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## Diversification top state priority

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A book about Oregon's economy in 1984 might have been titled, "A Tale of Two States."

Although an article in the Wall Street Journal last year referred to Oregon as a "high-tech mecca," downstate residents had reason to take issue with the label.

Despite the promise of thousands of new jobs in the Portland area, new employment remained illusive in cities such as Eugene and Medford, where the book never quite closed on the recession.

John Anderson, director of the Oregon Economic Development Department, called the two-state economy the most important challenge the state faces for 1985.

"One of the obvious things we need to address in 1985 is the need for economic development and diversification in communities throughout the state," Mr. Anderson said.

Several large firms that eventually settled on Portland locations looked at outlying communities, only to find them inadequate, he said.

But this year, when support and service industries begin

following the first wave of investment, "we will have a much larger list of eligible communities," Mr. Anderson said.

Despite a decision by IMI Onyx to close its Medford-based disc-drive manufacturing facility, Jim Root, an economic development commissioner from the city, said he does not think the current of high-technology investment will leave Southern Oregon dry.

"I do think the first wave will be confined to Portland," Mr. Root said. "But I am confident Southern Oregon can support high technology."

Mr. Root said he shared Mr. Anderson's hope that new smaller and medium-sized firms can support larger Portland-based firms from outlying communities.

But Brian Obie, Eugene's new mayor, said he does not consider Portland's spinoff firms a viable prospect for his community.

Although Eugene will pursue all types of new investment in 1985, the city's recruitment efforts will target high-technology firms from the Silicon Valley and Los Angeles areas, Mr. Obie said.

For California-based com-

panies, Eugene has a competitive advantage, he said.

Lower labor, housing and utility costs, in addition to proximity to quality educational facilities, are other factors that make attracting first-wave, high-technology companies Eugene's best bet for the year, Mr. Obie said.

Announcements of major new investment for Eugene are likely still a few years off, Mr. Obie said.

Gresham, on the other hand, already turned an important corner with the decision by

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Fujitsu Microelectronics Inc. to locate there, said Ed Gallagher, the city's urban services coordinator.

With Fujitsu's presence, 1985 should be a good year for attracting support and service industries to East County, Mr. Gallagher said. But he does not rule out more large-scale, Fujitsu-like investments.

Pat LaCrosse, executive director of the Portland Development Commission, said the end has not come for the first wave of large-scale investment.

"We will ride the second wave, but the first wave is not over," he said.

But Mr. LaCrosse said there is little difference between those types of investment, emphasizing

ing instead the time lag between recruitment efforts and an investment announcement.

"What you see in '85 will be the result of a minimum of two years of effort, probably more," he said.

In the Portland area, East County's Columbia Corridor is likely to become a new hot spot, Mr. LaCrosse said.

While the Sunset Corridor will not be able to accommodate many more large-scale investments, the Columbia Corridor area virtually is untapped, Mr. LaCrosse said.

"We have the prospects, and we have the sites on line," he said. Fujitsu's planned facility in Gresham has broken down many of the psychological barriers that had kept firms out of East

County in the past, Mr. LaCrosse said.

Given such considerations, he said the Columbia Corridor realistically might experience the same success in upcoming years that the Sunset Corridor experienced in 1984.

Yet few people, especially not Wayne Atteberry, president of the Sunset Corridor Association, expect Washington County's tremendous success in economic development to end abruptly.

"We're bullish in 1985," said Mr. Atteberry, who also serves as Standard Insurance Co.'s vice president for finance and real estate.

Because the Sunset Corridor is running out of large parcels, Mr. Atteberry said he expects much of the activity in 1985 to involve

smaller and medium-sized firms.

For Portland's west side, only higher interest rates exceeding the 12-percent range likely would undermine economic development efforts, he said. Most of the support and spinoff firms will continue to be attracted to the Portland area, Mr. Atteberry said.

Mr. LaCrosse agreed that metropolitan Portland will continue to be the most attractive business location in Oregon.

"That should not surprise everyone," he said, citing Portland's port facilities and labor conditions.

"It's certainly a pressing problem from a state perspective," Mr. LaCrosse said.