

Opinion

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GUEST EDITORIAL

Carbon cap bill not ready

Editorial from The East Oregonian:

No matter what its supporters assert, Oregon House Bill 2020 isn't ready for primetime.

HB 2020 is the hopelessly complicated climate change legislation that has evolved into the key bill for Democrats in the 2019 session. The bill is grounded in good intentions. The global climate is changing, and humans are the cause. Just about everyone can agree we should — and must — do something to improve the environment and to battle climate change. How to do that, though, is where it gets complicated and HB 2020 is exhibit A in just how good intentions can quickly become convoluted and dense.

The legislation will create a mandatory, statewide greenhouse gas emission reduction plan. The emission reduction plan targets companies that discharge more than 25,000 metric tons of carbon dioxide equivalents each year. Carbon dioxide equivalents are a collection used to measure how much greenhouse gas is entering the atmosphere.

Supporters of the bill assert it will help the environment and curb climate change. Opponents believe the plan will hike gas prices, hurt the economy and drive major firms away from the state. Who is correct is a matter of opinion and party affiliation.

While nearly byzantine in its form, HB 2020 is also not a piece of legislation that will get the necessary review and debate it needs. Democrats hold a super majority at the Legislature, which means they can pretty much push through whatever legislation they want unmolested.

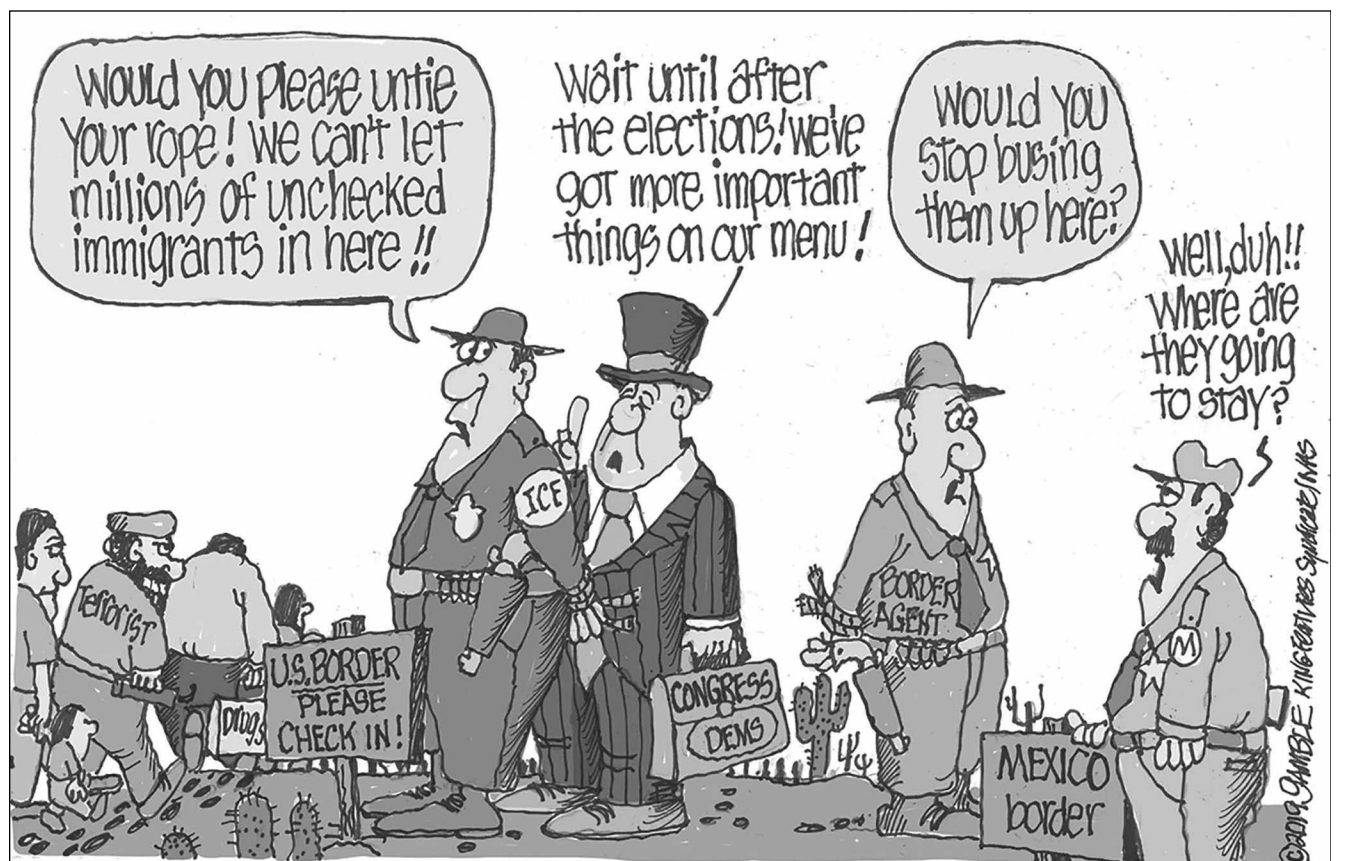
Also troubling is the fact that Democratic lawmakers have signaled time and again they are not going to listen to input from their Republican brethren on the bill. They are going to jam it through regardless.

Democracy works when there is debate, discussion and compromise. When one party takes power — whether it is Republican or Democrat — and operates more like a faction than a group of lawmakers determined to do the people's business, Democracy loses.

A few years ago, lawmakers joined together, created and passed a massive transportation bill. Legislators — on both sides of the aisle — spent more than a year traveling the state, holding public meetings to gather input on the legislation. Lawmakers used a methodical process to fine-tune the transportation legislation.

Now, they should do the same with House Bill 2020. Shoving through the legislation may save the consciousness of would-be world savers but it won't help Democracy and it won't help the state.

HB 2020 isn't ready for primetime. Not yet.



Trump's path to re-election

BRAD SCHILLER

President Donald Trump isn't that worried about potential impeachment hearings. He even tries to goad Democrats into starting the process, knowing that will enliven his base and distract Democrats from their legislative agenda. And he has emerged from special counsel Robert S. Mueller III's investigation seemingly unscathed, despite serious evidence of obstruction and unsavory behavior. The storm over Ms. Daniels has long faded away, with only her lawyer, Michael Avenatti, facing criminal charges.

Like him or not, Trump has proven to be a "Teflon president."

As the 2020 election campaign gets underway, Trump is exuding confidence. He boasts that he can beat any of the potential challengers, including "Pocahontas," "sleepy Joe," "crazy Bernie," "lightweight Kirsten" and, of course, "crooked Hillary." He predicts that his 2020 margin of victory will exceed that of 2016.

While Trump may taunt his potential challengers and boast of easy victory, he surely harbors grave concerns about his re-election. He won in 2016 on economic issues. His promise to "Make America great again" reverberated with voters who had suffered through the worst post-recession recovery in U.S. history.

Now he faces a similar dilemma. Yes, the economy is doing quite well and unemployment is at historic lows — as Trump constantly reminds us. But voters have short memories. In November 2020, voters will be focused on contemporary economic conditions.

An electoral prediction model constructed by Yale University professor Ray Fair highlights Trump's problem. The Fair model says that people do vote their pocketbooks ("It's the economy, stupid"). Further, their votes can be predicted on the basis of only two pocketbook variables: gross domestic product growth and inflation. History has shown that this simple model is one of the best crystal balls

for foreseeing the next election. It correctly predicted Trump's 2016 win.

Based on current economic trends, the Fair model predicts a resounding victory for Trump in 2020. But trends can reverse. The problem for Trump is that voters won't be thinking about four years of economic performance when they assess the economy in November 2020. They will be thinking about conditions earlier that year.

If the economy grows well in the first three quarters of an election year, the incumbent gets credit — and many more votes. Fair calculates that an incumbent president picks up about two-thirds of a percentage point in the popular vote for every one point of per capita GDP growth in the first three quarters of an election year.

But if growth declines or turns negative, the same equation applies, except the president loses about two-thirds of a point in the popular vote. A president who lost the popular vote in 2016 with only a little more than 46% of the vote has to worry about such things.

Of course, Electoral College math overcame Trump's second-place popular vote. But that has happened only five times in U.S. history. Typically, the winning candidate needs at least 50% of the popular vote to win. Obama had 50.1% in 2012 and 52.9% in 2008. Bush had 50.7% in 2004. The Fair model puts Trump comfortably above that threshold, with as much as 54% of the popular vote in 2020.

Trump's apparent margin of victory can be strengthened by a few more really good quarters of economic growth. Specifically, for any calendar quarter in which economic growth exceeds the long-term average of 3.2%, the incumbent picks up an additional four-fifths of a point in the popular vote. So far, Trump has enjoyed three such "good news" quarters. They have

added almost 2.4 points to his predicted vote share. Fair predicts those good quarters all but assure a Trump victory in 2020.

But Trump does have something to worry about. Economic forecasters are nearly unanimous in predicting an economic slowdown as the effects of the Trump tax cuts and Fed interest rate cuts dissipate. Many economists are predicting a recession in 2020. The trade wars that Trump has initiated may also spark unwelcome price hikes. If economic growth turns negative and inflation rises, Trump's predicted margin of victory shrinks quickly.

This economic possibility is what must worry Trump. He wants a sure thing — not an economic contingency. To get that, he needs a guarantee of continuing economic growth. How can he get that guarantee? More tax cuts would do the trick, but the Democratic-controlled House would rather raise taxes than cut them. So fiscal policy won't do it.

What other policy lever is there? The Fed, of course. If the Fed cut interest rates again, that would give the economy another boost. But Fed policy has a long lead time. To boost economic growth in early 2020, the Fed would have to cut interest rates now. That's why Trump and his economic team are relentlessly pressing Fed Chairman Jerome H. Powell to cut interest rates. Trump knows that Chairman Powell is more important than Chairman Xi Jinping of China to his re-election. And he knows he can always cut a deal with Xi when he needs to. But the Fed is an independent agency that has demonstrated the ability to fend off Trump's attacks.

Trump's 2020 nightmare is a slowing economy, benignly overseen by an independent Fed.

Brad Schiller is an emeritus economics professor at American University and author of "The Economy Today."

GUEST EDITORIAL

Editorial from The (Bend) Bulletin:

As the Oregon Legislature runs pell-mell toward imposing huge new taxes on gasoline, it's also working to carve out exceptions for a lucky few. It shouldn't be that way. Instead, as the state pushes lower carbon emissions with the taxes, it should rebate what it collects to all the Oregonians who will have no recourse but to pay it.

Even lawmakers acknowledge their proposed carbon-reduction scheme will make life more expensive. Gasoline taxes are expected to rise by 16 cents per gallon

or more if the fuel tax that is at the heart of the plan becomes law.

That's going to hurt businesses as well as individuals, and lawmakers have taken note. With less than a month left in the legislative session they're working to rebate taxes to those in agriculture and forestry businesses through Senate Bill 1051. Lower-income Oregonians also would get rebates.

All well and good, but apparently lawmakers were wearing blinders when they began this process of giving back what

they're preparing to take away.

Sure, timber and ag are important parts of the state's economy. But so, too, are the truckers that haul food to grocers, the crews whose machinery repairs potholes, and the nice lady who takes the neighbor kids to school a couple of times a week.

In other words, if rebates are good for one group of fuel users, why are they not good for all?

We believe that all Oregonians, rich or poor, farmer or lawyer, should get the tax rebates currently being proposed for the

select — and favored — few. After all, each of us, at work or in our private lives or both, will pay the tax, the purpose of which is purportedly to push fuel producers to create cleaner products.

Fuel taxes should not be used as a de facto increase on taxes on the middle class and wealthy. Nor should they be used to lend a hand to some industries but not others.

Lawmakers should make any fuel tax increase revenue neutral by returning that increase to all of us who will be forced to pay for it.

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Oregon Legislature: Legislative documents and information are available online at www.leg.state.or.us.

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Baker County Commission: Baker County Courthouse 1995 3rd St., Baker City, OR 97814; 541-523-8200. Meets the first and third Wednesdays at 9 a.m., Bill Harvey (chair), Mark Bennett, Bruce Nichols.

Baker County departments: 541-523-8200. Travis Ash, sheriff; Jeff Smith, roadmaster; Matt Shirtcliff, district attorney; Alice Durlinger, county treasurer; Stefanie Kirby, county clerk; Kerry Savage, county assessor.