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“Boom, Bust, and Beyond” New Report Highlights Impacts of a Changing Economy on Oregon Workers

(Silverton, Nov. 6) Oregon’s economy is growing again, but the typical worker is not likely to see significant earnings or income gains any time soon, according to a report by the Oregon Center for Public Policy, a non-profit, non-partisan research group that studies how the economy and government policies affect low- and moderate-income Oregonians.

“Even after current high unemployment falls, the long-term trends of widening income inequality, growth in low-paying jobs, and declining unionization will shape Oregon’s economy for many years to come,” said Jeff Thompson, an economist with the Center.

The report notes that during the late 1990s workers in Oregon benefited from significant investments in high-tech manufacturing and a lengthy period of sustained low unemployment, factors that are not likely to repeat in the near future.

The 113-page report, **“Boom, Bust, and Beyond: The State of Working Oregon 2002,”** provides a comprehensive study of the status of working Oregonians. The report examines the living standards of working Oregonians, providing new data on income inequality, family and household income, wages, hours worked, housing affordability, bankruptcy, unemployment, retirement security, health insurance, the changing quality of jobs, hunger, mortgage foreclosure, and poverty.

Impacts of the 2001 recession on Oregon workers.

The report shows that after rising for a number of years, real average annual earnings fell by 1.5 percent in 2001. “The recession hit just as Oregon’s workers finally recovered from the recession of the early 1990s,” said Thompson.

“The 2001 recession was brief, but its impacts were real and lasting,” said Thompson. “Tens of thousands of workers lost their jobs, bankruptcy hit record levels, and mortgage delinquency and foreclosure rates rose to levels not seen since the mid-1980s.”

The 2001 recession erased improvement in poverty. The report notes that Oregon’s poverty rate was flat over most of the 1990s and had started to fall at the end of the decade.

In 2001, 30 percent of unemployed Oregonians were in food insecure households, uncertain whether they could meet their food needs without relying on emergency assistance.

Gains to workers, growing inequality, and continued poverty despite work during the 1990s expansion.

The report documents that in the late 1990s, unemployment remained low and earnings and income increased for most workers. By the end of the decade, average earnings and median income had risen above levels before the previous recession in the early 1990s.

“With the 1990s boom behind us, we can now see just how unequally those gains were distributed,” said Thompson.

Data included in the report show that between 1989 and 2000, the average income of the richest one percent of Oregonians rose 98 percent, while the median household income rose just 9 percent. “Over the last twenty years, Oregon went from being one of the most equal states to one of the most unequal, with a wide gap between the rich and both middle-income and poor families,” Thompson said.

“Much of the limited economic gains experienced by middle-income families was due to a large increase in work effort during the 1990s,” said Thompson.

The study found that the typical married-couple working family with children worked 3,854 hours per year in the late 1990s, 330 hours more than a decade earlier - more than 8 additional weeks of work per year. Middle and low-income families put in more hours at work, while high-income families worked fewer hours.

“Middle-income families put in more hours and saw limited gains. Those at the top experienced huge income gains and more leisure time,” said Thompson.

“Not only did the wealthiest Oregonians reap the lion’s share of the benefits of the 1990s expansion, but many poor and low-income Oregonians fell further behind,” said Michael Leachman, policy analyst. “The high-tech boom did not stem the tide of rising poverty among working families with children.”

The report documents that the poverty rate among working families with children increased during the last decade. Eleven percent of working families with children in Oregon lived in poverty in 1999-00, up from just 5 percent in the late 1970s.

The economic future of working Oregonians.

“With the mixed economic performance through mid-2002, it isn’t clear whether Oregon will slip back into recession, or will merely bump along in a slow-growth recovery similar to the early 1990s,” said Thompson. “Either way, the economic future of Oregon workers does not look bright.”

“The factors that generated economic benefits for Oregon workers during the 1990s – sustained low unemployment and a massive infusion of high-tech investment – are not likely to repeat any time soon,” Thompson noted.

“Unless Oregon charts a new economic course – one that raises the wages of the lowest-paid and trains people for and creates sustainable, high-paying new jobs – the economic future for most workers in Oregon will be one of greater income inequality, more low-paying jobs, and further de-unionization,” Thompson said.

Housing affordability and health insurance from the perspective of Oregon workers.

Housing price trends and health insurance data paint a troubling portrait of the challenges facing working Oregonians.

- As many as 54,000 Oregonians lost health insurance due to the 2001 recession, and a return to rapidly rising premiums ensures that insurance costs and coverage will continue to be a problem.
- Even the best economic times failed to deliver greater health insurance coverage for Oregon workers. Uninsurance among the 18-64 year old population rose from 13.7 percent in 1996 to 15.3 percent in 2000.

- Rapidly rising home prices made housing less affordable. Oregon went from being the 11th most affordable state for housing in 1989 to the 42nd by the late 1990s.

**A guide for policy makers and citizens
in decisions about the future.**

“This report is designed to stimulate public discussion and to encourage the reader to make informed decisions and take action,” said Thompson.

“The report can help policy makers and all Oregonians choose the kind of policies to help shape the future they want for Oregon. Before Oregonians vote to give tax breaks to the wealthiest with little or no benefit to the majority of Oregonians, they need to know who has benefited most from policies and economic prosperity in the past, and who has not,” said Thompson.

“If Oregonians make the proper policy choices, the increasing share of workers in poverty, rising incidence of hunger despite work, and growing income inequality can become facts of history and not our destiny,” said Thompson.

“The study’s findings should give new impetus for creative ways to manage Oregon’s ‘new economy’,” said Thompson.

The **Oregon Center for Public Policy** is a non-profit, non-partisan research and education institute established to assist low- and moderate-income Oregonians, the majority of Oregonians, by expanding the debate on a variety of economic and fiscal issues.

Note to editors and reporters:

A press proof copy of **Boom, Bust, and Beyond: The State of Working Oregon 2002** is available for the media at www.ocpp.org/2002/rpt021103.pdf (size: 1201 KB). Please honor the embargo.