



# NEWS RELEASE

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## **New Report On Oregon's Economy Shows Recovery Has Faltered, Oregon Workers Suffering Consequences**

Oregon's economy is generating bad news for Oregonians this Labor Day, according to a new study by the Oregon Center for Public Policy. After beginning to recover in 2002, Oregon's economy faltered in the first half of 2003. Working people in Oregon are bearing the brunt of two and one-half years of disappointing economic performance, experiencing declining wages, loss of health insurance, and record levels of personal bankruptcy.

The report, **Recovery Lost: Oregon's Faltering Economy Brings More Bad News for Workers**, addresses the factors behind Oregon's poor economic condition relative to other states. Jeff Thompson, economist and policy analyst with the Oregon Center for Public Policy and author of the report, said "trends in employment, unemployment, exports, and other key indicators raise fears that Oregon's economy may be experiencing a 'double-dip' recession."

Thompson says it is misleading to attribute Oregon's poor economic condition to policies enacted in Oregon. "Oregon has very little control over its economic performance. We're only one percent of the national economy. Trends in Oregon are primarily determined by national and international trends."

According to the OCPP study, Oregon's economy experienced greater job losses and increases in unemployment than other states due to reliance on cyclical industries and relatively rapid population growth. "People kept moving here," said Thompson, "and just as high tech helped make Oregon the fastest growing economy in the nation in the late 1990s, it also drove Oregon's economic decline over the last three years."

In addition to lost jobs and high unemployment, Oregonians have also experienced falling wages, losses in health insurance, and record levels of bankruptcy.

### **KEY FINDINGS**

**Hourly wages and earnings are falling.** Hourly wages declined at all levels in 2003. The typical worker in Oregon saw hourly wages fall nearly 8 percent, to

\$13.03 in the first half of 2003. Average annual earnings among full-year workers fell 1.7 percent between 2000 and 2002.

**The rate of Oregonians without health insurance is the highest in almost a decade.** The share of working-age Oregonians without health insurance rose to 18.1 percent in 2002, a level not seen in Oregon since before the implementation of the Oregon Health Plan in 1994. Declining enrollment in the Oregon Health Plan and high health care inflation suggest that losses will be even worse in 2003.

**Record breaking bankruptcies.** Over 6,500 Oregonians filed for personal bankruptcy in the first quarter of 2003, the highest level recorded in the state.

### **ECONOMIC STIMULUS POLICIES DISCUSSED**

The study discusses the impacts of state and federal economic stimulus policies that have been pursued since 2001. "Policy actions taken by the state and federal governments have had mixed results," noted Thompson.

**Unemployment Insurance is an important, but tenuous, community support.** "Unemployment Insurance has been a huge life preserver for Oregonians and their communities," said Thompson. "Tens of thousands of unemployed Oregonians have received billions of dollars in UI benefits, preventing the economy from declining even further than it did." The study notes that the federal extended benefit programs available to unemployed workers since early 2002 will most likely not be available by early 2004.

**A series of federal tax cuts have failed to stimulate the economy.** "The federal cuts were massive, but so poorly targeted that they will result in little economic stimulus. Massive federal deficits will cost us dearly," said Thompson. "These tax cuts and the resulting deficits prompted the 2001 Nobel Prize-winning economist George Akerloff to conclude that the current administration is the 'worst government the US has ever had in its more than 200 years of history.'"

The OCPP study concludes that extended Unemployment Insurance benefits programs should be preserved and that government should maintain its employment levels. "After holding the line against job losses in 2001 and 2002, government employment declined in 2003, adding to job losses in other sectors," said Thompson. "If government wants to help the economy, it has to avoid laying off workers."

"There are few effective policy options available to state policy makers. Continuing to provide extended UI benefits and maintaining levels of public employment are two of them," said Thompson.

Thompson noted that the recently enacted state temporary income tax surcharge will likely help Oregon's economy. "Because it is based on the ability to pay, the increase will have little impact on low-income people and the unemployed. Since a considerable share of state spending is matched by federal spending, the surcharge will bring millions of additional dollars into Oregon's economy."

*The **Oregon Center for Public Policy** uses research and analysis to advance policies and practices that improve the economic and social prospects of low- and moderate-income Oregonians, the majority of Oregonians.*

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#### **NOTE TO EDITORS AND REPORTERS:**

The full text of the report, ***Recovery Lost: Oregon's Faltering Economy Brings More Bad News for Workers***, is available at the OCPP website, <http://www.ocpp.org/news>. The username is "news" and the password is "labor" (all lowercase, not quote marks).