



Letter To The Editor

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Editor, PO Box 3137, Portland, OR 97208

Gas Prices And The Minimum Wage: Just The Facts, Please

BY RICHARD E. SINCERE, JR.
Dragnet's Joe Friday used to say, "Just the facts, ma'am, just the facts."

Regrettably, the facts seem to be the items most forgotten in two current debates in Washington. On both the proposed minimum wage rise and the current price of gasoline, politicians try to elbow each other out of the spotlight, jabbering and posturing while conveniently ignoring the facts. After all, facts have a nasty tendency to obstruct political gains. And on this score, Republicans and Democrats are equally guilty.

Let's look first at the minimum wage. It is hard to find an economist who disagrees that then the government raises the minimum wage, some jobs are lost. In the 1930s, when the first minimum wage law took effect

(in this case, among forestry workers in the Carolinas), over 3,000 workers immediately lost their jobs. The historical experience has been the same ever since. Every time the minimum wage raises, thousands of Americans either lose their jobs entirely or see their hours cut back, their fringe benefits canceled, or - in the most dire situations - their businesses closed.

This adverse effect of the minimum wage has its most palpable, lasting effect among young black men in the nation's inner cities. The problem is not so much the workers who are fired, but those who are not hired in the first place. The bottom line is: Businesses faced with an artificial rise in costs will cut back in whatever way they see fit. Since in this case labor costs are artificially increased, labor is the logical thing to

cut. As a result, businesses decide not to hire that high school student saving money for college.

They choose not to hire the young man trying to emerge from the drug culture. They don't hire the teenage mother who wants to make a life for herself and her child.

Who suffers? Not the labor union members whose leaders are the most vociferous proponents of higher minimum wage. Those who suffer are the young people who need that vital first job if they are ever going to advance in business and in their communities. These are the people who will not learn basic skills, will not acquire important work habits, will not make the connections with employers and co-workers that we all need for success.

The fact is, fewer than 3 percent of minimum-wage workers are the sole

or primary wage-earner in a family. The fact is, 60 percent of minimum-wage workers earn more than the minimum after nine months on the job. The fact is, as the New York Times put it in an editorial nine years ago, the best minimum wage is "\$0.00."

Let's look at that other headline-grabbing "crisis": the sudden rise in gasoline price. As a result of the rise in gas prices at the pump in recent weeks, politicians are demanding all sorts of government action. Some makes sense - such as cutting federal gasoline taxes. Some have dubious usefulness, but can't hurt - such as the President's decision to sell 12 million barrels of oil from the federal strategic oil reserve. And some are downright harmful such as the calls by congressional Democrats to investigate the nation's oil companies

for "price fixing" and "collusion."

There is no collusion, no price fixing. The price rise is the result of natural market movements. The United States had an unusually cold - and long - winter. (Did you notice that Wisconsin and Michigan had more than a foot of snow on the last day of April?) Consequently, crude oil was refined into heating oil, which was in high demand. This caused a temporary shortage in gasoline. Moreover, oil companies had been anticipating the end of the Iraqi oil embargo. Once that happens, newly available Iraqi oil will cause sharp price declines, so stored supplies have been allowed to deplete.

The fact is, in real terms - that is, in numbers adjusted for inflation - gasoline is cheaper today than at any time in the past 36 years! In 1960, the price of a gallon of gasoline (in 1987

dollars) was about \$1.20. Today, that same gallon costs about 95 cents.

The fact is, in comparison to other countries, gasoline is less expensive here than anywhere else. One reason: gas taxes in the United States are substantially lower than those in Europe. Today, a gallon in the United States costs \$1.04 plus 38 cents in taxes. In Britain, the same gallon costs 68 cents before taxes, \$3.03 after the taxes are added. In France, 87 cents before taxes, \$3.99 after.

We shouldn't jump to conclusions so easily. It is frustrating to see politicians ignore the facts on these key issues - workers' wages and gasoline pump prices - just so they can grab the headlines. Let's take a deep breath and consider the facts before we expand government power.

Support the Oregon Health Plan

The tobacco industry is at it again. They want it both ways. The industry is complaining about being treated unfairly. At the same time, they're criticizing those who want to see the Oregon Health Plan remain healthy.

Supporters of the Oregon Health Plan are gathering signatures for a ballot measure that will authorize a 30-cent-a-pack increase on cigarettes, and a 35 to 65 percent increase on the wholesale price of other tobacco products. The \$75 million dollars raised will support the plan, providing basic health insurance to Oregonians who earn too much to qualify for Medicaid and provide money for tobacco use prevention efforts, especially among young people.

More than 130,000 Oregonians are enrolled in the Oregon Health Plan. Already, emergency room visits (often the last resort of the poor when it comes to health care) are down, and the number of people who depend on welfare to get medical benefits has also decreased.

The proposed tobacco tax would allow another 130,000 people to become eligible for basic health services.

Yet, the tobacco industry says it is patently unfair to single them out and make them pay for a health care program. Such claims are ridiculous and simply the latest attempt by the tobacco industry to deceive the public.

Let's talk about fairness. The tobacco industry's products cause a

disproportionate share of health costs. Every day, our organizations see the damage caused by tobacco -- heart attacks, strokes, emphysema and lung cancer, among other illnesses. With that product record, it's unrealistic to claim that the tobacco industry is being asked to pay more for more than its fair share of health care costs.

1993 statistics on the estimated economic cost of tobacco to Oregon paint a painful picture of the true impact of tobacco products. The tobacco industry has for years denied that cigarettes are addictive.

It's time for the tobacco industry to take responsibility by paying for part of the health care costs created by its products.

In addition, money from the tobacco tax will be used to discourage

more people, especially children, from tobacco addiction and tobacco-caused disease.

Will an increase in tobacco taxes mean a decrease in smokers? Yes. Will this ultimately mean less tobacco tax money for the Oregon Health Plan? Perhaps. But if fewer people smoke, there should be a corresponding reduction in health care needs and costs. That's a win-win situation.

The Tobacco Tax will bring health care to more Oregonians and keep more children from smoking. This is one tax we can all live with.

We urge Oregonians to vote yes. *Shane McDermott, American Lung Association; Richard North, American Cancer Society; John Chism, American Heart Association.*

Against Measure #26-39

I am writing this letter to encourage your readers not to support Measure #26-39, the term limits initiative. It is a defective measure that could only bring harm to Portland. If it were to pass, Portland government would undergo the most traumatic change in 83 years. It would reduce commissioner terms to two years and impose a six-year limit.

Twice the elections means doubling of expenditures for candidates.

Lonsdale A Better Choice For The Coming Election

Consumers voting in the May Democratic primary should know there are MAJOR differences between Harry Lonsdale and Tom Bruggere.

For example in taxation of consumers, Lonsdale believes that federal income tax rates should be more progressive -- amended to more accurately reflect the "ability to pay." During the 1995 Oregon Legislature, Lonsdale, as leader of Oregonians for Tax Fairness, worked to lower state income tax rates for a majority of Oregonians and Oregon business.

During the 1993 sales tax campaign, he actively opposed this tax "which tends to place a proportionally greater burden on those least able to pay." He also opposes a national sales tax.

Bruggere claims he opposes sales taxes because they are regressive. But he now acknowledged that he voted for the 1993 sales tax. Bruggere also claimed on OPB's Seven Days that he has "never given money to sales tax." But the Secretary of Stat's records show that in 1993 Mentor Graphics gave at least \$18,000 to pro-sales tax PACs. "But that

mayor, who would be limited to two four-year terms - the norm for the past 20 years exercise both direct management and policy responsibilities.

It takes at least a year for a commissioner to become really familiar with assigned bureaus and offices. This measure would automatically guarantee more authority and power to the permanent bureaucracy.

Let's not forget that we already

have term limits - elections. Voters ought to be able to decide every election whether to limit a public official's term based on performance in office.

By next January, we will probably have two new commissioners and possibly one commissioner starting his second term. Change for the sake of change is of little merits or value. Vote no on #26-39.

E Kimbark MacColl, Portland

Walter Brown, Lake Oswego

izens and Consumers Union of the United States.

Bruggere publicly attacked Canada's health insurance ow of Seven Days. Thus he sides with the health insurance industry, not with those thousands of Oregonians who have inadequate health insurance or no insurance at all.

Oregonians who oppose a national sales tax, who want universal health insurance based on the single-payer Medicare model, should vote for Harry Lonsdale as Oregon's next U.S. Senator.

Walter Brown, Lake Oswego

A Candidate That Stands His Ground

The other day, I watched a debate between the candidates competing in the Democratic primary for the U.S. Senate seat that is being vacated by Mark Hatfield, when I heard something that made me stop and think. Jerry Rust, the candidate who for years has worked hard for the people of Lane County, simply said, "Vote as if your life depended on it." This statement made me realize that if I wanted to see a change in the current political arena, I must get out and mobilize the vote for the candidate that will best present Oregon.

For years, Jerry has been lobbied hard, by both sides of the spectrum, on a thousand issues and has never wavered in his service to his constituents. Jerry speaks out on the issues specifically and precisely. His honesty is legendary and he has a special knack for making issues clear to people.

Today, it seems as if people think that money can buy an election. Now more than ever we must not allow our Senate seat to be parceled out to the highest bidder, Republican or Democrat.

These millionaire candidates have been recruited by corporate interests because they know that these recruits can be trusted to represent their interests. We Oregonians should elect a candidate who will represent our interests, be able to withstand heavy pressure of lobbyists, and be able to tell the people the truth.

Jerry rust is by far the best candidate in the race for the U.S. Senate seat. His constituency re-elected him four times because they know and trust him, and they will vote for him again because they know where he stands on the issues. They know he delivers.

Nicole Justice, Eugene

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The Oregonian
- Monday, April 15, 1996

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Charlie
Hales
City Commissioner