

Opinion

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OUR VIEW

State's coffers bulge, but it wants even more

The state of Oregon's revenue picture is nothing short of stunning. It could be bulging with \$1.8 billion more in its two-year budget than it had expected in February. Income taxes surged.

The state budget picture was already looking a rosy shade of rosy before the most recent budget projection. The \$2.6 billion from the American Rescue Plan Act was going to fill what had been anticipated to be a \$1.3 billion budget gap.

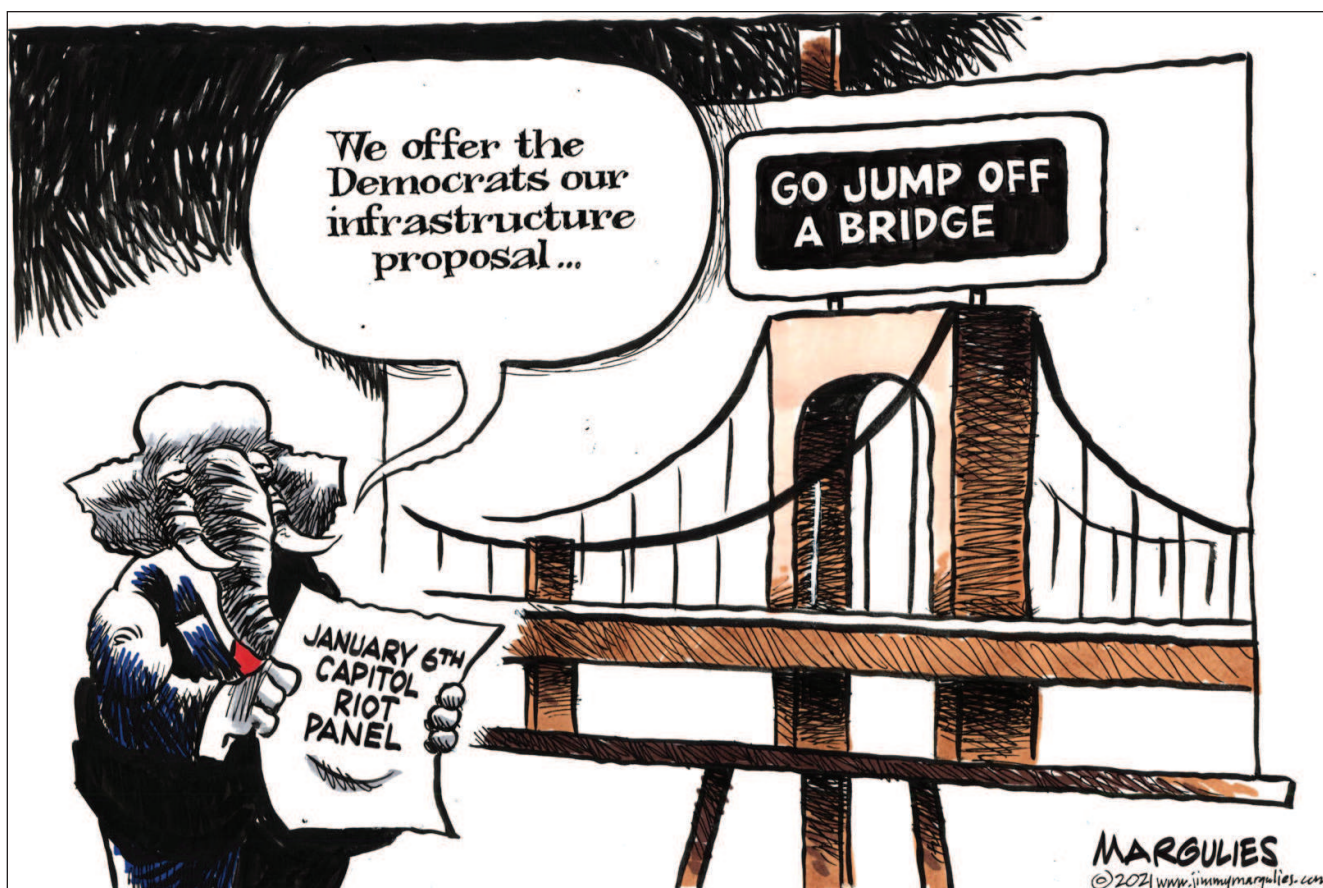
Then, last week, in the Senate Committee on Finance and Revenue, a proposed amendment was dropped that was no less stunning. It aimed to grab more revenue. From businesses. When Congress did not intend the money to be taxed.

Which legislator or legislators proposed is not disclosed on the amendment. That is not stunning. It's an all too common practice of legislative secrecy, preventing voters from being able to hold legislators accountable.

The amendment proposes to tax forgiven Paycheck Protection Act loans. The amendment would exempt the first \$100,000 in loan forgiveness. Full disclosure: The Bulletin benefitted from a PPP loan.

Remember, Congress passed the PPP to help businesses in desperate pandemic times. It helped prevent the country from dipping into a horrible recession. And despite that help, many businesses still went under. Many employees were let go. Now the state of Oregon plans to go after those dollars even when the state budget is bulging with billions? Congress did not intend that the PPP loans would be taxed as income when they were used as intended. The money is not needed by the state. Do legislators need more reason than that to let the amendment die?

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Biden tax hike plan irresponsible

By Tracy C. Miller

The Biden administration proposes increasing taxes on high-income individuals and businesses. In light of enormous government debt, one could be forgiven for seeing it as a step toward fiscal responsibility. However, it's not.

Let's start with the fact that it's not nearly enough money to cover the increases in spending the administration has been eyeing. The White House estimates it will take 15 years of increased corporate taxes to cover eight years of spending from its proposed infrastructure package, the American Jobs Plan. Meanwhile, revenue from the proposed tax increase on high earners and their pass-through businesses will be enough to cover just over one-third of the \$1.8 trillion in social spending that would come with the American Families Plan.

Faced with the choice, it may be more fiscally responsible to cut taxes than to increase them. As Milton Friedman said, "Governments spend whatever they take in, and then whatever they can get away with." So if they take in less, they can be expected to spend less.

Yes, there have been periods when the U.S. government has cut taxes and increased spending (or raised taxes and cut spending). Nevertheless, this principle applies in the long run. Countries with high spending — think Scandinavia — have relatively high taxes, while those that spend a smaller share of national income have lower taxes.

The argument for reducing taxes starts with the premise that government spending is too high, in spite of politicians' endless efforts to win voters' support by spending more. Regardless of how it is financed — and of popular

political sentiment — government spending is less effective than money spent privately on goods or services. When a private firm produces a good or service, market prices and competition give it an incentive to meet consumer needs at the lowest cost.

Higher tax rates reduce incentives to do whatever it is that is taxed. Income taxes reduce the incentive to work, taxes on profits reduce the incentive to invest, and sales taxes reduce the incentive to buy and sell. That's why taxpayers lose more than a dollar for every dollar collected. If the costs of collecting and enforcing taxes are included, the loss is even larger. For all these reasons, it is even possible to increase taxes to the point where you wind up with less tax revenue.

Government spending is needed to pay for some things, such as national defense and transfer programs like Medicaid and food stamps. But President Joe Biden is proposing to spend on electric vehicles and charging stations, research and development, childcare, and other things that could be better provided by the private sector. We should be looking for ways to free up more resources for private production, rather than crowding it out with inefficient bureaucracy.

There are a few objections to "starving the beast" to force spending cuts. One is that a history of large deficits may increase politicians' and the public's tolerance for debt. Another is that it may make it harder for the government to pay for what seniors have come to expect from Medicare and Social Security.

The current generation of workers

pays Social Security and Medicare taxes every year, so they are entitled to a decent return on what they have paid in. But government is not collecting enough in Social Security and Medicare taxes to pay all scheduled benefits, and the shortfall is increasing over time. Given the enormous size of the debt and its continued growth, the rising share of the budget needed to cover interest costs, and demographic trends, this can't go on forever.

Unfortunately, increasing taxes this year probably would not have much effect on the government's ability to pay future Social Security or Medicare benefits. It would be better to eliminate shortfalls by combining reforms with tax increases targeted specifically toward paying retirees.

Biden would not be the first president to band with Congress and spend without considering how much we'll need to borrow, but his plans to increase taxes are not much better. They could prolong the government's ability and willingness to spend excessively. There is a point at which private investors and foreign governments will no longer be willing to buy all the debt the Treasury issues — the question is when.

If Congress reduced taxes, it could hasten the time when the federal government substantially limits discretionary spending. If so, we could look forward to a freer, more prosperous economy and a smaller government.

Tracy C. Miller is a senior policy research editor with the Mercatus Center at George Mason University.

OTHER VIEWS

Finding the source of the pandemic

Editorial from New York Daily News:

We don't yet know where the virus that causes COVID-19, the disease that's killed nearly 600,000 Americans and 3.5 million globally, came from. SARS-CoV-2 may well have crossed over from a wild animal in an unsanitary wet market in or around Wuhan, China. Or it may have emerged from a lab in that city of 11 million where scientists were studying bat coronaviruses.

The latter hypothesis, angrily rejected by Beijing, has in recent months begun to gain credence. That doesn't mean it's likely, but it does mean it warrants further scrutiny, because a simmering theory left unexamined will burn the pot. President Joe Biden should therefore be commended for ordering from U.S. intelligence agen-

cies what we hope will prove to be a definitive review of the evidence for and against the "lab-leak" origin story.

The debate has been fraught from the start, perhaps because it has been irresponsibly conflated with the claim that the bug was somehow deliberately engineered in the Wuhan Institute of Virology. That didn't happen — but there is a possibility that an accident at the lab led to the escape of a virus researchers were studying.

Among the dots connected by responsible reporters, officials and scientists:

In July, the Times of London reported that a virus 96% identical to SARS-CoV-2 was found in an abandoned Chinese copper mine in 2012. It sickened six men and killed three who had entered to clean out bat guano.

In 2018, State Department investigators visited the WIV and sent two official warnings to Washington about inadequate safety controls there.

Thickening the plot, The Wall Street Journal reported that a U.S. intel report asserts that in early November 2019, three WIV researchers working on coronaviruses were hospitalized with symptoms similar to COVID-19.

Meanwhile, scientists studying the structure of the virus have found other features of the virus consistent with possible laboratory origins.

Finding the truth about COVID-19's origins could inject real tensions into the global war on this pathogen. But the truth must be found.

CONTACT YOUR PUBLIC OFFICIALS

President Joe Biden: The White House, 1600 Pennsylvania Ave., Washington, D.C. 20500; 202-456-1111; to send comments, go to www.whitehouse.gov.

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Oregon Gov. Kate Brown: 254 State Capitol, Salem, OR 97310; 503-378-3111; www.governor.oregon.gov.

State Sen. Lynn Findley (R-Ontario): Salem office: 900 Court St. N.E., S-403, Salem, OR 97301; 503-986-1730. Email: Sen.LynnFindley@oregonlegislature.gov

State Rep. Mark Owens (R-Crane): Salem office: 900 Court St. N.E., H-475, Salem, OR 97301; 503-986-1460. Email: Rep.MarkOwens@oregonlegislature.gov

Your views

Questioning legality of a locked gate

I have tried to keep informed on the progress of the locked gate installed on Pine Creek Road. I do not know Mr. McCarty personally, only what I have read in the Herald and a few of locals opinions. I have lived in Baker City all my life, which by the way is a considerable amount of years, and the locked gate he presumes is his right, is not a right at all. His idea that the 2 1/2-mile distance Pine Creek Road runs across his property is OK. We have a law in Oregon called RS 2477, Easements By Prescription. Under Oregon law, a claimant or claimants may establish an easement by prescription by showing that his use of the property over which he claims the easement has been open, notorious, and adverse to the rights of the true landowner for a continuous and uninterrupted period of 10 years. It is true RS 2477 was repealed in 1976 under the FLPMA. That repeal was subject to existing rights. The relevant text (Sec. 701. 43 U.S.C. 1701 reads (a) "Nothing in this Act, or any amendment made by this Act, shall be construed as termination and valid lease, permit, patent, right-of-way, or other land use right or authorization existing on the date of approval of this Act." I personally have not been to Pine Creek Reservoir in years, the last time riding in on my horse. But I do know many people still love to go there via 4-wheelers, side-by-sides, horses, hikers, and a really good 4-wheel drive. So I ask you, Mr. McCarty and Joelleen, tell us why you think installing a locked gate on Pine Creek Road is your God-given right?

Glenda Purvine
Baker City