



“Challenging People to Shape a Better Future Now”

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The Skanner Newspaper, established in October 1975, is a weekly publication, published each Wednesday by IMM Publications Inc.,

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The Skanner is a member of the National Newspaper Publishers Association and West Coast Black Publishers Association.

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Privatize Oregon Liquor Sales

In 2011 Washington state privatized liquor sales after a record-setting \$20 million-campaign. Now as the grocery industry looks to repeat that success, we can expect a liquor privatization initiative to hit the Oregon ballot in 2014. Backers hope they can expand into the profitable liquor market by taking spirits sales out of the hands of the Oregon Liquor Commission. We don't have any objection to the idea in principle. Stores already sell wine and beer. Why

FROM THE PUBLISHER



Bernie Foster

should-n't they sell bourbon or vodka? We can see no good reason for the state to have a monopoly on selling spirits. What voters should not support,

however, is a repeat of the Washington fee hikes that saw the cost of spirits rise sharply after the initiative passed. Despite promises that increased competition would lower prices, the exact opposite has happened. A visit to Stateline Liquor at Janzten Beach last week found that almost every car in the parking lot had Washington plates. Why? Spirits now cost far more in Washington than they did when the Liquor Commission managed the stores. The initiative added a 10 percent distribution fee, and 17 percent retail fee. That's in addition to any markups the grocers add independently. Taxes stayed the same. Lobbyists for the grocers and wholesalers say competition will eventually bring costs down. So far it hasn't happened. Wholesalers increased their

Make sure their proposal includes a steady stream of income for alcohol education and treatment

prices as soon as the law passed. And because the initiative allowed for bulk markdowns on wine and spirits, the new law also puts small, local wineries and distillers at a disadvantage. Bottom Line: Liquor costs are likely to rise no matter what. But if Oregon retailers want the state to get out of the liquor business, they should make sure their proposal includes a steady stream of income for alcohol education and treatment. What Do You Think?

What do you think?

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Republicans Losing the Debate on Debt

The Republican push to reduce the federal deficit solely through spending cuts is based on mythology rather than fact. That was clearly demonstrated by a series of reports issued recently by the non-partisan Center on Budget and Policy Priorities (CBPP). In a report issued Oct. 28, CBPP stated, “As a new budget conference committee seeks agreement on spending and tax priorities for the next decade, some policymakers and commentators who believe that future deficit reduction must come solely from spending cuts will likely repeat the claim that the federal government is exploding in size. The data do not support such a claim. “To be sure, total federal spending as a share of gross domestic product (GDP) rose considerably in 2008 and 2009 and remained high in 2010 and 2011, in part because GDP was unusually low due to the Great Recession and its aftermath. But spending dropped significantly in 2012 as a share of GDP and, as the latest Congressional Budget Office (CBO) data indicates, this downward trend is expected to continue over the next five years.” The report, titled “Size and Reach of Federal Government Are Not Exploding,” notes that those backing deep cuts in social programs neglect the real reasons for increased federal spending. “While total federal spending will rise modestly as a percent of GDP during the latter part of the decade under a continuation of current policies, that is mostly because of a marked increase in interest payments,” the report stated. “In particular, as the economy recovers, interest rates will also rise, simultaneously increasing the interest we must pay on any given amount of debt.” The study also found, “Under a continuation of current policies, total federal spending – including interest – will drop from 24.1 per-

THE CURRY REPORT



George E. Curry

cent of GDP in 2011 and 22.8 percent in 2012 to 21.5 percent in 2013, before starting to rise in the middle of the coming decade, climbing back up to 22.7 percent by 2023. At least three-fourths of the increase between mid-decade

At least three-fourths of the increase between mid-decade and 2023 will come from higher interest payments on the national debt

As I noted in this space last week, more than 90 percent of so-called entitlement benefits go to the elderly, disabled or working households. Furthermore, as the Center on Budget and Policy Priorities observed, increased spending on safety net programs because of the recession is both appropriate and temporary. “Congressional Budget Office (CBO) projections show that federal spending on low-income programs other than health care has started to decline and will fall substantially as a percent of gross domestic product (GDP) as the economy recovers. By the end of the decade, it will fall below its average level as a percent of GDP over the prior 40 years, from 1973 to 2012. Since these programs are not rising as a percent of GDP, they do not contribute to our long-term fiscal problems,” CBPP said

cerns. But it's important to know why costs will rise rather than using it as an excuse to cut social programs. “To be sure, Medicaid is projected to rise significantly in cost, relative to GDP, for several reasons,” said the report on low-income programs. “To begin with, costs throughout the U.S. health care system – in both the public and private sectors – have been growing faster than GDP for several decades. Medicaid isn't the cause of this systemwide cost growth; over the past decade, in fact, per-beneficiary costs have risen more slowly in Medicaid than under private insurance, a trend expected to continue over the next ten years.” It also noted, “A second reason that Medicaid costs will rise faster than GDP is the aging of the population. Older people have much higher average health care costs than younger people. Elderly and disabled beneficiaries account for 24 percent of Medicaid beneficiaries but 64 percent of program costs. As the population ages, the number and share of Medicaid beneficiaries who are elderly will increase, raising program costs. “Another reason that Medicaid costs will continue to rise significantly is the continued erosion of employer-based health coverage. Over time, the share of low-income people able to get coverage through their (or their families') employers has fallen, so more of them have turned to Medicaid for coverage.” Yes, the federal government needs to pay close attention to future spending and revenue. But not because spending is out of control or the safety net is bankrupting the country. George E. Curry, former editor-in-chief of *Emerge* magazine, is editor-in-chief of the *National Newspaper Publishers Association News Service*.

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represent an expansion of the government's activities or reach. It should also be noted that interest costs rise when taxes are cut, because the tax cuts add to deficits and debt just as spending increases do.” in a report titled, “Low-Income Programs Are Not Driving the Nation's Long-Term Fiscal Problem.” I am not suggesting there are not some serious financial questions facing the nation. The rising cost of Medicaid is among those con-