

From: Jacobs, Chris (JEC)
Sent: Wednesday, August 29, 2012 9:21 AM
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Subject: Does David Cutler Believe in ANYTHING?

Last Friday the liberal Center for American Progress released a [paper](#) co-authored by Harvard professor David Cutler that amounted to a partisan — and thoroughly un-principled — attack on conservative entitlement reform proposals. When it comes to premium support proposals in Medicare, the CAP paper alleged that traditional, government-run Medicare would be cheaper for senior citizens than a choice of private plans:

Seniors will face higher costs not only because of this cost shift from the government but also because the Romney-Ryan plan increases system-wide costs by promoting ***private insurance that will be more costly than the existing Medicare system.*** The Romney-Ryan plan would cost more than the current Medicare system because, as the Congressional Budget Office has documented, private insurance companies have higher profits and administrative costs than Medicare does, and because the plan would reduce the market share, and therefore the purchasing power, of traditional Medicare... Ample evidence exists that premium support would not foster the type of competition that reduces prices.

There then followed a whole series of calculations showing how much more seniors would be forced to pay because the paper alleges the Romney-Ryan plan will drive them into private, less-efficient health plans. This position would be slightly less disingenuous had not both [CAP](#) and Cutler himself, in a [paper Cutler co-authored](#) earlier this month, taken the exact opposite position and put out similarly detailed projections about how much more seniors would pay — **not because private plans would be less efficient than government-run Medicare, but because they would be more efficient:**

An estimate of what such a bidding system may mean for Medicare beneficiaries, using 2006-2009 data on MA plan bids and traditional Medicare costs, is shown in the **TABLE**. Nationally, in 2009, the benchmark plan under the Ryan-Wyden framework (i.e., the second-lowest plan) bid an average of 9% below traditional Medicare costs (traditional Medicare was equivalent to approximately the tenth-lowest bid). Since traditional Medicare is simply another plan option under the Ryan-Wyden plan, a beneficiary in 2009 would have paid an average of \$64 per month (9% of \$717) in additional premiums to stay in traditional Medicare... ***beneficiaries must pay more for traditional Medicare or join a private plan.***

The rest of the CAP paper really needs no rebuttal — its author's lack of principles discredits it enough on its own. And as we have pointed out before, the [Center for American Progress](#) has done a thorough job disgracing itself by taking wholly illogical and inconsistent positions for no apparent reason other than political gain.

But one fundamental question is why Harvard University allows faculty members like David Cutler to use their institutional affiliation to put out such mutually contradictory and disingenuous work. Universities claim to be bastions of academic freedom. But changing one's position in a matter of weeks, and putting out detailed estimates on both sides of an economic argument, may strike many as a *perversion* of academic freedom — engaging in either rank political opportunism, selling one's "academic" conclusions to the highest bidder, or some combination thereof. In short, academic freedom does not mean the freedom not to have principles — a lesson that Cutler and Harvard apparently need to re-learn.

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