

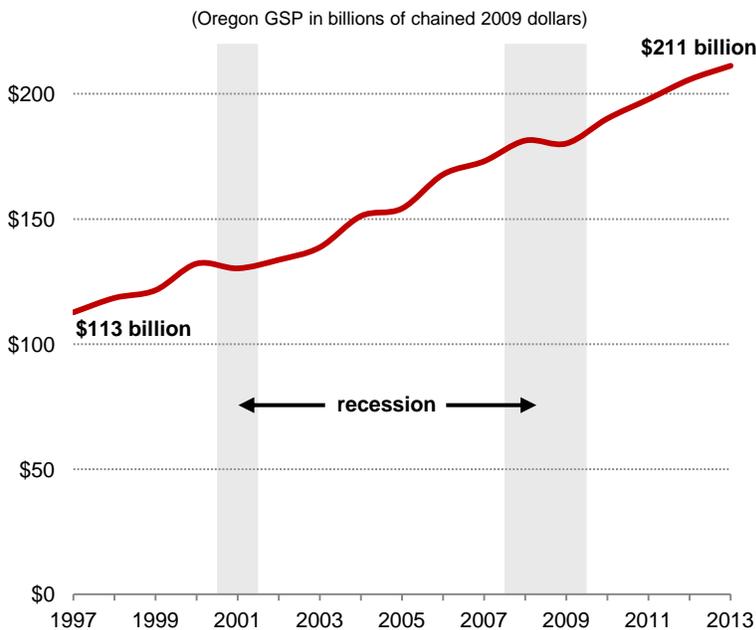
Oregon Economy Continues to Be A Top Performer

A View of the State of Working Oregon

Oregon continues to enjoy one of the nation's top-performing economies. Among all states, Oregon ranks near the top when it comes to economic growth and worker productivity.

Generating economic growth is not Oregon's challenge. The challenge is ensuring that the growing economy benefits all Oregonians.

Oregon's economy: a long, upward trend



Source: Bureau of Economic Analysis, GDP by state in chained 2009 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

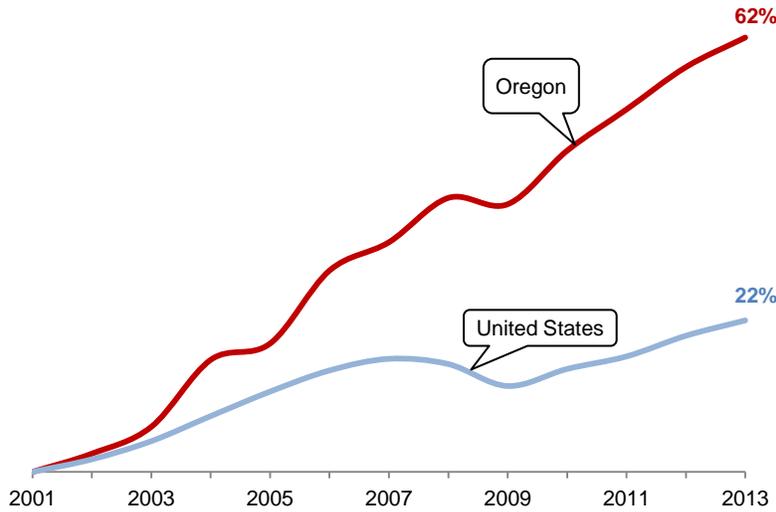
Oregon's real (inflation-adjusted) Gross State Product (GSP) increased from about \$113 billion in 1997 to over \$211 billion in 2013, according to the most recent data available.

Thus, Oregon's economy expanded 88 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 explaining Oregon's economy from the perspective of working families.

Oregon's economy has outpaced U.S. economy

(Cumulative growth in inflation-adjusted GSP/GDP since 2001)



Source: OCPP analysis of Bureau of Economic Analysis, GDP by state in chained 2009 dollars data series.

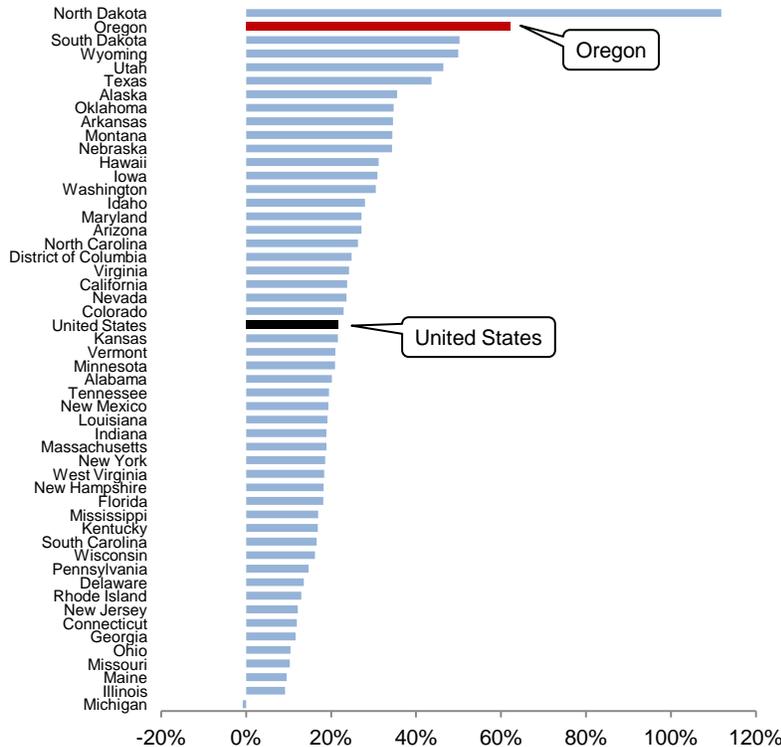
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Over the last 13 years, Oregon's economy has grown nearly three times faster than the national economy.

From 2001 to 2013, a period beginning at the trough of a recession to the year with the most recently available data, Oregon's real GSP grew 62 percent, while the nation's real Gross Domestic Product (GDP) expanded just 22 percent.

Oregon has second highest economic growth

(Percent change in inflation-adjusted GSP from 2001 through 2013)



Source: OCPP analysis of Bureau of Economic Analysis, GDP by state in chained 2009 dollars data series.

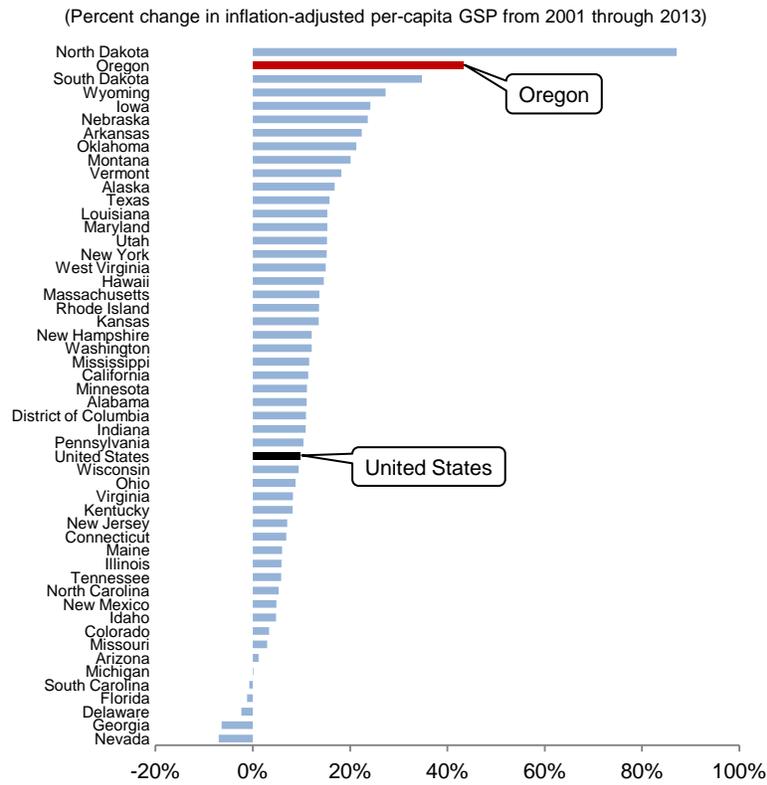
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Over the last 13 years, Oregon has enjoyed the second-highest level of economic growth among all states and the District of Columbia.

From 2001 to 2013, only North Dakota's economy grew faster than Oregon's.

This exceptional performance started with the expansionary period following the 2001 recession, continuing through the Great Recession and the current recovery.

On per person basis, Oregon's economy excels



Source: OCPP analysis of Bureau of Economic Analysis, GDP by state in chained 2009 dollars data series.

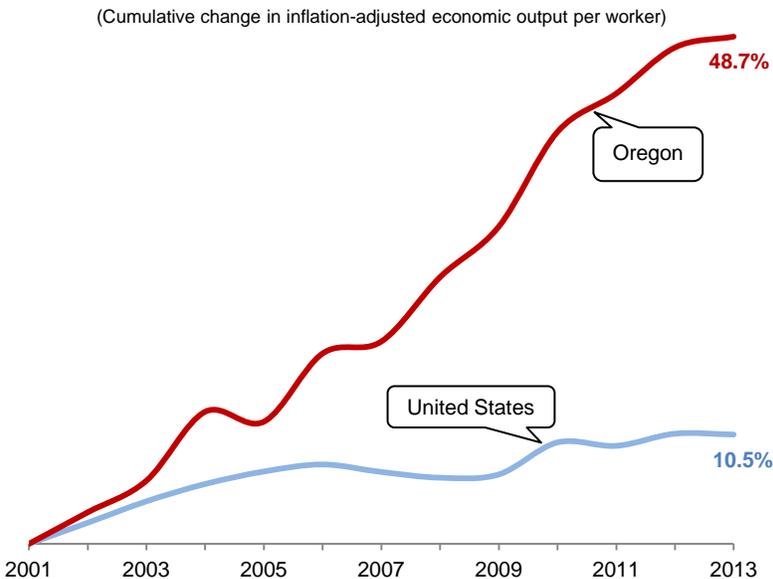
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Population changes can impact economic growth, so it is important to look at growth on a per person (per capita) basis, as well.²

When adjusted for population changes, Oregon's economic performance has been exceptional. Oregon ranked second among all states and the District of Columbia during the 2001-13 period in terms of economic growth per person.

Oregon's economy expanded by 43 percent, while the national economy grew by less than 10 percent on a per person basis. In other words, Oregon's economy grew more than four times as much as the national economy when you account for population changes.

Oregon worker productivity growth exceeds that of all but one state



Source: OCPP analysis of Bureau of Economic Analysis data.

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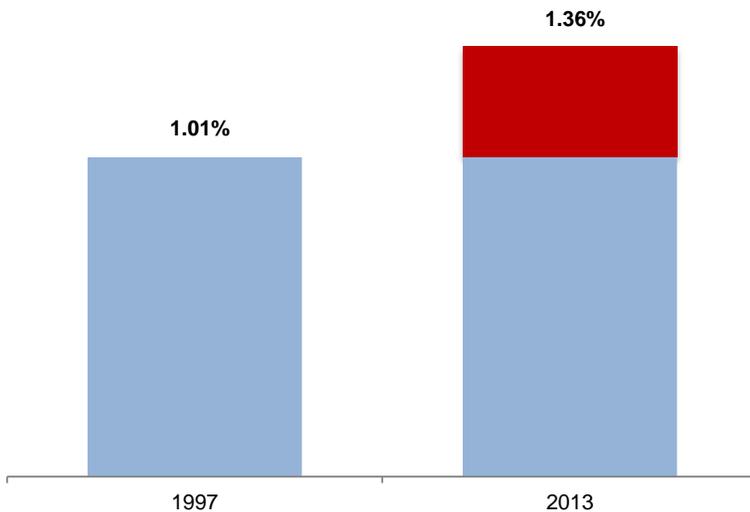
Oregon's strong economic performance relative to that of other states may in part be explained by the fact that Oregon workers were second in the nation in terms of increased productivity.

In 2001, the average Oregon worker produced about \$62,700 of goods and services in today's dollars. By 2013, productivity had increased to about \$93,260. That 48.7 percent growth in productivity was nearly five times the national increase of 10.5 percent over the same period.

Only North Dakota saw a greater increase in worker productivity in dollar or percent terms.

Oregon's share of national economy grows

(Inflation-adjusted Oregon GSP as a percentage of inflation-adjusted U.S. GDP)



Source: OCPP analysis of Bureau of Economic Analysis, GDP by state in chained 2009 dollars data series.

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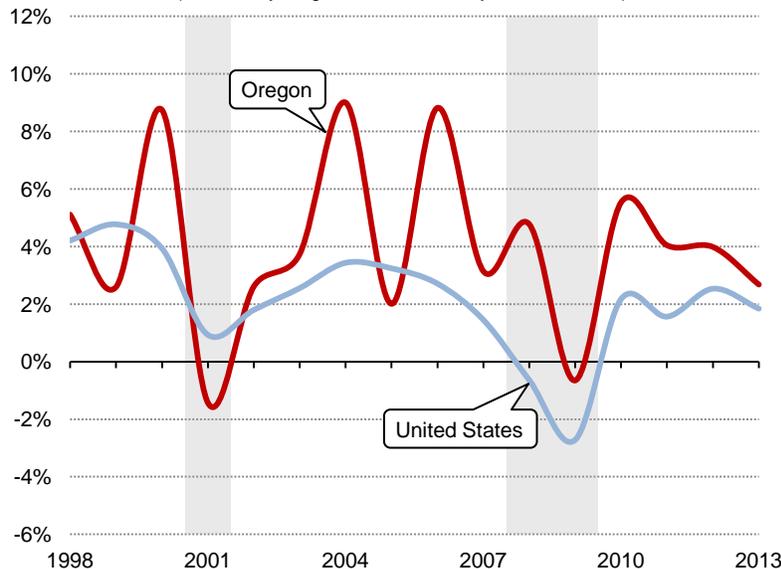
Oregon's economy accounts for an increased share of the national economy.

Although Oregon's economy constitutes a small portion of the U.S. economy, its share has been growing. In 1997, the beginning of the current data series for measuring economic growth, Oregon's economy made up 1.01 percent of the national economy. By 2013, Oregon's share had increased to 1.36 percent.

While it's still a small portion of national economic output, Oregon's contribution to the national economy has grown by more than a third over that time period.

Oregon's economy shines during expansions

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



Gray areas indicate approximate National Bureau of Economic Research official periods of recession. Source: OCPP analysis of Bureau of Economic Analysis, GDP by state in chained 2009 dollars data series.

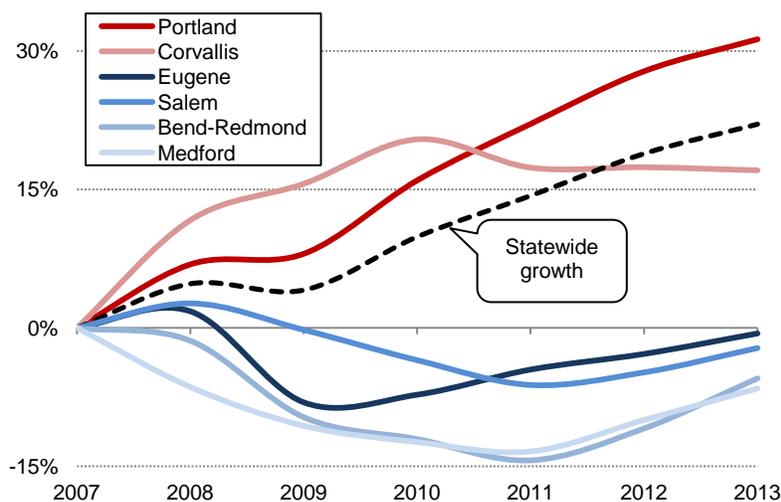
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When the nation enjoys good economic times, Oregon typically has even better times. Oregon's economy outperformed the national economy in all but one year of the previous expansionary period (2002 to 2007).

Moreover, the state has outperformed the nation thus far in the current recovery period.

Portland leads growth; other metro areas lag

(Cumulative growth in inflation-adjusted GSP/GDP since 2007 by metro area)



Source: OCPP analysis of Bureau of Economic Analysis data.

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Oregon's largest metropolitan area, Portland, has largely driven state economic growth. The Portland metro area accounts for three-quarters of the state economy.

Between 2007 and 2013 Portland's economy grew by nearly one third. Only one other metro area, Corvallis, saw growth during that period.

By the end of 2013, the state's other metro areas — Eugene, Salem, Bend-Redmond and Medford — had yet to fully recover from the recession.³

Policy Implications: Promote Shared Prosperity

Oregon's growing economy has left most Oregonians behind. Income inequality has soared, wages for most workers have stagnated or fallen, and poverty has remained elevated.⁴ Generating economic growth is not Oregon's challenge. The challenge is ensuring that the growing economy benefits all Oregonians.

How should policymakers respond to this dynamic of a growing economy that leaves most Oregonians behind?

First, "do no harm" when it comes to income inequality. Lawmakers should reject any proposal that would give additional tax advantages or subsidies to the wealthy and corporations. An example is any effort to cut the income tax rate on capital gains income. Oregon's economy has excelled without giving preferential tax treatment to capital gains income, the income derived from the profitable sale of assets such as stocks, bonds and real estate. And yet, every legislative session sees proposals to cut the tax rate on capital gains income. About seven out of 10 dollars of capital gains income go to the wealthiest 1 percent of Oregonians.⁵ Cutting the tax rate on capital gains income would exacerbate the problem of income inequality.

Second, make work pay better by raising the state's minimum wage. Oregon's strong economic growth has coincided with having the nation's second-highest statewide minimum wage. In 2002, Oregon voters enacted a measure that hiked the state minimum wage and tied it to the rate of inflation. Oregon is proof that a fast growing economy can go hand-in-hand with a strong minimum wage. A stronger minimum wage would help more workers enjoy the benefits of the economic growth they helped create.

Finally, invest more in schools and the other public services that create economic opportunity. Better schools, more affordable college tuition, a stronger health care system — investing in these and other public structures would allow all Oregonians to share in the benefits of economic growth.

Oregon's economy is certainly working. It is time to make it work for all Oregonians.

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. Gross state product (sometimes also referred to as gross domestic product by state) is the value of all goods and services produced within a state as measured by the BEA. For more information, see <http://bea.gov/regional/gsp/>. Unless otherwise noted, all data in this fact sheet are from OCPP analysis of BEA data.

² The case of Nevada illustrates why “per capita” matters. Without factoring in population growth, Nevada’s economic growth ranked above average over the 2001 to 2013 period. But if population changes are taken into account, Nevada ranked last over the same time period.

³ The Bureau of Economic Analysis dataset used in this analysis lacks data on rural Oregon.

⁴ See *Economic Gains Flow to the Top as Oregon Income Inequality Soars*, Oregon Center for Public Policy, April 30, 2014, at <http://www.ocpp.org/2014/04/30/fs2010430-economic-gains-Flow-top-oregon-income/>; *A Graphic View of Poverty in Oregon*, Oregon Center for Public Policy, November 6, 2014, <http://www.ocpp.org/2014/11/06/fs20141106-graphic-view-poverty-oregon/>.

⁵ *Economic Gains Flow to the Top as Oregon Income Inequality Soars*, Oregon Center for Public Policy, April 30, 2014, at <http://www.ocpp.org/2014/04/30/fs2010430-economic-gains-Flow-top-oregon-income>.

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