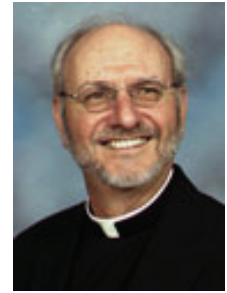


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Dangerous Wealth

When Warren Buffett, age 76, pledged to give \$37 billion of his own money to fight disease and poverty, he became the largest philanthropic donor in the history of the world. He said in a Fortune magazine interview (June 25, 2006): “(My wife and I) agreed with Andrew Carnegie, who said that huge fortunes that flow in large part from society should in large part be returned to society.”

Buffett educated his three children through college and felt he would harm them with “a lifetime supply of food stamps just because they came out of the right womb.” Leaving them an inheritance of billions, he considered “an antisocial act.” Instead, he invested in their lives through education and love.

His perspective on wealth transcends his immediate family to encompass society. He philosophically reflects on social inequality and inheritance: “Dynastic mega-wealth would further tilt the playing field that we ought to be trying instead to level.”

The U.S. currently ranks worst among developed nations with the widest wealth gap between its richest and poorest citizens. The richest one percent of Americans now owns 33.4 percent of all the wealth, while the bottom 90 percent only owns 30.4 percent. At a time when 37 million Americans live below the poverty line, the country boasts of 269 billionaires.

A billion dollars dazzles the imagination, but it can easily be understood in terms of work. For example, a worker making \$50,000 a year needs to work 200 years to make just one percent of a billion dollars!

Perhaps with the exception of sports figures and rock stars, fortunes are not usually amassed from work, but from owning capital and investing in stocks. The tax cuts beginning in the Reagan Administration have favored the holders of capital, rather than the worker. In the 1990s the number of households worth \$10 million or more in-

creased almost four fold, while at the other end of society 20 percent of all American households have a negative net worth due to constant borrowing.

This widening wealth gap has direct implications for democracy and our social fabric. Wealthy individuals influence elections and drive legislation because of their great economic power. When wealth becomes too concentrated, too much power rests in too few hands. Thomas Jefferson wrote, “If the overgrown wealth of an individual be deemed dangerous to the State, the best corrective is the law of equal inheritance....” At death, “dangerous wealth” should be decreased.

Since 1916 the United States established an estate tax to respond to the excesses of the wealth amassed during the Gilded Age, but in 2001 President Bush signed a \$1.35 trillion tax cut phasing out the estate tax over a ten year period.

More than 1,200 modern-day millionaires, who themselves are subject to the tax, recognized the historical significance of the move and signed a petition calling for preserving-but reforming-the estate tax.

For people of faith, distributive justice demands society make available for all the means for a dignified life. The common good demands universal health care, adequate education and essential social services. To pay for these social goods, society can ask citizens to contribute according to their means.

The wisdom of Warren Buffett envisions a society where each citizen gives his best: “Without the estate tax, you in effect will have an aristocracy of wealth, which means you pass down the ability to command the resources of the nation based on heredity rather than merit.”

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The Catholic Conference of Kentucky (CCK) is an agency of the Catholic Bishops of Kentucky, established in 1968. It speaks for the Church in matters of public policy, serves as liaison to government and the legislature, and coordinates communications and activities between the church and secular agencies. There are 406,000 Catholics in the Commonwealth. The Bishops of the four dioceses of KY constitute CCK's Board of Directors.