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Share the Ownership

Perhaps a good way to begin debate on President Bush's bold and commendable ideas for an "ownership society" would be to ask, "Who owns America?" After all, if ownership policies further concentrate the ownership of assets for those who already own a lot, while doing little for those who own nothing, what's the point?

According to the Federal Reserve, the bottom 40 percent of the nation owns less than 1 percent of the nation's wealth, while the bottom 60 percent owns less than 5 percent. The top 20 percent of our population commands 83 percent of the wealth. If the president genuinely wants to make everyone an owner of America—if he really wants everyone to save more in tax-benefited accounts so that they can exercise more personal responsibility, have better control of their futures and their children's futures, and rely less on government—then the starting point of our nation's savings and ownership policies should be the majority of Americans who are asset-poor.

This would be wise for several reasons. First, targeting savings incentives to those who don't save or own much would boost our abysmal national savings rate and reduce our risky and unsustainable reliance on foreign investment. Second, our economy is generating greater returns on assets than on labor—that is, we are earning more from owning assets than from working—a fact that is evident to many homeowners. And, finally, there's recent compelling evidence that owning assets fosters better citizens: Owners take better care of their homes, neighborhoods and schools; they're more likely to plan for their and their kids' futures; more likely to vote and be engaged in community affairs, and more likely to stay married.

While we shouldn't penalize those who've done well—in fact, we should continue to reward hard work, creativity and initiative—there's little for our nation to

gain by further concentrating wealth. And there is an enormous amount to be gained by broadening it. Wealth begets wealth; the real challenge is to have it in the first place.

The administration has claimed that its ownership policies would indeed benefit lower-income Americans. While we sift through policy details in the president's just-released budget to fully assess those claims, we can offer some promising ideas and guidance for Congress.

First, any individual accounts connected to Social Security reform (whether carve-outs or add-ons) should offer large matching deposits to lower-income workers while maintaining a safety net for them in old age.

Second, the president's proposals for retirement savings accounts and lifetime savings accounts, which thus far have offered few incentives to low-income savers, should also offer substantial matching deposits to the asset-poor. Third, state-based "529" college savings plans (named for the section of the tax code that exempts them from federal taxation) are flawed in many respects but provide an excellent infrastructure for spawning widespread asset ownership. They could be revised to reach millions of persons with little or no savings.

Finally, and most boldly, Congress should establish a privately owned "KIDS Account" at birth for each of the 4 million children born in this country every year and fund those accounts progressively—thus creating a lifetime platform for saving, asset accumulation, retirement security and wealth that can be bequeathed.

In fact, the forthcoming ASPIRE Act would do exactly that. And the broad, surprisingly bipartisan sponsorship of that bill—it will be led by Sens. Rick Santorum (R-Pa.) and Jon Corzine (D-N.J.) and Reps. Harold Ford (D-Ky.), Thomas Petri (R-Wis.), Patrick Kennedy (D-R.I.), and Phil English (R-Pa.)—suggests that a progressive ownership agenda might be one of the

few things our deeply divided Congress can agree on in coming years. Britain is rolling out its bold, and similar, "Child Trust Fund" this year; the United States would be wise to do the same.

Naturally, any policies that build wealth for millions of Americans could cost billions of dollars. But it would be money well spent. The Homestead Act and the GI Bill, both rightly cited by the president at his inauguration as great ownership society programs, generated huge financial returns and remain the foundation of our middle class. Fully one-quarter of adults today can trace their legacy of asset ownership to the Homestead Act, and the GI Bill has returned \$7 to the nation for every \$1 invested.

Ownership policies directed at kids may merit the greatest support: Already we spend \$8 on a senior citizen for every \$1 we spend on a child. Our national debt rests on our kids' shoulders, and we expect their future earnings to support our retirement. Shouldn't they have the best shot they can at economic success?

With the ownership society squarely on the table, we have a rare opportunity to renegotiate the social contract—to redefine the role of government, not repeal it. If Americans are willing to work and save, then their government should enable them to acquire savings, a home, an education, a small business and a nest-egg for retirement—to accumulate the assets that, in the words of the president, will make "every citizen the agent of his or her own destiny" and "give every American a stake in the promise and future of America."

Is that a deal worth making? Yes, provided our ownership society policies, not just our vision, truly reach all Americans.

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