

## **Their Cold, Dead Hands**

Editorial

September 2003

When you're home to the worst economy in the nation and your region has become a mecca for East Coast city planners, the omnipresent hipster/biker set, health care workers, inherited money types from California and just about all other non-revenue, low velocity-of-money classes, you're tempted to yell B-E-T-R-A-Y-A-L at the governor and the legislature for ending the '03 legislative session by raising income taxes.

Blood boiling? Yes.

Here's why the blood *should* boil.

First of all, the '03 session began on a "no new taxes" note when in January Oregon voters defeated Measure 28, a three-year income tax hike, 54 to 46 percent. So if the voters sent the clearest of all no-new-taxes messages to start the session, how could the same session end with the legislature adopting basically the same measure that the voters rejected? Is this arrogance on the part of the legislators, or just a complete lack of imagination? Before, answering the question, time to pass out some grades for the session.

Governor Ted Kulongoski: D. *Oregonian* political columnist Dave Reinhard got it right when he wrote that the governor spent the session creating the impression that he was a fiscal conservative. Reinhard quotes Gov. Kulongoski: "I do not define leadership by raising taxes. I do not ... think it's good public policy ... I think what we have to do ... is prepare a budget based on the revenues we have and prioritize our spending."

Here's why the governor gets a D, and why he deserved worse. If the governor had served as a backstop against raising taxes, his quiet, low-key, non-bully pulpit approach to the governor's office might make sense. But for the governor to quietly mislead businesses and voters about his real intentions is at least accidentally duplicitous.

Can't believe we're writing these words, but, say what you will about John Kitzhaber--at least you knew his ideology.

Republican Senators Jackie Winters, Dave Nelson, Ben Westlund, Frank Morse, and Charles Starr: F. A special demerit goes to Albany's Frank Morse. Morse, who led a very successful business in the Willamette Valley, was the kind of local business leader other business leaders hope would enter politics but always believe they are too busy being successful to find the time. People with Morse's background usually only leave their businesses and enter politics during times of economic distress. They are supposed to bring some wisdom and some "plain old-fashioned" small business common sense to the job. Afraid not.

Reps. Karen Minnis and Randy Miller: A-. They fought as hard as they could, but they had weak troops.

Sens. Kate Brown and Peter Courtney: A. They got what they wanted. Higher taxes and more spending.

That's where B-E-T-R-A-Y-A-L takes you--bitter, personal invectives. But it's not entirely accurate to take dead aim at just the governor and legislature. (Keep in mind these tax raisers are not bad people, just bad public servants.) There's a longer view, and in that long view the governor and the '03 legislature are caught in the midst of historical forces they do not understand and cannot control. Pity them. They're blind.

In June we chronicled the end of 25 years of Oregon being ruled by the government/planning class. In Oregon, professional public unions have complete control over all three branches of government--executive, legislative and the judicial. Why is their tenure at an end? Because the state cannot function as is--we're broke. Professional public unions have inculcated into state budgets government growth that is over ten percent per annum. This is the heart of the breakdown. Legislators, governors, all seem powerless to roll back these union-orchestrated, non-negotiable budget increases. They are incessant; they are selfish; they will destroy the state.

Meanwhile, the economy grows at less than two percent. Do the math. During the Gold Rush high-tech 90s when the economy was growing at 4 percent government was growing at roughly 12 percent. The discrepancy then was a future train wreck. Now, in the flat growth era of '03, the discrepancy approaches meltdown. Government institutions (the Oregon '03 legislature for example) are unable to react to the crisis. In the grip of public unions they cannot divest themselves (cut budgets); they can only posture and find scapegoats. They are useless. But the correction, despite the efforts of government leaders to block it, is coming. Like a train wreck, it's coming. Through their living room, it's coming. And change is a powerful phenomenon to behold. And impossible to predict how and when.

To all of you pundits, government officials, elite planners and media mavens (rulers of Oregon) who write the nonsense blather about education and school years, and who continue to blather that George Bush's tax cuts must be returned to Oregonians in the form of higher state and local taxes, hear this now and direct. Oregon cannot/will not function well again until the state's budgets are freed from the vise grip of the public unions and the government class. Denying this simple logic makes the problem worse.

Comedian Dennis Miller made great fun of the NRA's ad campaign that said, you'll only get my gun from me when you "pry it away from my cold, dead hands."

"Well, okay," Miller would say, mocking the NRA.

That's the same way power will have to be taken from Oregon's union class--pried from their "cold, dead hands." But, again, how and when does a generational correction happen?

In '00 Bill Sizemore tried to do it with seven simultaneous ballot measures, most aimed at the heart of the public unions. Sizemore was attempting a one-man *coup d'etat* against the unions that run the state. The attempt was clumsy, too soon, too leaderless, and too crude. But it was a beginning.

In California, a state that while ten times the size of Oregon, suffers from similar problems as Oregon (where Gray Davis plays the part of Ted Kulongoski, but with more passive-aggressive flourish), the correction has come in the radical attempt to recall the second governor in the nation's history, Gov. Davis. At the end of the day, California's recall will not be about personalities or even about Davis's leadership, it will be a hard-boiled, cold-blooded attempt to wrest power away from California's unions so that the state can function again.

Will it work? Is the beginning of the correction now? Is it the birth of a new generation's politics. We don't know.

But here's what we do know. Revenue-producing businesses are leaving the state. Revenue-producing new businesses are deciding against locating in Oregon. Yet there is no amount of spending, school spending or any other kind of government spending, that is "enough" for the public unions.

We know this. Spending cannot continue to grow while revenues remain flat. The lottery is not a bottomless pit. Bonded debt eventually must be repaid.

We know that voters in Oregon *should*, and in all likelihood will, defeat the legislature's tax increase in a February referral. Businesses and workers will demand it. We know too that the legislature will be back in some some kind of special "crisis session" soon in an attempt to solve the ongoing (and predictable) shortfalls.

Most of all, we know that Oregon politics is in a state of suspension--at least for a month -- ready for an October 7<sup>th</sup> vote. Because on that day, if Davis and the unions are defeated, that correction is going to land in Oregon like a tidal wave. Those in charge, of course, will have never seen it coming.