

Packwood forecasts 'slight recession'; suggests

Oregon's junior U.S. Senator, Bob Packwood-R, says the nation will experience a "slight recession" this year but he doesn't feel it will result in a depression.

Speaking candidly to a luncheon group at West of Willow Restaurant in Heppner and also in a Gazette-Times interview following the Thursday program, Packwood said the nation had experienced a "dramatic decline in productivity" hiring more people than we normally employ and there was "a lack of capital investment in our economy."

Packwood said Congress will be trying to improve capital investment by lowered taxes on capital gains, increasing the depreciation schedule from 5 to 10 years, reestablishing tax incentives to boost savings and increasing the tax-free dividend allowance on stocks.

"There's a push away from consumption to investment."

"We are going to balance the federal budget," says Packwood, who as a member of the Senate Budget Committee has something to say about what he calls the "outer limits" of the federal budget.

He said projects show the budget will realize an \$8 billion surplus in the first year, \$70 billion the next year, \$132 billion the next and \$270 billion the following year.

"I hope that stops inflation, but of course", he said, "if OPEC doubles the price of oil, that would ripple through the economy."

Turning to energy, Packwood said the nation "should quit blaming other people for our dilemma. We are one of the richest nations in the world in natural resources."

Using Japan as an example, he noted that the Japanese had a \$40 billion balance of trade surplus but imports practically all of its natural resources—coal, oil and natural gas—from other countries.

Packwood cited the suggestion that wheat shipments should be withheld from oil-producing nations as a trade weapon.

He said "the bushels for barrels" idea won't work because "as a weapon of exchange, equivalency wasn't there". He recited statistics that the Arabs purchased only \$1 billion in wheat compared to the U.S. purchase of \$40 billion of Arab oil.

"We have 200 years of oil shale, almost unlimited nuclear capacity."

But if there are environmental and safety doubts about use of these fuels, Sen. Packwood said the nation could turn to wind, geothermal and other potential energy sources. Quoting the conclusion of "The Energy Future", compiled by the Harvard Business School, that enough energy could be produced from geothermal and wind sources to meet the nation's needs without crash programs, he said the Oregon Technical Institute has been saving 11,000 barrels of oil a year in Klamath Falls with use of geothermal energy and by 1985, the city plans to convert 54 blocks to geothermal fuel.

"There is no limit to what Americans can do. Quit wringing our hands, quit crying. I am optimistic. There is no reason to be afraid of the future."

Packwood is the co-sponsor of a bill allowing tax incentives for development of wind, solar and geothermal sources of energy.

Asked by Don Peterson, a cattle and wheat rancher, about the need to preserve private property amidst government regulation, Packwood says his bill will emphasize individual tax credits for development of energy resources and was in full support of President Carter

for organization of an Energy Mobilization Board. Orville Cutsforth told the Senator four creeks were dry

in Morrow County and there was a need for the headwaters of Willow Creek to be protected from logging operations.

Packwood responded: "What do you want me to do?" Cutsforth replied, "We will be sending you some background

information and a resolution from the chamber of commerce." Packwood is opposed to

Navy use of the Boardman Bombing Range and said he had supported past moves to have the site shifted.

"I don't believe the Navy needs the bombing range." Packwood was asked why nations which were friendly

with the U.S. have suddenly turned against Uncle Sam. Said the Senator: "There's a

Cont. on page 13

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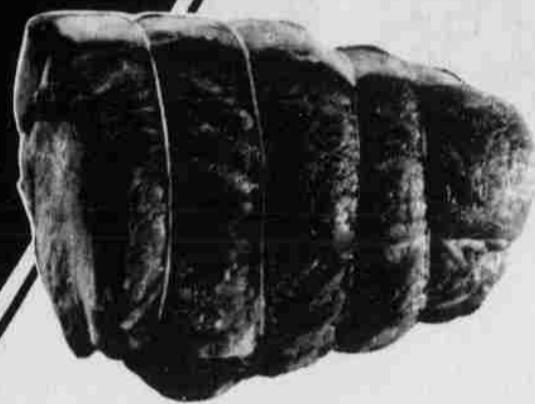
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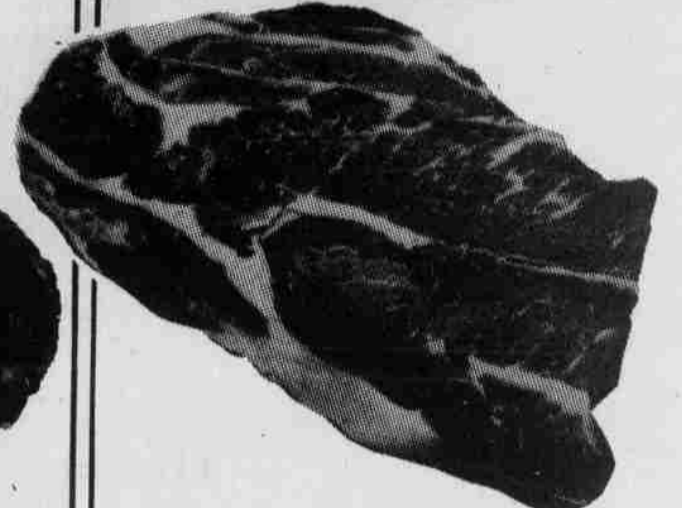
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