OCPP OREGON CENTER for PUBLIC POLICY

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News Release

For Immediate Release:

August 31, 2007
Revised May 1, 2008

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Few Oregon Workers Can Celebrate Economy This Labor Day

Workers are More Efficient, but Nearly Half of Income Gains Going to Households Making Over $360,000

This Labor Day Oregon is completing four years of an economic expansion with income benefits that have flowed disproportionately to those with incomes over $360,000, according to a report released today by the Oregon Center for Public Policy (OCPP), a nonpartisan research institute based in Silverton.

"Oregon's economy has been growing steadily since the summer of 2003," said Michael Leachman, a policy analyst with the public policy research institute and co-author of the report, "but the bulk of the income gains are going to corporations and the richest of the richest Oregonians."

The report, *An Economy for the Few*, finds that through the first three years of the expansion the top one percent of Oregon households — those with incomes of at least $360,000 and average incomes of $862,000 – collected 47 percent of all income growth in Oregon.

The "economy for the few" documented in the report has left a fortunate few Oregon households with abundant income relative to ordinary Oregonians. According to the report, in 2005, the highest-income 1,500 households in Oregon took in adjusted gross income totaling nearly $4.6 billion. "That's more income than was reported as a group by the lowest-income 35 percent of Oregon households – more than 530,000 households," said Leachman.

While income gains have been concentrated at the top of the income ladder, gains in wages – a major component of most households' income – were more broadly shared last year. "Unfortunately the wage gains so far are too little, too late, for too many workers," said Leachman.

"Some workers saw substantial pay raises as the economy grew," said Leachman, "but the strongest wage gains have gone to workers in sectors of the economy that already had high pay, such as securities and other financial investment firms and computer equipment manufacturers, while workers in low-paying industries, such as gas station and restaurant workers, barely kept up with inflation."

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OCPP's report finds that average pay in the 25 highest-paying industry groups rose 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.

Oregon workers produced $40,881 per person in economic output in 2006, up almost $2,000 over 2005 and continuing a steady trend in productivity increases this decade. "When worker productivity improves, most workers typically see wage gains," Leachman noted, "but this time around wage gains have been concentrated at the top while corporations reaped significant profits."

The report also documents that in 2006, corporate profits reached nearly $13 billion in Oregon, the highest amount on record. "That's not surprising," said Chuck Sheketoff, executive director of OCPP, "With productivity up and wages stagnant, corporations are making more profit off their workers."

"Oregon needs investments in public structures that improve opportunities for low- and middle-income Oregonians," said Sheketoff. "We can turn our economy into one that serves all Oregonians – not just the few – if we make smart investments in public structures. Our economy could work for all Oregonians if we required corporations and the wealthiest families to pay their fair share of income taxes," he added.

The Oregon Center for Public Policy does in-depth research and analysis on budget, tax, and economic issues. The Center's goal is to improve decision making and generate more opportunities for all Oregonians.

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Note to Reporters and Editors:

The report is available at www.ocpp.org.