

## Life in the Land of Latte Leftists

Portland Mayoral Race Reveals Hardened Ideologies Resistant to Real Change

By Jim Pasero

### *Business Hazings*

“It ran as a banner headline in *The Columbian*,” says Neal Arntson, third generation owner of Albina Fuel. “I’m amazed our decision to move was such a big deal.”

Referring to his decision to move his year 102-year-old Portland company to Vancouver, Wash., Arntson just shakes his head about one mid-size regional company’s move generated so much publicity.

Maybe it is only hard to believe that a competitor city would see the transfer of 100 jobs and families as a big deal when you’re viewing it through the lens of Multnomah County culture.

Arntson, who is selling his five-acre parcel on NE 33<sup>rd</sup> and Broadway, the company’s home since 1911, explains the reasons for the move. “Because,” says Arntson, “as I told Jim Francesconi, we move our fuel with 45 percent of the efficiency that we moved it twelve years ago when Vera began.”

Arntson is the first to admit that his company doesn’t need to be in a retail environment and perhaps it is time to move, yet he remains perplexed by a culture within the city he no longer understands. “I love this city,” says Arntson, “but it has just changed.”

Arntson points out a recent “NO TRUCKS” sign that the city posted across from the company’s main driveway. Albina Fuel has already decided to move, yet the city insists on putting the sign up anyway—almost as if to haze the owner about both his departure and his industry.

“Jim Francesconi, told me he’d take it down,” says Arntson, “but it hasn’t been taken down.”

Arntson adds, “Francesconi was the one politician who was concerned about our potential move. What he did was pass me off to somebody else whom he was depending on to do the job at the Portland Development Commission.”

But today the sign remains. Says Arntson, “Francesconi was shocked that the PDC didn’t come back and talk to me.”

That episode says a lot about the city’s stubborn anti-business culture, and the inability, so far, of Jim Francesconi’s mayoral campaign to come to grips with it.

## *Anti-Almost Everything*

When respected pollsters Tim Hibbitts and Adam Davis (Davis, Hibbitts & Midghall, Inc.) are asked what percentage of Multnomah County residents are *anti*—anti-money, anti-cars, anti-free trade, anti-growth, anti-McDonalds, and anti-Starbucks, you get definite but different answers.

“Twenty percent,” says Hibbitts. But, adds Davis, the figure when you count all residents and not just likely voters is closer to forty percent. That’s a big anti-growth number.

For the last three years the Portland area, and especially Multnomah County, have stubbornly clung to the highest unemployment number in the country. And according to Francesconi, the city’s business income tax revenue is down \$12 million, or about 20 percent. Last year the County also adopted the only county personal income tax west of the Mississippi.

Just how far can the city fall economically?

Tim Hibbitts marvels at the change in Multnomah County’s politics in the last generation. Says Hibbitts, “Thirty years ago Portland was a muscular democratic blue collar city, now it’s a latte leftist town.”

Hibbitts remembers a time when moderate Republicans such as the west side’s Mary Rieke got elected to the state house from Multnomah County, but he adds that that was quite a while ago. “In 1972 Richard Nixon got more votes in Multnomah County than he did in Coos County,” says Hibbitts.

But times have changed. The blue collar Democrat city is no more. Instead, says Hibbitts, “Portland-Seattle-San Francisco form a unique group of American cities, a troika.”

And the politics is decidedly left. “San Francisco is further to the left than Portland, but the difference is slight,” says Hibbitts. “It’s like saying I’m 5’ 10” and you’re 5’ 9”.”

Portland, however, doesn’t possess the physical and financial advantages of San Francisco—Portland is not a world city.

San Francisco proper is home to eleven, *eleven*, Fortune 500 companies. They are: McKesson, Wells Fargo, The GAP, PG & E, Charles Schwab, Levi-Strauss, URS, Williams-Sonoma, ABM Industries, Del Monte Foods, and Building Material Holding.

Portland has none.

Stretch the San Francisco boundary to include the surrounding metro area and the number of Fortune 500s rapidly swells. Stretch the boundary around Oregon’s largest city and the number of Fortune 500s grows by ... one.

### *Tracing Political Fault Lines*

Hibbitts breaks the county down ideologically along these lines: “Twenty percent conservative, 20 percent moderate, 40 percent liberal, and 20 percent ultra-liberal. And the leftists drive the climate, the agenda.”

Hibbitts also doesn't see the 20 percent who are conservative as being a particularly effective group, probably because they are so badly outnumbered.

This is bad news for what is left of the city's business community, who heavily supported Commissioner Jim Francesconi's mayoral bid. Francesconi is a candidate who describes himself as a traditional “Robert Kennedy” Democrat, and who looks to big-city mayors Martin O'Malley of Baltimore and Shirley Franklin of Atlanta as role models. Francesconi might have been a perfect fit for the city a generation ago, but last month he ran second to the more liberal, activist, former city police chief Tom Potter. The two will face each other in a runoff in November, with Potter having emerged from the May primary as the solid favorite.

Potter, who was endorsed by city commissioner Erik Sten, was described by *Willamette Week* two weeks before the election in their campaign endorsement:

*He has visited Dignity Village and says it's the first example he's seen of the homeless taking responsibility for themselves. He calls the terrorist threat to Portland's reservoirs nonsense and is more than willing to consider public power, which federal government statistics show is cheaper than the juice supplied by investor-owned utilities. The father of an openly gay police officer, Potter is an advocate for same-sex marriage and, in a face-to-face exchange at City Club this spring, challenged Gov. Ted Kulongoski for his squishiness on the issue.*

Hibbitts describes the electorate in Multnomah County this May as “grumpy.” He believes the issue that hurt Commissioner Francesconi last month was not support from the business community but that “Jim Francesconi was the functional equivalent of an incumbent, and his campaign allowed him to be the incumbent.”

So voters remain in a grumpy mood, especially because of the city's dismal economy, an economy worse than in Oregon's rural areas, which is a phenomenon that Marty Brantley, Director for the Oregon Economic & Community Development Department, says “hasn't happened historically.”

But then why would the more liberal Tom Potter, whose physical bearing and politics puts a face on the anti-globalization mob, run ahead of the more moderate Jim Francesconi?

Why would the city choose more of the same failed ideology?

Hibbitts thinks he knows the answer and he's found it three hours north in Seattle.

The pollster believes that the hardest thing for a block of voters to do is to "challenge their own assumptions," question their own ideology, no matter how much the city might be failing. "Seattle threw out three commissioners last year, but voted in three of the same ideology," Hibbitts says.

In these very liberal cities on the west coast, San Francisco, Seattle and Portland, Hibbitts asserts that when voters are grumpy they don't question the ideology but instead "say the leaders are not running the city effectively, or that they (the leaders) are getting bogged down in idiotic things, but they don't question the ideology."

And how does Hibbitts describe Oregon's one-ideology city? "Brain dead," says Hibbitts.

"Portland is an intellectually boring city. We have no intellectual debate here, just different shades of liberalism. I haven't seen any indication that a significant number of Portlanders think there is something wrong with this ideology. They want to blame it on the individual, see the mayor as the scapegoat."

Seeing Mayor Katz as the scapegoat might explain her nine percent approval rate.

### *The New Refugees*

Ralph Shaw, chairman of the governor's council on economic advisors, remembers why and how he moved his office out of downtown Portland last year. Shaw's story might be anecdotal, but it is, as Hibbitts would describe, a result of the city's governing ideology—an ideology people don't want to question.

Shaw, a successful venture capitalist and one of the early investors in Costco (29<sup>th</sup> on the Fortune 500 list), for 11 years rented 5,500 square feet of office on the 400 block of Sixth in downtown. Sixth Avenue is one of two streets in the city's heart that are home to the bus mall, a bus mall which over the years has destroyed retail sales on those blocks. Shaw was almost doing the city a favor by renting half a floor in an office building that now stands about half empty. He describes his departure.

"Our accountant prepares the tax forms and checks to pay expenses and gives them to me to sign. One of the checks was for the city's business tax, and I said to our accountant, 'This is higher than I remember in past years.' She said the tax had been increased and the increase was applied retroactively to 18 months. And I said, 'I don't remember voting on that.' She said, 'you didn't.' I thought to myself, why did they change it to 18 months? The next time it could be five years. I thought, I better get out of here. I can't take the risk that a retroactive tax will put me out of business. I'm moving to Washington County."

And so he did. "I save 40 percent in moving, just by not paying the tax alone," says Shaw. A saving he applies to his rent.

Francesconi admits that voting to make the city's Business Income Tax increase retroactive was one of the worst votes he ever made. Why? "Because it changes the rules. It's one thing to impose increases for the schools," says Francesconi. "It is another to change the rules."

While Shaw doesn't see Francesconi as exactly a *business* candidate, he does support him for mayor. Shaw says, "He's at least willing to open his mind, to try to understand what is necessary to make the city work."

Marty Brantley sees the mayoral race as a hugely important election. There is, says Brantley, "a whole economic tone that a new administration might set. Many people in the business community feel they are not consulted. Perhaps not appreciated. And I think a new administration would immediately try to establish a rapport, and Jim is the best candidate to do that."

Governor Kulongoski, according to Brantley, is very close to Francesconi and has already attended meetings with the commissioner and Freightliner executives to discuss an expansion on Swan Island for Freightliner. As for Francesconi not being an especially strong business advocate in the past, Brantley says, "It is true that Jim Francesconi hasn't been a business commissioner, but in Multnomah County if you said there's a business commissioner, that would be like being endorsed by the Communist Party."

As for Tom Potter? "Potter doesn't have the dimensions to be mayor," says Brantley succinctly.

If it seems unusual that the governor's office would intervene so directly in the mayor's race, it shows the importance Oregon leaders attach to reviving Multnomah County's economic health.

Tim Boyle, President and CEO of Columbia Sportswear, and a past recipient of some of the county's ideological hijinks, understands why a functioning Multnomah County is so important to the governor's office. "The state is hobbled by having its largest metro area being weak, and not being able to attract new companies. The state (the Governor) can say come to our most popular place, but ... you will get no advantages," says Boyle. "Instead you will almost be shunned."

Boyle takes on directly the quality of life issue that is so heavily promoted by Portland's large anti-growth element.

"Portland has an extremely popular image," says Boyle, "Recently we interviewed for a Sr. Human Resource Manager, and the woman we hired was from New Jersey. She came because the job was in Portland. 'Portland has a tremendous image' she told us."

Boyle says, “It is the combination of the work of McCall and Goldschmidt that made Portland what it is today, but none of the popularity is due to the current administration.” He is talking about the 12 years that Vera Katz has been the mayor.

### *A Legacy of Economic Lethargy*

“Vera, whatever you want to say about her,” says Neal Arntson, “has been a forceful leader.”

It isn't a stretch to make the argument that other than Washington governor, Gary Locke, no politician in the Northwest has been as powerful in the last decade as Portland's Mayor Katz. She has driven a very strong ideological agenda, an agenda that has been supported according to Adam Davis and Tim Hibbitts by a greater number of transplants that have moved here attracted to its liberalism, as well as by a number of “homegrown” followers.

But to homegrown international business leaders such as Tim Boyle the agenda in its practical form makes little sense.

“If you list the priorities of the last administration,” says Boyle, “they are 1) The street car – that's a plus 2) purchasing PGE...but if you can't send out a water bill how are you going to run a utility? 3) covering a freeway 4) moving a freeway, and 5) baseball.”

And Boyle asks, “How do any of these priorities attract people, or make us a better place?”

Albina Fuel's Arntson would add light rail to Boyle's list of questionable priorities. “Light Rail accommodates about five percent of the population—more likely three percent. In that respect it is for the city a distorted agenda ... that is, if government is really run by the majority with rights for the minority.”

Commissioner Francesconi is hearing the complaints not just from business leaders but also from people in the neighborhoods, the silent majority types, not the ultra liberals activists that Hibbitts explain drive the agenda. Says the mayoral candidate, “Young people, 25 to 35 years old that moved here, they want jobs, many of them are underemployed, that is what I'm hearing ... that there is a lot of insecurity on the economic question, and Portlanders don't like reading that we are perceived as not friendly to business, so they want that healed.”

But do Portlanders really want that image healed? Ed Grosswiler, Francesconi's campaign consultant, believes that in the May primary where the turnout was in the low-40s, activists, no-growthers, tended to dominate (which may explain why Potter, with his \$25 dollar contribution limit, ran ahead of the well-funded Francesconi). In the general election in November, where the turnout should be in the mid-70s, the face of the electorate might be more different, more economically sane.

### *Defining “Small Business”*

Still, Hibbitts isn't so certain. He keeps seeing the movement of Portland to a politics closely resembling San Francisco, and in Portland's case that means being against globalization, against large business, and friendly only to small businesses, using the term “small business” almost as code words against growth.

Talking "small business" is the right thing for no-growthers to do, agrees Adam Davis.

“Large businesses or corporations generally have the lowest image rating—in Portland or anywhere else in Oregon or Washington—that we've seen in years,” says Adams. “Small business on the other hand is perceived to be among the biggest positive contributors to community quality of life. But, it is a very heterogeneous institution. Yes, you have the neighborhood book stores, coffee shops, natural food outlets, and the fashion boutiques, but there are other businesses in Portland like software development, food supply, and specialized equipment manufacturers who also are ‘small business’ and who tell us that they have much at stake internationally. So, there are other small businesses besides the essential oil and fragrance stores and the organic coffee shops. Furthermore those businesses on Weidler, Hawthorne, and 23rd depend on customers who work at the Intels and Nikes of the world.”

Small business is great—loved by all. But sometimes, even for those ideologically frozen in their tracks, business reality takes over. Sometimes homegrown small businesses turn into big businesses, international businesses, global businesses. The ice cream shop becomes Ben & Jerry's, the corner bar becomes a McMenemy's chain. This year, the little company that started in St. Johns, Ore. in 1937, Columbia Sportswear, will go over a billion in annual sales.

“Globalization is our whole business,” says Tim Boyle, in response and contrast to the anti-growth direction Multnomah County has been moving. “There ought to be room for everybody ... but anti-globalization can't be supported by logic. When you look at it from a historical perspective, people in villages sometimes built walls around them, but with the Internet you're just as connected physically with somebody living in Beijing as anywhere else. It's the future and it is nutty to try and fight that.”

Carl Davis, Columbia Sportswear's general counsel, who also represented Nike for 17 years as their lobbyist to the federal government, may be the region's leading expert on free trade. He is mystified about how few people understand the direct benefits of free trade. He tells an anecdote from a few years past.

“I remember the manager of the Hilton Hotel at a roundtable discussion saying we have 75 companies in Oregon that depend on international trade. I remember thinking that the manager of a hotel who gets a lot of international guests believes there are 75 companies

in Oregon that depend on trade. No, we had 8,000 companies at the time.

“People don’t understand what globalization is,” says Davis. “In my career I’ve seen country after country become democratic societies because of trade. I was with Nike for 17 years and I watched Japan change, and I went into China when people were still wearing Chairman Mao suits.”

Today more than a third of Columbia Sportswear’s product is distributed in China. “It is our number two market behind Russia,” says Boyle, “and the growth potential is staggering.”

Another market where the company’s products are taking off is Eastern Europe, which says Boyle is a region that used to have a philosophy against business.

Columbia Sportswear now manufactures products in Africa, in Madagascar and South Africa. And Boyle is clear on his view of the jobs created by the Oregon company. “We don’t want to tell those people, get lost, because Multnomah County won’t buy anything from you ... so just go back to the Stone Age.”

### ***An Economic Future at Risk***

But whether Multnomah County moves economically forward or backward is a question that will be settled by voters in November’s election.

Candidate Francesconi remembers the issues that forced him to get off the utopian-driven, city council agenda. “It was over issues such as Dignity Village, skateboarding in the city, and the lack of focus on jobs,” says the commissioner.

But can the candidate who finished a disappointing second in the primary resurrect his campaign and get voters to take a second look at critical future decisions they, the voters, are about to make?

Again, Tim Hibbitts isn’t sure. He sees voters having a strong preference to shuffle the deck with new faces but keep the same agenda, the status quo. And it is Tom Potter, endorsed by well-worn political names such as Erik Sten, Maria Rojo DeSteffey, Bev Stein, Bud Clark, and Gretchen Kafoury, who really represents the same old, same old Portland.

Still, voters’ unwillingness to internalize real change combined with their dissatisfaction and distrust of incumbents may be bad news for Francesconi unless he can demonstrate that although voters may be familiar with his face, it is he, not Potter, who represents a shift from the incumbent status quo.

If he is going to be effective, says Tim Boyle, “he’s got to have a much clearer message, a much simpler one.”