OCPP OREGON CENTER for PUBLIC POLICY
Because facts matter.

Fact Sheet

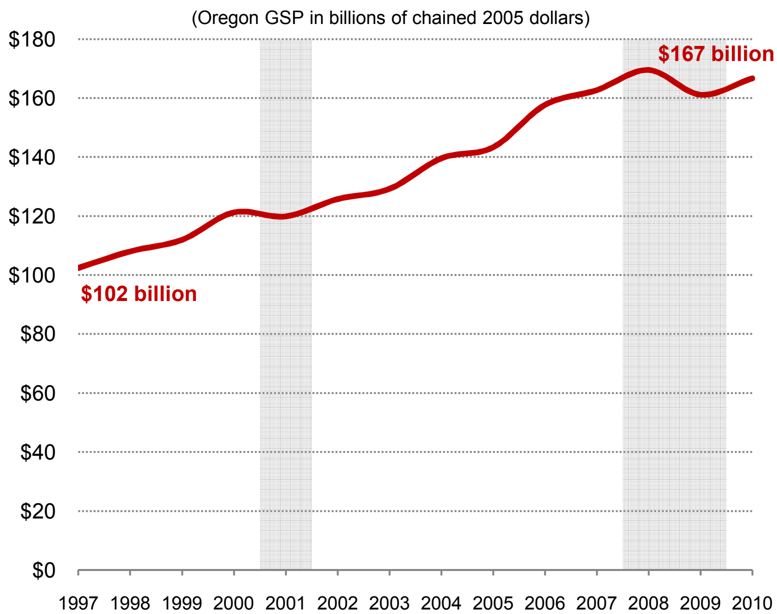
December 14, 2011

If Economic Growth Assured Well-Being, Oregonians Would be Thriving

A View of the State of Working Oregon

If economic growth alone determined the well-being of a state's inhabitants, all Oregonians would be thriving. Relative to the rest of the nation, Oregon's economy has performed exceptionally well for over a decade.

Oregon economy: a long, upward trend



Gray areas indicate National Bureau of Economic Research official periods of recession.
Source: Bureau of Economic Analysis, GDP by state in chained 2005 dollars data series.

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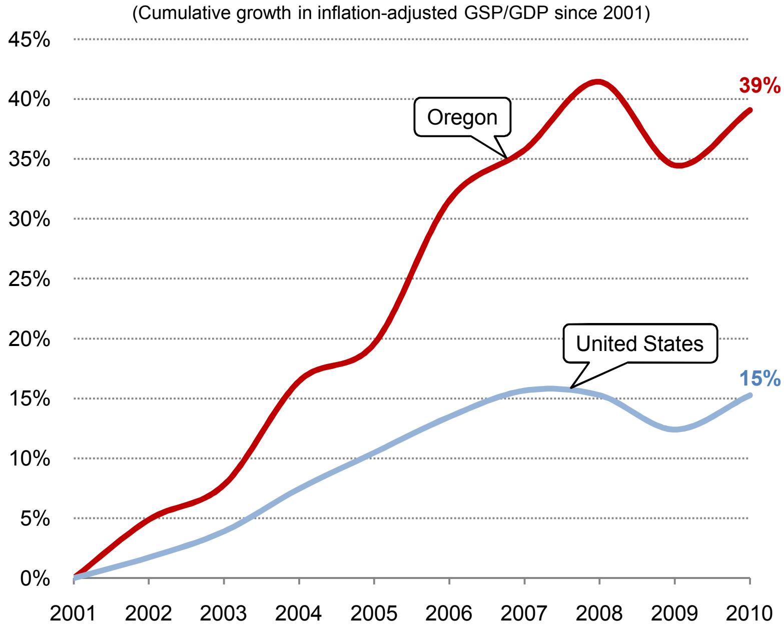
Oregon's economy has grown significantly since 1997, the starting point of the official data series for measuring economic growth.[1]

Oregon's real (inflation-adjusted) Gross State Product (GSP) increased from about $102 billion in 1997 to over $167 billion in 2010, according to the most recent data available.

Thus, Oregon's economy expanded 63 percent during that time period. It grew in all but two of those years — the recessionary years of 2001 and 2009.

A View of the State of Working Oregon is a series of occasional OCPP fact sheets published to help explain Oregon's economy from the perspective of working families.

Oregon economy has outpaced U.S. economy



Source: OCPP analysis of Bureau of Economic Analysis, GDP by state in chained 2005 dollars data series.

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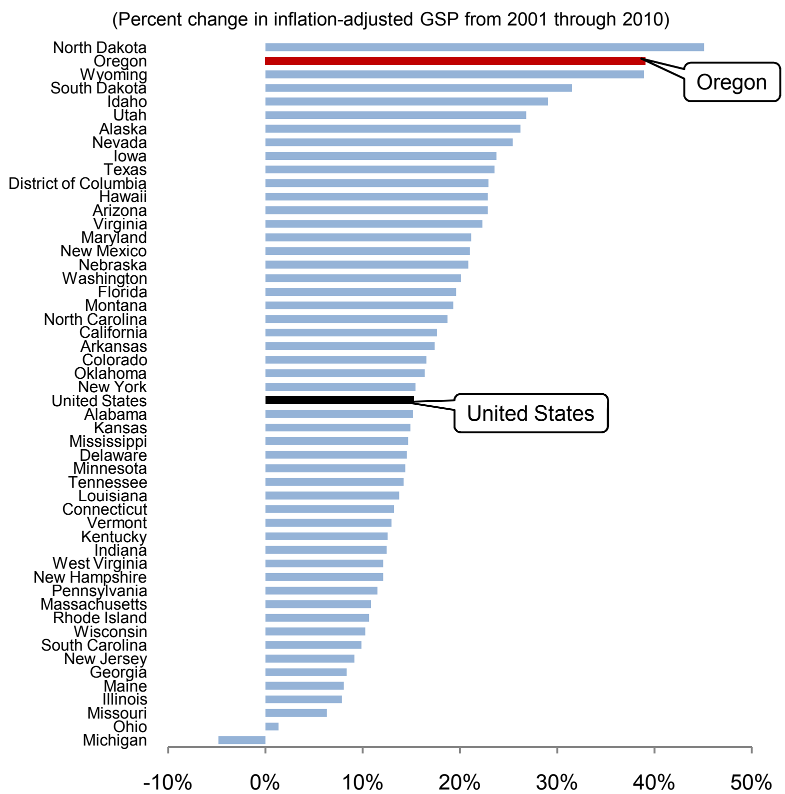
Over the last decade, Oregon's economy grew more rapidly than the nation's economy. Specifically, from 2001 to 2010, a period beginning with the start of the last economic expansion to the most recently available data, Oregon's inflation-adjusted GSP grew 39 percent, while the nation's inflation-adjusted Gross Domestic Product (GDP) expanded 15 percent.

In other words, from 2001 to 2010, Oregon's economy grew more than twice as fast as the nation's economy.

Oregon economic growth tops nearly all states



Source: OCPP analysis of Bureau of Economic Analysis, GDP by state in chained 2005 dollars data series.

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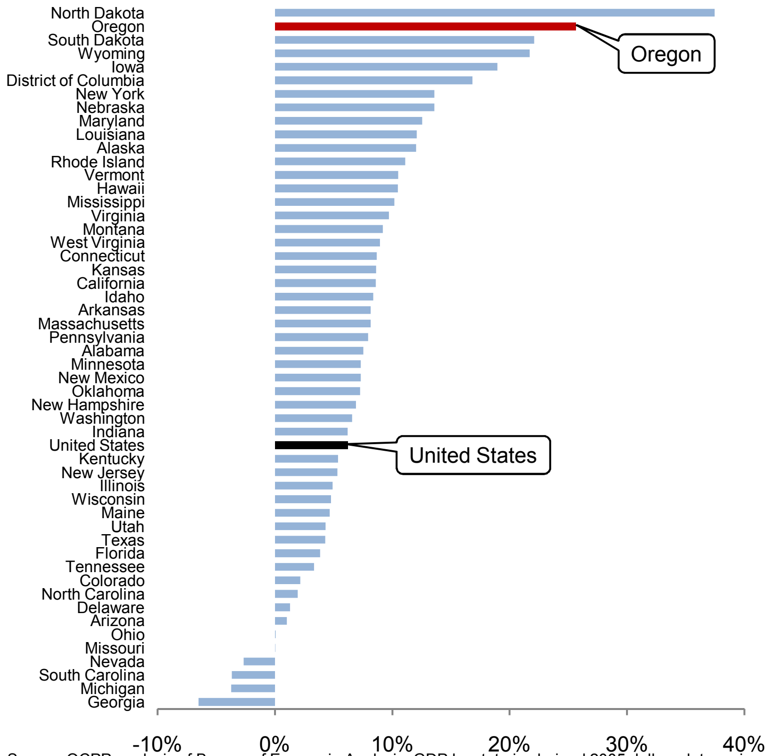
Over the past decade, Oregon enjoyed the second highest level of economic growth, measured by inflation-adjusted GSP, among all states and the District of Columbia. Specifically, from 2001 to 2010, only North Dakota's economy grew faster than that of Oregon.

Oregon's exceptional performance occurred despite the fact that the Great Recession hit Oregon harder than most states. Oregon's GSP growth ranked among the bottom states in 2008-09, during the depths of the recession. However, Oregon has rebounded quickly, posting 3.4 percent growth for 2009-10, eighth highest in the nation.

On per person basis, Oregon economy excels

(Percent change in inflation-adjusted per-capita GSP from 2001 through 2010)



Source: OCPP analysis of Bureau of Economic Analysis, GDP by state in chained 2005 dollars data series.

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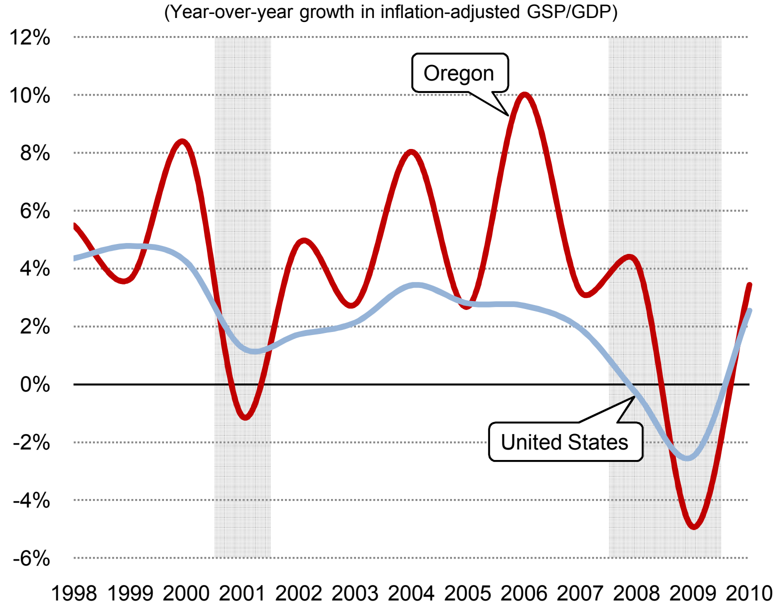
Even when adjusted for population changes within states, Oregon's performance has been exceptional. Oregon ranked second among all states and the District of Columbia during the 2001-10 period in terms of economic growth per person (GSP per capita). By this measure, Oregon's economy expanded 26 percent over this time period, more than four times the 6 percent growth of the national economy.

Thus, despite being hit hard by the Great Recession, Oregon's economic growth over the time period on a per person basis was exceptional.

Oregon economy shines during U.S. expansions

(Year-over-year growth in inflation-adjusted GSP/GDP)



Gray areas indicate National Bureau of Economic Research official periods of recession.
Source: OCPP analysis of Bureau of Economic Analysis, GDP by state in chained 2005 dollars data series.

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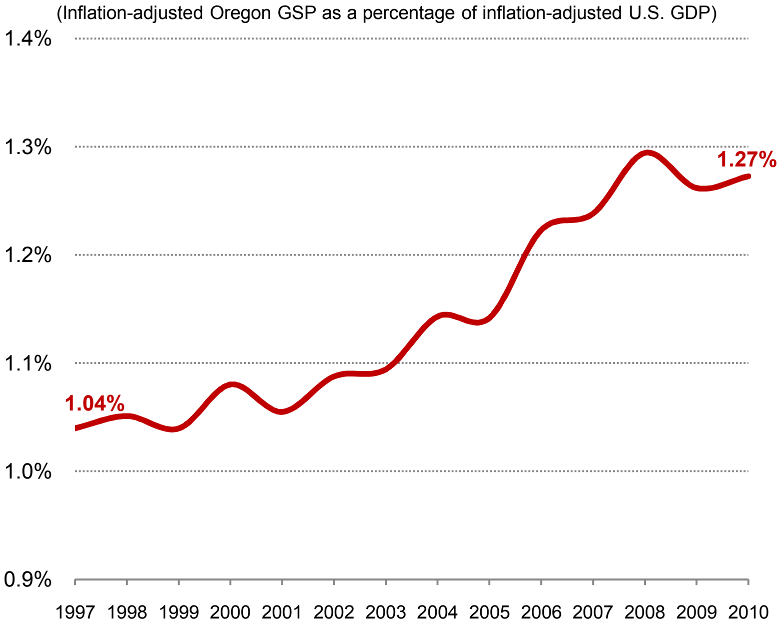
When the nation enjoys good economic times, Oregon has even better times. Oregon's economy outperformed the national economy in all but one year of the most recent expansionary period. In fact, the average yearly growth rate of inflation-adjusted GSP in Oregon from 2002 through 2007 was 5.3 percent, more than double the nation's average growth of 2.5 percent for the same time period.

The most recent recession hit Oregon's economy harder than the national economy, but the initial stages of the recovery began more strongly in Oregon. Oregon's inflation-adjusted GSP decreased 4.9 percent in 2009, versus 2.5 percent nationally. Yet in 2010 Oregon's economy grew 3.4 percent, compared to 2.6 percent nationally.

Oregon's share of national economy grows



Source: OCPP analysis of Bureau of Economic Analysis, GDP by state in chained 2005 dollars data series.

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Oregon has increased its share of the national economy.

Although Oregon's economy constitutes only a small portion of the U.S. economy, this is less true now than it has been in the past. In 1997, the beginning of the current data series for measuring economic growth, Oregon's economy made up 1.04 percent of the national economy. By 2010, Oregon's share had increased to 1.27 percent.

While it's still a small portion of the national economic output, Oregon's contribution to the national economy has grown by over 20 percent since 1997.

Oregon led nation in worker productivity gains

Source: OCPP analysis of Bureau of Economic Analysis, GDP by state in chained 2005 dollars data series and employment data.

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Oregon's strong economic performance relative to other states this decade may be explained in part by the fact that Oregon led the nation in terms of increased worker productivity. From 2001 to 2010, Oregon experienced a dramatic increase in the real economic output per worker. In 2001, a typical Oregon worker produced about $57,000 of goods and services in today's dollars. By 2010, productivity had increased to about $76,000. This translates to a growth in productivity of 32 percent — over three times the national increase of 9.8 percent over the same period.

No other state saw a greater increase in worker productivity.

Endnotes

[1] In 1997, the official economic arbiter, the United States Bureau of Economic Analysis (BEA) discontinued a state-level data series dating back to 1963. Because the BEA began using new definitions and data sources in 1997 to measure Gross State Product (GSP), the bureau "strongly cautions" against combining the two data series to construct a longer series of data. See http://bea.gov/regional/gsp/.

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The Oregon Center for Public Policy is a part of the State Fiscal Analysis Initiative (SFAI) and the Economic Analysis and Research Network (EARN).