

Opinion

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EDITORIAL

New labor commissioner's top priority

Val Hoyle was sworn in Monday as Oregon's Labor Commissioner, and she has an immediate chance to make an important difference.

It was gratifying to hear Hoyle say that one of her top priorities is to follow up on the sexual harassment investigation that her predecessor, Brad Avakian, started.

Last week the Oregon Bureau of Labor and Industries released a report concluding that state lawmakers failed to adequately address complaints about sexual harassment, and that their failures resulted in a hostile workplace at the Capitol in Salem.

Hoyle, who is a former state representative, said she plans to start addressing the issue immediately by talking with the employees who compiled the report. A key question, she said, is why the investigators didn't interview legislative leaders Tina Kotek, the House Speaker, and Senate President Peter Courtney.

Their reaction to the investigation Avakian triggered has been less than encouraging.

Only after a judge denied their appeal did Courtney and Kotek turn over documents to Avakian he requested as part of the investigation.

And the two lawmakers did so reluctantly, claiming they were worried about protecting the anonymity of people who complained about sexual harassment.

That's a reasonable concern, but there's no reason to believe it's not possible to protect accusers' anonymity while still conducting a thorough investigation.

Ultimately, Hoyle's credibility in enforcing the state's workplace laws depends on how she deals with the very workplace where those laws are made — the state Capitol.

Oregon residents — including the 375,000 people who voted for Hoyle in the May 2018 primary, which she won outright by receiving more than half the votes — should scrutinize her efforts to continue the important work that Avakian started.

And if Hoyle concludes that the Capitol is a hostile workplace, she needs to ensure that the Legislature faces the same penalties that a private employer would in similar circumstances.

— Jayson Jacoby, Baker City Herald editor

GUEST EDITORIAL

Editorial from The (Bend) Bulletin:

Oregon students who wish to attend school outside their home districts may have trouble doing so next school year. They may, that is, unless the state Legislature acts this year to extend the 2011 law that makes it easier for students to cross district lines to attend school.

Interdistrict (those from one school district to another) transfers were a hot topic eight years ago when the law allowing such transfers to occur was approved. Before the law was changed a student needed permission both to leave one district and to enroll in another.

The 2011 Legislature gave students the right to transfer without their home districts' permission, if the prospective new districts agreed. There are limits to the freedom, however. Among them, school districts cannot go out and persuade athletes to abandon one district for another. Nor must school districts take part in open enrollment if they'd rather not. The law gives districts the right not to accept out-of-district students and the money that goes with them; it bars districts that would lose students from stopping the transfer. That's the case in Culver, a district with fewer than 700 students in grades K-12.

The open-enrollment law will sunset at the end of the current school year unless the Legislature extends it. There was an unsuccessful attempt to extend it in 2018.

This year, lawmakers will have more time and a better shot at success. In reality, any opposition to the proposal has been muted. In fact, both the Oregon Education Association and the Confederation of Oregon School Administrators are on board, though both believe there's still tweaking needed to improve the law.

The open-enrollment law is one small way to give Oregon students and their families control over the students' education by allowing them to choose where they go to school. It's no longer the controversial subject it was when first approved, and lawmakers should extend it, or better still, make it permanent, this year.



GUEST EDITORIAL

Editorial from Bloomberg News:

Mitt Romney, the Republican Party's 2012 nominee for president, laid down a marker on his way to being sworn in as the next senator from Utah. In an article for the Washington Post, he lamented the "deep descent" of Donald Trump's presidency and promised to "speak out against significant statements or actions that are divisive, racist, sexist, anti-immigrant, dishonest or destructive to democratic institutions."

Romney's interjection is unlikely to have much direct effect on the president — it's hard to say what could — but with luck it might set a much-needed example for the new senator's colleagues in Congress.

Romney's complaints aren't the first. Now and then, Republicans of conscience — Senators Bob Corker, Jeff Flake and John McCain come to mind — have objected to Trump's degraded rhetoric and

hapless administration. Sadly, McCain is gone. The efforts of Corker and Flake faltered because both were soon to leave the Senate and neither mustered a sustained critique of Trumpism, much less a viable conservative alternative to it.

Many in Washington, including the president, dismissed Romney's article instantly. They might be right: Romney opposed Trump ferociously during the primaries of 2016, then seemed to warm to him as jobs in the administration began to be discussed. He accepted Trump's endorsement in his 2018 Senate race in Utah. One is entitled to ask how sincere his new disgust with the president really is. But if he means it, and is willing to fight to restore minimum standards of ethical and competent government, he could provide a pole around which other Republicans might rally.

Reviving a responsible Republican politics will be anything but easy.

Romney, though, looks suited to the task. His personal morality is not in question, he has the benefit of six years in office before re-election, and Republicans in Utah have proved less eager than most to condone Trump's countless outrages.

To be sure, opinion in the party as a whole will matter most. More revelations of wrongdoing are likely to emerge from Democratic oversight in the House of Representatives and from the investigations of special counsel Robert Mueller and other law-enforcement agencies. If, as this dismal story unfolds, Republican voters continue to rally to their calamitous president, so will many and perhaps most Republican senators. That's politics. Yet, despite everything, a leader who can help Republicans rediscover the values they used to stand for might make a difference. Romney should keep up the effort.

Optimism pays off on Wall St.

The stock market had a dismal fourth quarter, resulting in the biggest down year for equities since 2008. So it is natural that all the prognosticators of doom would come out of the woodwork to project an impending recession. These forecasts garner headlines and visibility, which may be their real motives, since it doesn't appear their objective is correctly forecasting economic or market developments.

When sentiment turns this gloomy, if bad news does not follow, a sharp rebound in stocks prices can come in response to any of a sizable number of possible positive events. And right now, the list of potential positive catalysts is long, starting with the big rally on Friday in response to a better-than-expected monthly jobs report.

A recent television interview with Jeremy Siegel of the University of Pennsylvania's Wharton School was telling. The host noted that Siegel tends to be optimistic about the outlook for stocks, but the host also mentioned that Siegel had been correct in his optimism over the past several years and questioned whether such optimism remained appropriate. Contrast that with the perma-bears, who are always forecasting doom and gloom and, like a stopped clock, are correct once every several years. Bearishness may pay off in the form of more TV interviews, but optimism pays off in the stock market.

What could go right? The primary issue is the health of the economy. Bears expect weakness — as they always do — but there's a big difference between slower growth and recession. Even though I expect a sizeable slowdown, from around a 3 percent pace to about 2 percent, I'm bullish on stocks. From 2010 through 2017, growth oscillated around 2, which was sufficient to drive

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the unemployment rate down from 10 percent to less than 4 percent.

The decline in unemployment provides evidence that growth during that period was above trend, so 2 percent is arguably a bit above a sustainable pace of growth. But what if monthly job growth continues at a pace of about 175,000 or more? Growth would continue, albeit a bit more slowly, while corporate profits would ramp higher. At some point, rising earnings become impossible to ignore.

A second focal point of investor attention is the U.S. trade conflict with China. Neither wants a trade tiff to undermine its economy. President Donald Trump has a legitimate beef with China's theft of intellectual property and its glaring bias in favor of its own companies. China understands it must play fairer, but will do so only to the extent necessary to make this issue disappear. Some sort of compromise remains highly likely, although it will take some time to reach an agreement.

Other issues have also been raised by the bear camp, such as falling oil prices signaling economic weakness. This inference requires ignoring job growth, household spending and developments in the energy industry, notably falling production costs and insufficient infrastructure to transport increased production of oil and gas to market. Natural gas is being flared at the wellhead or selling for peanuts due to inadequate pipeline capacity to bring it to market.

Oil storage is very high for the same reason and there's a large price gap between oil in Cushing, where it is stored,

and Houston, where it can be processed and sold. Energy prices are low due to high levels of production, not due to weaker demand. That's why OPEC is conspiring to curtail output. In fact, U.S. gas exports are setting records and America is now a net energy exporter. Exports will be even higher once new facilities come on line.

An inverted yield curve is supposed to signal recession, but it takes more than two years on average for recession to follow an inversion — if a recession follows at all. And the absolute level of interest rates remains low, as are rates relative to inflation. Monetary policy remains accommodative.

Yes, the political scene is a mess. Democrats hope to tie up Trump with investigations for the balance of his term. An impeachment effort remains a possibility. Trump will continue tweeting. It is unlikely Democrats and Republicans will start getting along anytime soon. Such developments make headlines, but they are unlikely to alter the economy's trajectory meaningfully.

Lastly, price earnings multiples are quite low, with more than 100 members of the S&P 500 Index trading below 8 times forecasted 2019 estimates, and the entire benchmark trading below 15 times (and less than 13 times excluding the "FAANG" group of stocks.) Fourth-quarter earnings reports will start soon and with expectations declining, it won't take much for stocks to react positively to profits that only meet expectations. It is rare for stocks to decline for two years running during economic expansions.

Charles Lieberman is chief investment officer and founding member at Advisors Capital Management LLC. He may have a stake in the areas he writes about.

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