat or shrink. There is a growing economic divide between the very wealthy and the majority of the population who depend on a regular paycheck.

I find the following facts astounding: One percent of the population owns forty of the wealth in this country. One out of four children is born in poverty and one out of five seniors lives in poverty. According to *Business Week*, the average U.S. CEO earns 326 times as much as his average factory worker, a ratio much higher than Japan's or Germany's, whose CEOs earn no more than forty times as much as the average factory worker.

I am one of the privileged ones, part of that elite one percent. But these facts don't make me happy- they scare me. As the gap between the top five percent and bottom fifty percent grows, so does fear, polarization, insecurity, and suffering. It's hard to see friends and others suffer from inadequate health care, low-paying jobs, poor housing, and other manifestations of a frayed and fragmented society that increasingly seems to breed despair and violence.

What can I, a privileged person, do in response to this growing inequality? I have been active as a social-change funder, a conscientious consumer, a shareholder activist and a social venture capitalist. I have placed my money in the United States Trust Company of Boston's socially responsible to community loan funds and community banks. Yet I believe that, as long as the rules of the economy continue to be tilted to benefit the very wealthy, I also need to make my concerns known in the realm of public policy, where those rules are made.

Responsible Wealth

About a year and a half ago I decided to join and help shape an organization called Responsible Wealth, a program of United for a Fair Economy (UFE). Responsible Wealth is a network of business people, investors, and other wealthy individuals taking action together to share prosperity and create a more just economy. This is another form of activism for me: leveraging my identity, raising my voice to speak out against economic injustice and inequity and for systems and policies that send capital flowing through more hands.

The 1997 Tax Relief Act reduced the U.S. capital gains tax from twenty-eight percent to twenty percent. Nearly half of all the benefits of the capital gains tax cut went to the wealthiest five percent. In Responsible Wealth, members, all within that top five percent,

have pledged to give all or some part of their tax cut to causes and projects that are working towards a more just and equitable society. This has amounted to over \$1,000,000 so far, and, as more wealthy people join in, it's still growing.

As a result of this effort, the public has seen people who have significantly benefited from this tax law stand up and oppose it -- not just with words but with working people, actively and publicly valuing fair tax law over the outrageous growth in their own portfolios. This has challenged the public's stereotype of the uncaring, self-centered rich.

Closing the Wealth Gap

Responsible Wealth is working in at least five areas of concern:

1. **Tax Fairness** This includes the Tax Break Pledge, as well as promoting and defending a more progressive tax system.
2. **The Wage Gap** Responsible Wealth and UFE support raising the minimum wage and the federal Income Equity Act (sponsored by Rep. Martin Sabo, D-MN), which would cap the tax-deductible amount of CEO compensation for corporations at twenty-five times the wage of the lowest-paid worker.
3. **Corporate Accountability** Fifty-one of the 100 largest economies in the world are corporations: the budget of General Motors is bigger than the GDP of Denmark. If democracy is to be truly participatory, corporations have to be accountable to the nations and communities in which they operate.
4. **Campaign Finance Reform** One half of one percent of the population is responsible for all political contributions over \$200. Responsible Wealth encourages its members to support campaign finance reform and to publicly ask candidates to do so as well.
5. **Distribution of Wealth** We support low communities seeking to retain and increase their wealth through such mechanisms as tax-free savings accounts or individual development accounts (IDAs). We support those who are directing capital into accessible structures such as community-run banks and credit unions.

These are just some of the ideas that will help solve these challenges. Many of us are working to create an economy that ensures that capital moves throughout the population, without pooling in the pockets of a few. We need the active thinking, ideas, and contributions of everyone- with and without financial wealth to take us from our precarious present to a fruitful future.

The more people with wealth who come forward to publicly speak out for a more just economy and a more dynamic democracy, the closer we will come to these goals. As Justice Louis Brandeis said, "We can have democracy, or we can have great wealth in the hands of a few. We cannot have both."

If you would like to learn more about Responsible Wealth, call Mike Lapham at (617) 423-2148. If you wish to contact me, call (413) 585-9709 or [contact](#) Class Action.