



# CASCADE UPDATE

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## Rethink war on drugs

### ***New Mexico Governor says to end prohibition***

On May 23 Cascade Policy Institute hosted a luncheon on drug policy reform with two-term Republican Governor of New Mexico Gary E. Johnson. He is the highest elected official in America to call for an end to drug prohibition.

An audience of 250 politicians, judges, doctors, lawyers, and business and community leaders attended the luncheon, which was cosponsored by *Willamette Week* and NewsRadio 750 KXL. Cascade also arranged private meetings for Johnson with Oregon judges, legislators, substance abuse treatment specialists, and *The Oregonian* editorial board.

Cascade chairman William B. Conerly, Ph.D., set the luncheon tone, saying that it's a tradition of Cascade Policy Institute to aim high and talk about what ought to be done rather than what is politically safe. He then turned the floor over to Johnson, introducing

him as "the governor of a state that does not have a budget deficit."

Johnson began with some background on himself. He is a highly successful self-made businessman, family man and triathlete. He was never involved in politics prior to his gubernatorial run, but is the only governor in

*"If we legalized all drugs tomorrow we would be better off than we are today. It is my belief that 90 percent of the drug problem is prohibition related and not because of use, and that is not to discount the problems with use at all."*

– Gov. Gary E. Johnson, Governor, New Mexico

his state's history to be elected to two consecutive terms.

"I believe in the American dream," Johnson declared. He listed support for: liberty, the pursuit of happiness, limited government, lower taxes, term limits, property rights, the right to bear arms, school choice, individual accountability, and the Constitution of the United States. He will leave office with 400 fewer state employees than when he arrived; New Mexico's prior growth rate had put them on track for 7,000 additional employees.

"How have I accomplished all this? It's been the ability to say no. 750 vetoes." Johnson explained, "Each new law is a piece



Gov. Gary E. Johnson

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## Cascade PERS efforts have

### ***Conerly, Pozdena named to task forces***

Cascade's decision more than a year ago to develop a reform plan for Oregon's Public Employees Retirement System is paying off. The problems and solution outlined by Cascade gained statewide attention through the recent gubernatorial primary campaign of Ron Saxton. Now two Cascade-affiliated economists have been appointed to PERS task forces created by Governor Kitzhaber and the Oregon House Speaker.

"We knew PERS was a beast—a major strain on state and local budgets—but legislative reforms were not addressing the problem. Most politicians didn't want to touch the subject," said Cascade president Steve

*"PERS is almost guaranteed to fall into steep unfunded liabilities over and over again because of its design."*

– Peter Ferrara, J.D., May 2001

Buckstein. "Cascade wanted to draw PERS out of the shadows and help Oregon out of this mess."

In May 2001 Cascade published *Pension liberation for Oregon: A proposal to reform PERS* by Peter J. Ferrara, J.D. Professor Ferrara is one of the nation's leading experts on state pension reform. His analysis of PERS is sobering: "Oregon PERS is one of the most expensive public employee retirement plans

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# Principles, not quick fixes, needed for state budget reform

It's not often that a group of Oregon State Senators solicits an entire hour of testimony from someone who disagrees with so much of what they do. Public testimony is often limited to just three minutes. That's why I readily agreed to talk with the Senate Interim Budget Committee in March. Between special sessions, they wanted to hear about Cascade's view of state government, and how to deal with the current budget crisis.

I began with the proper role of government, which includes the protection of our rights to life, liberty and property, but should not include provision of our jobs, entertainment and alcohol.

In 1993 Cascade published *Seven Principles of State Budget Reform*. The first principle was that legislators should focus on core services. Be willing to end entire programs such as economic development. Get out of the liquor business, and don't even consider using tax dollars to fund sports stadiums.

These belong in the private sector.

The so-called budget shortfalls that preoccupy everyone's attention today are the result of a misguided belief that anyone's unmet need is the proper concern of government. It is not. Legislators see countless citizens marching and testifying for better schools, or free health care, or higher wages. Not so visible are the bulk of taxpayers who already have a hard time making ends meet.

The average person can't afford the time in Salem to lobby against any given program that may only cost him or her a few dollars a year. However, it's well worth the time for those who benefit from programs to push for the millions or billions of dollars that will flow into them.

The pressure is always in favor of more government, not less. To resist this pressure, lawmakers need to understand government's proper role and the harm they do when taking money from some to provide benefits to

others. Citizens need to learn why more government means less freedom, and how they can better meet their needs through voluntary, private sector approaches.

My hour with the legislators went by much too fast. They asked many thoughtful questions, and came away with a better appreciation of Cascade's views. One formally asked me to return for more in-depth discussions. I accept. It's through such discussions that we will eventually replace quick fixes with a principled approach to budget reform.



Steve Buckstein, president

***Seven Principles of State Budget Reform and Steve Buckstein's testimony before the Oregon Senate Interim Budget Committee are at [www.cascadepolicy.org](http://www.cascadepolicy.org).***

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## Kudos to Cato Institute, Lord Bauer

Liberty received a ringing endorsement when the Cato Institute observed its 25<sup>th</sup> anniversary in May. To mark the occasion Cato awarded the inaugural \$500,000 Milton Friedman Prize for Advancing Liberty to British development economist Lord Peter Bauer.

Founded in 1977 by Ed Crane and Charles Koch, Cato began in a small office in San Francisco and later moved to Washington, D.C. Cato has grown to become one of the most cited and respected think tanks in the country by remaining committed to its original ideals. "We needed an independent think tank in Washington, one that wasn't afraid to say something that wasn't popular on Capitol Hill or with the current administration," Crane told the *Washington Times*.

"Cato helped inspire Cascade's founding. Their independence and commitment to principle provide an example for friends of liberty everywhere," said Cascade Policy Institute president Steve Buckstein. Cascade has hosted numerous events in Oregon featuring Cato scholars.

Even those who disagree with Cato admire its work. For instance, David Broder of the *Washington Post* writes, "In this city, noted for the narrowness of its intellectual range, it is sometimes wildly unpopular—but absolutely vital—to have institutions that question fundamental assumptions and occasionally



Ed Crane, president  
Cato Institute

declare that the emperor of the moment has no clothes."

Cato created the Friedman Prize to draw attention every other year to an individual who has dedicated his life to advancing human freedom. Like so many great minds, Bauer was criticized or ignored for much of his career. The intellectual climate in the post-World War II era was decidedly unreceptive to his anti-statist approach to Third World economic development.

Yet Bauer's work has stood the test of time, which is why he is now widely credited with helping to revolutionize the field of development economics.

Lord Bauer passed away just a week before he was to receive his award. Crane said, "Peter literally spent his final three weeks on earth having friends, associates, and people whom he never knew tell him what a great contribution he had made to the world through his heroic efforts in demonstrating both the counterproductivity of government-to-government development aid and the fact that poor countries could become wealthy if they adopted the correct institutions of free markets, private property, respect for contract, and the rule of law."

Visit Cato online at [www.cato.org](http://www.cato.org). More information about Lord Bauer is posted to [www.cascadepolicy.org/special/bauer.htm](http://www.cascadepolicy.org/special/bauer.htm).

## Catholic school president touts educational freedom

The City of Milwaukee, Wisconsin, has been a leader in providing parents greater educational options since 1990 when a citywide voucher program was created by the Wisconsin legislature. Cascade Policy Institute hosted a visit from one of that state's leading school choice proponents, Brother Bob Smith, on April 22 and 23.

Brother Bob Smith is president of Messmer Catholic Schools, which have educated hundreds of voucher students since 1998, the year the Milwaukee program was expanded to include religious schools. Messmer serves predominantly minority and low-income stu-

**Private schools like Messmer provide education with a voucher worth \$5,000 while the local government system spends nearly \$9,600 per pupil.**

dents, and boasts a 98 percent graduation rate and a nearly 90 percent college attendance rate. By contrast, Milwaukee Public Schools (MPS) have a 50 percent graduation rate and the average grade of a graduate is a D+. Private schools like Messmer provide education with a voucher worth \$5,000 while the government system spends nearly \$9,600 per pupil.

As poorly as Milwaukee government schools still perform, there is evidence they have improved through competition. "Eleven years of expanded school choice in Milwaukee have coincided with: enrollment growth in MPS schools; improvement in MPS's fis-



Brother Bob Smith (left) and Cascade academic advisor Dr. Richard Meinhard

cal condition; and increased academic achievement by MPS students," according to Milwaukee School Board member John Gardner.

Cascade organized two days of events for Brother Bob, including an *Oregonian* editorial board meeting and a public luncheon at the Benson Hotel. He also met with a cadre of choice supporters, including

Maura White-Cioeta, executive director, Police Activities League; Mark Siegel, executive director, Oregon Federation of Independent Schools; Eileen Qutub, director, Randall Charitable Trust; and Richard Meinhard Ph.D., Cascade Policy Institute academic advisor.

During his visit Brother Bob fielded questions about how to create a similar program in Oregon. Milwaukee's program began under pressure from the business community due to ongoing dissatisfaction with job candidates from Milwaukee Public Schools. A broad-based coalition is necessary to challenge the entrenched status quo, according to Brother Bob. "Don't wait for those in power to give you permission

because it won't happen. Power does not come without a demand," he said.

Brother Bob also addressed a group of parents, choice advocates, and Catholic educators at De La Salle North Catholic High School. Many of the attendees at the event were participants in Cascade's Children's Scholarship Fund - Portland, which helps low-income

**Messmer serves predominantly minority and low-income students, and boasts a 98 percent graduation rate and a nearly 90 percent college attendance rate.**

families with tuition assistance. CSF - P parents offered testament to the value of parental choice in education.

Brother Bob agreed that school choice is not about public versus private, but about empowering parents to determine the best education for their children. "At the end of the day, I don't care where your kid goes to school. I work at two schools and I'll compete with anybody. I don't care where your child goes as long as you choose it," said Brother Bob.

Cascade wishes to thank De La Salle North High School for hosting events with Brother Bob. To learn how De La Salle serves low-income students, read Nick Weller's Cascade Commentary *Will work for school*, available at [www.cascadepolicy.org](http://www.cascadepolicy.org).

To order a \$20 video of Brother Bob's speech call (503) 242-0900. His Cascade Commentary *Let private schools help with public education* is available at [www.cascadepolicy.org](http://www.cascadepolicy.org).

### Wedding bells for Cascade's president!



Congratulations are in order for Steve and Sally Buckstein, who were married in a private ceremony on the Oregon coast on June 1, 2002. We wish them a lifetime of happiness together!

## Cascade on the go

The following is a partial listing of Cascade speaking engagements this spring. Upcoming events are posted at [www.cascadepolicy.org](http://www.cascadepolicy.org). To arrange a Cascade speaker for an event please contact Jon Hadley at (503) 242-0900 or [jhadley@cascadepolicy.org](mailto:jhadley@cascadepolicy.org).

• Cascade chairman William B. Conerly, Ph.D., addressed "The Economic Outlook" in talks this spring before the American Forest Resource Council, Key Bank, Bank of the Northwest, D.A. Davidson and Company, and the Building Owners and Managers Association of Portland.

• Cascade president Steve Buckstein discussed the constitutionality of school vouchers on March 2 at the Willamette University Law School Education and the Law Symposium.

• On March 13 environmental policy director John A. Charles spoke to a sociology class at Lewis & Clark College on free-market environmentalism.

• Steve Buckstein gave invited testimony before the Oregon Senate Interim Budget Committee on March 14.

• Education policy analyst Nick Weller

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# Economic development department challenged

In April State Senator Mae Yih (D-Albany) invited Cascade chairman William B. Conerly, Ph.D., to testify before a subcommittee of the legislature's Economic Development Coordinating Council. The invitation was prompted by Conerly's 1995 Policy Perspective, *The Unseen Costs of Ribbon-Cutting: Losses from Economic Development Programs*. The key recommendation of the paper is the elimination of the Oregon Economic and Community Development Department (OECDD). Senator Yih is drafting

***“Since 1985, OECDD has spent \$2.445 billion in lottery funds. What do we have to show for it today?”***

– Senator Mae Yih (D-Albany)

legislation and a resolution to dramatically scale back the department.

The OECDD budget has more than doubled since 1985. At the hearing Yih remarked, “Since 1985, OECDD has spent \$2.445 billion in lottery funds. What do we have to show for it today?”

Yih charged, “OECDD has been most ineffective in carrying out what should be its main function—job creation.” She highlighted the 38,000 jobs lost statewide over the past year, the nation's highest unemployment rate, declining per capita income and a host of other economic indicators to prove her point.

Lack of accountability plays into the department's failure. The Secretary of State's 1996 audit report warned, “No statewide system is in place for the review and evaluation of the outcome of lottery-funded programs or projects.” Yih explained, “The Department reports job creation estimates from its applications for assistance as actual jobs created. Actual jobs created are not measured.” The Secretary of State's 2001 audit report showed only 3 of 19

projects actually achieved the job creation and retention numbers claimed by the Department.

Conerly predicted the OECDD's failures in *The Unseen Costs of Ribbon-Cutting*.

Among those unseen costs, he points out that economic development funds must first be taken from the private sector, beneficiaries can receive funds for reasons other than professional merit, and non-recipients must face subsidized competitors. He writes, “Government support for economic development programs replaces the discipline of the market with the judgement of politicians and bureaucrats.”

Conerly recommends eliminating economic development spending, removing barriers to business entry, and reducing the overall tax rate.



**William B. Conerly, Ph.D.**

## ***Is the Lottery a tax?***

By William B. Conerly, Ph.D.

**No one is forced to play the lottery, so it may not appear to be a tax. However, no one is forced to buy liquor, but we still call the liquor tax a tax. The gasoline tax is avoided by those who use public transit or bicycles; the property tax is paid only by those who use property; and the income tax is paid only by those who earn income in excess of the standard deduction.**

**The state lottery makes money only because private gambling is generally illegal. With more competition, the lottery would generate relatively little revenue. The key element of taxation is the extraction of resources from the private sector by force or threat of force. The force involved here is the criminal prosecution of lottery competitors. Indeed, the lottery is a tax.**

**Senator Yih's remarks and *The Unseen Costs of Ribbon-Cutting* are at [www.cascadepolicy.org/pdf/fiscal/economic\\_dev\\_spending.htm](http://www.cascadepolicy.org/pdf/fiscal/economic_dev_spending.htm).**

## **PERS . . .**

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in the country, as well as probably the most complex.”

Ferrara explained that PERS suffers from a “heads workers win, tails PERS loses” structural flaw. If an employee retires when the market is bad, her benefits are calculated based on salary and years of service under the defined benefit “Full Formula” method. If the market is good, her benefits are based on investment returns and matched by her employer under a defined contribution “Money Match” method. Ferrara predicted, “PERS is almost guaranteed to fall into steep unfunded liabilities over and over again because of its design.”

“Oregon should focus on designing a simple 401(k)-style defined contribution retirement system for newly hired workers,” said Ferrara. The move would follow a 25-year trend in the private sector and an emerging trend in the public sector toward defined contribution systems that shield employers from budgeting uncertainty and unfunded liabilities.

ties.

Shortly after the publication of *Pension liberation*, Cascade chairman William B. Conerly, Ph.D., presented the topic at a summer conference of Republican legislators and gubernatorial candidates. After his presentation Conerly fielded Ron Saxton's questions

***“Oregon should focus on designing a simple 401(k)-style defined contribution retirement system for newly hired workers.”***

– Peter J. Ferrara, J.D.

regarding other states' pension systems, and Saxton allowed that he would be the only major candidate for governor in the May primary not receiving PERS benefits. Saxton

made the PERS crisis and defined contribution solution a central campaign issue.

Although Saxton lost in the primary, PERS can no longer avoid the spotlight: The system shortfall is now estimated at \$8.5 billion.

In May Governor Kitzhaber appointed Cascade academic advisor Randall J. Pozdena, Ph.D., to his newly created PERS task force. Pozdena is managing director of the economic consulting firm, ECONorthwest. While serving on the Oregon Investment Council, the investment arm of PERS, Pozdena repeatedly tried to promote reforms. Conerly has been appointed to a second task force created by House Speaker Mark Simmons (R-Elgin).

***Pension liberation* by Peter J. Ferrara, J.D., is online at [www.cascadepolicy.org](http://www.cascadepolicy.org). To order the \$10 video of Conerly's PERS presentation call (503) 242-0900 or email [jhadley@cascadepolicy.org](mailto:jhadley@cascadepolicy.org).**

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of your freedom that you have to give up.” The vetoes included a dog and cat exercise law, helmets for pole-vaulters—and about \$750 million in spending.

## Why drug policy?

Many have asked Johnson why he focuses on drug policy when there appear to be so many bigger problems. His response: “Is there a bigger problem? From where I sit—and I’m one of 50 governors—half of what we spend on law enforcement, half of what we spend on the courts and half of what we spend on prisons is arguably drug related.”

*“I believe the war on drugs is an absolute, miserable failure.”*

—Gov. Gary E. Johnson

Early on Johnson set straight those who assume advocating drug policy reform implies a pro-drug stance. “Here’s my message when it comes to drugs: Don’t do drugs. And here’s my message on alcohol, from someone who hasn’t had a drink in 15 years: For those of you who drink and haven’t ever quit, until you do you can’t understand how much of a handicap it is.”

“Eighty million Americans have done illegal drugs. Statistically speaking, over half the high school graduating class in every state in this country has done illegal drugs,” Johnson said. Given this reality, he argued for more honest and complete drug education.

## Dangerous substances

“It is estimated that 400,000 people die each year from their use of tobacco...150,000 people die each year from the health consequences of their use of alcohol...100,000 people die each year from their use of legal prescription drugs,” said Johnson.

“I was shocked to find that only 10,000 people a year die from the use of cocaine and heroin,” Johnson commented. Moreover, he argued, “Overdose deaths are a function of prohibition.” He noted that during alcohol prohibition people died and went blind from drinking bathtub gin. “There are no reported deaths from marijuana,” Johnson told the audience.

“Tobacco and alcohol are killing us. Why don’t we ban these substances? We know it

doesn’t work. You shouldn’t do these substances, but you can’t ban them because people are going to continue using them.”

## Criminal (in)justice

“We’re arresting 1.6 million people a year in this country on drug related crime. Half of those arrests, 800,000, are for marijuana,” said Johnson. But he challenged, “Drug use is a health problem and not a criminal justice problem.”

“At a minimum, we have to stop getting tougher,” said Johnson. “We need to wake up to the fact that we’re putting nonviolent drug offenders in prison and we’re making room for them by taking violent criminals out of prisons because of mandatory sentencing.” He added, “We need to get as tough as we want with individuals who are going to use drugs and do harm to others.”

“These drug laws are also terribly discriminatory,” Johnson highlighted. “If you are of color there’s a seven times higher likelihood that you’ll go to jail if you are arrested for a drug related crime than if you’re white.”

## Ending prohibition

“Everything is made worse because of prohibition...Kids doing drugs, kids carrying guns...drug debt being played out with guns...drug overdoses, crime to pay for drugs, these are all functions of prohibition,” Johnson said. He lamented, “Law enforcement has taken it on the chin on this whole topic. They’ve been put in the terrible position of having to enforce these laws and end up in harm’s way. If law enforcement is held in lower esteem today than they were 30 years ago, and I think they are, it completely has to do with drug laws.”

“We need to legalize marijuana for starters, and we need to adopt harm reduction strategies for all these other drugs,” Johnson advanced. He blasted the “gateway drug” theory:

“Statistically, one out of 105 marijuana users goes on to use cocaine on a regular basis. If you legalize marijuana you truly do away with whatever gateway aspects there are because

the person who currently sells marijuana also sells other drugs. I suggest if you legalize marijuana overall substance abuse would decrease.” He said, however, that it should always be illegal for minors to buy and use drugs.

Johnson pointed to Europe to show that drug policy reforms would reduce use rates and crime rates. He noted, “Holland, which has effectively decriminalized the use of drugs, has 60 percent the drug use of the United States, 25 percent the violent crime rate, 25 percent the homicide rate, and a tenth the incarceration rate.” More broadly, however, Johnson said, “Use is the

wrong method of measurement. You don’t care whether alcohol use is up or down. What you care about is whether DUI is up or down. Are the health consequences of drinking, or are the

*“Drug use is a health problem and not a criminal justice problem.”*

— Gov. Gary E. Johnson

violence and property crimes associated with alcohol, better or worse?”

“The new bottom line drug strategy ought to be to reduce death, disease and crime, to put more of our resources into education and more resources into getting treatment for individuals who want and need treatment.”

Following the event Cascade president Steve Buckstein commented, “Governor Johnson’s right: Everything is made worse by prohibition. And what’s more, the Governor and I are not alone on this. I’m still getting calls from legislators, judges, doctors, lawyers, business people and others thanking Cascade for bringing the Governor here, and asking how they can help advance drug policy reform. Opening this debate is the first step.”

Governor Johnson’s proposed drug policy reforms are at [www.governor.state.nm.us](http://www.governor.state.nm.us). To order the \$20 video of Johnson’s speech call Cascade at (503) 242-0900 or email [jhadley@cascadepolicy.org](mailto:jhadley@cascadepolicy.org).



Clara Padilla-Andrews, publisher of El Hispanic News and former New Mexico Sec. of State, with Gov. Gary Johnson.



Judge Harl Haas (left) and Oregon’s former governor Neil Goldschmidt converse at the luncheon.

# Students earn cash for essays on government

More than one hundred Oregon high school students competed in Cascade Policy Institute's eighth annual Independence Essay Competition. Seven outstanding students were selected as winners and together, were awarded over \$4,000.

This year students were asked an age-old question: "What is the proper role of government in a free society?" Cascade's Angela Eckhardt commented, "Students did a great job stretching beyond their classroom civics lessons to tackle this topic."

**Jaelyn Norton**, a junior at Westview High School in Beaverton, won \$1,000 for her essay on the U.S. Constitution. "Our government's main responsibility is to guarantee freedom to all the people of this land. Men and women fought on this soil in the quest for freedom, and our leaders must remain vigilant to maintain it," wrote Norton.

**Scott Pendleton**, a senior from Canby High School earned \$750 by exploring how governments historically have balanced trade-offs between liberty and security. He wrote, "Representative governments eventu-

ally did arise that would allow for an enduring balance of security and liberty by creating rule of law rather than the rule of humans."

Another \$750 prize went to **Jesse Jenkins**, a senior at Forest Grove High School. Jenkins looked to John Locke and other political philosophers for guidance. "In order to ensure that the liberties and rights that define a free society are not restricted any more than is necessary to provide the common good, a just government must follow certain restrictions that are imposed by an accountability to the will of the people and to a written constitution," he wrote.

**Heidi Garrett**, a homeschool junior from The Dalles, was one of three \$500 award winners. She offered a moral rationale for limiting government. "If a neighbor took things by force of his own, you would call it stealing. If a neighbor lobbied someone in Washington and got them to take your things for him, you would call it taxation," wrote Garrett.

*"[T]hank you for awarding me with the \$500 scholarship...I wanted to tell you how much I learned from the suggested readings...It was great to hear some common sense and to bring attention to how much power our government has, and how much that it should not possess. Especially starting in as a voter, I think it makes me question more and more why the government has so much power in almost every aspect of our lives. Thank you...for the educating experience of preparing my essay."*

– MaLanie Goslin

To order the \$20 Cascade video of syndicated columnist Dr. Walter E. Williams' hour-long speech on the proper role of government call (503) 242-0900 or email [jhadley@cascadepolicy.org](mailto:jhadley@cascadepolicy.org).

Independence Essay Competition sponsors include the Bonavia Family Charitable Trust, Constructive Management Foundation, Friesen Lumber Company, William K. Blount Fund of the Oregon Community Foundation, and Centerpoint Graphics, Inc. For more information visit [www.cascadepolicy.org/essay.asp](http://www.cascadepolicy.org/essay.asp).

**Emily Maynard**, a homeschool junior from Portland, earned \$500 by showing that government expansion necessarily reduces liberty. She wrote, "Freedom and a large intrusive government cannot coexist. The only way to have a truly free society is by having limited government interaction."

Also garnering a \$500 prize was **MaLanie Goslin**, a senior at Lakeview High School. Goslin argued that with smaller government citizens would benefit from better services, lower taxes and more freedom. Goslin noted, "Slowly, we have sold our freedom to the government for services it has promised."

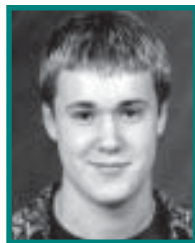
A \$250 prize was awarded to **William Glaser**, a homeschool sophomore from Scio. Protecting life, property and freedom of opinion are the sole legitimate functions of government according to Glaser. He put it succinctly: "Let us remember the proper role of civil government in a free society—the protector of liberty."



Jaelyn Norton



Scott Pendleton



Jesse Jenkins



Heidi Garrett



Emily Maynard



MaLanie Goslin



William Glaser

## On the go...

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discussed Cascade's work with students at Roosevelt High School on March 12.

- In April and May, John Charles, Nick Weller, vice president Kurt T. Weber, publications director Angela Eckhardt, and director of operations Truxton Meadows spoke before the Oregon State University College Republicans and College Libertarians.

- On April 18 Nick Weller discussed the role of government in education before an Education Philosophy class at Portland State's Graduate School of Education.

- On May 2 and 3 John Charles participated in a meeting of the Oregon Road User Fee Task Force in Pendleton, where alternatives to the gas tax were discussed.

- On May 4 John Charles addressed "The dark side of smart growth: A case study of Portland, Oregon" at the Foundation for Economic Education's National Convention

in Las Vegas.

- On May 7 and 8 Nick Weller discussed school choice at the Toledo (OR) Community Center and with the Toledo Rotary Club .

- On May 14 John Charles discussed free-market environmentalism with the Oregon chapter of the Association of Waste Management.

- On May 14 Bill Conerly spoke to high

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# Health Care Benefits Symposium a success

Following on the heels of two health care forums geared toward physicians, Cascade organized a Health Care Benefits Symposium for employers on May 9 in Portland. The Symposium was part of Cascade's Oregon Health Choice Program, and was attended by 120 business owners, managers, and state and local public officials.

Institute vice president Kurt T. Weber notes, "The Symposium highlighted currently available options that could help employers control their benefit costs, limit liability, and enhance employee satisfaction. Emphasis was placed on options that give employees more control over their health care decisions."

program, in which doctors take payment directly from patients at the time of service in order to reduce administrative costs, charge less, and spend more time with patients.

Mark I. Jungvirt and Dr. Steven Barchet described insurance options for the first panel. Dr. Barchet discussed defined contribution health plans, in which employers determine a fixed amount to pay for health coverage and employees choose the type of plan that works for them. Dr. Barchet worked with the Evergreen Freedom Foundation to produce a practical primer for employers, *Defined Contribution Health Benefits: Enabling Employee Choice*. It is available from Cascade.

Next Ron Kirkpatrick and Rick Rebel detailed tax-advantaged vehicles that allow employees to save for future health expenses and to pay for routine services not covered by traditional health plans. They covered flexible spending accounts, Section 105s, Medical Savings Accounts, and Voluntary Employee Benefit Associations for public employees.

Dr. Al Turner joined Dr. Michael P. Jaczko, a

SimpleCare provider from Carlton, Oregon, to offer physicians' perspectives. Dr. Turner commented, "In my opinion the worst mistake physicians have ever made is to allow insurance companies to come between them and their patients." He noted that if the Oregon Health Plan is scaled back, the SimpleCare model allows physicians and hospitals to make a reasonable effort to provide affordable health care and get paid.

During his presentation on national policy trends Greg Scandlen was cautiously optimistic that federal restrictions on Medical Savings Accounts would be liberalized. Rick Rebel ex-



Symposium speakers Dr. Al Turner (left) and Mark I. Jungvirt

plained that Oregon also needs to reduce state-imposed barriers to Medical Savings Accounts. As well, he said Oregon should inject more common sense into small group underwriting. He noted in particular that the guarantee issue requirement—which mandates coverage of all employees in a group plan regardless of individual health status—drives up the cost of insurance.



Symposium host Dr. David C. MacDonald (center)

A recurring point made at the Symposium was the problem of a disconnect between those receiving health care and those paying the bill. When third party payments are the rule—whether made by an employer, insurance company, or the government—individuals have no idea of costs, which leads to unwise health care decisions.

The Symposium featured seven panel speakers and was hosted by Dr. David C. MacDonald, co-founder of the American Association of Patients & Providers (AAPP). Dr. MacDonald spoke at Cascade's health forums earlier this year about AAPP's SimpleCare

#### Symposium speakers:

Dr. Stephen Barchet, MD, managing partner, Benefit Payment Solutions  
Dr. Michael P. Jaczko, DO, board member, McMinnville Physicians Organization  
Mark I. Jungvirt, State of Oregon's Insurance Pool Governing Board  
Ron Kirkpatrick, ABEO Health Care Consulting  
Rick Rebel, co-owner, Albany Agency of Insurance  
Greg Scandlen, senior fellow in health policy, National Center for Policy Analysis  
Dr. Al Turner, DO, president, Medical Society of Metropolitan Portland

#### Symposium host:

Dr. David C. MacDonald, co-founder, American Association of Patients and Providers

#### Symposium co-sponsors:

Providence Health Plan, the National Federation of Independent Business/Oregon, *The Business Journal*, AM 1410/KBNP, and SimpleCare.

To learn about Cascade's Oregon Health Choice Program please contact Institute vice president Kurt T. Weber at (503) 242-0900 or [kurt@cascadepolicy.org](mailto:kurt@cascadepolicy.org).

## On the go...

continued from page 6

school winners of the Stock Market Game, a Project of the Oregon Council on Economic Education.

- Bill Conerly presented the paper, "Welfare Reform in Recession: What's Oregon to Do in 2002?" at the Pacific Northwest Regional Economics Conference on May 15.
- John Charles discussed Transit Oriented Developments at Portland State University's 2002 Transportation Seminar Series on May 17.
- On May 22 Kurt Weber discussed farm subsidies before the McMinnville Lions Club.
- John Charles participated in the 2002 Wisconsin Housing Conference: "How Smart is Smart Growth? A Housing Perspective" on May 22 in Madison, Wisconsin.
- On May 23 Bill Conerly spoke before the Oregon Medical Association on "What We've Learned about Investments from Enron and the Tech Collapse."
- On May 29 Nick Weller participated in a forum on school funding with the City Club's New Leaders Council.
- Steve Buckstein gave invited testimony on telecommunications deregulation before the Public Utility Commission of Oregon on June 6.

# Events

## The Lazy Fair —A Free Market Lollapalooza

The Executive Club, Cascade, and friends invite you to the greatest social gathering of free market minds this summer!

**When:** Sunday, August 4, 12:00 noon

**Where:** Blue Lake Park

**Cost:** \$15 for Buster's Barbecue

**RSVP:** Don McIntire at (503) 666-4451



# Publications

• **The war on drugs is a bad investment**, Governor Gary E. Johnson, Cascade Commentary 2002-16, May.

• **Wilderness Unlimited**, Joey Coon and Angela Eckhardt, CC 2002-15, May.

• **Fix PERS for new hires**, Angela Eckhardt, CC 2002-14, May.

• **Check out library fees**, John A. Charles, CC 2002-13, May.

• **Railroaded: Light rail gravy train rolls toward Clackamas**, John A. Charles, Policy Perspective No. 1022, April.

• **CAM: Reading, writing and arithmetic Jobs**, Nick Weller, CC 2002-12, April.

• **Tax Freedom Day**, Angela Eckhardt, CC 2002-11, April.

• **Let private schools help with public education**, Brother Bob Smith, CC 2002-10, April.

• **Special interests run with faulty obesity data**, Randal O'Toole, CC 2002-09, April.

• **Testimony before the Oregon Senate Interim Budget Committee**, Steve Buckstein, March.

Publications and event details are online at [www.cascadepolicy.org](http://www.cascadepolicy.org), or call (503) 242-0900.

# Email updates

Visit [www.cascadepolicy.org](http://www.cascadepolicy.org) and click on "Join our mailing list" to receive:

- **Cascade Policy Institute** updates
- **Education Bulletins** from Cascade's Nick Weller
- **Environment Bulletins** from Cascade's John A. Charles
- **QuickPoint!** weekly Cascade editorials
- **Cascade Commentary** opinion pieces on Oregon issues from Cascade analysts, academic advisors and adjunct scholars

# Thanks!

To the CPI crew:

Just a note with my renewal to thank you for all you do. It's amazing how when a big societal crisis comes home to roost, one can look back a couple of years at how CPI predicted it and also proposed a solution for it. You are a thoughtful, rational, courageous voice of reason in a cacophony of hysterical public noisemaking. Please keep doing what you do.

Sincerely,  
Dave Newton  
Former President  
Eastmoreland Neighborhood Association

# Career, volunteer opportunities

Cascade Policy Institute is seeking a director of sponsor relations to develop the Institute's base of individual, foundation, and corporate support. Cascade offers a stimulating work environment for individuals committed to advancing liberty and sound public policy in Oregon. The Institute has a strong state and national reputation, and is growing. This is an excellent career opportunity for a highly motivated, energetic intellectual salesperson. For details visit [www.cascadepolicy.org](http://www.cascadepolicy.org) or call (503) 242-0900.

Cascade also has volunteer and internship opportunities for students and adults with varying skills. To help with mailings, events, research, technical support, graphic design, or to contribute other professional assistance please contact administrative assistant Jon Hadley at the above number or email [jhadley@cascadepolicy.org](mailto:jhadley@cascadepolicy.org).



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