

BUSH'S 'OWNERSHIP' SCAM

By Robert Kuttner

In President Bush's upcoming State of the Union address, we will hear a lot about something called an "ownership society." The idea is that American workers aspire to be owners - of stock for their retirement, homes, businesses, good health insurance, and skills they need to navigate multiple changes of jobs and careers. It sounds just great.

Take a closer look, however, and you will recognize the trademarked Bush combination of inspiring themes coupled with an absence of useful tools. In other words, bait and switch.

Recent examples include No Child Left Behind (millions were); the Medicare drug bill (covers less than half the costs and mainly subsidizes drug companies), and, of course, three tax breaks that went mostly to the wealthy. But I digress.

How does Bush propose to create this "ownership society?" Mainly through more tax credits. If people lack reliable health care, there are tax-favored savings accounts to buy health insurance. If corporations are abandoning good pensions, there are new tax incentives to set aside retirement savings. If jobs are precarious, there are tax credits to purchase retraining when your job moves to China.

What's wrong with the entire approach? For starters, the very people who lack the decent health insurance, the money for retraining, and the secure nest eggs are short of adequate earnings from which to take out savings. So most of the tax breaks, like the rest of the Bush tax program, will go to people who don't really need them, while those who rely on genuine help will come up short.

The hallmark of the Bush era has been rising incomes at the top and stagnant wages for the rest. The increased national income in the current economic recovery has gone mostly to corporate profits with a record low proportion to wages. If we want an ownership society based heavily on increased individual savings, we need to start with decent incomes so ordinary people can afford to save.

But individual savings alone aren't enough. Look at how America actually became a society of broad middle-class ownership in the years after World War II. Wages went up (thanks in part to unions), so it became possible for working people to imagine buying cars, homes, and the other material trappings of the good life.

Corporations started paying decent pensions and health insurance benefits. Radical conservatives think that government help undermines individual initiative. But government programs like the GI Bill, FHA loans, Pell grants, community colleges, and federal aid to public schools allowed a lot of individual hard work to pay off. Social Security institutionalized the custom of retirement, which stimulated supplemental retirement plans. Guess who opposes all this?

Decent wages and benefits and real government help are what Bush's ownership society leaves out. To Bush, ownership means that the lone individual is made the sole owner of the problem. Lost your job? Better get yourself some new skills. Corporation cancelled your pension? Better sock away more savings. Company health insurance plan raising premiums and copays? Congratulations! You're an owner!

This ownership society walks away from the social investments of the past six decades that actually made the United States a society in which most people could reasonably aspire to be owners. It leaves people on their own with a fistful of tax credits that most people can't afford to use.

Interestingly, there is a very different version of an ownership society that actually works. It is called asset development. Tony Blair in Britain has already made a start on this approach, by giving every child a subsidized savings account at birth that grows and compounds and can be used in adulthood to subsidize everything from education to first-time homeownership and ultimately to supplement retirement.

In the United States, Al Gore proposed a variant of this. I've been working with Larry Brown, one of the pioneers of this approach at the Asset Development Institute at Brandeis University, on an even bolder version.

The difference is that genuine asset development gives people genuine opportunities using real public outlays, the way the GI Bill did. Bush's approach relies mainly on the funny money of tax credits, which are often useless to the very people who need them most.

An ownership society is a wonderful idea. Liberals have been expanding it ever since the New Deal. When you hear about Bush's ownership society, read the fine print and keep your hand on your wallet.