...Ballot Measures

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ready face term limits — they're called elections: Voters can and do decide not to return incumbents to office. This measure would take away voters right to send back popular lawmakers.

Measure 46 would amend the Oregon Constitution to allow laws that limit or prohibit political campaign contributions or expenditures. Opponents say this would permit limitations on free speech — the Oregon Supreme Court has ruled that under Oregon Constitution, campaign contributions are protected free speech.

Measure 47 would prohibit corporations and labor unions from contributing to state and local candidates, political committees or political parties, or making independent expenditures supporting or opposing candidates or political parties. It would also set up detailed limitations on individual political contributions in state and local races. Opponents say that it will tie the hands of membership groups like unions, while provisions limiting the ability of rich individuals to fund their own campaigns would be overturned in court.

Measure 48 — Of all the items for voters to decide in the general election, the one that has the greatest potential to choke off state spending — on schools, public safety and whatever else the state spends money on — is Measure 48.

Measure 48, a constitutional amendment, sounds simple and reasonable: It limits increases in state spending to population growth, plus inflation.

But state needs don't always rise according to such neat formulas. When investigations determined that many Oregon bridges had serious need of repair, it was not a project that could wait. When a recession threw record numbers of Oregonians out of work beginning 2001, the Legislature was able to respond to the crisis by extending unemployment benefits. Thanks to voter-approved mandatory minimum sentences, the prison population is growing faster than the population overall. Thanks to the postwar baby boom and the miracle of modern medicine, the senior population is growing faster than the population overall. Prisoners and seniors are more expensive than the population at large in terms of state services. All these kinds of expenditures come out of the state budget and would be restrained by Measure 48 limits.

And Measure 48 could have a couple of perverse effects that aren't obvious. One is the ratchet effect. During recessions, government revenue tends to fall. If Measure 48 were in place, and a decline in revenues led to spending cuts during a recession, future increases would then be based on that lower level of spending — basically, state government could never catch up to the level of services it provided prior to the recession-caused budget cuts. This ratchet effect would tighten the state's belt every time tax revenue falls.

Then there's the fact that not all state spending is equal. Some, such as making good on past pension obligations or paying interest on past bonds — is required by law. Some spending is attached to specific revenue, like gas tax and road maintenance. But for the purposes of the Measure 48 spending limitation, these would be in the same boat as discretionary K-12 budgets, or money spent to generate federal matching funds. Putting the squeeze on state spending could mean walking away from federal matching funds.

Perhaps most importantly, there's a tricky little economic factor that the logic of Measure 48 ignores. Oregon's state budget — and government budgets generally, have always grown faster than population and inflation.

How can that be? While it's true that governments have grown as society has become more complex (Oregonians had no need of traffic courts or electrician licensing in 1890), it's also true that overall per-person productivity and prosperity grow faster than inflation. Government can stay the same size, as a share of economic output, and yet grow faster than population and inflation — because the economy is becoming more productive.

And it turns out that Oregon already has a state government spending limit that takes such economic growth into account. A state law limits spending from the state's general fund to 8 percent of total personal income. The law excludes bond proceeds, federal funds and trust obligations from the limits.

Aggregate personal income is regarded as the best overall measure of a state's economy. Under Oregon's existing spending limit, state government can grow, but it can't grow as a percentage of the overall economy.

Measure 48, on the other hand, would freeze Oregon's government at 2006 levels, making it unable to meet the needs of a 2016 citizenry or make use of the potential prosperity of a 2026 economy.

In the 1990s, personal income grew 6.5 percent a year on average, while population plus inflation was 4.7 percent a year. Extrapolate that out over a decade or two, and you'd see government shrink in size relative to the private sector. This kind of nitty-gritty gets to why labor and business groups are opposed to Measure 48.

If it passes, bond rating agencies have announced that Oregon's credit rating would fall, meaning more tax dollars would go to pay higher interest rates.

In short, Measure 48 would be an experiment. In fact, it's an experiment being waged in several states, by a New York real estate millionaire with ties to a network of right-wing anti-government groups. Howard Rich's riches paid for petitioners to gather signatures to qualify Measure 48 for the ballot.

If it passes, the Legislature will be unable to amend it, because it's a change to the Oregon Constitution. Under Measure 48, the state could exceed the limits on a one-time basis but only if two-thirds of both chambers of the Legislature agree, and a majority of voters approve the exception.