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The Hijacked Commission

By PAUL KRUGMAN

Count me among those who always believed that President Obama made a big mistake when he created the National Commission on Fiscal Responsibility and Reform — a supposedly bipartisan panel charged with coming up with solutions to the nation’s long-run fiscal problems. It seemed obvious, as soon as the commission’s membership was announced, that “bipartisanship” would mean what it so often does in Washington: a compromise between the center-right and the hard-right.

My misgivings increased as we got a better feel for the views of the commission’s co-chairmen. It soon became clear that Erskine Bowles, the Democratic co-chairman, had a very Republican-sounding small-government agenda. Meanwhile, Alan Simpson, the Republican co-chairman, revealed the kind of honest broker he is by sending an abusive e-mail to the executive director of the National Older Women’s League in which he described Social Security as being “like a milk cow with 310 million tits.”

We’ve known for a long time, then, that nothing good would come from the commission. But on Wednesday, when the co-chairmen released a PowerPoint outlining their proposal, it was even worse than the cynics expected.

Start with the declaration of “Our Guiding Principles and Values.” Among them is, “Cap revenue at or below 21% of G.D.P.” This is a guiding principle? And why is a commission charged with finding every possible route to a balanced budget setting an upper (but not lower) limit on revenue?

Matters become clearer once you reach the section on tax reform. The goals of reform, as Mr. Bowles and Mr. Simpson see them, are presented in the form of seven bullet points. “Lower Rates” is the first point; “Reduce the Deficit” is the seventh.

So how, exactly, did a deficit-cutting commission become a commission whose first priority is cutting tax rates, with deficit reduction literally at the bottom of the list?

Actually, though, what the co-chairmen are proposing is a mixture of tax cuts and tax increases — tax cuts for the wealthy, tax increases for the middle class. They suggest eliminating tax breaks that, whatever you think of them, matter a lot to middle-class Americans — the deductibility of health benefits and mortgage interest — and using much of the revenue gained thereby, not to reduce the deficit, but to allow sharp reductions in both the top marginal tax rate and in the corporate tax rate.

It will take time to crunch the numbers here, but this proposal clearly represents a major transfer of income upward, from the middle class to a small minority of wealthy Americans. And what does any of this have to do with deficit reduction?

Let’s turn next to Social Security. There were rumors beforehand that the commission would recommend a rise in the retirement age, and sure enough, that’s what Mr. Bowles and Mr. Simpson do. They want the age at which Social Security becomes available to rise along with average life expectancy. Is that reasonable?

The answer is no, for a number of reasons — including the point that working until you’re 69, which may sound doable for people with desk jobs, is a lot harder for the many Americans who still do physical labor.

But beyond that, the proposal seemingly ignores a crucial point: while average life expectancy is indeed rising, it’s doing so mainly for high earners, precisely the people who need Social Security least. Life expectancy in the bottom half of the income distribution has barely inched up over the past three decades. So the Bowles-Simpson proposal is basically saying that janitors should be forced to work longer because these days corporate lawyers live to a ripe old age.

Still, can’t we say that for all its flaws, the Bowles-Simpson proposal is a serious effort to tackle the nation’s long-run fiscal problem? No, we can’t.

It’s true that the PowerPoint contains nice-looking charts showing deficits falling and debt levels stabilizing. But it becomes clear, once you spend a little time trying to figure out what’s going on, that the main driver of those pretty charts is the assumption that the rate of growth in health-care costs will slow dramatically. And how is this to be achieved? By “establishing a process to regularly evaluate cost growth” and taking “additional steps as needed.” What does that mean? I have no idea.

It’s no mystery what has happened on the deficit commission: as so often happens in modern Washington, a process meant to deal with real problems has been hijacked on behalf of an ideological agenda. Under the guise of facing our fiscal problems, Mr. Bowles and Mr. Simpson are trying to smuggle in the same old, same old — tax cuts for the rich and erosion of the social safety net.

Can anything be salvaged from this wreck? I doubt it. The deficit commission should be told to fold its tents and go away.