

MARCY WHEELER TEEVEE - JONATHAN GRUBER AND THE CADILLAC PLAN

There has been a fair amount of misinformation and disinformation about what has been said by Marcy Wheeler on this blog about Jonathan Gruber, his modeling work on healthcare and relationship with the Obama Administration. One instance in this regard, quite unfortunately, was notably made by Paul Krugman. Mr. Krugman, who is a solid liberal voice and worthy of respect, nevertheless very unfairly tarred Marcy with complaints he had, or perceived, with others and he owes better.

First off, I would like to point out the matter of Gruber started primarily about the duty and obligation of disclosure, and there *was*, unequivocally, a failure in full disclosure by both Mr. Gruber and the White House, both relying on his work (inferring that it was independent), and simultaneously funding it, whether directly or indirectly. For Mr. Krugman to extrapolate that out to being “just like the right-wingers with their endless supply of fake scandals” was startling and beyond the pale. There was also no foundation for it from Marcy’s words and statements on this blog.

The foregoing is something that I, bmaz, felt compelled to say; if you disagree, then your beef is with me, not Marcy, not Firedoglake, nor anybody else. Now, with that said, I wish to present Marcy Wheeler and let her speak for herself about exactly what the Gruber matter is about, and what it means. The attached video clip is from a MSNBC interview of Marcy conducted by David Shuster Tuesday morning.

It should be noted that Marcy was covering the North American International Auto show in Detroit when MSNBC interviewed her, as David

Shuster notes. What David didn't catch was that, the whole time he was discussing the infamous "Cadillac tax" Mr. Gruber's work is central to, Marcy was standing in front of the Cadillac display. Now *that* is product placement!

Interestingly enough, in discussing the Cadillac tax, Paul Krugman has flat out admitted the claims of insurance premium reductions leading to wage increases are "exaggerated" and that "Cadillac plans aren't really luxurious – they reflect genuinely high costs." Mr. Krugman might want to take a look at the most recent work by Larry Mishel, an economist Mr. Krugman has cited before; in fact the exact economist Paul cited as support for the fact that the wage growth claims were "exaggerated". Mr. Mishel's new article seems to undercut the entire Cadillac tax thesis as to wage movement.

UPDATE: Economist Larry Mishel, who was linked to in the main post and referred to with seeming approval by Paul Krugman as well (link to that also in main post) put the following in a comment to his FDL Seminal Post yesterday:

I do think Gruber's claim about the wage impact of lower health care inflation in the 1990s (and the reverse trends in the 200s) was wrong: The simple tale seemed to support his policy desire to curtail health care costs via the excise tax but digging into the details shows that health care costs have not driven wage trends. This does not mean that lower health care costs might not lead to better wages, just that the scale of the impact won't move wages appreciably.

I may differ with many of you on the site though in that I don't impugn Gruber's motives. I don't think there's much of a scandal regarding his contract with HHS. I think his error in the case I'm criticizing is that he's a health care economist and doesn't know the details about wage trends. I, on the other hand, have been studying wages for

thirty years or more. **Gruber clearly over-reached with the argument about health care driving wage trends and has acknowledged that to me privately (yesterday).**

So, I think he's wrong on this issue and I also disagree with him on the overall merits of the health excise tax. But I think he's a pretty smart, reasonable and straightforward economist. I've had to debate some pretty scummy economists and he's not one of them. (emphasis added)

I agree with Mr. Mishel about the absence of malice by Mr. Gruber. But malice was never ascribed by Marcy Wheeler, she merely pointed out that there was a simple failure to fully disclose potential conflict information, that others had an interest in knowing, and that the assumptions Mr. Gruber's model was based on may not be correct. These points have been borne out by others, indeed effectively by Paul Krugman himself and other experts he relies on. The tarring that occurred from Paul should be retracted.