

## Romney's tax plan wouldn't cut the deficit

By Erskine Bowles

Ever since President Obama named my pal Alan Simpson co-chairman of the bipartisan fiscal commission, Al has said, "Erskine does the numbers, and I do the color." We would not have gotten a majority of our commission members to support our panel's recommendations without both the color and the numbers. It is as a numbers guy that I hope we see, this fall, a numbers-based debate on the debt.

As a lifelong Democrat who proudly voted for Obama in 2008, I applauded the president's insistence on a balanced plan to stabilize the debt. I have urged him to go further and embrace more of the recommendations of the national commission he appointed. For example, to be taken seriously, his plan has to do more to slow the growth in health-care costs.

As a businessman with real respect and appreciation for Mitt Romney's business career, I plead, from one numbers guy to another: You must have a balanced plan that reforms the tax code in a progressive, pro-growth manner and produces additional revenue if you are serious about reducing the deficit by at least \$4 trillion without disrupting the country's fragile economic recovery and hurting the disadvantaged. The plan must produce enough capital to invest in education, infrastructure and high-value-added research so that the United States can compete effectively in the knowledge-based global economy.

Obama and Romney recognize that debt reduction starts with reducing long-term spending. As our commission recommended, both candidates have — to an extent — supported policies to limit some tax expenditures, slow the growth of health-care costs and reduce government spending in other areas. Since our report was published in late 2010, the president and Congress have enacted a down payment of more than \$1 trillion in spending cuts over the next decade — and established that defense spending, not just domestic programs, must be cut. Romney has also backed the plan of Rep. Paul Ryan (R-Wis.) to limit entitlement spending.

But real deficit reduction — cutting the deficit by at least \$4 trillion over the next decade to stabilize the debt and get it on a downward path as a percentage of gross domestic product — won't happen without sweeping tax reform. This year, our broken tax code will give away more in loopholes — \$1.3 trillion — than it collects in income taxes. That's nuts, especially when most of the tax code's backdoor spending goes to benefit well-off folks like me.

This month, Romney said that his tax reform proposal is "very similar to the Simpson-Bowles plan." How I wish it were. I will be the first to cheer if Romney decides to embrace our plan. Unfortunately, the

numbers say otherwise: His reform plan leaves too many tax breaks in place and, as a result, does nothing to reduce the debt.

The “zero plan” our commission recommended offered both parties an appealing bargain: lower tax rates for everyone in return for sweeping reduction in tax loopholes of every stripe. Taxpayers and the economy would benefit from a vastly simpler tax code, and getting rid of loopholes would produce more than \$1 trillion of the \$4 trillion needed in deficit reduction. Our commission produced an alternative plan showing how much individual rates would need to go up, and who would have to pay for them, if lawmakers decided to preserve certain tax expenditures.

The most important lesson Al and I learned on the commission is that to fix the debt, everything must be on the table. Americans everywhere have told us that as long as the sacrifice is shared, they are ready to do their part. The surest way to doom deficit reduction is to play favorites by taking things off the table.

So although I give Romney credit for pledging to reform the tax code to reduce loopholes, his current proposal will not take us to the promised land. Our commission’s tax plan broadens the base, simplifies the code, reduces tax expenditures and generates \$1 trillion for deficit reduction while making the tax code more progressive. The Romney plan, by sticking to revenue-neutrality and leaving in place tax breaks, would raise taxes on the middle class and do nothing to shrink the deficit.

Obama hasn’t gone as far in cutting spending, particularly in health care, as is necessary to stabilize the debt at a reasonable level and keep it on a downward path as a percentage of the gross domestic product. But in contrast to Romney, the president — like the “Gang of Six” and other like-minded members of both parties — has embraced the central principle of Simpson-Bowles: that America will turn the corner on its debt only if Republicans and Democrats come together to support a balanced deficit-reduction plan. For the numbers to work, both parties need to put aside partisanship.

Over the next four years, the United States will need to do much more to address its long-term debt than either party has been willing to do. This fall, the American people deserve a serious national debate about our debt, not easy promises. To avoid the most predictable economic crisis in history, we must let the numbers do the talking.

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