On the social crisis in Oregon—and the political malaise in the US

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In 2002, the Pacific Northwest state of Oregon emerged in the regional and national media as the embodiment of a deepening economic and social crisis in the US. This was because, according to official figures, it had the highest unemployment rate and the highest level of hunger of any of the 50 states.

Earlier this month, more than 1,000 representatives from the state's ruling elite—business owners, politicians at the local, state and federal level, and others—convened in Portland for an invitation-only event billed as "Leadership Summit 2003."

Participants celebrated the "progress" made since a similar event held a year ago, according to the *Oregonian*, the state's largest newspaper. In just one sign of the disconnect between those who gathered to slap backs and read white papers and the realities faced by most of the state's population, Governor Ted Kulongoski, a Democrat, offered this remark to his audience:

"Today, we can look in the rearview mirror and see the hard times fading behind us and then look ahead to much better times not far down the road."

In fact, the view afforded in Oregon's rearview mirror is very much connected with what is visible "down the road," and neither inspires confidence. Such remarks only serve to highlight the gaping divide that separates the ruling class and Oregon's working class.

The state of Oregon, situated on the West Coast of the US between Washington to the north and California to the south, is home to 3.4 million people, 11.6 percent of whom lived in poverty during 1999, according to US Census figures.

A major report released in October 2002 by the Oregon Center for Public Policy (OCPP), a non-profit group, provides a clearer picture of how the working class and middle class fared during the "boom" of the 1990s, the first half of which saw the state's high-tech industry expand dramatically.

"Despite broad gains during the late 1990s, the benefits of Oregon's expansion were distributed very unequally," the report's introduction states. "Earnings, wages and income all grew in the late 1990s, but the distribution of gains was highly unequal. The adjusted gross income of the richest 1 percent of Oregonians grew 98 percent between 1989 and 2000, while the typical Oregonian's income rose just 9 percent. By the late 1990s, Oregon had one of the most unequal distributions of income in the country."

Oregon is highly dependent upon agriculture, which has been subject to falling commodity prices in the face of globalized competition and is heavily reliant on poorly paid workers, many of whom are undocumented Hispanic residents.

As the OCPP notes in a report released last Labor Day, Oregon's economic trends are "largely determined" by the national economy. Some 45,000 jobs in the state have been lost since the start of the last recession, and 6,300 more have been lost since the national recession was declared to be over.

If one looks back farther than Kulongoski's rearview mirror, it is clear that these job losses cannot be dismissed as a product of the latest recession. An analysis of private sector job data maintained by the Oregon Employment Department shows that a dramatic transformation of the state's economy has occurred over the last quarter century, as higher-paying, "family-wage" jobs have been gradually replaced by lower-paying jobs in the service sector.

Statistics show that in 1976, manufacturing jobs—which typically offer some of the best paychecks for workers—accounted for 29 percent of the more than 670,300 jobs that were available at the time. By contrast, jobs in the service sector comprised only 20 percent.

Twenty-five years later, the ratio of these two job categories had flip-flopped. In 2000, manufacturing jobs accounted for 18 percent of Oregon's private sector employment—a decline of 11 percent. Service jobs, as a segment of the state's job pool, accounted for 32 percent—an increase of 11 percent.

This transformation of Oregon's economic landscape has been accompanied by—and is an organic part of—the shift of wealth from the working masses to the economic elite. No better example of the corporate criminality involved in this process is the case of Enron, the Texas-based energy trading firm that filed for bankruptcy two years ago.

Enron bought Portland General Electric (PGE), a privately owned utility that serves several of Oregon's most populous counties in the northern Willamette Valley, in 1997. In the weeks following Enron's spectacular fall, the *Oregonian* published an opinion piece by Pravin Jain, who had worked as the director of international business development for Portland-based Enron Broadband. To those who asked how he felt about working there upon Enron's arrival in Oregon, Jain says he replied this way:

"I saw in Enron an opportunity to see Adam Smith's capitalism play itself out in probably its purest form. As compared to the other US companies where I had worked, Enron did not even make the pretense of trying to integrate the gentler social values with the ruthless ways of capitalism."

Barely four years after stepping onto Oregon's economic stage, Enron's collapse exacted the following price: $100 million from PGE employees' 401k plans and $80 million from the state's battered Public Employees Retirement System. Portland officials investigating the possibility of buying PGE from Enron told another city newspaper, the *Portland Tribune*, that the corporation never paid state income taxes.

In regard to this latter offense, it is crucial to note that as grotesque and criminal as Enron was, it was not some exceptional case of "pure" capitalism amid a host of companies embracing "gentler social values." According to an article published May 25, 2003 in the *Oregonian*, 65 percent of the state's corporations paid no income taxes in 2000. Instead, they wrote $10 checks, which is the minimum required on zero liability.

The same article cited a study by the Oregon Office of Economic Analysis showing that corporate tax payments for the two-year budget period that ended June 30, 2003 dropped to their lowest level in a decade.

Corporate taxes as a percentage of the state's general fund revenue shrank to 4 percent in 2001-2003, from 7 percent in 1999-2001. According to the newspaper: "At no time since record-keeping began in the late 1970s has the corporate contribution to the state budget been so low."

With the resulting decline in tax revenue for schools and public services, it hardly comes as a shock that reactionary elements within the state's political structure—ranging from right-wing lawmakers to sham "grassroots" groups like the corporate-funded political action committee Citizens for a Sound Economy—have seized the opportunity to further dismantle public services and educational programs, ostensibly in the name of making government more "efficient."

As tax shortfalls in the billions continued to materialize during the last two years, the population was treated to the spectacle of the Oregon legislature, which, thanks to term limits that have since been declared unconstitutional, largely comprises inexperienced lawmakers, as it veered between ineptitude and political reaction.

A series of special legislative sessions called by former Governor John Kitzhaber in 2002 finally resulted in a $313 million tax referendum being sent to voters, who rejected it in January of 2003, forcing deep cuts in schools and other programs in the 2001-2003 budget.

This year, the legislature balanced a new $11.5 million budget, using a temporary $800 million income tax surcharge to help overcome the shortfall. Already, the fate of the surcharge is unclear. Citizens for a Sound Economy, using paid petitioners, collected enough signatures to put the tax up for a referendum vote in February. If the referendum sponsors succeed and the tax is voted down, the following cuts in the state budget would become automatic, according to a tally by the Associated Press:

* $285 million for public schools, $7.5 million for universities and $6.8 million in aid to community colleges;
* $154 million for health programs, including the Oregon Health Plan, the state's public health insurance program for poor people;
* $12.8 million in services for senior citizens and the disabled;
* $12 million for family welfare services;
* $10 million for court-appointed lawyers for the poor;
* $13 million for the state court system.

It is increasingly difficult to ignore the human casualties of this economic and social crisis. During the early 1990s, then-Governor Barbara Roberts, an ineffectual Democrat, was widely criticized for her public remark that innocent people would "die in the streets" as a result of a property tax revolt led by several middle-class Republican businessmen.

Oregon's property tax rebellion of the 1990s, which shifted a greater portion of tax burden from corporations to ordinary citizens, is now bearing the bitter fruit of which Roberts spoke. As social services dry up, people are dying.

Here are three stories, taken from local press reports.

In February, shortly after Oregon's voters had rejected the tax increase referred by lawmakers, a 22-year-old woman named Farrah Russell suffering from schizophrenia received a letter from the state. "The program which allows you to get a cash payment and medical card each month is ending ... (the) state no longer has the funding to provide this program."

Russell had just moved out of her parents' home into her own apartment, which is where she committed suicide one day after receiving a 72-hour eviction notice. She killed herself by swallowing a 30-day supply of anti-psychotic pills.

That same month, a 60-year-old bipolar disorder patient, Douglas Bean, broke down after the relatively inexpensive community-based mental health services that allowed him to live in his own apartment, at a cost to the state of about $2,000 annually, were discontinued. Bean was first treated in an emergency room, and then spent a week in a psychiatric unit, racking up $7,000 in medical bills.

In March, a 36-year-old disabled Portland man named Douglas K. Schmidt suffered a massive seizure after losing his state pharmaceutical benefit, which he used for anti-seizure medication. He slipped into a coma, where he remained until late November, when a court-appointed guardian authorized doctors to remove Schmidt from the ventilator. The bills for the nearly nine months of medical care he required since collapsing March 1 came to about $1 million. The anti-seizure drug Lamictal, one of two state-funded medications that Schmidt could no longer obtain, cost $13 per day.

One can only wonder: in a state with more than 500,000 citizens who have no health insurance—15 percent of the population—what tragedy will occur next?

Oregon has long regarded by comfortable layers of the middle class and bourgeois image-makers as an oasis where "things look different" from other, "troubled" regions, but it is hardly immune from the horrors of school shootings and mass killings. Since a troubled 15-year-old boy in the working class community of Springfield (about two hours south of Portland) killed his parents in 1998 and then opened fire in his high school, killing two students and wounding 22 others, Oregon has had not one, but *three* such extraordinary crimes within a period of one year.

Late in December 2001, the bodies of three small children, ages two, three and four4, and their 35-year-old mother were found in the shallows of two inlets on the Oregon coast. The husband and father, Christian Longo, was found guilty of the murders and is currently awaiting execution at a state prison in Salem.

Barely two months later, a 37-year-old man, Robert Bryant, killed his three children with a shotgun while they slept, murdered his wife, and then shot himself to death in a small community southwest of Portland. In December of that year, the bodies of three children and their pregnant mother were found dumped in the Tillamook Forest in Northwestern Oregon. The father, Edward Morris, has been indicted by a grand jury in the killings and is awaiting trial.

According to press accounts, all three men had skirted with financial ruin in the months before the killings.

More could be said about such crimes—much more, at any rate, than the helpless banalities served up by Oregon's timid press. After Longo was captured hiding in Mexico, the *Oregonian*'s editorial writers sadly shook their heads and declared that "it's impossible to imagine any explanation" for such a horrific offense, and then called for the death penalty.

Impossible? Impossible to even *consider* the possibility that such crimes might be a symptom of a malaise bound up with the larger social and economic order? An order in which some 600,000 adults in Oregon live above the poverty line, but are considered among the "working poor," and in which nearly 321,000 children—one in three young Oregonians—live in or near poverty?

Such a statement, coupled with Governor Kulongoski's farewell to the "hard times" fading in his rearview mirror, epitomizes a social layer that is unable, or perhaps unwilling, to grasp and subject to serious analysis the roots of Oregon's crisis—roots that are decaying but are nonetheless deeply imbedded in an economic order that benefits the few at the expense of the working class and the poor.