

EDITORIAL

The Dismal Science Gets Hot

As the saying goes in academia: The fights are so fierce because the stakes are so low. You should keep that in mind when reading the following.

A year ago, *BrainstormNW* began conversations with key members of the Governor's Council of Economic Advisors. These members shared a desire for broader economic policy discussions, something more than the obligatory meeting with the state economist to review what were often dry revenue forecasts. Hearing this, the editors of *BNW* invited select members of the Council to participate in a year-end economic review published in December 2006. Participating members included Chairman Ralph Shaw, Phil Romero and Bill Conerly. Eric Fruits of EcoNorthwest sat in for Randall Pozdena. Joe Cortright was invited but could not attend.

Upon publication, the response from our readers was tremendous. In an effort to build on that conversation about international economics and Oregon's competitive position, *BNW* editors decided to invite all members of the Council for the 2007 mid-year economic review. Now, this was not done in perfect order. There are 13 members of the Council and the odds of conducting an interesting roundtable discussion with all members participating seemed daunting. Nevertheless, *BNW* invited all members of the Council, with the exception of Portland lawyer James Hendry, whom the Governor only recently appointed to the position. Of the 12 invited, seven participated and five declined due to scheduling conflicts. Two members of the council were only given a couple of days notice — a mistake by *BNW*. Also, in an attempt to be inclusive, two of the members who were unable to participate were offered the chance to review the transcript and add their comments before publication. Deadline constraints prohibited following through on that offer. *BNW*, as confirmed by the recorded tapes of the session, *never offered to let those who participated review their comments* prior to publication. As in the autumn session, Pozdena asked that his associate Fruits attend in his place.

The roundtable discussion was held May 10 in the offices of *BNW*. Edited segments of the conversation were published in our June issue. Needless to say, the entire two-and-a-half-hour session could not be printed. Sensitive to the fact that the earlier discussion had included only free-market friendly members of the council, great care was taken during the editing process to include positive, substantive statements from the new invitees. During second and third rounds of editing, quotes were carefully chosen that best captured the general sentiments of each member. The article went to press only when copy editors, all of whom listened to the entire transcript, agreed that the published comments accurately and positively represented the overall comments of the members. Two accurate, but potentially damaging comments — inside financial information and a conversation about biased remarks made by a local reporter — were removed from the discussion.

Once again, response from our readers about the economists' candid comments about Oregon's competitiveness was tremendous. One reader, former Gov. Vic Atiyeh,

reminded the editors of *BNW* that it was under his tenure that the Governor's Council began. What emerges from the transcript of the lengthy conversation is that, intellectually speaking, the five free-market friendly economists clearly routed the statist economists who attended the session — probably one of the reasons that our readers were so enthusiastic about the dialogue.

Council member Tom Potiowsky, the former state economist and now a professor at PSU, mostly listened through the session, adding few substantive comments, and instead mostly summarized what the free market economists discussed. Later, Potiowsky, unable or unwilling to intellectually engage at the time, would add his critical two cents in an email to council members. The email, which eventually was sent directly to us, reads as follows:

As to the article in BrainstormNW magazine, it was the most embarrassing interview I ever attended. I went with the naive idea that we would discuss the main drivers facing the economy and prospects for the future. I had the impression that all Council members were invited. Eric Fruits was standing in for Randy but in the end, Randy participated. Jim Pasero, editor, said we would see draft copy before print – never happened. And as moderator of the interview, Pasero set the agenda with leads offs like (paraphrasing): discuss how Portland chases businesses out of downtown. We who did not go along with bashing politicians had very little space in the article, cutting out any positive things we said about the state of the economy. I know Phil that Passero(sic) is a personal friend, but his brand of journalism is light years below that of Larry Flint. I went into the interview in good faith and came out associated with trash journalism. I am ashamed that people reading this article believe it reflects the consensus of the Governor's Council of Economic Advisors. I was not going to write a rebuttal to this article, hoping the piece of crab (sic) it was would cause it to die on its own. But I am willing to do so now if this blemishes the Council's work and in turn gives less credence to the forecast out of OEA.

Only in Oregon could conversations about land-use laws and the state's lack of venture capital be compared to pornography. So much for economics being the dismal science.

After Potiowsky shared this delicately worded email with council members and *BNW* editors, one council member let it be known that Potiowsky is seeking state funding for a center at PSU to review economic best practices for the use of government dollars. And according to this source, someone associated with the Governor's office called Potiowsky and suggested that if he's trying to get funding for his PSU center, he shouldn't participate in press interviews that are critical of the governor's economic leadership.

Stepping back from the dispute and looking at the bigger picture, what emerges is this: Those members of the Governor's Council who are private sector economists are very critical of Oregon's competitive position in the global economy. Their critique is strikingly similar to the Oregon Community Foundation/*BrainstormNW* document, "A Declaration for Oregon's Future: Surviving & Thriving in the Global Economy," which was signed by 37 of Oregon's most prominent CEOs and published in *BNW* September 2006. However, those economists on the council who are on the government payroll are

not critical of Oregon's competitive position. Some might even call them apologists. Big surprise.

But by far the most disturbing aspect of Potiowsky's email — aside from his inability to intellectually engage in economic issues, demonstrated both during the May meeting and in his name-calling letter — is political arrogance. Those who believe in a one-party state in Oregon are easily encouraged by our political culture to indulge in the ugly, heavy handedness of one-party rule. Why fight the issues at face value? Why debate the economics when you can bash the messenger? Why debate at all?

If the leaders of Oregon are unable to have an open, candid discussion about land-use laws and shovel-ready industrial sites — well, it doesn't exactly portend for a promising Oregon future. If the political, economic and cultural leaders of Oregon are unable to have open, candid debate about critical topics without fear of reprisals and defamation, then the state cannot thrive. As for the government funding Tom Potiowsky's center at PSU, our advice would be to say no. But, to borrow from the wisdom of the former state economist, what the "crab" do we know?