ARTICLE BY GOVERNOR VIC ATIYEH

Better Times Ahead For The Construction Industry

Oregon and its construction industry have undergone a period of trial and change.

Oregonians know that the construction business has shouldered more than its share of the recession that has gripped our state. In 1982, non-residential building joined homebuilding as one of the major disaster areas of our economy. The industry has lost more than 26,000 jobs since late in 1979 -- an even greater loss than the timber industry. Almost half the construction jobs that existed three years ago exist no longer.

But I believe there is a brighter future ahead. A brighter future for the construction industry, and a brighter future for Oregon.

I know that everyone in the construction industry is watching the confusing signals from the economy -- and from Washington, D.C. -- as eagerly as we are in state government. The signals truly are mixed, but I believe very strongly that the long-term outlook is good.

Interest rates are coming down. Bankers, industry leaders, and economists predict a rise in housing starts. Trends have begun -- fragile, but hopeful trends -- that show our economy may finally have bottomed out.

But it will take action -- here and in Washington, D.C. -- to make certain those trends are encouraged, and make certain that Oregon is ready to take maximum advantage of an upturn as our battered economy slowly moves forward.

At the federal level, the appalling spending deficits projected for the next few years must be reduced. The encouraging signs we are seeing in interest rates and housing starts will be in terrible jeopardy if early action is not taken to control those deficits.

That is why I am pleased to see the administration indicate some willingness to compromise on reasonable reductions in defense spending. Our nation must and will be secure -- but it can never be secure without a healthy economy that provides opportunity instead of agony for the citizens of this nation.

Another healthy step forward at the federal lever, particularly for the construction industry, is passage of the 5¢ gasoline tax increase. The additional revenue will fund desperately-needed road construction, maintenance, and repair; and will help remove some of the pressure from hard-pressed state and local goverment road funds, while providing many new jobs here within the state.

In fact, Oregon's federal-aid highway program will increase an average 60 percent over the 1982 program level. This increase could be even greater if we compete successfully for discretionary funds -- and you can rest assured that I will be pushing very hard in this direction.

With the new federal funds, projects already planned for Oregon will be accelerated, and elbow room for new projects will be created. Our state Department of Transportation assures me that the newly added funds are already becoming available -- and that means there will be an immediate increase in projects and construction activities in most areas. The increase should carry on for the next few years.

At the state level, we intend to continue pushing forward with the programs and actions we have already begun in economic development. We began those actions in 1979, and redoubled them with a major economic recovery package I submitted to a special session of the Oregon Legislature one year ago. The programs we began then are the building blocks for the strong new strategy I have put forward this year. That strategy is reflected both in the budget I have recommended to the legislature -- and in separate legislation I have submitted as part of our overall plan for direct action to get our economy moving once again.

In all of these efforts our emphasis is not just on programs -- but on people. People -- Oregonians in the construction industry and elsewhere -- who need jobs, who need security, and who know that economic opportunity is essential to maintain the quality of life we enjoy in Oregon.

Our strong push forward in economic development has been developed, and is contingent on, a working partnership with citizens, industry, and local communities. Our marketing program; our business assistance program; our international trade, tourism, and community development programs -- all depend on your input, your participation and your efforts.

Government cannot do the job alone. Business and industry cannot do the job alone. But together, we can overcome the obstacles we face and attract the expansion and development we must have to get our economy back on track and put our citizens back to work.

Our state and our nation were built -- not by government -- but by the efforts of people working together in partnership to build a community.

By revitalizing that partnership, challenging each other, and working together, we will build recovery and strength into Oregon today that will last for many tomorrows to come.

With you help, we can nurture the positive signs we see around us and build a better economy into a brighter future for the construction industry and for Oregon.

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send w/ photo

Mr. Dave Olson
Governor's Office
State Capital
Salem, OR 97310

Dear Dave:

For the first issue of the Prospectus, we would like to get Governor Atiyeh's thoughts and views on the outlook for the non-residential construction industry in the short run--say, for the next year or so.

Does he see the federal gas tax hike as having a significant effect on road construction and repair projects in the state? What will those effects be? Does his office have an idea of what Oregon's share of that money will be?

Does the Governor believe the recovery of the industry will be a slow, gradual, steady one, or does he feel it will be rapid and/or unsteady? Will the condition of the construction industry closely follow that of the nation's economy as a whole, or will one lead the other?

Because Oregon was one of the first states to slide into the recession, will it be one of the first out? Will the recovery of Oregon's construction industry be closely watched as an indication of the recovery of other parts of the national economy?

If this is indeed the long awaited beginning of recovery, how long will it be before we will be able to assess the permanent changes brought about in our state's economy and population by three years or so of very bad business?

We would appreciate the Governor's expanding on these subjects as he sees appropriate. We will also be grateful for a black and white glossy photo for use on the cover.

Thank you very much for your help in all respects. We look forward to Governor Atiyeh's response.

Respectfully,

Patrick Crowell

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