

## By Rep. Jan Schakowsky

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Erskine Bowles and former Senator Alan Simpson deserve some kind of medal for creating the widely held perception that their plan for reducing the deficit and debt is anything other than a bad proposal.

It has been nearly two years since the commission they chaired, which I served on, finished its work. The duo's proposal has attained almost mythical status in Washington as the epitome of what a "grand bargain" should look like.

But everyone look again. They will discover that it is far less than meets the eye.

Have Simpson-Bowles' champions read it? Given any real scrutiny, this plan falls far short of being a serious, workable or reasonable proposal – from either an economic or political analysis.

In one of its few specific points, for example, Simpson-Bowles mandates a top individual tax rate of 29 percent "or less." Much like the vague Romney proposals, the Simpson-Bowles plan would make up the shortfall by eliminating tax loopholes, suggesting options such as having employees pay taxes on their health benefits. Not only is this likely to increase costs to middle-income families, it could threaten coverage altogether. The proposal for corporate tax reform would eliminate taxes on profits earned overseas, rewarding companies that move jobs offshore.

Somehow, being willing to cut "entitlement" benefits has been called a "badge of courage" for

those who purport to be serious about deficit reduction— despite the fact that Social Security has not contributed one thin dime to the deficit.

Under Simpson-Bowles, long-term solvency for Social Security is achieved mostly by cutting benefits. Seventy-five years out, the ratio of spending cuts to revenue increases is 4 to 1.

They propose raising the age of full Social Security benefits to 69 – claiming that everyone is living longer. But a sizable percentage of Americans, mostly lower-income workers, especially women, are actually living shorter lives, and a large chunk of other Americans just can't work that long – even if they can find a job. Their plan cuts benefits for current and future retirees by reducing the cost-of-living adjustment.

For future retirees, all these changes taken together would reduce the average annual benefit for middle-income workers – those with annual earnings of \$43,000 to \$69,000 – by up to 35 percent.

Simpson-Bowles also targets Medicare and Medicaid – though the real problem is rising healthcare costs across the board. Yet it would cap them at arbitrary rates and simply shift the growing costs to patients, providers and employers. To start, they would ask Medicare beneficiaries – seniors and disabled people – to pay \$110 billion more out of pocket.

“Obamacare” took a different approach, lowering costs without reducing benefits. Medicaid cuts could result in block grants that would threaten care to pregnant women and children and those needing long-term care services.

Bowles and Simpson like to say their plan was designed to protect “the truly disadvantaged.” Really? They put spending caps in place that would force a 14 percent cut in domestic programs by 2013, increasing to a 22 percent cut in 2022. The severity would absolutely require cuts in programs vital to low-income people, including housing, Head Start, nutrition programs and job training.

No doubt some of the principles undergirding the Simpson-Bowles plan are solid. They raise

some revenue as well as make cuts, though they rely much more on the cuts. They put the military budget on the table and make significant cuts there. They focus for the first time on tax expenditures – tax breaks of all sorts. They modestly raise the wage cap for Social Security.

At the end of the day, however, if the only real debate about what do for the economy and how to address our fiscal challenges falls somewhere between the draconian “VoucherCare” Romney-Ryan budget and Simpson-Bowles, the middle class and those who aspire to it are in serious trouble.

It’s time for a robust defense of the social insurance programs that have helped build the middle class and have made America great, as well as a tax structure that asks the wealthiest Americans to pay their fair share.

Simpson-Bowles deserves a lot more scrutiny, and alternative proposals – such as the one I offered the commission and the Progressive Caucus’s “Budget for All” – should get another look.

The good news is that there is a better way.

*PHOTO: Former Senator Alan Simpson directs a response as he and Erskine Bowles testify before the Joint Select Committee on Deficit Reduction during a hearing on Capitol Hill hearing in Washington. REUTERS/Jonathan Ernst*