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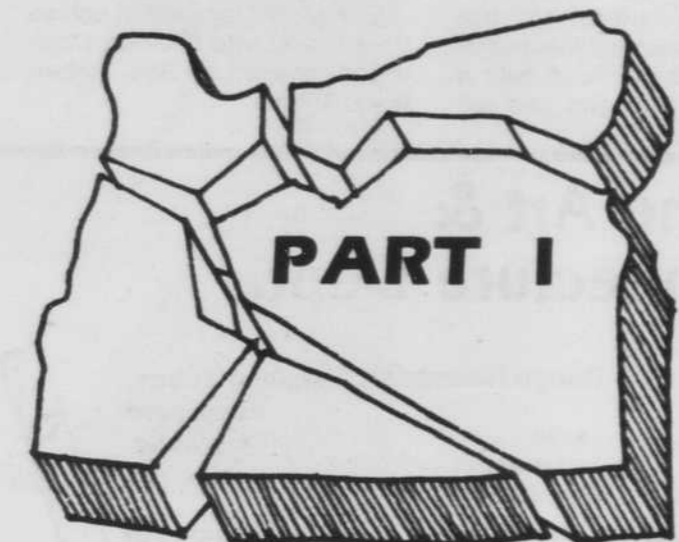
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Oregon needs new jobs

Critics fault local emphasis on wood products industries

By Brad Berton
Of the Emerald

Editor's note: This is the first installment of a five-part Emerald series on the future of Oregon's economy. Part two will examine causes of the state's economic cyclops; why has virtually nothing been done to diversify? Current proposals for broadening the state's economy will be discussed in part three. Barriers to diversification, and actions already begun to overcome them, will be considered in part four. And the final segment will attempt to answer the question, "What does all this mean for higher education, and for college students in particular?"



"Diversification — it's an easy word to pronounce," says University economics professor Mike Grove. "but the state has failed to make it a reality." Others agree that Oregon's economy suffers from a lack of diversity.

"The aim of economic diversification is to have revenues generated from as many and as diverse businesses as possible," says Tom Moreland, chair of the Lane Economic Foundation's board of directors.

"The whole nation is in a recession, but we are in more of one," Moreland says, adding that "diversification would help insulate us from deep national recessions."

Grove says that in assessing Oregon's present diversification problem, "one needs to take areas individually because of the different economic factors

affecting each area," adding that "it is also very important to consider an economy's export base."

HE LIKENED OREGON'S ECONOMY to that of many Third World nations', explaining that it is "too dependent on a single export commodity, and over time the economy has developed around that particular export."

"Many areas (of Oregon) have one, and only one, export base — wood products," Grove says. "Multnomah County's more diversified export base gives a greater stability base to its economy than other areas in Oregon, while Eugene-Springfield is limited, but not totally dependent on just one export," he adds.

"You can count the manufacturing firms in Lane County, other than wood products, on one hand," says Moreland. "We are very poorly diversified."

Gov. Vic Atiyeh agrees with Grove's view of the economic landscape. "We all know some areas in Oregon are suffering more distress than others," he told legislators on the opening day of the current special session, "but the overall picture is so unfavorable that every county and city in this state has become involved."

"While unemployment statewide is over 11 percent, well over the national average of 8.9 percent, in the forest products industry it is 27 percent," Atiyeh continued, asking the Legislature to declare a statewide economic emergency.

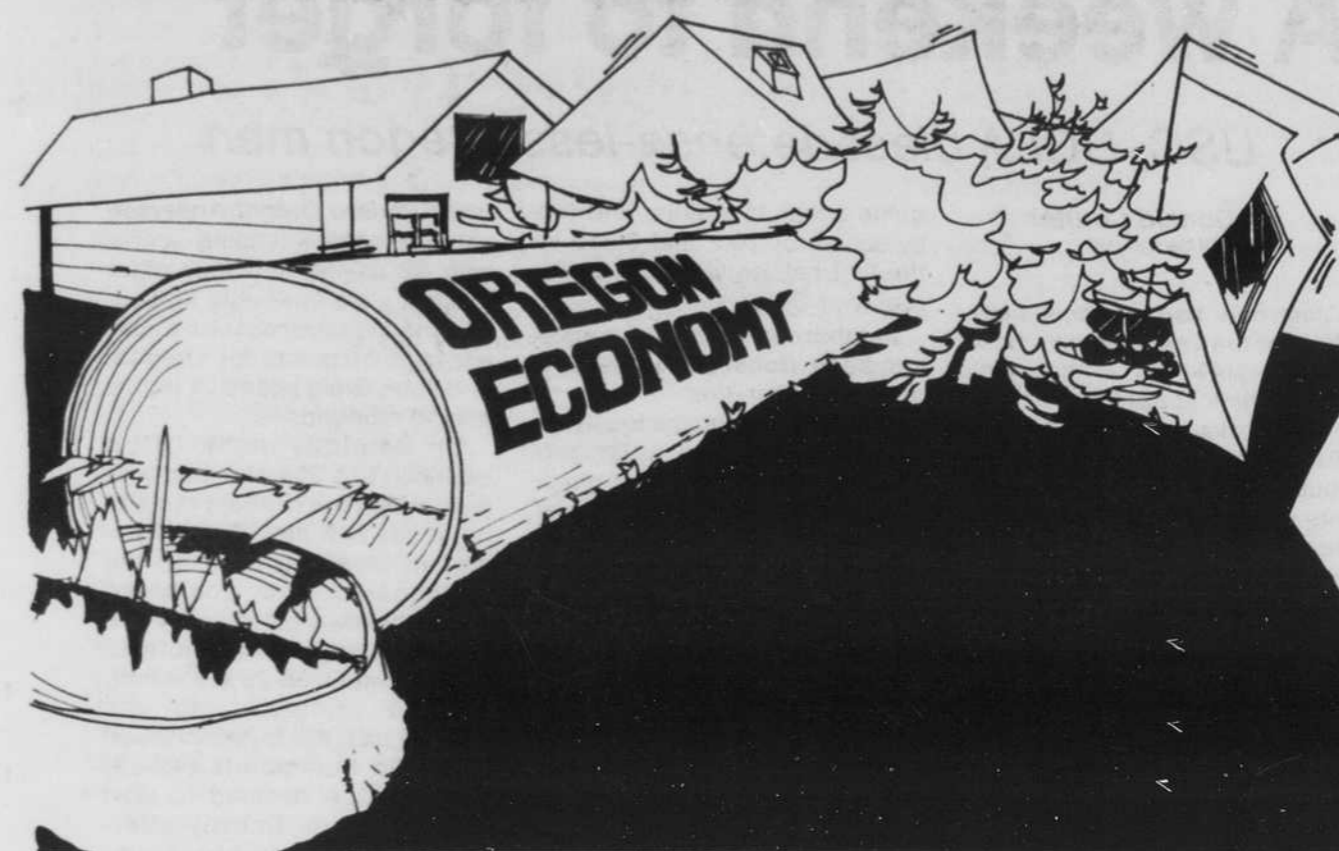
"The present recession in the wood products industry is not similar to the 1975 recession or any other," says Ed Gage of the state Department of Economic Development. This recession, he says, will be longer, harder and deeper than others.

"Diversification will be forced upon us, and it's a good thing if we do it," he says, referring especially to the "one-mill" towns and counties.

The state Employment Division's most recent employment statistics (through November of 1981) reflect the minimal diversification of Oregon's economy.

OF THE 1,175,000 PEOPLE EMPLOYED in the state (excluding proprietors, self-employed workers, private household workers and armed forces personnel), 15 percent are in the agriculture industry. Among the non-agricultural workers, four out of five work for non-manufacturing firms.

Non-manufacturing firms include trade (wholesale and retail), service and government organizations that do not produce goods to be sold, either in or outside Oregon.



Graphic by Max DeRung

Of all non-agricultural laborers, 64 percent are employed by trade firms, service companies or government.

Wood and paper production firms employ more than one third of all manufacturing workers; if food processing firms are included, they account for nearly half the manufacturing workers.

The Oregon Department of Economic Development reports that farm products contributed 3 percent to Oregon's Gross State Product (GSP) in 1980, while manufacturing firms added 23 percent and non-manufacturing (including government) supplied a lopsided 74 percent.

Wood and paper products accounted for more than one-third of the manufacturing contribution, while government, trade and services made up more than three-quarters of the non-manufacturing element and 59 percent of the total GSP, excluding agriculture.

THE EMPLOYMENT DIVISION'S MOST RECENT STATISTICS for Lane County (through June of 1981) show that of the county's 97,000 workers (excluding railroad, church, domestic, and some agricultural workers and insurance agents), less than 2 percent are farm workers and only 20 percent of the non-farm employees are in the manufacturing field.

The lumber and wood products industry employs

65 percent of the county's manufacturing workers, while trade, service and government institutions employ 68 percent of all non-agricultural workers.

The agricultural contribution to Gross County Product (GCP) is a mere 1 percent, while 39 percent comes from manufacturing firms, and 60 percent from government and non-manufacturing interests.

Government, trade and services contribute 71 percent of the non-manufacturing segment of GCP, and over 40 percent of total GCP.

Statistics also reveal the extent of depression in the lumber industry.

Seventy-three of Oregon's 210 lumber mills, 59 of its 210 sawmills and 23 of its 71 plywood plants were not operating in November 1981, and 8300 workers in that industry had been laid off. The counties with the highest levels of unemployment (Curry, 21.9 percent; Crook, 20.7; Douglas, 20; Harney, 18.8; Tillamook, 18.7) tend to be heavily dependent on the lumber and wood products industry.

And since mid-1978 Oregon's unemployment rate has been consistently above the national average.

Amazingly enough — considering the above figures — Oregon managed to maintain a favorable balance of trade (exports over imports) of \$853 million during 1981.

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