

# THE WALL STREET JOURNAL

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## Oregon Turns Into a Mecca For High Tech

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PORTLAND, Ore. — In the 1970s the bumper stickers read: "Don't Californicate Oregon" and "A Nice Place to Visit, but You Wouldn't Want to Live Here."

Now there's a poster that says: "Silicon Forest."

After years of actively discouraging immigration and investment, Oregon is courting business. The change in Oregon's approach to industrial development reflects its changing fortunes in the 1980s. Like those in many other regions, Oregon's basic industries are foundering, victims of depressed markets, competition, overcapacity and a failure to modernize.

Timber and agriculture, the state's traditional mainstays, have lost their vigor through the decade. As a result, Oregon's population has dwindled—by 25,000 in 1981-82 and 40,000 in 1982-83, according to a survey by Portland State University. Many of these people had been laid off some of the highest-paying blue-collar jobs in sawmills, wood products plants and among the 150-foot firs.

### Largest Corporate Employer

There has been some high-tech industry in the state since 1946, when Portland-based Tektronix Inc. was founded. Over the years, the maker of measurement and control instruments became the state's largest corporate employer; it currently has 20,634 employees. A dozen or so spinoff companies were formed, most notably Floating Point Systems Inc., in 1970. Floating Point's chairman, C.N. Winningstad, has become one of the state's most vocal high-tech advocates. "The only sound way to diversify the economy is to bring in large outside firms," says Mr. Winningstad. "The whole world is going high-tech."

Until recently, many Oregonians didn't seem to care where the rest of the world was going. They were more concerned with progressive movements like environmentalism than with economic development. U.S. Ambassador to Japan Mike Mansfield, an ardent backer of two-way trade and investment flows between the West Coast and Asia, once described Oregon's attitude as "self-satisfied."

In the early 1970s, Oregon lost two large potential employers when Data General Corp. and Digital Equipment Corp. decided

to build plants elsewhere after receiving little encouragement from the state. At the time, timber and agriculture were still relatively strong.

But toward the end of the decade, the jobless rate was climbing to more than 10%. So Hewlett-Packard Co., which arrived in 1976, and Intel Corp., which came in 1977, were much more warmly welcomed. Hewlett-Packard now employs 2,500 people, and Intel has a work force of nearly 3,000. "These companies attracted other companies," says Pat McCormick, a Salem-based lobbyist for the American Electronics Association, "and our work pool and talent put us on the map."

### Crowded Map

Now, the map is crowded. According to the state's economic development department, the number of companies engaged in high technology rose nearly 60% to 910 in 1982 from 568 10 years before.

Since 1982, the first year for which figures are available, a total of \$424 million in high-tech investment has been announced by electronic-equipment, instrument and advanced-machinery makers, or 40% of all investment in manufacturing. High-tech employment increased to 22% of all manufacturing workers last year, up from 13% in 1972. The work force reached one million in July for the first time since 1979.

And even the Sierra Club's local chapter now finds the high-tech push "positive" in encouraging low-pollution industry, says a spokesman.

### Most Significant Arrival

The most significant new arrival is NEC, a big Japanese electronics company that in May announced it would build a \$25 million fiber optics communications-equipment factory near Portland. NEC will be the first Japanese high-tech investment in the state. This move came after Gov. Vic Atiyeh, an ardent recruiter of home-grown and foreign investment, led legislative efforts to repeal the state's unitary tax. The tax is a levy on multinational corporations that is designed to stop them from sheltering income from taxes. Japanese companies have refused to invest in any of the 12 states that use it. In August, Oregon became the first of the 12 to drop the tax.

Not everyone sees high tech as the solution to the state's economic problems. Labor groups argue that the assembly-line jobs—which they call "minimum wage plus \$1 an hour"—are replacing higher-paying jobs in the woods or on construction sites. Retraining is also a problem. "The guy coming out of a plywood mill doesn't have an easy walk sideways" to a high-tech assembly line, says a Tektronix executive.

Nonetheless, it seems likely that Oregon will continue to welcome the jobs high-tech companies bring. Says John C. Anderson, the state's director of economic development: "We're going to have to share Oregon with the rest of the world."