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Robert Praegitzer is a symbol of Oregon's economic and political revolution.

Oregon's Trail: Timber to High Tech

By David S. Broder
Washington Post Staff Writer

DALLAS, Ore.—Robert L. Praegitzer, a burly, middle-aged manufacturer, is an unlikely symbol of a revolution.

But Praegitzer stands at the leading edge of a movement that is transforming this forest state, reordering its economy and politics in ways that will echo here and nationally for years.

A former sawmill owner who produces electronic circuit boards, he has moved in four years from timber to high tech, heavy industry to light, wood chips to microchips. So has the state.

And what is happening here in Oregon is, in turn, a tiny part of a national upheaval, as dozens of states and

communities find their politics shaken by fundamental changes in their economic bases.

Last Friday the Oregon House of Representatives voted to institute a state sales tax. The voters had rejected a sales tax six times before, but the growing high-tech industry badly wanted one. That is only one of dozens of examples around the nation of the dramatic ways in which the changing economy is altering governmental policies and shifting political power.

From the booming Dallas-Fort Worth Metroplex, where newly arrived young Republicans are unseating established Democratic officeholders, to the small college towns of once safely Republican Vermont, where a new Democratic Party is taking root, the forces of change are visible.

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This year Portland Community College President John Anthony took the lead in creating a "higher-education shopping center" on his Washington County campus—where 13 public and private colleges are offering regular courses in business, computer sciences, technology and education. Started five months ago, it has some 420 students in about 20 undergraduate and graduate courses.

Anthony said high-tech industry enthusiasts envision it developing into a major education center, offering doctoral degrees and sponsoring research.

Meanwhile, the more pressing concern of maintaining and improving the quality of basic education in the state puts the high-tech people into the middle of the legislature's tax fight. They got their feet wet last summer, in a special session that repealed the state's unitary tax—a tax on worldwide operations of multinational companies. The reward for Oregon from that action was a rush of Japanese investment—some designed to send a message to neighboring California, which has a unitary tax.

Many high-tech leaders were also active in the fight that narrowly defeated a Proposition 13-type property tax rollback on the ballot in November. Bruggere of Mentor Graphics flew around the state warning that "if we cut the property tax, we will decimate education, and education is essential for expanding our business." Winningstad says, "When we are recruiting people, the best thing we can tell them is that we have excellent schools from kindergarten through the 12th grade and their kids won't have to knife-fight their way through the halls."

This year, the Oregon council of the American Electronic Association, representing 88 major high-tech firms, played a lead role in lobbying for Friday's house passage of a sales tax. Much of the revenue gained from the 5 percent tax would be devoted to property tax abatement, thus providing a more stable financial base for public schools. Another chunk would go toward reducing the state income tax, one of the stiffest in the nation. And that, too, Bruggere and Winningstad said, would attract high-tech entrepreneurs.

The sales tax vote displayed not just the growing influence of the

high-tech industry but the relative power loss of the timber industry and organized labor. Timber officials helped block a sales tax from getting to a referendum vote in 1983. This year, seeing the way the cards were stacked, they agreed to back it in return for a reduction in their severance tax.

Organized labor faced a tougher situation. Irv Fletcher, president of the Oregon AFL-CIO, said his organization has "opposed the sales tax since 1933" as being regressive. But labor is reeling in the state, its membership down almost one-third in the past five years, as unionized lumber and construction jobs have been replaced by nonunion high-tech manufacturing and service jobs.

While complaining that "all these legislators want to do is give tax breaks to nonunion employers," Fletcher fought with his executive board and gained permission to negotiate on the terms of the sales tax proposal. If the sales tax passes the state senate, there will be a public referendum on it. The labor feder-

ation plans to hold a convention to decide its final stand on the issue if it reaches the referendum stage.

But there is no question that the strong trend in the Democratic Party is to accommodate the perceived needs of the fastest-growing industry, high-tech. As Winningstad, an active Democrat, said, "The Democratic Party here has traditionally been dominated by labor; it was the major source of funds. But the old-line Democratic politicians who represent the labor position have lost their voice in the state legislature."

The high-tech industry's political action committee gave its biggest contribution in 1984 to Vera Katz, a

Portland legislator who won a 101-ballot battle to become speaker of the house and who stacked the house Ways and Means Committee to assure passage of the sales tax.

The industry was also persuasive, Salem observers say, in getting Gov. Atiyeh to drop his long opposition to the sales tax and become a major proponent.

On other issues, however, high-tech has reinforced progressive and even liberal tendencies that came to dominate Oregon politics in the McCall era. Unlike the timber industry, high-tech prizes the state's tough environmental and land-use controls. Easy access to unpolluted beaches and unscarred ski slopes is a major lure to high-tech executives and workers.

While the timber companies have often sought protection against foreign competition and, in many cases, been slow to adapt to export markets, the high-tech people are a major force behind the state's in-

creasing interest in developing trade, particularly with Japan and China.

They also support the flurry of local economic-development plans spurred by last year's passage of a state lottery, which will funnel an estimated \$40 million a year into attracting new jobs.

Some cities, like McMinnville, which saw the lumber mills pull out as long ago as the 1950s, are ahead of the game in economic development, with a Hewlett-Packard plant in town and diverse small industries in two industrial parks. But most are only now getting into a serious search for replacement of the diminishing lumber jobs.

Praegitzer, who has made the transition, said, "I don't see any reason the state can't make this kind of shift. I know a lot of high-tech people in California who want to come here to get out of the rat race. The ones that move here really like it. They even like the rain."