

Oregon's economy lacks diversity

Attitudes, lack of facts to blame

By Brad Berton
Of the Emerald

Several explanations have been given for the dearth of diversity in Oregon's economy.

Oregon's anti-business image, several say, is a major impediment to growth.

"A principal barrier to economic diversification is the miserable image Oregon has with the national business community," said Gov. Vic Atiyeh while addressing the Legislature.

"We hear complaints that Oregon actively discourages people from coming here... None of those assertions are true...but the image persists," he added.

Oregon's anti-business image "is as much an impediment to economic development as today's high interest rates," Atiyeh said.

The state's Legislative Research Office late last year studied industrial relocation factors: why does a company choose one site over another?

The office's study concluded "some people in Oregon seem negative about electronics firms moving to the state," and gave an example of a firm that received little encouragement from Portland officials when considering relocating there.

"The Oregon un-greeting cards worked," says economics prof. Mike Grove. The un-greeting cards featured maxims such as, "Oregonians don't tan, they rust."

"Eugene is ecologically conscious and has sort of a prima donna attitude," says Bill Wooten, Lane Economic Development Council's program director.

Eugeneans "would see rampant economic development as a defoliation of what they prize most," he adds. "It really puts a chill in the air."

A lack of available information on Oregon's economy has been a serious problem as well.

"The way to go about diver-

sifying a economy is to first do studies that will give a clear picture of what the economy is like. But these studies haven't been done here, which is really incredible," Grove says.

"Business interests want to have statistical economic research information of a community available when considering locating, and it just isn't there; therefore, people just don't know how diversified the economy is," he adds.

Local "studies have suggested that the economy is healthy and diversification is not a great necessity. Adding more small service businesses to compete with existing ones, as the studies have suggested, would hurt, rather than help, the economy," says Tom Moreland, Lane Economic Foundation board chairman.

Lack of coherent strategy has also hindered diversification in Oregon.

The public sector has a poor conception of its role in economic development, Wooten says, adding that public participation is lacking in the management and development of the economy.

"The resources of the state have never been effectively utilized," Grove says. "There are lots of economists in this state, but they have never been asked to do anything. There seems to be the thought that Oregon is somehow above it all."

There was once a select industries program in the state government, but over the past several years the Legislature has concentrated on "assisting, preserving and maintaining" industries already in Oregon, says Ed Gage of the state Economic Development Department.

Even though the state Senate agreed last year to begin recruiting specific industries, the program has been poorly funded, Gage says.

"The biggest problem we



have here is the multiplicity of jurisdictions that don't trust each other and compete with each other for available funds," says Wooten on local diversification. "The principal antagonists are the city, the county and the Eugene and Springfield Chamber of Commercies. They don't agree with each other and the public doesn't seem to agree with them, either."

Poor local planning has allowed the development of "several dependently related industries, which is a problem — when the main industry (wood products) is depressed, related industries have the same problems," Moreland says.

The lack of a rational tax and regulation scheme as another "big problem," Grove says.

"When taxes are structured on a land-value basis, people are more willing to sit on undeveloped land in order to keep their taxes low," he adds.

Economic factors outside the

state can also have a significant affect on Oregon's development.

"The price of the commodity on which our economy is based (wood products) is tied to the general interest rate of the nation's economy," Grove says. "When the Federal Reserve Board begins a monetary policy concerned primarily with stabilizing demand in the entire nation, the interest rate roller coaster hurts Oregon's economy."

The huge federal deficit causes the government to compete with the private sector for available money, driving up the interest rate and keeping investment funds out of the economy, Grove and Moreland agree.

"We get so concentrated on the idea that the restrictive monetary policy is causing the lumber industry's depression, but other fundamental reasons for the depression are masked by the high interest rates," Grove warns.

"Changes in the cost structure of plywood production may very well make it much more economical to produce plywood in Georgia," he says.

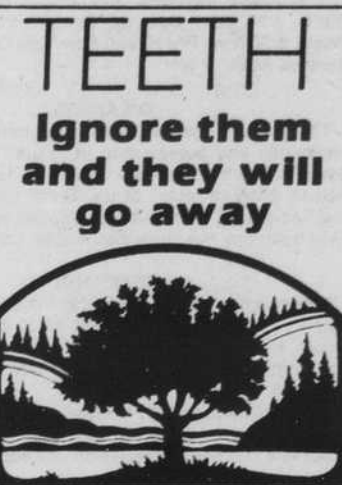
The national economy is "sick," suffering from a decline in production and a loss of investment to foreign labor markets, Wooten says. When stringent counter-measures were taken to combat inflation, Oregon was "really in for a crunch," he adds.



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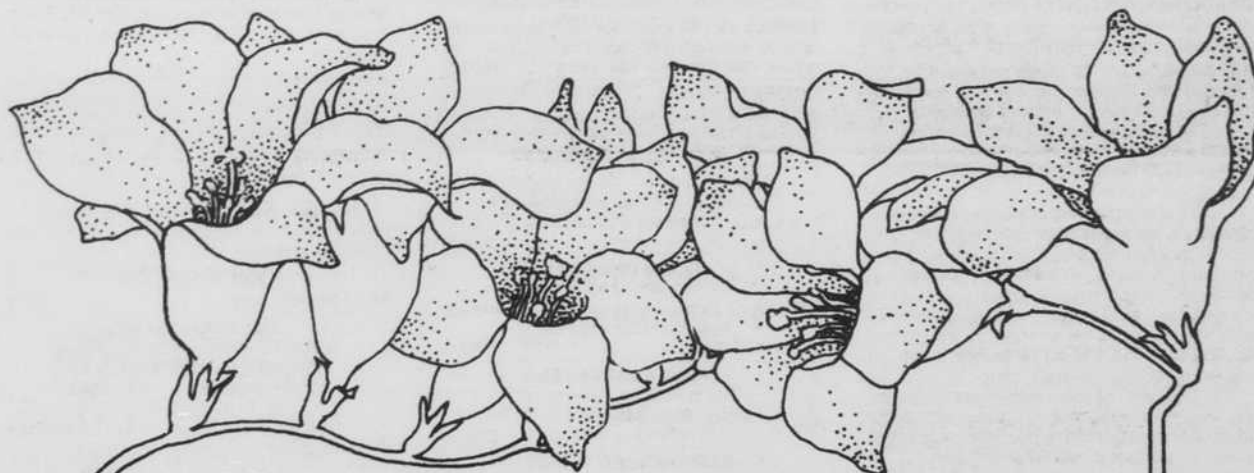


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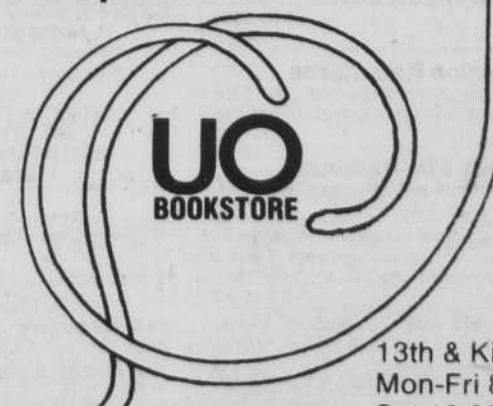
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