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Editor's Cut



True Populism

posted by **KATRINA VANDEN HEUVEL** on 01/29/2010 @ 09:01am

A very sweet victory in Oregon this week, where voters passed two ballot initiatives to raise taxes on **the wealthiest 3 percent** of its residents--individuals earning over \$125,000 and couples exceeding \$250,000 annually--and also on businesses which have until now enjoyed "**one of the lowest corporate tax rates in the nation.**"

The \$1 billion in increased revenues will go towards public education and social services, averting significant cuts which would have been made worse by the loss of approximately \$250 million in matching funds from the federal government.

Charles Sheketoff, executive director of the **Oregon Center for Public Policy** (OCP), told the *New York Times* this was a victory for "**true populism**" and that conservatives and tea partiers had "tried to hijack the term."

Indeed, this victory was won through the hard organizing work of teachers and public employees unions, and the crafting of a smart tax proposal. The campaign wasn't about class warfare, or **taking on the banks** as evil beasts (though there's nothing wrong with that!), it was about progressive taxation, an art form in economic policy that has somehow been lost over these many decades. It's worth remembering that under President Eisenhower the top marginal tax rate was over 90 percent.

The Oregon campaign was based on the notion of shared prosperity and common sense--that people who are more affluent can pay a little more for services that they too benefit from--especially in these tough times. To take a line from President Obama's State of the Union address, "Let's try common sense. A novel concept."

Steve Robinson, senior policy analyst at OCP, honed in on the broad appeal of the campaign.

"The lesson here is if you want funding to keep schools open, care for seniors, and other vital services, ask who is in the best position to help with that project?" Robinson told me. "People who are doing just fine, making over a quarter-million dollars a year even in the recession. The state is just taxing 1.8 percent of whatever is earned over that threshold. Oregonians also said that isn't appropriate for corporations to pay just \$10 a year in income taxes. We need to look at who can afford to help in difficult times."

Doug Hall, Director of the **Economic Analysis and Research Network** at EPI, spoke of another key reason to celebrate this victory.

"This was achieved through ballot measures," he said. "The people had an opportunity to weigh the relative merits of draconian budget cuts versus strategic revenue increases, and they have decided to support the revenue increases. I think that sends a powerful message to the rest of the country and it's a message that we hope other states hear as well. Pretty much all states are struggling with significant revenue shortfalls. And enacting high-end income tax increases is actually the *least* harmful way to close those revenue gaps."

Hall said budget cuts "not only hurt vulnerable populations" but it's like "slitting their own throat in terms of the state economy's ability to recover," since states aren't permitted to run deficits in order to grow the economy.

Oregon got it right with its appeal to common sense and fairness, and crafting a progressive tax policy. **29 states** have now passed tax and fee increases totaling \$24 billion this fiscal year, up from \$1.5 billion a year earlier. " Here's hoping this latest victory is a sign of more budget sanity to come.

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