

Trust Us: We've Done it Wrong Before

By Jan Meekoms

Would you be leery of buying an automobile from a Nike dealership, shopping at a Weyerhaeuser supermarket or dining at a Boeing restaurant? Probably so.

What, you might rightly ask, do any of these firms know about fields they're not in, and how good could any of their non-core products be? There also is no shortage of car dealers, supermarket and restaurant chains that have been doing for much longer what they specialize in and have perfected their operations to the point of securing plenty of return business.

But the natural business life of pursuing a passion, learning from trial and error, and perfecting your product or service is a span too long to wait from some Oregon legislators who want the state to jump into the business of managing the retirement accounts of workers in the private sector.

To its credit, the state would not be completely new at this. It currently manages the retirement accounts of its own employees, which is why that fund is \$16 billion in the hole. Only in the committee rooms of the State Capitol is failure considered a community value best shared by all.

The vehicle for this plunge into this nothing-we-haven't-failed-at-before pool is House Bill 3436, which – and I can hear the 'only' shouts of proponents now – calls for a study on the feasibility of offering retirement accounts to private-sector workers.

Never mind there is nothing in HB 3436 that stops a proposed board of directors from moving forward with implementation of whatever it finds. Never mind that other states considering the same idea found the cost estimates for running such an endeavor grossly under-guessed and decided to kill it. Never mind that there is little faith in an Oregon government that has done nothing to extricate itself from the regulatory morass of its own creation to charge ahead with a new idea. HB 3436 means well, damn it, and that is wind enough to set sail in Salem.

California passed a bill calling for a feasibility study of publicly managed private retirement accounts, even though the state's own Department of Finance warned it could create a multi-billion liability. Just north of us the Washington state Department of Retirement Systems cautioned that a similar idea to HB 3436 would have cost \$1.9 million to get started and \$1.4 million a year to keep running. Maryland, Tennessee, same verdict: Bad Idea!

The good news is many employees in private enterprise already have retirement accounts, and those who don't have a big market with many products to choose from. HB 3436, then, is a problem in search of a solution. Allow me one other cliché, it also is putting the cart before the horse. Retirement accounts mean nothing to those without a job.

Helping create jobs before retirement accounts should be the entire effort of this Legislature, and it hasn't done a significant thing all session. This explains Oregon's plummeting rating in the just released annual *Rich States, Poor States* report by the American Legislative Exchange Council, winding up 45th in the nation in its Economic Outlook Rank.

The Mercatus Institute was a little nicer in its *Freedom In The 50 States* report released earlier this year, giving Oregon a middling 28th place, but it warned the state should reduce its outlays on government employees' retirement benefits, lest the red ink rises above sea level and starts flooding ashore.

That the state can't manage its own employees' retirement well and now want to apply that same financial acumen to private-sector workers is a comedy; that it is doing absolutely nothing for tens of thousands of people seeking work just to meet everyday expenses is a tragedy.

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