

[Don't Tell Working Americans to Pick Up the Tab for George Bush's Tax Giveaways and Wall Street Greedheads](#)

John Nichols | November 19, 2010

The co-chairs of the president's Fiscal Commission, Alan Simpson and Erskine Bowles, are both "formers." Simpson's a former senator from Wyoming, Bowles is a former White House chief of staff and frequently failed senate candidate from North Carolina. They don't represent anyone, except perhaps [the Wall Street speculators who would love to get their hands on the Social Security system](#) [1].

In contrast, another commission member, Jan Schakowsky, is a "current." She currently represents a Chicago-area Congressional district, having served since 1999 as a heavy-lifter in the House, with an assignment on the Energy and Commerce Committee and a key leadership role on the Steering and Policy Committee. As an Illinois legislator and member of the US House, she has for the better part of two decades been an engaged player in budget debates, and she continues to make the hard choices in the real-world setting of the Congress as opposed to the theoretical zone where Simpson and Bowles operate. Additionally, Schakowsky's [grassroots experience](#) [2] makes her one of the most uniquely qualified members of the deficit commission, as she served as program director of Illinois Public Action, the state's largest public interest group, and executive director of the Illinois State Council of Senior Citizens.

Schakowsky "gets" that working families did not cause the financial instability of the moment and, unlike Simpson and Bowles, she rejects the notion that working families should bear the overwhelming majority of the burden for putting the nation's fiscal house in order. As such, what Schakowsky has to say is grounded in a lot more reality than what the commission co-chairs have to say.

And what Schakowsky is saying adds a needed dose of realism to the debate about how to balance budgets, reduce debt and grow the economy.

"Lower- and middle-class Americans did not cause the deficit. Just ten years ago the federal budget was generating a surplus as far as the eye could see. That surplus was turned into a deficit due to massive tax cuts—mainly to wealthy Americans; two wars paid for by borrowed money; and a major recession caused by the recklessness of the big Wall Street banks. Over

the last decade the incomes of middle-class Americans have actually shrunk, while those of the wealthiest 2 percent of the population have exploded," argues the Congresswoman.

Schakowsky is blunt about how best to approach the commission's charge.

"The middle class did not benefit from the Republican economic policies that led to the current deficit—they were the victims—they should not be called upon to pick up the tab," says the congresswoman.

As such, Schakowsky rejects the Simpson-Bowles scheme, which would weaken Social Security, Medicare and Medicaid while cutting taxes for multinational corporations. "The president's Fiscal Commission has been given a concrete goal: to achieve primary budget balance in 2015, ensuring that all spending is paid for except for interest on the national debt," she explains. "Last week, co-chairs Erskine Bowles and Alan Simpson laid out their plan, which they presented to the commission and to the public. Their proposal would have serious consequences for lower- and middle-class Americans, and that is why I cannot support it."

But Schakowsky is not just saying "no."

She has an alternative plan to reduce the deficit by \$427 billion over the next five years, far surpassing the target proposed by President Obama, and she would do it with an eye toward protecting the poor and the middle class and strengthening the economy.

"Fixing the federal deficit is not an end in itself. The goal of budget policy should be to assure long-term, widely shared economic growth," explains Schakowsky. "Economic growth is not just good for businesses and families—it will reduce the deficit. Sustained, long-term economic growth requires that we end the trend of concentrating more and more wealth in the hands of the rich and less and less in the hands of a middle class that can then afford to buy the products and services that will sustain economic growth."

Notably, Schakowsky preserves Social Security and other programs that protect and serve working Americans. Instead of undermining the program, she would assure its long-term

solvency by eliminating the wage cap on the employer side and raising it to 90 percent on the employee side, applying FICA to all wage income below the cap, and establishing a modest legacy tax on wealthier Americans.

This is part of [a broader plan from Schakowsky](#) [3], which has five key elements:

1. Increased economic stimulus to spur growth in the immediate term

- Provide \$200 billion to invest over the next two years in measures to create jobs and spur economic growth, including passing the Local Jobs for America Act; and funding for education and law enforcement; Unemployment Insurance, Federal Medical Assistance Percentages (FMAP) and Supplemental Nutrition Assistance Program extensions; and infrastructure.
- Adopt the president's proposals to eliminate overseas tax havens and incentives for outsourcing

2. Smart, targeted spending cuts

- Non-Defense Discretionary—\$7.55 billion in savings through increased efficiency and cuts to programs that benefit large corporations that don't need assistance.
- Defense Discretionary—\$110.7 billion in cuts from the 2015 defense budget, including efficiency savings, reducing our troop levels, cutting weapons systems we don't need and scaling back the wartime increases in the size of the military.

3. Mandatory spending cuts

- Healthcare—at least \$17.2 billion in savings by implementing measures to bring down the

cost of healthcare to the federal government and lower healthcare inflation overall.

- Other—\$7.7 billion in savings by cutting agriculture subsidies in half, and redistributing federal support to offer greater benefits to small family farms and reduce subsidies to large corporate agribusiness.

4. Reductions in tax expenditures

- Raise \$132.2 billion by closing tax subsidies for companies that ship American jobs overseas.

5. Increases in revenues

- Raise \$144.6 billion in revenue through progressive reforms to the estate tax, treating capital gains and dividends as regular income, and enacting a cap-and-trade proposal that includes protections for lower-income people.

- Enact President Obama's budget proposal to let the Bush tax cuts for the top two brackets expire and return to 2009 estate tax levels.

- Nontax revenue—raise \$7 billion by addressing places where the private sector is currently underpaying.

The plan that Schakowsky has produced is not the final word on how progressives ought to approach debates about fiscal policy, debts and deficits. There needs to be more consideration of the role that the trade deficit plays in destabilizing the US economy and the financial health of the federal government, as Ohio Congressman [Marcy Kaptur](#) [4] has noted. There should be consideration of the proposals by Oregon Congressman

[Peter DeFazio](#)

[5]

for taxes on speculation and financial transactions. And there should be new approaches to

how the Federal Reserve manages bank funds, as economist

[Robert Pollin](#)

[6]

has suggested.

But [Schakowsky has provided the essential framework](#) [7] for the coming debate. Progressives can say there is an alternative to austerity—and alternative that balances budgets, reduces debt, serves working families rather than Wall Street CEOs, protects Social Security and expands the economy.

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