

**An Economy for the Few:
*Oregon workers are more productive, but households with incomes over
\$360,000 are getting nearly half the income gains***

by Michael Leachman and Joy Margheim

This Labor Day Oregon's workers are producing goods and services more efficiently than when the economic expansion began four years ago, but few workers have seen much income benefit as a result.

- Last year, Oregonians produced \$40,881 per person in goods, services, and other economic output. That's an increase of about \$7,600 of output per person compared to four years earlier, in 2002. Oregon's per capita output last year was nearly double what it was just 15 years ago.
- Some workers have seen substantial pay raises in the last four years, but the strongest wage gains have gone to workers in sectors of the economy that already had high pay. Among the 25 industry subsectors in Oregon with the highest pay, average pay shot up by 10 percent over inflation between early 2003 and early 2007. In the 25 lowest-paying industries, by contrast, the average pay raise was just one percent over inflation.
- Only the highest-paid fifth of workers saw their earnings rise faster than inflation during the first three years of the expansion. The rest of the workforce, the bottom 80 percent, saw their wages fall behind inflation.
- From 2002 to 2005, nearly half (47 percent) of Oregon income gains went to the richest one percent — households with annual incomes exceeding about \$360,000 and averaging about \$862,000.
- The unequal distribution of income gains during the current expansion continues and exacerbates the widening income inequality of the last generation. From 1980 to 2005, the top one percent of households in Oregon saw their average real income skyrocket by nearly \$580,000, over and above inflation. The typical Oregon household, by contrast, saw their income improve by just \$618.
- In 2005, the 1,500 households in the top one-tenth of one percent of Oregon households raked in adjusted gross income totaling nearly \$4.6 billion. That's more income than was reported as a group by the 530,000 households in the lowest-income 35 percent of the income spectrum.
- In 2006, corporations realized nearly \$13 billion in profits in Oregon, more than double their annual profits during the late 1990s high tech boom. The corporate profit take in 2006 was the highest on record.

Thoughtful public policies can protect the state from the negative consequences of an economy that works for the few at the expense of the many.

The 2007 legislature took some important steps to invest in protecting and promoting opportunities for all Oregonians. Legislators referred a measure to voters that would provide health coverage to all children, increased funding for Head Start pre-kindergarten education for poor children, expanded college financial assistance, regulated loan sharking, and gave workers the right to form a union if a majority of workers sign union cards or petitions. These efforts were a good start, but more aggressive policies are necessary to produce an economy that works for us all.