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## Getting Back to the Basics

April 23 // Bruce Sorte // Hermiston, Oregon

Bear with me as we get a footing on Oregon's rural economy and address an overly optimistic view that rural economies will eventually restructure in a major way from their competitive advantages – natural resources.

Rural Oregon includes 25 counties with towns or urbanized areas that are less than 50,000 people, out of Oregon's total 36 counties. Seventeen of the counties are east of the Cascades and eight are west.

Using this definition, 82% of Oregon's land, 22% of its population, and 15% of its total gross product are classified as rural. That product is comprised of agricultural and forestry (25%), tourism/lifestyle services (20%), government and educational services (15%), health care and social services (10%), and all other manufacturing and services (30%).

While the U.S. was where Europe outsourced production in the 19th century and early 20th centuries, rural places were where urban areas outsourced a good deal of production in the rest of the 20th century, now those jobs are being outsourced around the world. Even with our high productivity we will have few successes for the next 40 years competing with people who will work for a day or more at what we earn in an hour and countries that manipulate their currencies to keep their exports very cheap.

When the dust settles rural counties will have some industries that are not directly related to the attributes of those rural counties. However, most of the industries that persist will be natural resource based either for production or lifestyle uses.

We had an experience in the 1990s trying to buck these economic realities when public policy essentially shut down timber harvests in many public forests, and experts predicted people would just move into the knowledge based economy.

In 2003, Helvoight, Adams and Ayres, using Oregon Employment Department data, found "...only 51 percent of workers displaced from the Oregon wood products sector during the 1990s remained in Oregon covered employment by 1998. Of these, 45 percent found employment in the service and wholesale-retail trade sectors. The median wage of separated workers in 1998 was below their wage when employed in the wood products sector and below the median wage of all Oregon workers..."

While 22% of the population in Oregon experiences the greatest per capita costs of implementing environmental policies, they rely on the other 78% to understand, minimize, and share those costs more equitably and help find workable solutions.

It is difficult for public agencies to get in the middle of these issues, yet it needs to happen with more consistency. The Office of Rural Policy needs to be reestablished and adequately funded by the Legislature. Economic development agencies and statewide public service agencies need to be tireless on a statewide scale finding the common ground that lets sustainable use of natural resources proceed – restoration contracts cannot support rural economies. We do not need more studies, visioning sessions, or consultant contracts. If we would keep what we have close to home (e.g. wind energy that is shipped to L.A. so they can have their green industries), and focus on developing markets for value added and natural resource based products that are labor intensive to produce, rural communities will have a brighter future.

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