

CAPITAL COMMENTARY

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“Ownership Society” Misconceived

President Bush’s advocacy of an “ownership society” is a half truth that may collapse under the weight of the whole truth it fails to recognize.

Who in America doesn’t want to be an owner? Public encouragement of ownership is a good thing, whether by means of mortgage interest deductions, depreciation allowances, or tax-free retirement plans.

But if private ownership is the whole truth about life in society, then why should government tax citizens for any purpose other than to pay for police and military forces to protect what is privately owned? That, in essence, is the libertarian argument.

The president does not sound or act like a libertarian, however. He is not averse to spending federal dollars on more than police and military forces even when it means increasing the public debt. So, what does he intend with the idea of reforming Social Security (SS) to advance an ownership society?

This is where the half truth begins to fold. The current SS program has not prevented anyone in the modest to high income range from owning additional retirement investments. It is true that those at lower income levels who only have SS to depend on when they retire can expect a relatively small retirement income. It would be good for them to own more. President Bush contends that if part of the SS taxes people pay could be invested in higher interest-earning, personal accounts, then even poorer workers could “own” higher-earning retirement investments.

But the idea is shady. If government wants to promote private ownership, it ought to quit taxing lower income wages altogether and let workers own all of their income and put whatever amount they want in higher-earning investments. The president doesn’t want that, however, because it would open the door to great insecurity for those retirees who failed to save anything or who had made poor investment choices.

No, the president, somewhat inconsistently, wants to keep the paternal hand of government operating. Government would still tax workers, would limit the

choices among investment options for the part of the SS tax that workers could invest (in order to protect against unwise investments), and would still keep hold of a significant portion of the SS taxes paid.

That doesn’t sound like very much of a boost for private ownership! And to top it all off, the meager reform the president wants will likely cost from one to three trillion dollars! Where will all that money come from? Either from more taxes or from a growing federal debt. More debt! Now there’s a nice certificate of ownership to pass on to our children.

The mistake the president is making is to ignore the *whole truth* about ownership. People are not merely private owners, satisfied only if they gain personal control of everything that touches them. The other half of the truth about ownership is that we, as citizens, share in the joint ownership of the commonwealth. We are also public citizens who have an ownership stake in the commons: in the courts, the streets, the environment, and yes, the well-being of our fellow citizens whether of school age or of retirement age. The president should be using his *public* office to hold up a high view of the political community and of our joint responsibility for, and share in, a just and equitable republic.

Civic ownership and private ownership belong together. Our sense of responsibility for the commons needs to be strengthened as much as a sense of private ownership. Each of us has a stake in the political community we share. If there are better, safer, more equitable ways to invest SS taxes so they can deliver a bigger return for everyone at retirement, then let’s strengthen the system to do that. But, Mr. President, don’t undermine the already weak civic commons and our public bond as citizens by suggesting that the only ownership that counts is private ownership.

—James W. Skillen
President

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