



Oregon's Economy Has Lagged for Decades. Some Blame a Shrinking Workforce and Too Much Red Tape.

Gov. Kotek's Prosperity Council hopes to fix these chronic problems.

Gross Domestic Product per Capita, Adjusted for Inflation

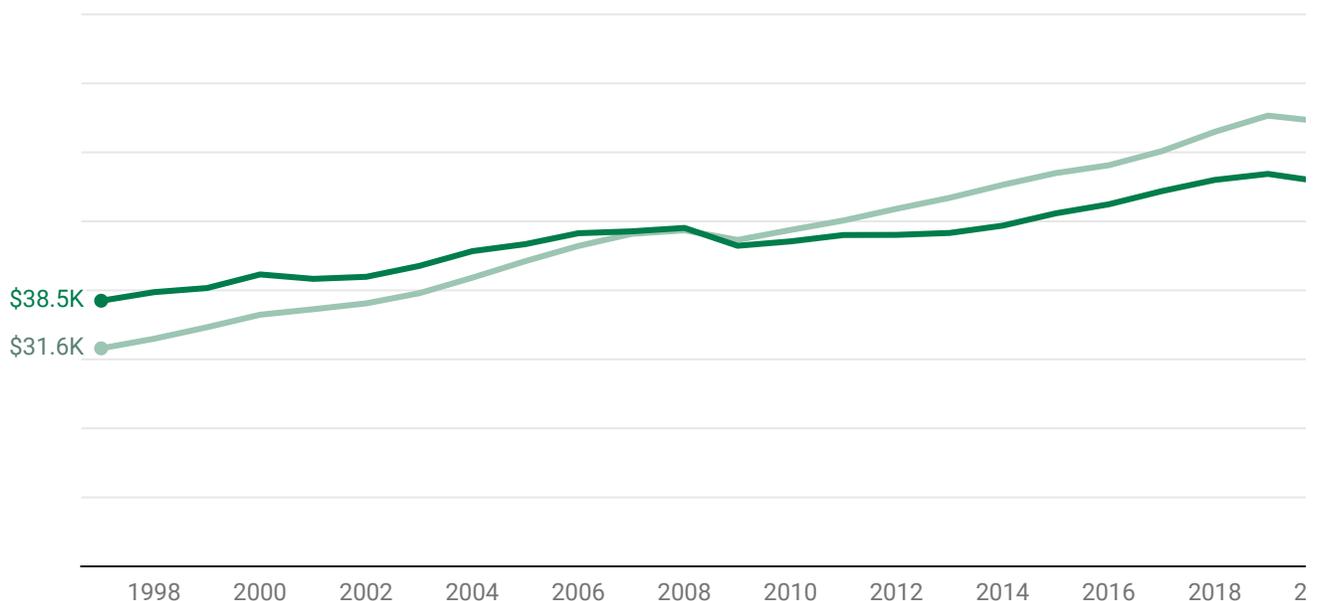


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By Khushboo Rathore
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When Gov. Tina Kotek convened the first meeting of her newly named [Prosperity Council](#) on Jan. 22, she told the 16-member panel what she hoped to achieve.

“The goals I’ve put forward—about growing our GDP, creating new jobs and supporting the workforce we need for the future—those are very simple goals,” Kotek said. “And they are very urgent goals.”

In terms of gross domestic product per capita, Oregon has lagged behind national averages for nearly two decades—and the gap is getting worse.

Until 2009, Oregon outperformed on that national metric: the value of everything the state produces—everything from computer chips to hazelnuts—divided by its population.

But since then, the productivity gap has widened to nearly \$25,000 per capita.

For decades, Oregon’s growing population boosted its economic outcomes. With its population stagnating, however, the state needs to shift focus to “productivity and investment,” says former state economist Mark McMullen, now vice president at Common Sense Institute Oregon.

Kotek hopes her Prosperity Council, led by Ampere Computing founder Renee James and Port of Portland executive director Curtis Robinhold, will come up with suggestions for how to make that happen.

Oregon Business & Industry CEO Angela Wilhelms says Oregon has made it harder for existing businesses to succeed. She’d like the council to cut through the red tape.

Oregon is the [seventh-most-regulated state](#) for businesses in the country, according to a report by OBI. High regulations and taxes have had many companies move out of the state after becoming licensed, [according to a story by the Oregon Capital Chronicle](#).

Many Oregon business leaders think the state government doesn’t listen to them or isn’t “interested in their success,” Wilhelms says.

“Leaders have not really taken a good, holistic look at what [regulations are] doing to us as a state, economically or competitively,” she adds.

Other states have used tax breaks and credits to woo new businesses and increase GDP.

Trying to get businesses in other states to move their operations to Oregon may be a lost cause, McMullen says.

“Oregon can’t offer the cheap labor that a lot of these other states can. Our wages are higher.”

The state needs to focus on supporting its “homegrown industries,” McMullen says. After Phil Knight co-founded Nike in Oregon, its success brought in other companies and services, he says.

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