

Oregon's Economy: Mixed Symptoms
Presentation to the Oregon House Committee on
Transportation and Economic Development
by Bryce Ward, ECONorthwest and
Ed Whitelaw, ECONorthwest and University of Oregon
February 4, 2013

Part 1: Conceptual

- A. In the U.S., people can live wherever they want. They go to states that offer good combinations of income, cost of living, and quality of life. They leave states that don't.
- B. Economists see marked differences between the short run—a few quarters or maybe even a year or two—and the long run—decades or even generations. In the short run, the unemployment rate can move up or down. In the long run, the standard of living can move up or down.
- C. A state or city can do virtually nothing to affect its economy in the short run. But in the long run, it can affect its standard of living.

Part 2: Empirical

- A. Oregon's population growth rate historically has exceeded that of the U.S. But recently, that gap has diminished.
- B. Oregon's housing prices—the main component of the cost of living—have been high relative to U.S. housing prices.
- C. During 2000-2012, Oregon had added over 400,000 to its population, but in December 2012, Oregon had only 9,000 more jobs than it had in December 2000. Oregon's employment remains over 100,000 below its February 2008 peak.
- D. In 2011, Oregon's personal income per capita, adjusted for inflation, exceeded its personal income per capita in 2000 by \$1.

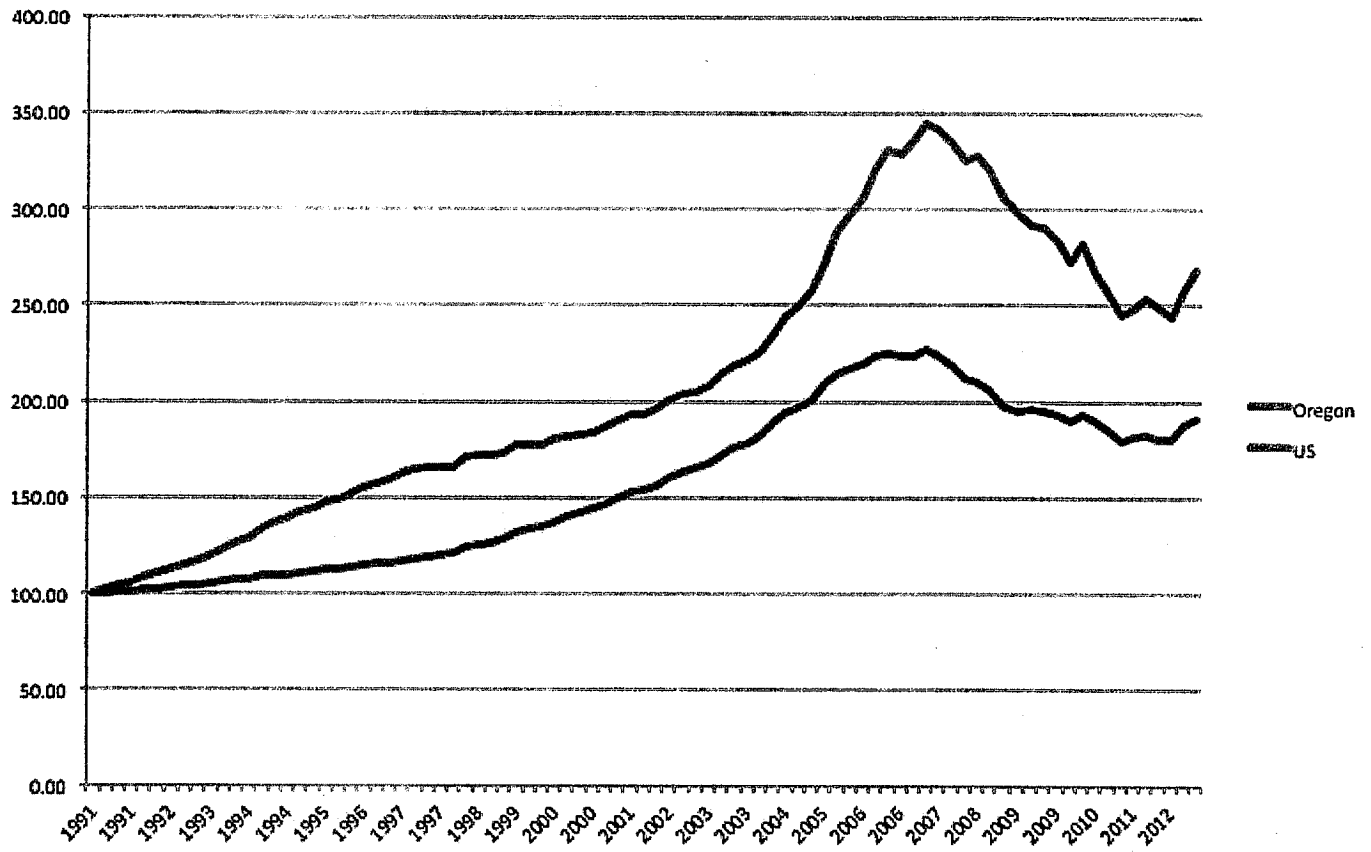
Pause: If cheap living and high wages aren't drawing people to Oregon, quality of life must be.

- E. As recently as 2000, Oregon's quality of life ranked 5th highest among the 50 states and the District of Columbia. Source: Albouy and Lue, University of Michigan, 2011.

Part 3: So What?

- A. Oregon's quality of life is a distinct asset. It helps Oregon attract and retain skilled workers.
- B. But it's insufficient alone in the long run to sustain growth in Oregon's standards of living.
- C. Oregon can improve its standard of living only if it complements its quality of life with increases in its productivity and thereby its capacity for growth.

Housing Price Index



Personal Income Per Capita (\$2011) Oregon/US

