

Editorial: The Truth Hurts

May, 2003

The truth is that there are Oregonians from Coos Bay to Pendleton, from Astoria to French Glen, and as close as Milwaukie or Beaverton who would love to witness the spectacle of haughty Portland taxing itself into anti-business oblivion. And come May 20, if voters say yes to Measure 26-48, the Multnomah County 1.25 percent income tax, these other Oregonians may get their spectacle. A tax increase in this difficult recession could be just enough to drive away just enough businesses, and discourage just enough new businesses to spell out-and-out disaster for Portland and Multnomah County for years to come. Their national reputation for being anti-business, anti-capitalist, liberal zanies is already legendary. More than one local businessman has reported back from East Coast travels that Portland is repeatedly the butt of jokes about economic incompetence.

Portland liberals, and the New York-owned newspaper that urges them on, seem to be genetically incapable of understanding basic economics—that is, that the reduction in income tax revenue, which has brought reduced school and city budgets, is a result of a reduction in income. Get it? People and businesses in Portland have less income. Who are the geniuses that think you solve this by taking away more income? Even a Portland fifth grader could logically deduce a better solution: increase income by increasing business opportunities and jobs in Multnomah County.

Instead the city and the county are engaged in a divisive discussion about reforming business taxes without really reducing them. Tax cuts (and staff cuts) apparently are not a part of the liberal lexicon. The Portland planning department proposes an expanded budget. Message to businesses: expect expanded rules and regulations.

Add to this the public employee unions' bitter approach to PERS reform—threats of lawsuits over any and every real change—and the Portland Public School District's unwillingness to give up a nickel of their bloated health care benefits...

Well, small wonder the rest of the state stands apart, waiting for economic implosion. Drive to downtown Portland and witness a city coming undone. For lease signs everywhere, fewer shoppers and business workers, more street people, more homeless, more demonstrators, and miscellaneous lost souls and vagrants. Most important, a mood of depression. Here's why. Because the party line from the big (out-of-town owned) utilities, from the big (out-of-town owned) banks, and other big firms is to say yes to Measure 26-48, tax yourselves more, vote for less future income, for a less optimistic future.

These business leaders know that they should be pushing hard for lower taxes to create more jobs, more business growth. The downtown crowd intuitively understands that supporting this short-term fix could spell long-term doom. That's why the mood is

gloomy. But the truth is that highly placed elected officials have made these businesses offers they can't refuse—like support this measure, or else. And if Portland isn't really your home base, why worry about its long-term health? A “we support the children” public image is better for the bottom line at this moment.

And so it goes. Everyone's in favor of this measure. Businesses that have been threatened/extorted into it, rural Oregonians who want to see Portland implode, misguided liberals who don't understand economics—why just about everyone is watching this election.

If the only eyes turned to watch this exercise in self-destruction were the eyes of the state, then Portland-bashing would be a more popular spectator sport. But the truth hurts. And the truth is that the next Intel, the next Hyundai, the next Lufthansa might be watching from across the Pacific, the Atlantic, or from anywhere in the world. To these international businesses Portland symbolizes all of Oregon. Unfortunately, whether it's politics or economics, business or culture—as Portland goes, so goes Oregon. At least for the time being. And these international or national businesses will not enter an environment that increases taxes and refuses to promote business income, especially during a recession.

Better schools, quality of life? Nonsense—this self-taught myth long ago outlived its pretentious public relations usefulness. Save it for the travel-tourism ad campaign. Businesses don't base their bottom line success on advertising slogans, not even when “it's for the children.” They'll find better schools, quality of life, and lower taxes somewhere else. They can and they will.

Much as we'd like to say vote yes on Measure 26-48, so we could join the other disaster spectators, we can't be so irresponsible about the immediate, and deeply serious financial crisis that all Oregon faces. Like so many Oregonians, roughly the half living outside of Portland and Eugene, we would, with some enthusiasm, watch the central-planning, liberal utopian regime in Portland and Multnomah County blast itself into anti-business oblivion with passage of this measure. But the truth is that the rest of the state needs Portland.

We need the city and the county to grow up, face reality, and vote NO on Measure 26-48. We need the city and the county to say YES to economic growth, yes to jobs, yes to a future of healthy business development, yes to growth in private income.

Will the voters say NO on Measure 26-48? Will they choose painful cuts now for long-term growth later? Probably not. Like we said, the truth hurts.