EAST OREGONIAN OPINION

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OUR VIEW

Another aid program no substitute for trade

Unable to reach a trade deal with China and end punishing tariffs, President Trump last week promised American farmers and ranchers a new round of aid as the protracted trade battle intensified.

Trump, in a post on Twitter, said his administration would use tariff money collected on Chinese imports to buy "agricultural products from our Great Farmers, in larger amounts than China ever did, and ship it to poor and starving countries in the form of humanitarian assistance."

We take this as a sign that farmers should not expect a resolution to the dispute any time soon. That's unfortunate.

Trump has targeted the imbalance in U.S.-China trade and other Chinese excesses since the early days of his campaign. China is notorious for imposing non-tariff barriers to trade. There are legitimate issues concerning Chinese currency manipulation and a lack of respect for intellectual property rights.

The Trump administration applied tariffs on Chinese goods in an attempt to redress the grievances.

For all its shortcomings in other areas, China has been a good customer for U.S. agricultural goods — $23.8 billion in 2017, a whopping 17% of U.S. ag exports. China promptly retaliated by placing tariffs on pork, poultry, beef, fruits and vegetables, dairy products, soybeans and grains.

EO Media Group Photo/Don Jenkins, File

Cargo containers are stacked earlier this year at the Port of Tacoma in Washington state. Unable to reach a trade deal with China and end punishing tariffs, President Trump last week promised American farmers and ranchers a new round of aid as the protracted trade battle intensified.

Since the dispute took off last year there has been a series of tit-for-tat tariff increases. Though it seemed earlier this month that a deal was at hand, the Chinese walked away and Trump moved to increase tariffs on $200 billion of Chinese goods.

Farmers and ranchers — who largely supported Trump's election — find themselves paying the tab.

It's unclear if Trump's tweet about buying goods and giving them to poor countries is an actual proposal or just a promise to provide some type of unspecified aid to U.S. agriculture.

Last year the administration put $12 billion into aid for farmers and ranchers impacted by not only Chinese tariffs but the fallout from disputes with Canada, Mexico, Europe and other trading partners.

While better than nothing, the payments fell far short of the losses producers have experienced. The administration needs to do more if it expects farmers and ranchers to continue giving it their support.

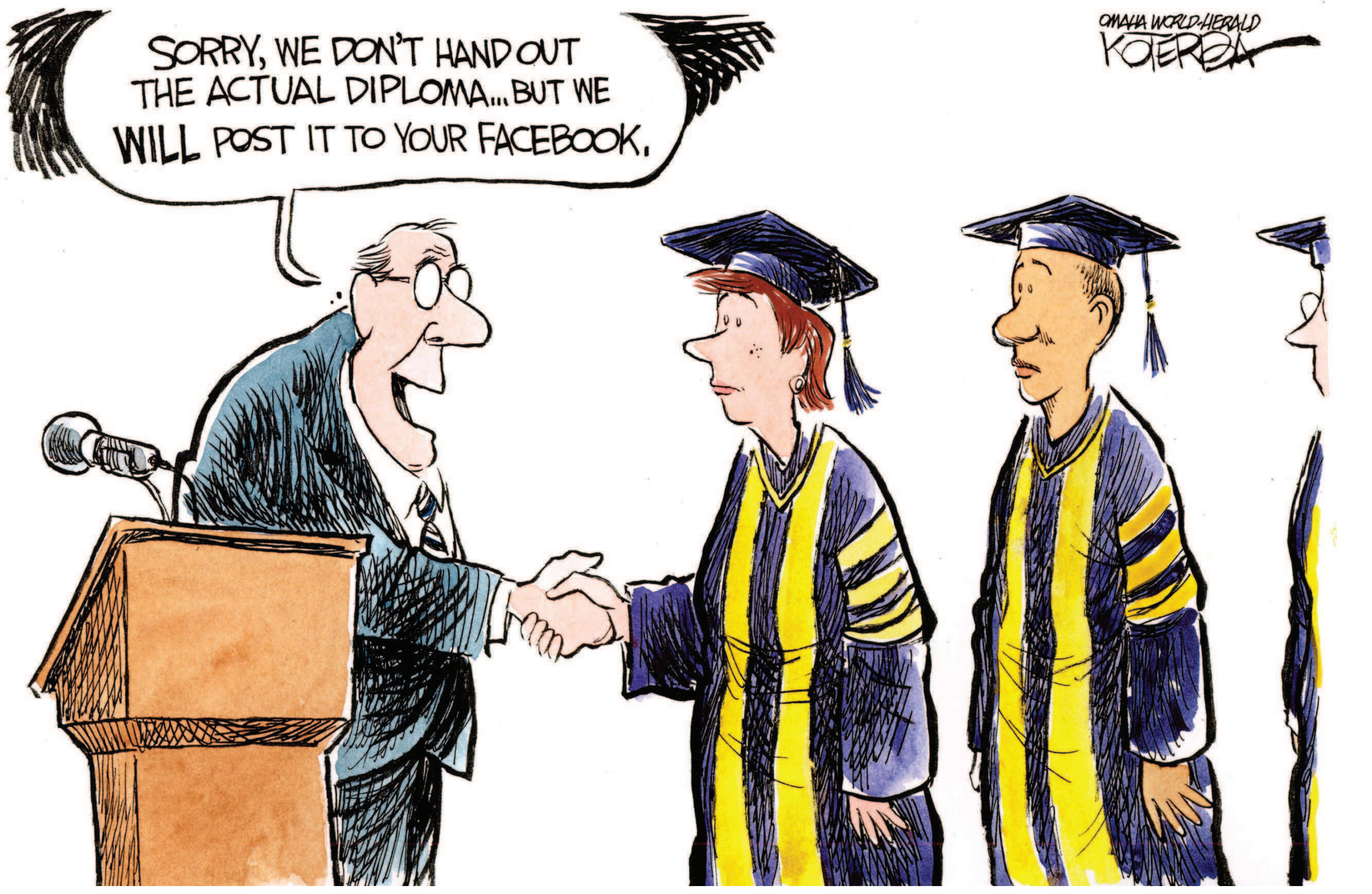
Even if future programs were able to make farmers whole, assistance checks are not a replacement for stable export markets. The trade situation continues to hang heavy over farmers. They rightfully worry that the trade relationships they have worked so hard to develop will be lost if tensions are not soon eased.

The administration's tariffs are having an impact on the Chinese economy and might eventually lead to a better trade deal for U.S. exporters. It will be a hollow victory if farmers and ranchers lose their livelihoods in the course of the fight.

OTHER VIEWS

School money, PERS reform joined at hip

Albany Democrat-Herald



One of the common themes you heard last week as teachers across Oregon rallied for a proposed tax on business that's projected to raise $1 billion a year for K-12 schools was this: It's not about Oregon's Public Employees Retirement System, the state's badly underfunded pension system.

"This isn't about PERS," was a typical comment from education officials. "It's about educating the kids."

Well, now that the Legislature has passed the so-called Student Success Act (after Democratic leaders struck a deal with Republicans to lure GOP senators back to the Capitol), there's little doubt that K-12 classrooms will see an infusion of cash — assuming that the gross receipts tax at the heart of the plan survives an almost-certain attempt to refer it to voters.

But to pretend that this measure doesn't have anything to do with PERS is to continue whistling past the graveyard, as state leaders have done time and time again with the pension system.

The gross receipts tax on certain Oregon businesses has to be considered hand-in-hand with proposals to (at least temporarily) shield schools from continued increases in their PERS premiums. Otherwise, those increased pension premiums would eat away a growing chunk of the tax money earmarked for schools. In fact, by some estimates, PERS premiums would have quickly absorbed up to half of the money raised by the tax.

So that's the light in which to examine the proposals issued last week by Democratic leaders that attempt to rein in the costs of the pension system, which currently faces a staggering $27 billion deficit. As Ted Sickinger of *The Oregonian* reported, the plan would provide short-term cost relief to public employers. In fact, the system's actuary reported that the proposals could hold public employers' required pension contributions flat in the two-year budget cycle that begins in July 2021. As you watch city governments and school districts in the mid-valley struggle this year to cover increased PERS costs, you can see how this could be welcome.

That's the good news.

Here's the bad news: The majority of the savings offered by the plan (about two-thirds) comes from refinancing the PERS deficit. The problem with that is it does nothing to trim that $27 billion deficit. It merely kicks the bulk of the problem down the road. (The Democratic proposal also calls for legislators to take control of one of the system's crucial earnings assumptions, a task that currently belongs to the PERS board. This would seem to be an invitation for mischief.)

It also increases the system's vulnerability to a prolonged economic slowdown, which could be a very big deal, considering how economists now expect such an event, if not an actual recession, possibly as early as next year.

The Democratic proposals also call for redirecting a portion of public employees' required 6% retirement contributions to a pension stability fund instead of the supplemental defined contribution plan, where they go today. But this part of the proposal may already be dead in the water, with public employee unions vowing to go to court if legislators go ahead with the plan.

Here's the upshot: The PERS proposals most likely to withstand legal challenges offer maybe two years of relief, but don't come anywhere near a solution.

Even the legislator who's been most active in pitching PERS reforms, Sen. Tim Knopp, R-Bend, noted that the proposed package is a "temporary fix."

"The only thing it does is lower rates in the short term," Knopp told Sickinger, the state's leading reporter on PERS. And then Knopp added this sad note: "But with the political dynamics that exist, we'll be hard-pressed to get too much more from inside the building."

Which raises the question: Who will lead the way for substantial, long-lasting PERS reform? It's a mantle that seems to be ready for the taking.