



EXECUTIVE SUMMARY

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Growing Again: An Update on Oregon's Recovering Economy

By Jeff Thompson

Advocates of large tax cuts, regulatory changes, and some new spending programs to “get the economy moving again” continue to describe Oregon as being “mired in recession” and having the “worst economy” in the country. While Oregon’s unemployed workers plainly need their safety net repaired and expanded, the claim that Oregon is still in recession is out of date and relies on misleading comparisons.

What happened during the recession is not the same as what is occurring today. Oregon’s economy did decline more than most other states in the 2001 recession. Between December 2000 and December 2001, Oregon experienced the largest decline in employment and the biggest increase in unemployment. Between December 2001 and December 2002, however, employment in Oregon grew faster than in most other states, and unemployment declined more than in all but a few.

- Between December 2001 and December 2002, unemployment in Oregon fell by 0.8 percent, more than in all but four states, while unemployment rose in 25 states.
- Employment is also recovering, growing 2.3 percent between December 2001 and December 2002, more than in all but 12 states, while 14 states lost employment.

Those identifying Oregon as having the “worst” economy in the country ignore the fact that Oregon historically has had a relatively high unemployment rate in good and bad economic times. Oregon’s unemployment rate fell below the national average in only four of the last thirty years. In 2000, when Oregon’s per-capita Gross State Product grew faster than all but two states, the unemployment rate was seventh highest. The state will continue to have relatively high rates of unemployment even after the recovery hits full-stride.

Unemployment remains a serious concern in Oregon, with over 120,000 workers out of a job and 14,600 slated to lose Unemployment Insurance benefits by the end of May 2003. Oregon policy makers should pressure the federal government to extend Unemployment Insurance benefits, or absent federal help enact an emergency extension of unemployment insurance relying solely on the state’s unemployment insurance trust fund. Increased federal spending on programs that help the unemployed, such as Medicaid, can play an important role in Oregon’s recovery.

Oregon can do little to impact economic growth. Oregon is just one percent of the US economy and is constitutionally prohibited from deficit spending. The claim “we’re in a recession” is an outdated response that has no place in today’s policy debates.
