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## BUSINESS

### Oregon has come far toward shedding an antibusiness image

By Ruth Walker  
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Portland, Ore.

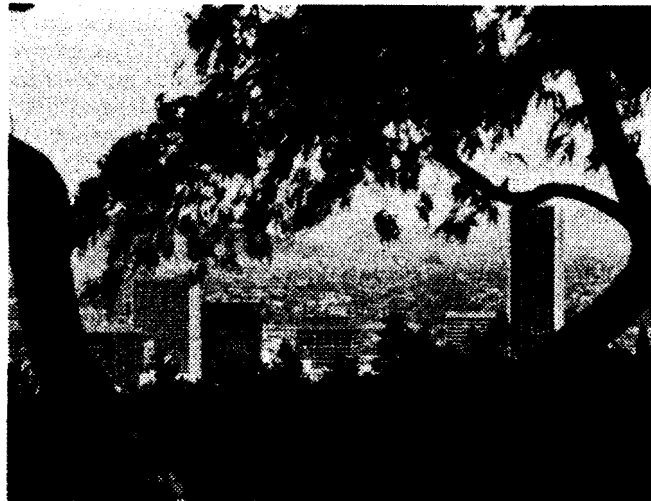
If you're looking for signs of Oregon's new industrial base, follow Front Avenue along the waterfront. Drive past piers and cranes and oil tanks and rail cars — indeed, past all reasonable hope of finding anything but more piers, cranes, and so on. After one last twist in the road, you will come upon the offices and plant of the Wacker Siltronic Corporation.

Despite its off-the-beaten-path location, Wacker is one of a number of companies at the center of important new industrial developments in Oregon. A producer of hyper-pure silicon for the semiconductor industry, and a major presence in Oregon's high-tech community, Wacker has announced an \$85 million expansion of its existing plant over the next five years, plus its intent to build an \$80 million polysilicon plant.

These are but two of a number of new high-tech construction projects, including some by four major Japanese companies, announced in the last several months. These projects, mostly in metro Portland, add up to roughly half a billion dollars in investment and 5,000 permanent primary jobs. (One bank economist estimates the jobs to be created through the end of the decade at 16,000 to 20,000.)

The state grew by leaps and bounds during the '70s, without even trying, in large measure because of its "life style" appeal. When Oregon's heavily timber-oriented economy began to slide in 1980 into a recession from which it has not fully recovered, the state found that it had developed a reputation for being "antibusiness" and uninterested in economic growth, and that reputation was a liability.

**Oregonians have actively courted the Japanese, who are already the state's No. 1 trade partner.**



Portland: scenery now includes a pro-business outlook

GARTH FALKENBERG — STAFF

The efforts to turn that reputation around — and more important, to turn the reality around — are finally paying off.

Of course, when it comes to technology-based industry, Oregon has a major plus — proximity to California's Silicon Valley, without California's high housing costs.

"Our customers forced us to come here," says Dr. Bernhard Frank, controller of Wacker Siltronic, a unit of a privately held German company, Wacker Chemie. Wacker had been producing silicon for US chipmakers at a plant in Germany — but its customers worried about getting such a critical product from such a distant source.

With the decision to come to the United States made, Wacker found in Oregon a satisfactory labor force, reasonable energy costs, and good supplies of the chemicals necessary for its business.

What might be called the life-style factor figured in here, too. "Our California friends like to come up to see us here," says Dr. Frank with a twinkle in his eye. He adds that he appreciates the natural beauty of the area, too, and having grown up in Salzburg, Austria, he's "pretty spoiled" himself when it comes to attractive scenery.

But it's not just environmental appeal that's making the difference in Oregon nowadays — it's hard numbers. This past July Oregon finally dropped its unitary tax law, under which corporations with operations in Oregon were taxed on revenues earned worldwide. The move was important not only in itself, but as a signal to the business world.

State officials say that timing of the repeal — which came as the electronics industry was gearing up for expansion — was critical.

"We timed the repeal for maximum effect in the marketplace," says John C. Anderson, director of the Oregon Economic Development Department. "If we'd done it six months earlier, it wouldn't have had the same effect."

The tax battle isn't over yet. The state still has a tax structure best characterized as peculiar — a relatively high property tax, on which it depends heavily to fund education, a high income tax, and no sales tax. The real problem, says Kevin R. Kelly, senior vice-president at US Bancorporation in Portland, is not that Oregon taxes are so high but simply that "we look different."

Changes are expected soon, though. Some earlier government opposition to tax reform has melted away. C. Norman Winningstad, chairman of Floating Point Systems and one of the deans of Portland's high-tech community, puts it thus: "We've got a new Senate president, a new speaker of the House, and a turned-around governor," in the person of Victor G. Atiyeh.

Different proposals are circulating, but most involve imposing a sales tax — modified to limit its "regressivity" — and offering some sort of property and income tax relief.

Mr. Kelly calls tax reform legislation this year an "80 percent certainty," and Mr. Anderson of the Economic Development Department speaks of "when," not "if," such legislation will be passed.

Oregon's educational system has been seen hitherto as the weak link in the chain, but that's turning around, observers say. "Five years ago, you might have called it a problem," says Mr. Kelly. "But it's coming now. We've still got some problems with faculty salaries, and that sort of thing. But the institutions of higher education are on a growth path."

Part of Oregon's economic development agenda consists of the state's "foreign policy." Oregonians have actively courted the Japanese, who are already the state's No. 1 trade partner. "They account for 52 percent of our trade, or \$3.3 billion," says Douglas Frengle, manager of the international trade division of the Oregon Economic Development Department. Among other projects, he notes, has been a 13-week television series, "From Oregon with Love," running over Japanese television to make the Japanese more familiar with the Beaver State.

Mr. Frengle adds that the Japanese, with their love of nature, appreciate Oregon's environmental consciousness.

And Mr. Anderson likens the process by which the state launched forth into its industrial recruitment program to Japanese-style consensus building. Unlike "typical Occidental management" with fiat coming from the top, Oregon's strategy, he says, "was to work from the ground up — it took a while to formulate our plan, because we were trying to include everyone in it. But then we had instant implementation."