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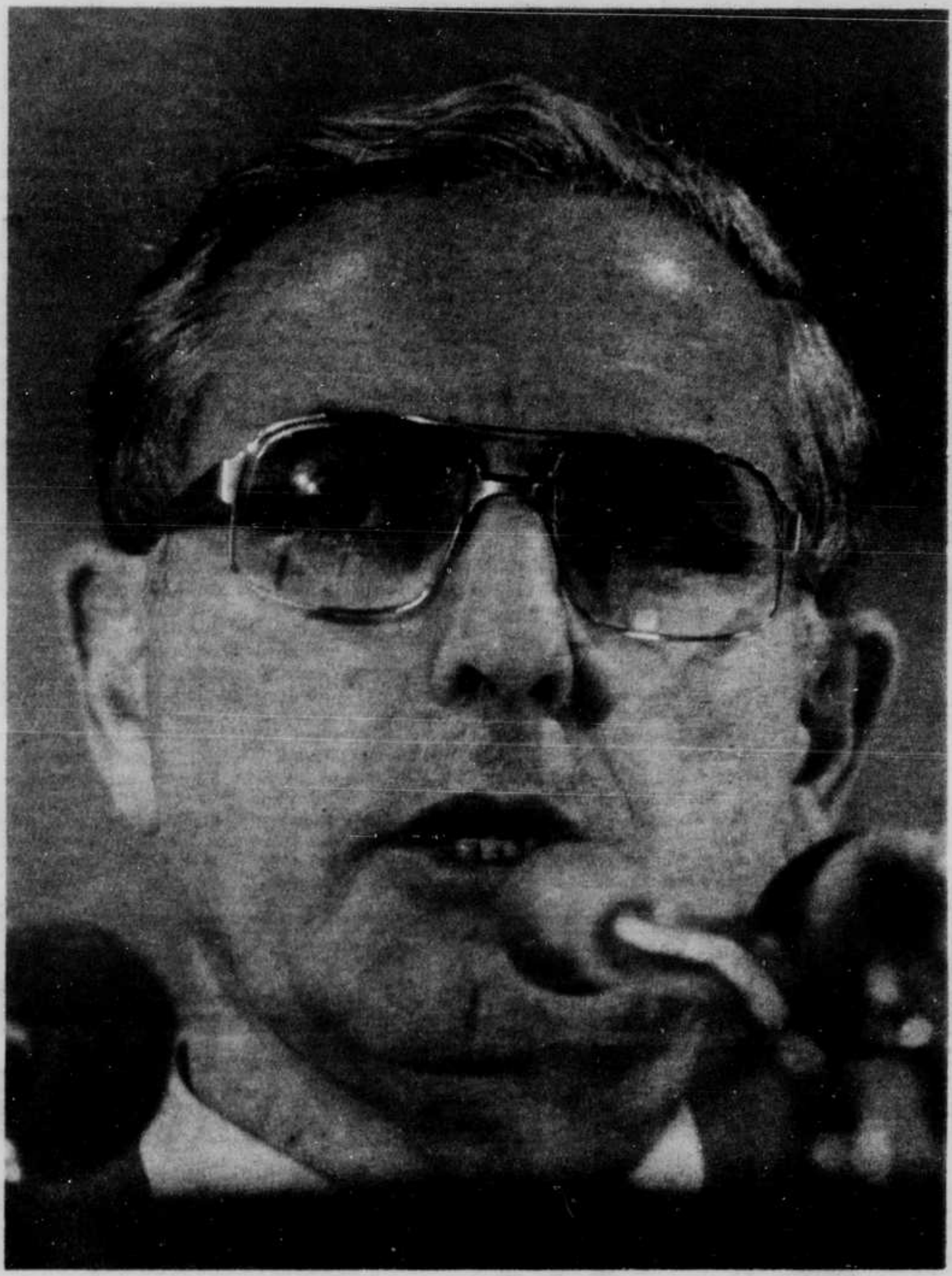

Photo by Bob Baker

Gov. Vic Atiyeh

Atiyeh sees upswing in sluggish economy

By DONALD COULTER
Of the Emerald

Lane County's ailing economy may be bolstered by a 'high-tech' industry planning to locate in the Eugene area, Oregon Gov. Vic Atiyeh said Thursday night at the Lane County Convention Center.

Though he would give no details as to exactly what company would be coming here, or when it might arrive, Atiyeh seemed confident that help - in shape of a national electronics firm - is on the way.

Atiyeh's prediction came at a small press gathering before his speech to about 150 people attending a two-day conference entilted "Lane County's Economy: The '80s and Beyond."

The new industry, Atiyeh said, will provide jobs for 500-1,000 county residents. He said the firm is one of three or four high-tech industries planning to locate in the state, tabbing Corvallis and Beaverton as two other possible sites.

He said the industries interested in Oregon want to locate somewhere within a 40-mile radius of a university and also near public transportation lines.

Unfortunately, these industries probably won't locate here until interest rates — which hover just above 18 percent currently - start to plunge, Atiyeh said. Despite a drop in the that figure over recent days, he said "significant further reductions are needed."

"Businesses are no different than the rest of us. If you or I can't afford to buy a house at these rates, businesses can't afford to come here."

In order to attract new industry to the state, Atiyeh said Oregonians must change the "no growth" image they have been projecting for years.

"We have to beat down the national attitude that we (Oregon) don't want new business. For years, the 'no growth' people in this state have been extremely successful in keeping industry away, without realizing they were punishing someone who needed a job."

In his speech, Atiyeh emphasized that economic diversification is essential to growth in the county, to reduce dependance on resource-based industries such as timber.

Economic diversification will plant the "seeds of a more stable economy," he said. "Timber will always be an important part of the economy, but economic diversification will even out the ups and downs."

Atiyeh added that help from the federal government — in terms of lowering interest rates — is badly needed to ease unemployment in the state. He said Oregon's unemployment rate — 10.6 percent — is nearly two points higher than the national average.

"A moderate recession in Oregon is a disaster in Oregon," Atiyeh said. "When the national goverment cools off the economy (by raising interest rates), Oregon freezes."

Due to the cooperation of business, labor, and state and federal governments, Atiyeh said he believes interest rates will decline and the economic downturn will reverse.

"Today is not forever. The economy will improve."

Student GSLs to come through

The Federal Reserve staff reversed a Guaranteed Student Loan "commentary" on Truth-in-Lending requirements Thursday, removing the final obstacle from the path of many loan checks.

The staff reviewed the comments contained in an Oct. 9 Federal Register and decided the intent of Congress was to except GSLs from all Truth-in-Lending Requirements until August 1, 1982, according to Griffith Garwood, deputy director of the consumer and community affairs division.

Garwood says the staff originally disagreed on what he called an "ambiguous statute" enacted by Congress. Although the Federal Reserve staff has the authority to issue "binding interpretations," they never intended their comments to stop student loan payments, he says.

Banks in many states apparently ignored the comments and continued handing out checks, but banks in Oregon and several other states refused to pay until the conflict was resolved. The "main concern" was in Oregon, Garwood says.

Ed Vignoul, University financial aid director, says U.S. National and First Interstate officials say their banks will be working "super hard" this weekend to get checks to the University.

His office expects a "tremendous influx" Monday, and should be ready to hand out checks by Tuesday, he says.

Reaganomics okay, adviser says

By MARIAN GREEN
Of the Emerald

Reaganomics will work if the American people give it half a chance, said Frank Cappiello, investment adviser and commentator on the PBS show "Wall Street Week."

Cappiello's speech, to an audience of about 165 people, opened the two-day "Lane County's Economy — The 80's and Beyond" conference. The conference was sponsored primarily by the Lane County Department of Employment and Training.

Reaganomics, the president's program of tax cuts and tighter money policies designed to reduce inflation and to increase long-term investment, is "well-founded in economic doctrine and theory," he said.

Japan and West Germany operates under similar policies that offer tax cuts and savings incentives, and these incentives, he said, have resulted in higher productivity and not inflationary problems.

"Those incentives will work" in the United States too, he said. Reagan's plan is the "first to encourage all people, not just the working classes, to work harder."

Americans must recognize that recession is a reality for return to a stable economy, he said. And they must have faith that the economy will improve.

"We are in a recession. It will be a fairly long one. There will be pain, but all of this pain will have some gain," Cappiello said.

By this summer, Cappiello predicted, the recession will bring the prime rate — the interest rate banks give their best customers — from 16 percent to 11-12 percent, and mortgage rates from 16-17 percent to 12-13 percent.

"We know that with 12-13 percent mortgage rates, the housing industry begins to revive."

While the automobile and housing industries — and lately the consumer industries — have recognized the recession, the president's public acknowledgment of the recession is most notable, Cappiello said.

"Most presidents haven't been able to pronounce the word."

Major Wall Street investors don't fear Reagan's policies will aggravate inflation anymore than pre-Reaganomics deficits already have, he said.

Cappiello noted that Wall Street is concerned that big banks, congressmen and businessmen will lose faith and will do just what the President and the Federal Reserve Board Chairman don't want them to do — inject more money into the system, undermining the policy's aims.

Noting that the media "hasn't been much help," Cappiello said similar U.S. policies failed in 1970 and 1974 — two recessionary periods — because Wall Street investors and banks got scared and put money into the system, undoing the policies' aims.

The media severely criticized in 1963 Pres. John F. Kennedy's similar policies that resulted in the "biggest capital spending boom ever.

Photo by Erich Boekelheide

Frank Cappiello

"They worked for Kennedy. They will work for Reagan," Cappiello said.

Calling himself a "chicken bull," Cappiello gave the policy a 60-40 chance of survival through the recessionary period.

"Inflation is our mortal enemy. We can beat it down. We only have six months to go."