Oregon faces deep cuts in schools, health and safety

Noah Page
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Schools, health services and public safety agencies in the state of Oregon are bracing for more than half-a-billion dollars in budget cuts as the result of a successful campaign by the right-wing group Citizens for a Sound Economy (CSE) to rip off the band-aid that a bipartisan coalition of elected lawmakers applied to the state's hemorrhaging finances during the 2003 legislative session.

Measure 30 was a referral by CSE of the legislature's approval last summer of a temporary $800 million income tax surcharge and various other fee increases to help overcome a shortfall in the state's $11.5 billion budget.

Following a round of cuts in schools and other programs in the 2001-2003 budget, legislators responded to declining tax revenues resulting from the sluggish economy by approving the tax increases. It featured the $800 million surcharge as its centerpiece and enacted other changes to the tax code designed to boost revenue for public services.

The measure asked voters whether they wanted to approve or reject the legislature's budget-balancing package. By a margin of 59 to 41 percent, they rejected it.

The measure's defeat triggers automatic cuts, including $285 million from K-12 public schools, $7.5 million from universities and $6.8 million from state community colleges; $154 million from health services, including a health insurance program for some 50,000 working-class men and women who cannot afford health insurance; $12.8 million from services for seniors and the disabled; $12 million from family welfare services; $10 million from court-appointed lawyers for the poor; and $13 million from the state court system.

In no way can the vote in Oregon be construed as the product of a "grassroots" effort, as it was portrayed by CSE or by such talk radio hosts as Lars Larson, whose Portland-based, statewide broadcast subjects listeners to a four-hour cacophony of reactionary diatribes against government workers, public schools, taxes and the homeless every weekday afternoon.

As with similar developments elsewhere, such as California governor Arnold Schwarzenegger's move to gut public services in his own state, the vote in Oregon must be regarded in a broader context, one that includes an understanding of capitalism's trajectory during the postwar years and the political and social conditions it produced.

CSE, a Washington, D.C.-based corporate front group founded by David and Charles Koch of Koch Industries, is a product of those conditions. Only by examining the forces that gave rise to it and looking closer—which is to say, in sharp contrast to Oregon's media, looking *at all*—at the social layers served by CSE, can this "anti-tax" campaign be understood. [See accompanying article]

CSE is a relatively new player in Oregon. The group claims some 12,000 members in the state, which is home to 3.4 million people. Nearly 12 percent live in poverty.

The Oregon CSE chapter moved relatively quickly to fill the void left by another right-wing group, Oregon Taxpayers United (OTU), headed by a failed businessman and Republican, Bill Sizemore.

Sizemore came to power in the early 1990s, riding the wave of an anti-tax measure that effectively shifted a greater share of the property tax burden from corporations to individual homeowners—the very people he purported to represent.

During an unsuccessful gubernatorial campaign in the 1998 Republican primary, the OTU leader's opportunistic character was brought into sharper focus when an investigation by the *Oregonian* newspaper revealed his failures and ethical lapses as a small business owner. In 2003, two public employee unions sued Sizemore for $2.5 million after earlier convictions for fraud and racketeering against his political organizations—related to an anti-union ballot measure. He continues to fight the lawsuit in appeals.

From the beginning, CSE's campaign in Oregon relied on corporate money, sophisticated political tools brought in from outside the state, secrecy, and distortions.

To collect some 118,000 signatures from the state's "grassroots" to qualify the referendum for the ballot, CSE hired the Sacramento, California-based firm, Arno Political Consultants, whose past clients include several Republican presidential tickets, various right-wing political causes, and Fortune 500 companies—Wal-Mart, Mobil Oil, Occidental Petroleum and Philip Morris among them. The group's web site declares that "we've helped corporations and associations defend their economic interests."

CSE's Oregon director, Russ Walker, and other Measure 30 opponents frequently gushed about how quickly they were able to collect signatures. To be sure, the speed with which Arno's employees and CSE volunteers persuaded people to sign petitions can be attributed, in part, to the economic insecurity that is pervasive in Oregon, no less so among the working class.

Between CSE's cynical exploitation of these fears—blaming the very real deterioration of conditions among the working class and middle class on nothing more than "the government"—and its extensive reliance on foot soldiers drawn from the state's ultra-conservative Republican Party central committees, the Christian right, and the Libertarian and Constitution parties, the speed and efficiency with which it collected the necessary petition signatures hardly comes as a surprise. In fact, it would have been surprising if they *hadn't* got the measure on the ballot.

CSE's campaign relied on a good measure of stealth politics and distortions. Little is known, for example, about Walker or the group's corporate origins. In the Oct. 19 issue of the*Oregonian*, a photo caption of Walker notes that "he wants to keep the group's profile low during its campaign to put a referendum on the ballot."

In that regard, CSE was successful. The *Oregonian* never went further than informing readers occasionally that CSE was based in Washington, D.C. In the four months preceding the election, the phrase "Koch Industries" never appeared anywhere in the newspaper's coverage of Measure 30.

CSE's campaign against Measure 30 was built on a foundation of lies and distortions intended to frighten and deceive the public. Although it is not possible here to conduct a thorough review of every claim the group made about this enormously complicated tax package, it is useful to examine a few that were subjected to analysis by the Oregon Center for Public Policy (OCPP), a non-profit research group.

Late in the campaign, CSE published a report on its web site entitled "Oregon's Tax Hike: Unnecessary and a Bad Idea," providing talking points for the state's right-wing mouthpieces. The OCPP responded in a January 14 report written by Chuck Sheketoff.

CSE's claims included:

"Everyone in Oregon will pay for the $1.1 billion tax hike—which comes to $825 per household," and "The government can balance the budget without raising taxes. Eliminating the 5,000 vacant positions in state government would free $322 million in unobligated reserves."

The actual facts, as Sheketoff outlined in his report, which this writer confirmed independently, were that the average Oregonian would have paid about $81 annually in additional taxes. CSE basically divided the three-year revenue package by the number of all Oregon households and then disingenuously suggested that an Oregonian's tax bill under Measure 30 would amount to "$825 per household."

The issue of employee vacancies, meanwhile, was addressed by a veteran Republican member of the Oregon House of Representatives, Speaker Pro Tem Lane Shetterly. In a piece published in the*Oregonian*, Shetterly wrote: "In fact, the Legislature eliminated more than 1,000 vacant positions during the 2003 session, and the savings are in the budget. There are not thousands more than can be eliminated now."

It hardly comes as a surprise that CSE's campaign relied, in part, on lies and a blatant disregard of objective fact. This fundamentally reactionary attitude found possibly its highest expression in an off-the-cuff remark by the national organization's chairman, former Texas representative Dick Armey, a particularly belligerent and reactionary gasbag. Campaigning in Oregon last fall for Measure 30's defeat, Armey—fresh off the plane from Texas—assured the public that CSE's campaign was not being directed from outside the state. When asked to comment on Oregon's near-legendary budget problems, Armey replied, "I don't need to know that."

Armey was roundly criticized by the state's media for the remark, but in fact, the comment has an element of harsh truth: well-paid lobbyists and right-wing hacks who do corporate America's legwork in the trenches literally *don't* "need" to know anything about the conditions faced by the working class, by underpaid and overworked teachers, by the unemployed or by people who rely on public health services. Their agenda is to produce conditions that maximize profit—not to worry or even think much about those left behind.

None of this should imply, however, that Measure 30 was the expression of an enlightened and progressive state legislature that set out to tip the state's tax scales in overwhelming favor of the poor and working class. The coalition supporting the measure, including the Democratic governor Ted Kulongoski and the state's trade union bureaucracy, were unable to offer any serious alternative to the right-wing camp's demagogic claims that it was defending the interests of "ordinary taxpayers." Democrats and Republicans alike reject any policies that would force corporations and the wealthy elite to pay for the crisis.

As in other states, corporations in Oregon make extensive use of loopholes to get out of paying taxes. In 2000, for example, 65 percent of the state's corporations paid no income taxes. Instead, more than 23,000 businesses wrote $10 checks, the minimum required on zero liability. A recent report by the Oregon Office of Economic Analysis showed that corporate tax collections for the two-year budget period ending June 30, 2003, dropped to their lowest levels in a decade.

Measure 30, had it passed, would have rectified this inequity only slightly. The minimum corporate income tax would have been raised to a range of $250 to $500 for some companies, and to a range of $250 to $5,000 for others.