

**Oregon Economic Development Association
Back to Business 2008
Remarks of Governor Ted Kulongoski
October 6, 2008**

Thank you Renate for that kind introduction and for the opportunity to address the association.

As I arrived, I thought about how this project began as a public-private partnership to invest in the community and plant a seed from which more economic opportunities would grow. And here we sit today, in the brand new Oregon Garden Resort, a testament to the success of smart community planning.

The managers of this project and this community had a vision, and it's coming to fruition.

I have a similar vision for Oregon, one where we work together, pool our resources and talent, and deliver economic opportunities for citizens throughout the state. Our newly redesigned economic development agency will help position the state to achieve this vision.

But first I would like to address the challenge before us all: this country is in an economic downturn and Oregon is not insulated from the effects.

But I also know that after every economic downturn – Oregon emerges stronger, more diversified, and in a better position to lead America into the future.

Let me give you a little history to prove my point.

Let me go back in town. The year was 2003, major cuts had been made in critical services, and the Legislature didn't leave the Capitol – a mere few blocks from here – until after *Labor Day*.

It was the longest – and certainly one of the most painful – sessions ever.

But there were major accomplishments. We fixed PERS and saved Oregon taxpayers billions of dollars.

We passed the largest transportation package since Oregon built its share of the Interstate Highway System – investing billions in local communities and putting thousands of Oregonians across the state to work.

We cut government red tape, greatly increased the availability of industrial land, and passed a K through 12 budget that assured a full school year, reasonable class size, and adequate programs.

I'm a big believer in *not* looking in the rearview mirror. For me – Oregon's best days are always in front of us.

But I have a particular reason for bringing up what happened in 2003. That was a grim year for the Oregon economy. Perhaps the worst since the Great Depression.

But even then we continued to invest. We continued to look forward. And we continued to choose hope over fear.

So the lesson was: If we want to move Oregon forward in good times – we have to stay optimistic and make the right choices during bad times.

Fast forward to 2008. Once again the national economy is faltering – and the troubles on Wall Street are certain to hit Main Street.

For most of this year, Oregon had been holding up pretty well compared with other states. That's especially true of our budget.

It is also true that because we've built a diversified, knowledge-based, sustainable, and job-creating economy – we are well positioned to get out of the starting blocks quickly when the national economy recovers.

Nevertheless, there is no denying that Oregon is now falling in line with other states – and feeling the impact of the recession.

And make no mistake – we are in a recession!

I could spend a lot of time today rattling off statistics and describing the scope of our economic troubles. But the public does not need to be told that times are tough. They know that already.

Families are sitting around the kitchen table trying to balance their own budgets – at the same time they're paying more at the pump. More at the grocery store. And more to heat their homes.

Parents are worried they won't have money to send their children to college.

And as they watch banks fail and the stock market sink – families are wondering who is going to bailout *their* mortgages and retirement savings.

Oregonians are literally changing lifestyles to accommodate their falling incomes – and the shrinking value of their homes.

So our citizens know there is a problem. What they don't know is whether government has the ability to fix the problem.

The one thing the U.S. House of Representatives had to do was pas the Economic Rescue Bill, which they did.

The bill reauthorized county payments for several years – repairing a broken promise and giving cities and towns in rural Oregon some breathing room to find new sources of revenue.

As for me – I intend to work with you – and the Legislature – to give the people of Oregon a vision of hope about the future. To tell them: Yes, there really is a pathway to prosperity.

I recently told the Oregonian newspaper that I don't know where the bottom is. But I do know where the pathway to prosperity is.

First and foremost it is in creating the best educated, best skilled and best trained workforce in America.

But we also need to attract and retain high-tech and renewable energy companies. Take the lead in fighting climate change. Invest in public transportation. Find new energy sources and new ways to store water. And invest in our public infrastructure. When we invest in our public infrastructure, we improve our infrastructure, we improve our economy and we create thousands of living wage jobs for Oregonians.

At the same time – we must never forget to invest in our human capital. I'm talking about the citizens of our state – especially the people who need us the most, . . .

. . . and are most vulnerable in hard times like this: Children, seniors, the disabled, and people living on the economic margins.

The bottom line is: You and I have a shared mission that I define as: . . .

. . . Maintaining the services Oregonians depend on. Investing in the things that our economy grows on. And communicating to the public that there is no challenge we cannot take on.

I'll be the first to admit that preparing a budget when revenues are trending down is not easy. That's true for me – but it is equally true for businesses big and small – and all levels of government.

So in recessionary times like this – we have no choice except to tighten our belts, set priorities, and make tough decisions.

As I mentioned, in 2003 we made some smart investments – and wise policy choices – even while we were losing nearly 3-billion in revenue.

But we did not do a good job setting priorities.

We tended to demand cuts from every agency – instead of distinguishing between services that are important and services that are absolutely critical for the long term economic health of the state.

Which brings me to the 2009-2011 session that begins in January.

As I said, I know there is anxiety out there. You hear it talking to Legislators and city officials. You see it on the faces of Oregonians. And you read it on the editorial pages.

But the only thing that will stop us from coming out of this downturn in the strongest way possible is refusing to look past it.

That's why we must not fall into the trap of thinking only about the next year or two. Instead, we need to double and even triple down on the lessons we've learned from past recessions.

That means investing in the engines of our economy: . . .

. . . Education from pre-school to graduate school. Green and sustainable transportation systems. Health care – especially for every Oregon child up to age 19. Making Oregon a world leader in renewable energy – and the use of electric cars. And preserving our quality of life.

This is how we will keep Oregon moving forward. Bring jobs to all communities in this state. And prove once again that Oregon understands how to turn big challenges into bigger opportunities.

One of those opportunities is the reorganization of the Oregon Economic and Community Development Department. Oregonians should know that government is prepared to invest in the things that our economy grows on and understand that there is no challenge we cannot take on.

With the assistance of the department's citizen commission, I took a close look at how we are investing economic development resources and how we can better leverage those resources to deliver even more value to the Oregon economy.

Throughout this process, you also provided invaluable feedback about what you need from the state's lead economic development agency, and how these programs can best work for you.

Since that time, the commission concluded that community development and business development activities should be restructured to improve the quality of all of the programs currently housed in the department.

Simply put, if left unchanged, the department's effectiveness will be less than optimal in both community and business development.

We have an opportunity to create a more targeted, strategic approach that will address the rapidly changing business needs of Oregon's industries, while placing the community infrastructure programs in an elevated position within the department where they can be appropriately delivered.

Director McCabe and his team talked in detail about the new structure this morning, so I will only say that the recommendations presented to me by the commission represent a new and better way for us to invest in the engines of our economy.

We are not simply realigning the agency's structure. We are addressing critical needs in these programs, such as developing an asset management system that enables the state to track our infrastructure investments, and at the same time partner with communities to invest our dollars more strategically.

I want you to have the tools you need to manage your community's assets, and have that tied to regional and statewide planning so that we build up a sustainable system that will be in place for years to come

Let me close by stating the obvious....

As a people, Oregonians are resilient, innovative, and entrepreneurial. We believe in mapping out our future, not letting it get mapped out for us.

The great quality of life Oregonians expect – you, with skill and professionalism, always provide.

And the changes we're making will help move us forward past these tough times.

As I said before, I want Oregon to be well-positioned when the national economy turns around.

I am optimistic we will be ready. It will require tough decisions – many which will come with controversy. But we must remain disciplined and target our investments – this means building a budget that prioritizes programs, which I am working on that right now.

What I can tell you today is that my budget will continue to invest in the engines of our economy.

Education from pre-school to graduate school. Economic stimulus in the form of green and sustainable transportation systems. Health care – especially for every Oregon child up to age 19. Making Oregon a world leader in renewable energy – and the use of electric cars. And preserving our quality of life.

With your support and hard work, we will keep Oregon moving forward, bring jobs to all communities in the state, and prove once again that Oregon understands how to turn big challenges into bigger opportunities.

Thank you.