



A NEW FENCE, MORE MULCH, AND NEW PLANTS!
CREA'S EXTENDED PERENNIAL GARDEN COMES INTO BEING.

WE DO BELIEVE IN MIRACLES!
HATS OFF, EVERYONE, TO
HORATIO, DAVE AND NICHOLAS!



CREA: Center for Reflection, Education and Action, Inc.
Tel: 860-527-0455
FAX: 860-216-1072
www.crea-inc.org

CREA House
72-74 Greenfield Street
Hartford, CT 06112-1927
e-mail: crea-inc@crea-inc.org



CREA: Center for Reflection, Education and Action, Inc.
P.O. Box 2507
Hartford, CT 06146-2507

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STARTING POINTS

Center for Reflection, Education and Action, Inc.

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INTRODUCING THE CUI BONO? RULE

Cui Bono means "Who benefits?"

The rule is: Ask this question all the time and be persistent in searching out the answer to it.

"The need for sets of useful tools and consistent language is obvious. Without language for communication, without the tools for analysis, our understanding is limited.
We do not have the means for effective communication.
...this results in reaction rather than decisive, directed action."
(From *The Cui Bono Rule*, Ruth Rosenbaum, TC, PhD. See insert.)

Asking "Cui Bono?" is an effective tool in our analysis of systemic causes. These two words and the demand for clear answers can help us to penetrate through the fog of manipulative and repetitive language. The question can be asked by anybody.

If the present Gulf War has taught us anything, it should be to see through the use of psychologically manipulative language and visual effects, and not to fear asking questions even if it means being labeled "unpatriotic." Using the "Cui Bono?" rule might have led all of us to a clearer understanding of the real reasons for going to war, for remaining in Iraq until that country's oil arrangements are legally fixed, and for maintaining a future military base.

The "Cui Bono?" rule might help us to fathom the underlying causes of the resentment and hatred of the U.S., and the resulting violence and terrorism. Who benefits from the use of force to repress the efforts of impoverished peoples

in any country to obtain justice, whether in oil fields or agricultural fields, in factories or in parliaments? Who loses?

The Cui Bono rule and the 2008 election

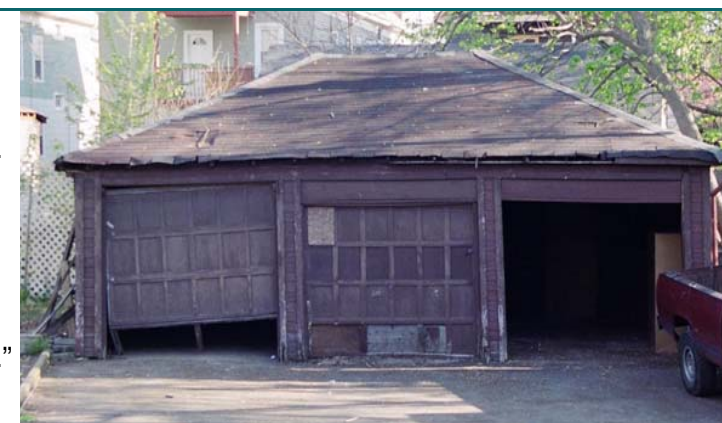
U.S. citizens have been burned in the past years. Hopefully as we are bombarded with campaign rhetoric in the coming months, we will go beyond the superficial treatment that most media provide and search for real ways to deal with the significant issues facing us:

- ◇ ending the Iraq war;
- ◇ facing the internal threats to our democracy in the consolidation of power in the executive branch;
- ◇ exercising control over the power of campaign donors;
- ◇ dealing with a national debt that could impoverish future generations;
- ◇ fixing our education and healthcare systems;
- ◇ taking real steps to remedy and to curb our pollution;
- ◇ collaborating with other nations to create a more just global economic system.

Be careful as you use the "Cui Bono?" rule. It may get you into trouble with the holders of economic and political power. But not using it may be even worse.

IT'S DOWN! IT'S GONE! IT'S A MEMORY!

It gives us great joy to share with you this news and photos of CREA's garage, about which many of you have heard us lament. Thanks to all of our benefactors who provided the funds for this long-awaited event, to Horatio Hutchison, who directed the operations, and to Dave Bolan and Nicholas Sarfo who provided the additional manpower. Thanks also to Cathy Hemick, who efficiently arranged for two dumpsters to take away the "remains." What a relief!





IT'S DOWN AT LAST!

CREA CHRONICLES

The garage demolition wasn't the only important event since our last newsletter. Below are brief up-dates about our core work for economic justice.

Project Kaleidoscope. CREA House hosted a meeting of the Working Group for this 3-year collaborative effort. Its goal is to develop and implement new ways of strengthening sustained compliance by suppliers to company codes of conduct. CREA, the Interfaith Center on Corporate Responsibility, Domini Social Investments, the United Methodist Church's General Board of Pension and Health Benefits, the Connecticut Treasurer's Office and the Oblates of Mary Immaculate collaborated with Disney and McDonald's on this project. The project report is near completion.

GAP Public Report Working Group CREA House also hosted a meeting of this group to finalize the third report on GAP social responsibility. CREA has been part of the group since its beginning.

Guatemala Report The final report is in process. The results of the study will be contextualized within the framework of the United Nations Millennium Goals for reducing poverty.

RAISE Institute. Three cohorts of independent monitors and auditors are presently pursuing the institute's certification program, level one. The institute is a joint effort of CREA and Verité, the highly respected non-profit monitoring organization.

Bangladesh At a corporation's request, CREA conducted a sustainable living wage study in Dhaka, Bangladesh and trained a team leader to conduct a further study in Chittagong, once transportation was permitted into that monsoon-ravaged area. CREA received assistance from a Bangladeshi team selected by Heath Solutions International Inc., which has a base in the country.

FAIR TRADE/PEACE TRADE INITIATIVE EXPANDS

Hopefully you remember the launching of the Fair Trade/Peace Trade Initiative by CREA last year. In this initiative we are working specifically with cooperatives that offer work and participation as an alternative to violence.

We recognize that violence exists in many forms. Here at CREA we have come to realize that when social conditions and/or economic necessity forces the separation of family members, that too is a form of violence, to the family members, to the family as a unit, and to the communities where the families live.

With the cooperatives, we are working to develop new items that are not linked to specific holidays so as to provide income for the cooperative throughout the year, not only during the holiday seasons.

This year we are bringing to you the products of cooperatives in Guatemala, El Salvador and now, wind chimes from the Philippines for consideration for your gift giving. Think not only of your personal gifts but also of your institutional gift giving. Products are available in a variety of price ranges for your consideration. Please contact us by email, phone call or regular mail us if you would like a copy of our product booklet. And yes, lower prices are available for items bought in bulk quantities but please keep in mind that these are Fair Trade items.



Zippered document holder



Luggage Tags



Wind Chimes



Eye glass cases

Last year, the value of U.S. mergers and acquisitions totaled \$1.56 trillion. Private equity accounted for 25% of the value of those deals, up from 10% just a year earlier. Private-equity groups now control such familiar names as Burger King, Dunkin' Donuts, Toys "R" Us and Neiman Marcus. They also own cable systems, satellite companies and hospitals, among many other companies. They now control assets approaching 10% of the value of the companies listed on the New York Stock Exchange.

Private-equity firms are sheltered from the normal regulations and disclosure requirements that were created to protect investors in publicly traded companies. They do not have to disclose the compensation paid to top managers or have independent directors on their boards. They don't have to give quarterly updates on their assets and liabilities. They do not hold annual meetings. There is no requirement – and very little pressure – to report on social-responsibility measures or to disclose whether they have been sued or fined for damaging the environment. They don't even have to indicate the return they produce with the money investors give them.

While those who run private-equity firms argue that they can be more responsible managers because they are not subject to the short-term demands of Wall Street analysts, there is no requirement that they act responsibly or consider the long-term effects of their decisions. In fact, some private-equity firms are known for buying a company, stripping its assets, then quickly taking it public again to pile up fees for themselves.

In many ways, the growth of private equity has helped to concentrate wealth and to trample on the rights of both individual investors and employees

PRIVATE EQUITY: CUI BONO?

whose companies are bought out. Private equity gets its takeover power from loading up on debt. Today, private-equity firms have about \$400 billion available for investment; by borrowing far more, their buying power turns into \$2 trillion.

To increase their chances of winning a takeover battle, private-equity firms offer enormous pay packages to corporate managers, creating a conflict of interest for the managers who are weighing the benefits and drawbacks of any deal. If the private-equity firm later decides to take a company public again, managers get a second payout.

The vast majority of workers, of course, do not share in this windfall. What's more, the massive debt hangover puts workers in a more precarious position. If the company falters or the economy stumbles, the private-equity owners often need to cut costs to keep up with their debt payments – and that generally means cutting jobs.

In the UK, one study showed that job growth in companies owned by private-equity funds has outpaced growth at other companies. However, wage rates tend to be lower at companies owned by a private-equity firm, and wages tend to grow more

slowly than they do elsewhere. In addition, companies that have little debt on their balance sheets will be far better positioned to weather the next economic downturn.

Because of their structure, private-equity firms are an option for only the richest investors. Private-equity firms get the bulk of their money from institutions, such as pension funds and banks. While some of these institutional holders may be vocal about pushing for corporate responsibility, many others will see no reason to speak out. The individual who has retirement funds in these pension plans or an account at these banks has little hope of having an opinion heard.

Some private-equity firms do produce outsized returns for their shareholders. As a group, though, their results vary widely, and many have not performed as well as the major stock indices.

Because the boom in private equity has occurred during a time of easy, cheap credit, its business model has not yet been tested. It's worrisome to imagine what will happen when economies turn down, as they inevitably do, and the interest on all the debt that private-equity firms have swallowed still needs to be repaid.



WOULD YOU BELIEVE IT?