

# The Oregon Comeback:

## An Interview with Dick Reiten and Gregg Kantor

by John Remington

Oregonians see evidence of recovery from the recessions of the 1980s in new construction, more residents, and a healthy job market. On March 7, I met with Dick Reiten, president and CEO of Northwest Natural Gas, to hear the story of "The Oregon Comeback". Mr. Reiten was director of the Oregon Department of Economic Development from "about June of 1987 until December of 1988". Joining us was Gregg Kantor, director of public affairs and communications at Northwest Natural Gas; he was Gov. Goldschmidt's communications director from 1987 to 1991.

JR: In June of 1987, when you started at the Department of Economic Development, where did we stand politically and economically?

DR: Oregon had just been through another one of its rather significant recessions, principally driven by housing and interest rates, affecting the forest products industry. The 1986 gubernatorial race between Neil Goldschmidt and Norma Paulus centered on economic development for Oregon. To a large degree, the outcome of the election depended upon the citizens' view of who could lead Oregon out of its economic recession, and largely was the reason Neil Goldschmidt was elected governor.

JR: I know about trade missions, tax-incentives, and tourism promotion. Can you fill out the picture? Give me an idea of things that maybe didn't get as much press.

DR: I think that some of the things you mentioned certainly got more visibility, but it was much better grounded than that. The first effort was to put together a state strategic plan. [We] had not only a foundation for job creation and economic development, but linked it to a variety of other areas—health care, education, quality of labor force, so that we could begin to focus

in on where we wanted the state to go.

Following a state strategic plan, a program called Benchmarks was put in place, which set definitive targets and created a Progress Board to monitor a set of guidelines and a set of results that the state's being driven to over a 20-year period.

And you had the commitment of the business community in the state to line up with the governor and state and regional governments to try to do something material about our economy. One real underpinning of this effort was the fact that the business community came into full partnership with the governor and the state in a way that had never occurred before.

JR: Gov. Goldschmidt asked community leaders to decide what their priorities were before bringing them to the state [via the

level, and then it would be funded. They identified their projects, and those projects were funded, through the program.

Two things happened: real-time, they got money and projects that they had never obtained before. Secondly, to some degree, there developed a level of trust in the state government, because, in fact, someone at that level had *delivered* something meaningful to them, and had not *done* something to them, as had happened in the past.

When you talk about building relationships between state government and the regions, the real rubber met the road at 11 o'clock at night, in the kitchens, where state government people were sitting around with local county commissioners, school board superintendents, talking about how they could make those counties better. Neil brought people into state government who were willing to go out and spend evenings in the communities, getting to know those leaders. It was an extraordinary time of having that process and the people bring the state together in a

way that probably had not happened before.

JR: How did you compare the value returned for an investment in a rural community to one in a city?

DR: If you could create 50 jobs in an Eastern Oregon town, that's equivalent to 1000 jobs in the city of Portland or maybe 500 in Eugene. The idea was to

make a material impact and provide capabilities in partnership with the local leadership. We didn't set hard targets, we just wanted to make sure we improved the economic situation, and that we did it in a partnership. We tried to make a general allocation based upon population and economic size. But we tilted it, so that there

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Regional Strategies Program]. How did that work?

DR: First of all, the lottery funds were approved by the citizens of Oregon for economic development purposes. The idea was to take those funds and deliver capability into the regions of the state. There always has been and exists today the feeling in some regions of the state that the Willamette Valley gets all the attention and all the money. Neil changed that with the Regional Strategies Program. Each county or combination of counties could get together, devise their own strategies for moving their own economy. It had to be approved at the state



would be more money for the less-populated, smaller economic regions, [and] hopefully a larger impact where it was really needed.

GK: Leverage was one of the concepts. If you are going to put a million dollars in Portland, you are hoping to leverage five million dollars. If you are going to put \$100,000 into a smaller community, you still want to see that kind of a multiple leverage of community investment, maybe federal dollars coming in, or some other kind that creates economic activity.

DR: An example might be the [Oregon Trail] Interpretive Center at Baker. The state put in lottery funds, maybe a million dollars. I think the federal government allocated a million and a half dollars, and there were some local funds raised. You always had this multiple from the lottery funds, so that when you finished you had really a significant amount of capital come in from several different directions that could make a real difference.

JR: Detractors complain that lottery receipts are unstable and unpredictable—they cannot be relied on for sustainable development.

DR: If there's an undependable aspect to it, it is tribal gaming activities. Prior to Indian gaming, we were headed toward a billion dollars in revenue, and I think now it's down around 600 million. But [receipts] have been continuously rising, and some formulas indicate that the number of machines or activities that are out there directly correlate those to the revenues.

JR: When you came into the Economic Development Department, we needed to get the growth going. Was there talk about having to manage that growth?

DR: We felt we had growth management already built in—the land use laws, clean air, clean water considerations, wetlands considerations—and felt they were an advantage. We had Fred Hansen as director of the Department of Environmental Quality, working with the governor's office and the federal agencies, making sure that we complied, but didn't make it onerous. We were flexible. We found ways to site plants, to meet the air quality standards.

But now I think you have to be realistic. This is significant growth. The question today is, is this too much growth? Can we manage it? We would have held a parade in downtown Portland for a 50 million dol-

lar plant in 1987. Now, we routinely look at billion-dollar investments in the greater Portland area, with the only question, "Were there tax incentives to get this or not?" These are clean industries, the knowledge industry of the 21st century. This is exactly what we wanted.

JR: Some are concerned that the strategy has not improved the opportunity and quality of life for low-income Oregonians, that it has mostly benefited people who, for example, are better educated, or

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already had an established successful business.

DR: I disagree. Go drive out to Seiko-Epson's parking lot and stand there when they come to work in the morning. Drive out to Fujitsu or Intel and take a look as the workers come.

It doesn't make any difference whether the local sawmill is running or not, there are opportunities here for those who are willing to be trained, and there are training programs: Portland Community College in this area; a semiconductor consortium trying to take high-school students and graduates who need the necessary skills. The jobs are there. They need training, the training is available, and so now what you have is a case of those who are willing to be trained, who have the desire to be trained, and who want to get jobs. There are many others that don't have the skills, didn't take the time to attend class in high school, dropped out, have no interest in education and training. They have to provide some initiative on their own to take advantage of what we have here.

GK: Part of my answer to that question would be, does Portland have social problems? Yes. What would those problems be

like if we had a 14% unemployment rate as we did in '82, '83, '84? They would be much worse. Having these engines of opportunity within our communities provides a ladder for people, and you've got to want to step up a ladder. It would be a very different picture if we had double-digit unemployment.

DR: The economy we have in the state today is a result of the investments we made and the public/private partnership. We built an image of Oregon that this state was going somewhere.

There are those who, today, would say, "Gee, you know, this all just sort of happened and would have happened anyway" – but that is not true. A lot of people, and good planning, made it happen. Lots of credit to those who put in place land-use planning, to the clean air and clean water acts, the Bottle Bill, all of the things that have made this a state where quality of life is prevalent. People are coming here from all over this country, all over the world, to

see what Oregon has done. It has not happened by accident.

The easiest thing to do once you achieve some measure of success is to discontinue the effort. I think there is a real danger in that. What you

have to do is achieve a level of success and continue. You have to always be a little bit better. People are learning from us all over this country, how to provide quality of life and appropriate infrastructure for economic development. In my opinion it is okay to raise the bar. We have done well and we ought to be very careful about the kind of industry we recruit. It is okay to be more discerning. We have achieved a good measure of success and now we need to underpin that with continued planning, continued focus, and continued funding; continuing to seek the right kind of economic development and job growth—and to manage it along the way. To discontinue the effort would cost us down the road.

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