

THANK YOU AND IT'S A PLEASURE TO BE HERE THIS MORNING. I DO WANT TO THANK PNWA, GLEN AND HIS OUTSTANDING TEAM FOR THIS OPPORTUNITY TO SHARE A FEW THOUGHTS WITH YOU TODAY.

I HAVE TO ADMIT THAT IDENTIFYING A THEME FOR MY REMARKS HAS BEEN A CONTINUALLY SHIFTING SAGA OVER THE LAST FEW WEEKS AS THE TURMOIL IN FINANCIAL MARKETS KEPT DIVERTING MY ATTENTION OUT OF FEAR THAT, AS THE PRESIDENT REMARKED, "THIS THING COULD GO UNDER."

OVER THE COURSE OF THE LAST MONTH OR SO I KEPT ON BEING REMINDED OF A QUOTE, ATTRIBUTABLE TO THE CHINESE, BUT ALSO APPROPRIATED BY SPEAKERS OF THE YIDDISH LANGUAGE THAT GOES "MAY YOU LIVE IN INTERESTING TIMES."

WELL, I'D LIKE TO STATE FOR THE RECORD THAT I'M ALL FOR LESS INTERESTING AND WOULD FRANKLY PREFER BORING AND SOME PREDICTABILITY FOR A WHILE.

PERSONALLY, I HAVE OVER-DOSED ON CREDIT DEFAULT SWAPS, COLLATERIZED DEBT OBLIGATIONS, SUB PRIMES AND ALL THOSE CLEVER DERIVATIVES AND SO FORTH.

SO IN THESE INTERESTING TIMES, I HAVE FOUND MYSELF SOMEWHAT NOSTALGIC ABOUT MY TIME LIVING IN JAPAN. I MOVED TO TOKYO IN THE FALL OF 1994. THIS WAS ALREADY THE POST BUBBLE PHASE OF THE JAPANESE ECONOMY. THE NIKKEI AVERAGE WAS HOVERING AT AROUND 17,000, OFF ITS HIGH OF JUST UNDER 40,000 ONLY A FEW SHORT YEARS EARLIER. YESTERDAY, I WOULD NOTE THAT THE NIKKEI CLOSED JUST UNDER 9,000....WHICH PROVES THAT THERE IS NO NATURAL LAW THAT GUARANTEES A STOCK MARKET REBOUND.

AT THE TIME, THE JAPANESE ECONOMY WAS CHARACTERIZED BY DEFLATION, WHICH WAS NICE FOR ME BECAUSE A CAN OF CAMPBELLS TOMATO SOUP MORPHED FROM BEING AN IMPORTED LUXURY ITEM TO JUST A REGULAR CONSUMER STAPLE PRODUCT. AN ILL TIMED INCREASE IN THE CONSUMPTION TAX SENT THE RETAIL SECTOR INTO A PROLONGED SLUMP. MY OWN CONSUMPTION WAS LOW, BUT THIS WAS LESS ABOUT THE ECONOMY THAN IT WAS MY INABILITY TO SPEAK THE LANGUAGE AND ACTUALLY PURCHASE THINGS. IN DUE COURSE, I LEARNED THE BASICS OF THE LANGUAGE AND BECAME PART OF THE JAPANESE MARKET ECONOMY.

IN OUR OWN UNCERTAIN TIMES, THE ECONOMIC EXPERIENCE OF JAPAN OFFERS INRIGUING POINTS FOR OBSERVATION AND COMPARISON. YESTERDAY'S NEWS ANNOUNCING DECLINES IN U.S. RETAIL SALES IS YET ANOTHER CONFIRMATION ABOUT THE SLOW- DOWN IN OUR OWN ECONOMY AND PERHAPS ANOTHER DOMINO TO FALL CONFIRMING THAT OUR OWN ECONOMIC BUBBLE HAS INDEED BURST.

ON CLOSE EXAMINATION, THE SITUATION IN POST-BUBBLE JAPAN HAS MANY OF THE SAME CHARACTERISTICS OF OWN ECONOMY TODAY. BUT THERE ARE ALSO VERY DISTINCT DIFFERENCES. NOTABLE IN THE JAPANESE BUBBLE ECONOMY WAS THE ABSENCE OF SIGNIFICANT TRADING VOLUME IN EQUITIES. ON THE HOUSING FRONT, HOMES WERE NOT BEING BOUGHT AND SOLD AS PART OF SPECULATIVE PLAY LIKE IN THE U.S. THIS IS LARGELY BECAUSE NEW RESIDENTIAL HOUSING STOCK IN

JAPAN WAS NOT BEING BUILT IN LARGE QUANTITIES. SHARES OF STOCK ON THE NIKKEI HAVE, UNTIL FAIRLY RECENTLY, BEEN HELD LONG TERM BY JAPANESE CORPORATIONS. THIS SYSTEM, REFERRED TO AS "CROSS SHARE HOLDINGS" IS A LEGACY OF THE PREWAR KERETSU SYSTEM WHICH WAS DISBANDED DURING THE POST WAR OCCUPATION. AS AN EXAMPLE, THE MITSUBISHI GROUP COMPANY, HISTORICALLY WAS MADE UP OF MANY WELL KNOWN COMPANIES, INCLUDING NYK, TOKYO MARINE, KIRIN BEER, MITSUBISHI HEAVY INDUSTRIES, AND SO ON. WHILE THESE COMPANIES ARE TODAY AUTONOMOUS, THEY STILL HOLD—LONG TERM-- LARGE BLOCKS OF SHARES IN SISTER COMPANIES. THAT HOLDING OF SISTER COMPANY SHARES IS ONE REASON WHY A NATIONAL BAILOUT OF MITSUBISHI MOTORS HAS NOT BEEN REQUIRED DURING THEIR BATTLE WITH DECLINING GLOBAL SALES. MITSUBISHI MOTORS EVOLVED FROM MITSUBISHI HEAVY INDUSTRIES, ONE OF THE WORLD'S LARGEST BUILDER OF SHIPS. THE FAMILY OF FORMER MITSUBISHI GROUP COMPANIES STEPPED IN WITH CASH INFUSIONS THROUGH THE PURCHASE OF STOCK. THIS HAS ALLOWED THE COMPANY TO REGROUP , REORGANIZE AND REPOSITION WITOUT ANY GOVERNMENT BAILOUT.

WHEN THE JAPANESE BUBBLE BURST IN THE LATE 1980'S THE DAILY LIVES OF MOST JAPANESE WAS LARGELY UNAFFECTED BEYOND PERHAPS, THE LOSS OF GLOBAL PRESTIGE. NEVERTHELESS THERE WAS NO SUBPRIME CRISIS, THE DROP IN PROPERTY VALUES WAS PRIMARILY A PAPER LOSS FOR MOST FAMILIES. HEALTHCARE WAS NOT A CONCERN BECAUSE IT IN JAPAN IT IS A NATIONALIZED SYSTEM. YES, IT IS VERY TRUE THAT BANKS HAD BAD LOANS ON THEIR BOOKS ATTRIBUTABLE TO POOR LENDING PRACTICES. IN FACT, THE BAD LOAN RATIOS WERE SIGNIFICANTLY WORSE THAN ORIGINALLY REPORTED. BUT THIS WAS MORE OF AN INSTITUTIONAL CRISIS AND NOT ONE THAT HAD A DIRECT IMPACT ON JAPAN'S MAIN STREET. JAPANESE, UNLIKE AMERICANS, ARE GREAT SAVERS. INDEED THE JAPAN POSTAL SERVICE IS ALSO ACTS AS A BANKING INSTITUTION AND HOLDS LITERALLY TRILLIONS OF DOLLARS IN PERSONALS SAVINGS...EARNING INCREDIBLY VERY LOW INTEREST RATES. THIS PROVIDES A BACKDROP TO THE PHRASE "RICH JAPAN, POOR JAPANESE."

JAPAN WORKED THROUGH THEIR BANKING CRISIS. IT TOOK FAR LONGER THAN PERHAPS IT SHOULD AND THERE WAS SOME FALL OUT IN TERMS OF FAILED BANKS AND OTHER FINANCIAL INSTITUTIONS THAT CLOSED THEIR DOORS AND SOME THAT WERE ABSORBED BY LARGER INSTITUTIONS. BUT THE BURSTING OF THE JAPANESE BUBBLE DID NOT RESULT IN THE GOVERNMENT INTERVENTION THAT WE ARE WITNESSING IN OUR COUNTRY. THE JAPAN EXPERIENCE OF RECOVERY HAS BEEN SLOW, SOME WOULD ARGUE PAINFULLY SLOW AND SOME MAY ARGUE THAT IT HAS NOT REALLY RECOVERED AT ALL.

I THINK THIS LATTER POINT WOULD BE A MISREAD OF THE SITUATION.

JAPAN HAS MANY WORLD CLASS COMPANIES. IN THE AUTO INDUSTRY, NISSAN, HONDA AND TOYOTA DID NOT ENTER THE LUXURY CAR MARKET BY PURCHASING OTHER COMPANIES. INSTEAD, THEY DEVELOPED INFINITY, ACCURA AND THE LEXUS BRANDS FROM WITHIN. IT TOOK TIME, IT TOOK WORK AND IT TOOK SEVERL MIS-FIRES. CONTRAST THIS TO FORD WHO BUILT THE PREMIUM AUTOMOTIVE GROUP LARGELY THROUGH THE ACQUISITION OF FOREIGN BRANDS LIKE VOLVO,JAGUAR AND LANDROVER. THE LATTER TWO FORMER BRITISH BRANDS HAVE NOW BEEN SOLD TO THE TATA GROUP OF INDIA FOR A FRACTION OF THEIR ACQUISITION PRICE.

JAPANESE EXECUTIVE SALARIES NEVER HAVE REACHED THE LEVELS THAT WE SEE HERE IN THIS COUNTRY. THIS IS NOT TO SAY THAT THE JAPANESE SYSTEM IS FULPROOF. NEVERTHELESS, I THINK ALL OF US WOULD AGREE THAT THINGS HAVE GOTTEN WAY OUT OF HAND HERE IN THE STATES.

I AM NOT SURE WHEN IT HAPPENED, OR IF THERE WAS A DEFINITIVE TIPPING POINT, BUT SOME TIME AGO, MAYBE IT WAS 10 YEARS AGO OR PERHAPS 15, WE IN AMERICA DECIDED THAT WE WOULD SYSTEMATICALLY RECALIBRATE OUR VALUE SYSTEM. IT'S NO LONGER ABOUT INVESTING FOR THE FUTURE, ITS ABOUT WHAT'S IN IT FOR ME NOW.

IT'S NOT ABOUT BUILDING FOR THE NEXT GENERATION, IT'S ABOUT WHAT CAN I EXLOIT TODAY. IT'S NOT ABOUT INVESTING IN NEW SCHOOLS—IT'S ABOUT INITIATIVE BALLATS ROLLING BACK PROPERTY TAXES TODAY...A SYSTEM THAT FRANKLY, HAS ALREADY DESTROYED THE STATE OF CALIFORNIA, AND SHOULD BE A CAUTIONARY TALE FOR OTHER STATES, INCLUDING OREGON.

SHORT TERM GAIN TRUMPS LONG TERM BENEFITS. THE QUICK STRIKE, THE FAST BUCK, HARD WORK IS FOR THE OTHER GUY, HAS TOO OFTEN BECOME THE RULE.

IT IS WITH A BIT OF IRONY TO SEE JAPAN'S MITSUBISHI BANK INFUSING MORGAN STANLEY WITH 9 BILLION DOLLARS LAST WEEK. ONLY A FEW SHORT YEARS AGO, WE WERE TOLD THAT JAPAN INC WAS CLOSED FOR BUSINESS AND WAS, FOR THE MOST PART, YESTERDAY'S NEWS. WELL, IN MANY SECTORS, JAPAN IS BACK EQUIPPED WITH DEEP POCKETS ONCE AGAIN.

AS A QUICK ASIDE, ON THE OTHER SIDE OF THE WORLD, OUR NATIONAL PROPENSITY FOR SCHITZOPHRENIA IS ON FULL DISPLAY WHEN JUST A FEW SHORT YEARS AGO, WE WERE SHOVING DUBAI PORTS UNDER THE BUS. TODAY, CORPORATE AMERICA IS ACTIVELY SEEKING MIDDLE EASTERN SOVERIGN WEALTH FUND MONEY TO SHORE UP BALANCE SHEETS. I WOULD LOVE TO SAY I AM MAKING THIS UP BUT IT'S REALLY HAPPENING.

I COULD GO ON FURTHER BUT THAT WOULD BE DEPRESSING. SO I WILL STOP HERE AS YOU NO DOUBT GET THE PICTURE.

DESPITE ALL THE ECONOMIC TURMOIL, I AM STILL SURPRISINGLY UPBEAT THESE DAYS. YOU MAY ASK WHY? WELL, I SEE A LOT OF POSITIVES—ESPECIALLY IN THE PNW—IT'S SOMETHING THAT THE JAPANESE HAVE BEEN DOING. IT'S CALLED INVESTING IN TOMORROW: LEAVING SOMETHING FOR THE NEXT GENERATION.

IN PORTLAND, LIGHT RAIL AND STREET CARS ARE NOT JUST BEING CONTEMPLATED, THE SYSTEM IS EXPANDING, EVOLVING ,AND WILL, OVER THE LONG HAUL, ENABLE ECONOMIC DEVELOPMENT. ANYONE INVOLVED IN GLOBAL TRADE KNOWS THAT YESTERDAY'S ANNOUNCEMENT BY FREIGHTLINER CONCERNING THE PORTLAND MANUFUCATING CLOSURE IN 2010 IS REALLY NOT A SURPRISE. IT DOES NOT SOFTEN THE BLOW ANY BUT IT SHOULD BE A REMINDER TO ALL OF US THAT KIDS THAT ARE IN THE FIRST GRADE TODAY ARE BEING EDUCATED FOR JOBS THAT DO NOT YET EXIST, WILL BE USING TECHNOLOGY NOT YET INVENTED AND WILL BE ADDRESSING PROBLEMS THAT WE DON'T EVEN KNOW ARE PROBLEMS TODAY.

THE CHANNEL PROJECT IS OVER 70 PERCENT COMPLETE: A PROJECT WHICH, IN MY FIRST TWO YEARS AT THE PORT, WAS STILL UNCERTAIN IN ITS OUTCOME. MAYBE IT WOULD HAPPEN AND MAYBE NOT. PERHAPS IN AN ODD WAY, THE FACT THAT IT HAS BEEN SUCH AN EFFORT TO ACHIEVE, MAY HAVE BEEN A BLESSING IN DISGUISE. IN ORDER TO GET IT DONE, ALLIANCES NEEDED TO FORM, PORTS NEEDED TO WORK TOGETHER, STAKEHOLDERS NEEDED TO ENGAGE IN THE PROCESS AND BE PART OF THE PROCESS. POLITICAL ALLIANCES, ACROSS STATE LINES NEEDED TO FORM. MOST IMPORTANTLY, MANY INDIVIDUALS NEEDED TO ASSERT LEADERSHIP AND DO THE HARD WORK.

THOUGH NOT GUARANTEED, LNG ON THE RIVER COULD BE A REALITY. AND FOR THE RECORD, I AM PERSONALLY FOR IT BECAUSE LNG HAS ITS PLACE IN THE MIX AS PART OF LONG TERM ENERGY POLICY -- AND FROM A PORT PERSPECTIVE, IT BRINGS SOME OF THE MOST TECHNICAL AND SOPHISTICATED SHIPS IN THE WORLD TO THE COLUMBIA RIVER. I AM CONFIDENT THAT THE RIVER AND BAR PILOTS CAN DELIVER AND THAT THE COAST GUARD CAN MANAGE THE PROCESS AND NOT IMPEDE COMMERCIAL NAVIGATION TO MEET THE SAFETY REQUIREMENTS ASSOCIATED WITH LNG.

UP AND DOWN THE RIVER, THERE IS AND HAS BEEN INVESTMENT IN FACILITIES AND THE RAIL NETWORK. WHETHER OR NOT OUR INDIVIDUAL PORT VOLUMES FOLLOW AN EVER INCREASING GROWTH TRAJECTORY IS REALLY NOT THE GOAL NOR IS IT ANY LONGER MY IMMEDIATE CONCERN. FRANKLY, THERE WILL BE UPS AND DOWNS. THE DOWNS CAN AND MAY BE SHARP DOWNS. THE HIGHS WILL SET NEW HIGHS. THIS IS GLOBALIZATION. IT TAKES WORK TO THRIVE AND SURVIVE AND IT MEANS THAT YOU HAVE TO PLAN FOR TOMORROW. GLOBALIZATION MEANS THAT IF IT AIN'T BROKE, FIX IT NOW.

IT IS IN THIS SPIRIT THAT I CONCLUDE BY SAYING THAT DESPITE THE TURMOIL IN OUR ECONOMY, DESPITE THE FEARS OF WHAT MAY BE AROUND THE CORNER, NOW IS THE TIME FOR US TO REFOCUS ON THE NEXT SET OF PROJECTS.....PROJECTS THAT LIKELY WILL NOT YIELD FEW BENEFITS TODAY, BUT WILL PROVIDE PROSPERITY FOR THIS REGION TOMORROW.

WHETHER IT BE THE JETTIES, THE LOCKS, BRIDGES, TUNNELS, ROADS, AND EVEN, I DARE SAY, THE NEXT 2-3 FEET ON THE COLUMBIA, WE CAN NOT BE SATISFIED TO LEAVE THE NEXT GENERATION WITH INFERIOR INFRASTRUCTURE. AS WE HAVE SEEN OVER AND OVER AGAIN, THERE IS NOT SOME MYSTERIOUS FORCE THAT GETS THESE THINGS DONE. IT'S US. IT'S US WHO SET THE PRIORITIES AND ITS US WHO BUILDS THE COALITIONS TO GET IT DONE. AND IT TAKES TIME AND ITS HARD WORK AND IT'S OUR SHARED RESPONSIBILITY.

IN 20 YEARS, THE PEOPLE ATTENDING THIS PNWA CONFERENCE WILL BE LISTENING TO SPEECHES AND HOPEFULLY THEY WILL BE TALKING ABOUT THOSE SHREWD INDUSTRY LEADERS...THAT WOULD BE US, WHO HAD THE VISION AND FORSIGHT TO PLAN AND BUILD FOR TOMORROW. THIS IS WHAT THE JAPANESE DO AND IT IS WHAT WE NEED TO START DOING AGAIN.

IT'S TIME TO GET BACK TO WORK. THANK YOU VERY MUCH.

