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## Owning Up to the "Ownership Society"

By Mark Weisbrot

President Bush has dubbed his agenda an "ownership society," the idea being that every American -- not just the rich -- should enjoy the benefits of owning something that generates income. All too often he is taken at his word, without looking at the actual effects of his proposed -- and already implemented -- policy changes.

Certainly the president's proposed changes to Social Security will do little to spread the benefits of ownership. True, his plan would allow people to divert up to 4 percent of their income from the traditional Social Security program to private accounts.

But they will not really own this money -- it is actually a loan from the government, which they will individually have to pay back, with interest, after retirement. In addition, people would be forced to convert some or all of their accumulated private accounts into an annuity, or lifetime annual payment. This is not what most people think of when they hear the word "ownership."

President Bush and his party have won a number of tax cuts in recent years that have had a considerable impact on the benefits of ownership. But these have had the effect of increasing the wealth of existing, primarily large owners of wealth -- rather than aiding or helping to create new, smaller owners. Repealing the estate (or inheritance) tax certainly falls in this category. It has generated enormous tax savings for some individuals, but these include only the richest 2 percent of taxpayers.

Reducing the tax on capital gains has also benefited existing owners enormously. If Donald Trump decides to sell \$20 million worth of stock today, and makes a few million dollars on the sale, he will pay only 15 percent in taxes on his profit (assuming the stock was held for more than a year). This is a much smaller bite than the Federal government takes from the average schoolteacher or firefighter, for example, when they are lucky enough to get a pay raise.

Cutting the tax on stock dividends was billed as a bonus for ordinary Americans, despite that fact that nearly half the country owns no stock at all. But even for those who do own some stock, most of us hold it in retirement accounts. When we retire, we have to pay taxes on the money we draw out. So we won't get anything from the dividend tax cut; only the upper-income groups who buy and sell stocks outside of retirement accounts will be able to cash in on this new loophole.

Other policies pursued by the Bush Administration also benefit large owners. For example, owners of patent monopolies -- principally the big pharmaceutical companies -- will gain enormously from the Medicare prescription drug benefit, now expected to cost \$754 billion over the next decade. Preventing the government from negotiating lower prices with these companies was a key victory for them, although it comes at great cost to consumers and taxpayers.

In short, we already have an "ownership society" -- in the sense that the big owners of wealth are calling most of the shots. Wealth in this country is highly concentrated, and has become even more so in recent decades. About 5 percent of Americans own the majority of our nation's wealth. The bottom 40 percent holds about 0.2 percent.

President Bush's agenda continues to further this concentration of ownership, mainly by allowing more tax advantages and legal powers that enable the largest wealth holders to increase their income and wealth. As wealth becomes more concentrated in fewer hands, so too does political power. In that respect he really is promoting an "ownership society."

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[Back to Top](#)