Measures 66, 67 averted deeper cuts in state

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Policymakers across the nation and the Obama administration are rightly looking at Oregon Measures 66 and 67 as a guide for how to deal with revenue shortfalls that threaten deeper cuts to education, health and human services and public safety — contrary to the unsupported and misguided claims in the Statesman Journal's Oct. 5 editorial.

The measures — which modestly raised taxes on those best able to afford the increases, wealthy households and corporations — have done their job. They've raised hundreds of millions in revenue that has averted even deeper cuts to public services that Oregonians rely upon each day.

Sadly, the Statesman Journal editorial set up a straw man argument, bemoaning that Oregon faces the risk another recession. But no proponent of the measures ever claimed, nor could they, that the measures would prevent further economic troubles.

The fact is that Oregon's economy represents only about 1 percent of the nation's economy. If the ocean liner that is the national and international economy sinks into recession, Oregon goes down with it — tax measures or no tax measures.

It is also a fact that the last quarterly economic report showed that following the enactment of the tax measures, Oregon's economic performance has been stellar relative to the rest of the nation. According to the September 2011 Oregon Economic and Revenue Forecast, Oregon's economy "turned strongly positive" this year. Our state's economic growth of 4.2 percent from the second quarter of 2010 to the second quarter of 2011 bested all Western states and was fourth-highest in the nation.

That's not a claim that the measures caused the relatively strong performance; more data and analysis would be needed to make that determination. But the fact is that Oregon's economy outperformed most other states'. The Statesman Journal ignored that inconvenient fact.

It is also a fact that no one has yet to find a business in the state that left or closed because of Measures 66 and 67. The Statesman Journal obfuscated that reality when it editorialized obliquely that "[n]either has there been a mass exodus of Oregon corporations." The straight truth: Businesses have stayed put, moved here and expanded.

The bottom line is that the nation would be better off if the states — nearly all of which have or are facing revenue shortfalls — had followed Oregon's example, because state budget cuts sap the economy. Economic activity declines when states cancel contracts with private sector vendors, lay off workers and lower state worker pay directly or through furloughs.

The job market suffers when the states resort to cutting. From August 2008 to July 2011, state and local governments had eliminated 577,000 jobs — not counting private sector jobs affected by the state cuts.

Finally, contrary to the Statesman Journal's claims, poll after poll shows that the vast majority of Oregonians and Americans support raising taxes on the wealthy and corporations as part of balanced approaches to fiscal problems.

Measures 66 and 67 were smart policy and politics. They are a guide for the nation.

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