Cutting Deficit Will Affect States

By Mary Branham

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Former U.S. Sen. Alan Simpson has six good reasons for wanting to see the country address its debt problems.

His co-chair on the National Commission on Fiscal Responsibility and Reform, Erskine Bowles, has eight reasons.

Those reasons would be their grandchildren.

Simpson told Capitol Ideas for its March/April issue that he accepted President Obama's appointment to the commission because something has to be done to contain the nation’s soaring debt level.

“The do-nothing will leave their children and grandchildren picking grit with the chickens in 40 years, 50 years, without question,” Simpson said.

The commission released its recommendations in a report, “Moment of Truth,” in December, 2010, but failed to garner enough votes to take it to Congress for a vote. Simpson is optimistic, though, that some parts of the report may make it into legislation.

Much of the report has raised some controversy. And it wasn’t easy to get the process going, Simpson said. Members of both parties started out by tossing around blame. Simpson, a Republican, and Bowles, a former chief of staff to President Bill Clinton, finally said they didn’t care if anybody signed on to the discussion.

“With our age and life and our reputations, whatever, however ragged and taggerdy, we’re just going to do a plan that is not a bunch of whitewash and a lot of mush, which is what all these things usually are—just mush,” he said.

The resulting report “hit every nerve,” Simpson says. It tackles everything from Social Security to tax credits to defense. And while states provide an example for the federal government—“cut spending,” Simpson said—they also need to recognize the federal government won’t be able to bail them out again.

“They need to know the great milk cow in the sky dropped dead and that it’s over,” Simpson said of states. “If they’re waiting for the next injection of some kind of funding from the feds to get the states propped up. They probably saw the last one go by with the last compromise, which added almost 1 trillion bucks to the deficit without any reduction in spending.”

Simpson said states have been pushed to the wall by promises. “It’s time to stop making promises
you cannot keep,” he said. “It’s time to say, ‘If you want it, you pay for it.’”

One example is the gas tax.

“I’ve heard people shriek and howl. I say, ‘Look pal, there is a federal transportation trust fund for infrastructure, highways and so on. And it’s never properly funded.’ ... Then they go to the federal government to get more,” Simpson said. “We’re saying, ‘Look, you’ve got to stay within your trust fund. The way you do that (is) you get a gas tax. When you get it in there, build it to where it’s supposed to be. But no more playing games dipping into the treasury. That’s over.’”

Simpson said reforming Social Security shouldn’t hurt states.

“One of the provisions was that we say put all federal, state and municipal employees in Social Security after 2020, ... all new hires after 2020,”

he said. “They got out of Social Security because it was so cushy in municipal and state pension systems and now it’s absolutely a mess out there. Bring them in and that will bring additional revenues into the Social Security, stabilize the system and save us. Save us, like all federal activities, of having to bail those people out when they go broke.”

He knows it will be difficult to enact many of the provisions, but Simpson believes the tipping point will come during the debate over increasing the level of the national debt.

“At that point then the moment of truth is very clear: You either do something significant with Medicare, Medicaid, Social Security or defense or just walk out of the room because anybody that tells you (those four can’t be touched) is a phony, a fake, a faker,” He said. “Everybody knows in their gut you can’t get it done unless you touch those four. We’ll see where the heroes are.”

He’s optimistic, though, because many members of the commission are in Congress—“embedded in Congress,” he says—and they heard all the debate.

“They may not have voted for it,” he said, “but they heard all the debate, listened to everything and they know damn well that this is unsustainable, unconscionable and totally predictable.”

Look for your copy of Capitol Ideas in your mailbox soon to read the full Simpson interview.

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