

## EDITORIAL

### Grease Stains

Seven years ago Bob Praegitzer, founder and owner of Praegitzer Industries in Dallas, Oregon, which sold in '99 to Tyco Electronics for \$72 million, was asked his thoughts about the state of the state. "You know 50 years from now Russia will be like us," said Praegitzer, "and we will be like Russia."

A man with a ninth-grade education who built an international electronic printed circuit board company headquartered in Dallas, Ore. with annual sales of \$250 million ought to know something about cycles.

So, seven years into Praegitzer's prediction, how is Russia doing?

Writes Amity Shlaes, columnist for London's *Financial Times*, about Russia: "Under the presidency of Vladimir Putin its economy has expanded by more than five percent a year... Just as communist Russia once pursued top-down growth with zeal, Russia's free marketeers are enthusiastically seeking to establish the small-government conditions for growth from the bottom up.

"Recently Mr. Putin ordered Russian government offices and ministries to reduce staff by 20 per cent. He has reduced the number of ministries by a third. Oil money has helped the budget, but so have policy changes: a radical flat tax of 13 per cent reduced tax evasion and increased revenues."

Shlaes paraphrases the attitude of Putin's economic advisor, Andrei Illarionov, toward growth: "There is almost no instance when a government should put a grand international cause before domestic growth, he contends. Indeed the country that ceases to view itself as "developing" and instead views itself as comfortably "developed" sets in train the mechanism of its own decline."

And how is America doing seven years into Praegitzer's prediction? How is Oregon doing?

In his provocative new book, "Hard America, Soft America – Competition vs. Coddling and the Battle for the Nation's Future," Michael Barone discusses our two societies and the direction we're headed. "Soft America: our schools, seeking to instill self-esteem, ban tag and dodgeball, and promote just about anyone who shows up. Hard America plays for keeps: the private sector fires people when profits fall and the military trains under live fire."

Barone ends his argument acknowledging the benefits that "Soft America" brings to our culture but adds this admonition: "There will naturally be differences about how much of American life should be Hard and how much Soft—something reasonable Americans will argue about forever. But as we consider these arguments I think we have to keep this in mind: Soft America lives off the productivity, creativity, and competence of Hard

America, and we have the luxury of keeping parts of our society Soft, only if we keep enough of it Hard.”

Two years ago in “The City That Shrinks” *BrainstormNW*, April ‘02, John Bradley, the owner of R & H Construction in Portland, described the frustration Oregon’s business leaders have felt as government and civic leaders push our region into the outer reaches of Soft America (and consequently the worst economy in the country). Said Bradley at the time: “I would just hope our city of Portland could get back to basics and just ask themselves, ‘How do we help businesses succeed and how do we help schools succeed?’ If you’ve got healthy businesses, lots of jobs and good schools, then let’s work on a lot of these other fun things. But we’ve got to get the basics done right before moving on to a litany of other wonderful causes. When the basics aren’t working it’s hard to make all the great causes work too.”

Bradley’s ideas reinforce Barone’s and they are even more applicable today than two years ago.

In Portland, Ore., the epicenter of Soft America, life is all about parks and fish and dog parks and endangered critters and open space parks and clean air and parks and children and other pretty recreational stuff. It’s seldom about jobs, work, labor, trucks, dirt, farming, mining or fishing or any other sweat or grime-producing activities.

Those who believe earnestly in Soft America distrust Mr. Illarionov’s view that “progress leads to environmental protections, but only when the nation puts private sector growth first.”

Those who believe earnestly in Soft America also believe that government creates jobs and that both the mayor and the governor should pick economic ‘losers’ and ‘winners,’ (OHSU, Professional Baseball, etc.). Businesses, already struggling in Oregon’s non-competitive climate, have had little choice but to struggle all the harder to partner with government on its many insider monopoly deals. Examples abound of the much-vaunted private/public partnerships: light rail, the Pearl District, North Macadam. Around the state in smaller communities the same story unfolds. But don’t be fooled—private business partners with the public sector by necessity not choice. And some simply walk away, leave the state.

The balance of power is against private business in Oregon and those forced to play along simply cut the best deal they can. And who better to grease those skids than Neil Goldschmidt, the consummate dealmaker, the miracle worker, the magic man. Perhaps the state’s softness explains why in the largest metropolitan community there would be so much anguish about the fall of Goldschmidt. Goldschmidt, after all, had not held elected office in Oregon for 14 years and was, to be precise, a high-priced influence peddler.

In Oregon business circles, especially Portland, it was often said, “Neil was one person who could at least get something done.” But that thinking—that a political influence peddler or that government can create jobs—is as false an illusion as was Goldschmidt’s

sterling reputation. So much of what has transpired in so-called “progressive” Oregon politics in the last few years has been closer to the central planning and failed utopian illusions of the pre-perestroika Soviet Union.

Too bad, because the future, if faced directly, could be so exciting. And grease stains are so hard to remove.