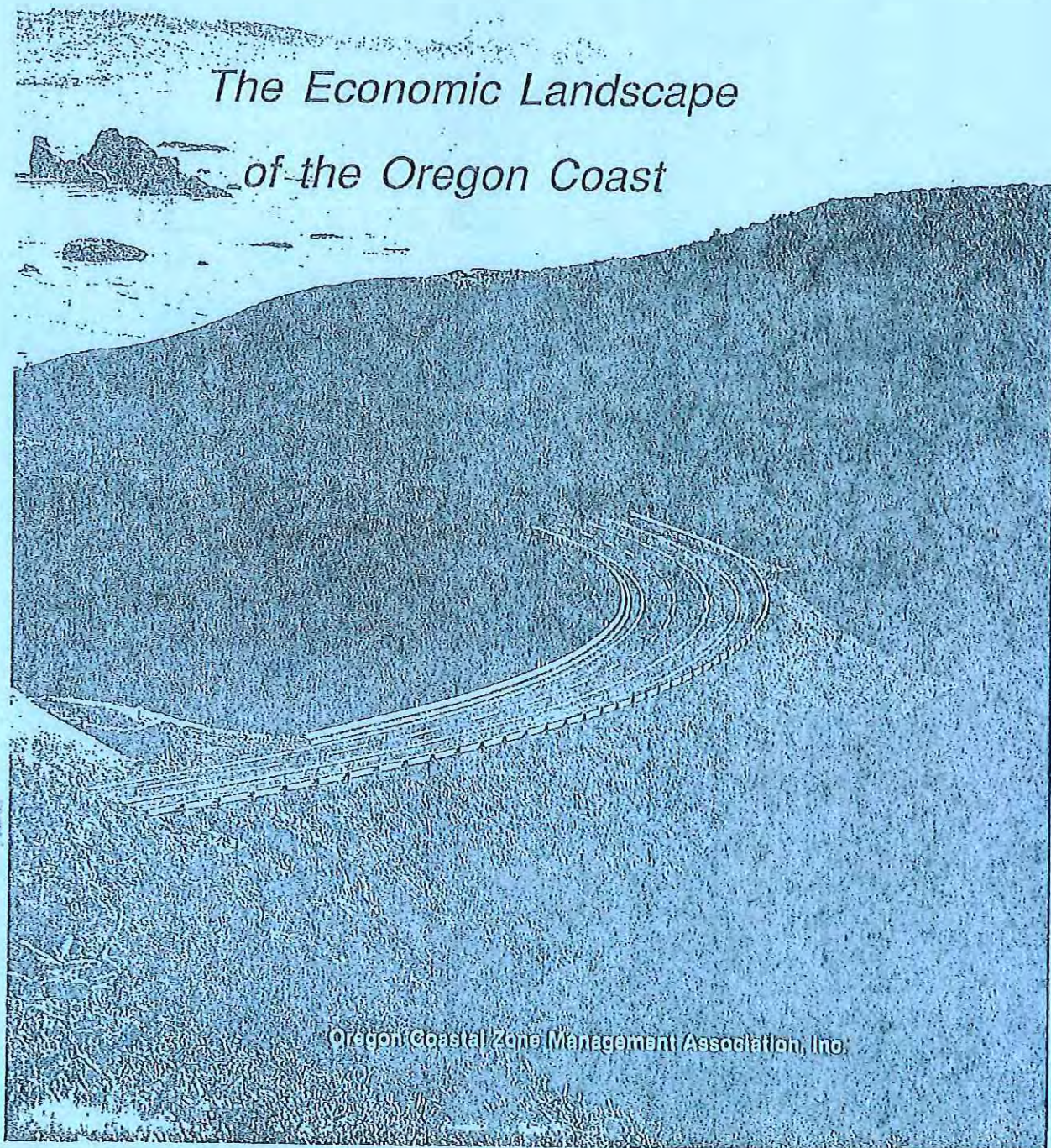


# Observations on the 1989 Coastal Economy

*The Economic Landscape*

*of the Oregon Coast*



Oregon Coastal Zone Management Association, Inc.

**Observations on the  
1989 Coastal Economy.**

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Introduction

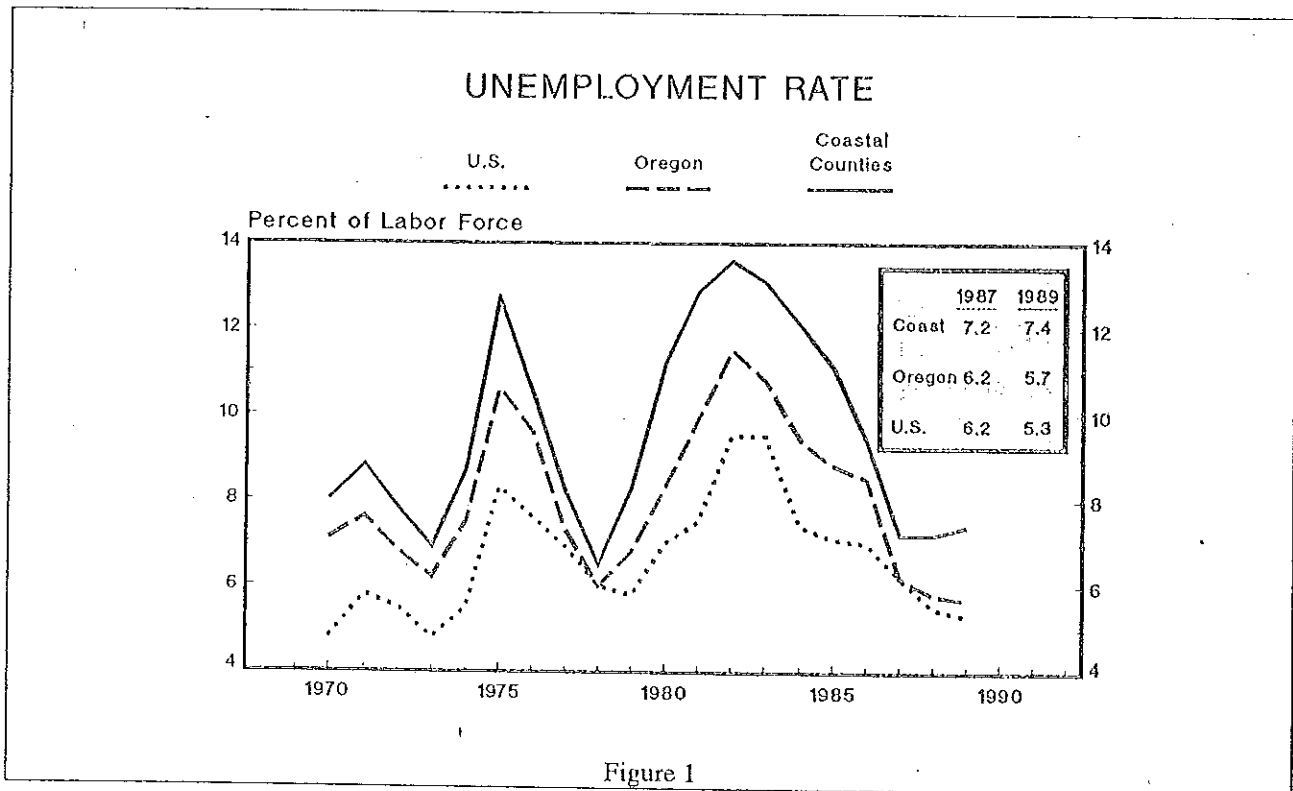
In 1989 the Oregon Coastal Zone Management Association (OCZMA) prepared a report that profiled the Oregon coastal economy as of 1987 titled The Economic Landscape of the Oregon Coast. The information that follows is an attempt to update the information on the more important sectors of the resource based coastal economy mentioned in that report.

In many instances data and information on resource use (volume of timber, pounds of fish, etc.) in 1989 are not yet available. In such cases the Oregon Employment Division's monthly county employment updates are used to estimate trends. For this reason, there is a mix of economic units used to indicate the trends.

Trends are estimated using the 1987 report as a base. The portions of Lane and Douglas Counties that are within the Oregon's coastal zone are not included in this abbreviated update. Readers who are not familiar with economic measurement terms should refer to the report's definitions.

Trends of Change in the Coastal Economy

The trends identified in the 1987 OCZMA report have not significantly changed in 1988 or 1989. Because the national economy has been in a steady expansion period, the State and the coastal communities unemployment rate continues to be fairly low (see Figure 1). However, the slight upturn since 1988 may indicate the beginning of a cyclical change to the economy.



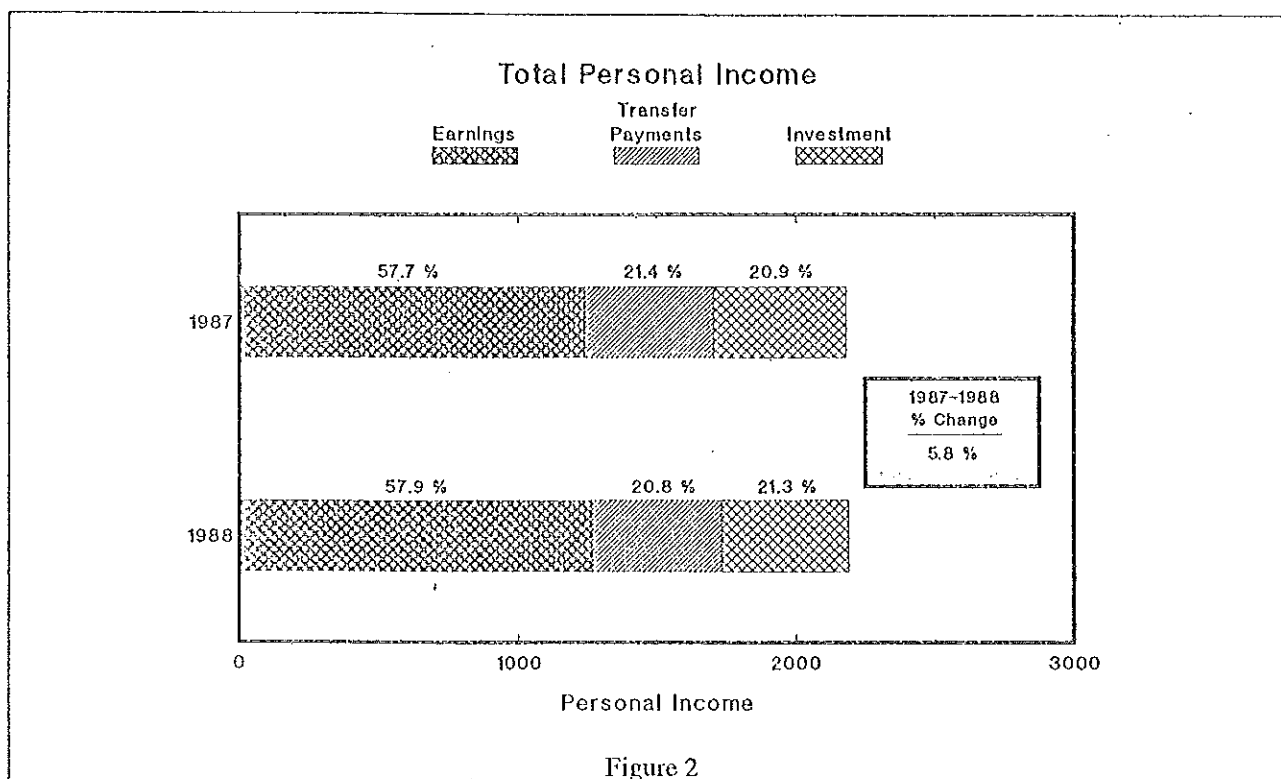
Total personal income increased by 5.8 percent between 1987 and 1988 in Oregon's coastal counties (see Table 1, Figure 2, and Appendix E). This compares to 8.6 percent increase in all of Oregon and 7.6 percent increase in the U.S. Transfer payments and investment income (dividends, interest, and rent) continue to be an important part of coastal total personal income. However, transfer payments increased at a lower rate in coastal counties (2.9 percent) than in all of Oregon (7.2 percent) or in the U.S. (6.6 percent) between 1987 and 1988. As a percentage of total personal income, these sources decreased in every county except Coos County.

TABLE 1  
COASTAL COUNTIES PERSONAL INCOME

	1985	1986	1987	1988	1987-1988 % Change
<u>Clatsop County</u>					
Total	410,749	433,768	447,367	485,806	8.6%
Net Earnings	257,161	273,373	278,308	309,939	11.4%
Investment	77,898	82,322	87,004	92,009	5.8%
Transfer Payments	75,690	78,073	82,055	83,858	2.2%
<u>Tillamook County</u>					
Total	232,830	246,382	262,187	271,116	3.4%
Net Earnings	120,701	130,499	139,595	142,986	2.4%
Investment	55,370	58,229	61,410	65,695	7.0%
Transfer Payments	56,759	57,654	61,182	62,435	2.0%
<u>Lincoln County</u>					
Total	430,875	465,600	493,703	526,183	6.6%
Net Earnings	229,896	253,961	269,802	291,280	8.0%
Investment	101,911	108,892	115,041	121,700	5.8%
Transfer Payments	99,068	102,747	108,860	113,203	4.0%
<u>Coos County</u>					
Total	668,710	706,090	754,300	785,194	4.1%
Net Earnings	403,959	432,367	464,510	478,050	2.9%
Investment	117,378	122,462	129,879	142,907	10.0%
Transfer Payments	147,373	151,261	159,911	164,237	2.7%
<u>Curry County</u>					
Total	194,419	210,416	231,838	247,851	6.9%
Net Earnings	89,119	98,545	112,160	119,414	6.5%
Investment	56,334	60,037	63,577	70,612	11.1%
Transfer Payments	48,966	51,834	56,101	57,825	3.1%
<u>Coastal Counties</u>					
Total	1,937,583	2,062,256	2,189,395	2,316,150	5.8%
Net Earnings	1,100,836	1,188,745	1,264,375	1,341,669	6.1%
Investment	408,891	431,942	456,911	492,923	7.9%
Transfer Payments	427,856	441,569	468,109	481,558	2.9%

Source: Bureau of Economic Analysis

This may indicate a slowing of the growth from the affects from "population aging." Transfer payments as a portion of total income are still more significant to all coastal counties than to the State or U.S.



### Commercial Fishing

In 1987 the estimated total personal income generated by commercial fishing in coastal communities was \$259.4 million (see Table 1). Prices for pink shrimp dropped in 1988 while salmon prices increased to almost record levels. In 1989, nearly all seafood prices decreased, especially those for salmon. Coho salmon prices dropped by almost 50 percent. Total unadjusted local coastal income from commercial fishing decreased by 10% between 1987 and 1989.<sup>1</sup>

The one bright area of change within the commercial fishing industry was for the distant water fleet. Personal income generated from the distant water fleet increased between 1987 and 1989 by 56 percent. There are rapid changes taking place in the Alaska Pollock fishery and the Pacific Whiting fishery. The effect of these changes on the personal income received in Oregon from the distant water fleet is unknown.

1. Inflation can be accounted for by using indexes that account for the value of income in a different time period from which it was received. The Gross National Product Implicit Price Deflator was chosen as the index for this document: The GNP deflator between 1989 and 1988 is .96. The deflator between 1989 and 1987 is .93. In order to compare real changes to income, one year's income value should be adjusted accordingly. For example, the 1989 personal income for fishing in 1988 real income terms is \$283.1 million as compared to 1988 actual of \$321.3 million. The 1989 personal income in 1987 real income terms is \$274.3 million as compared to \$328.4 million actual.

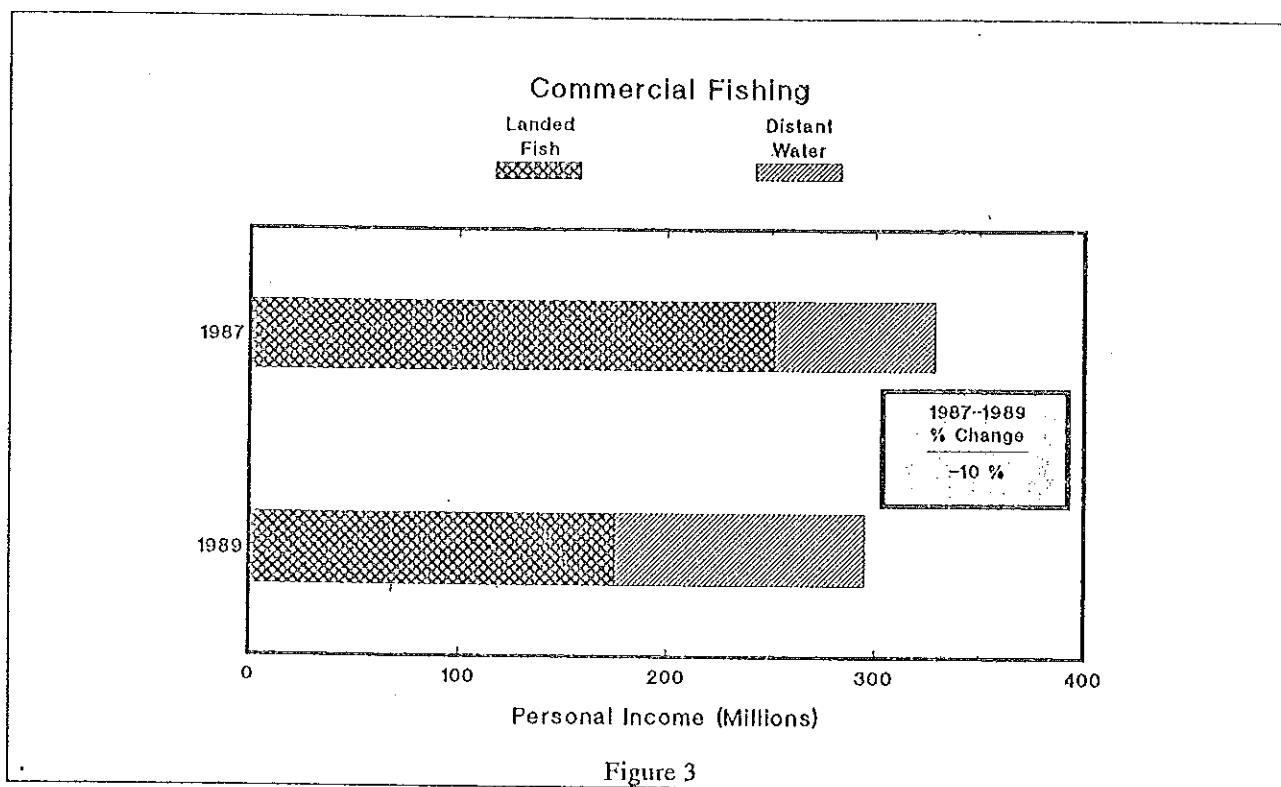


TABLE 2  
COMMERCIAL FISHING PERSONAL INCOME  
(millions dollars)

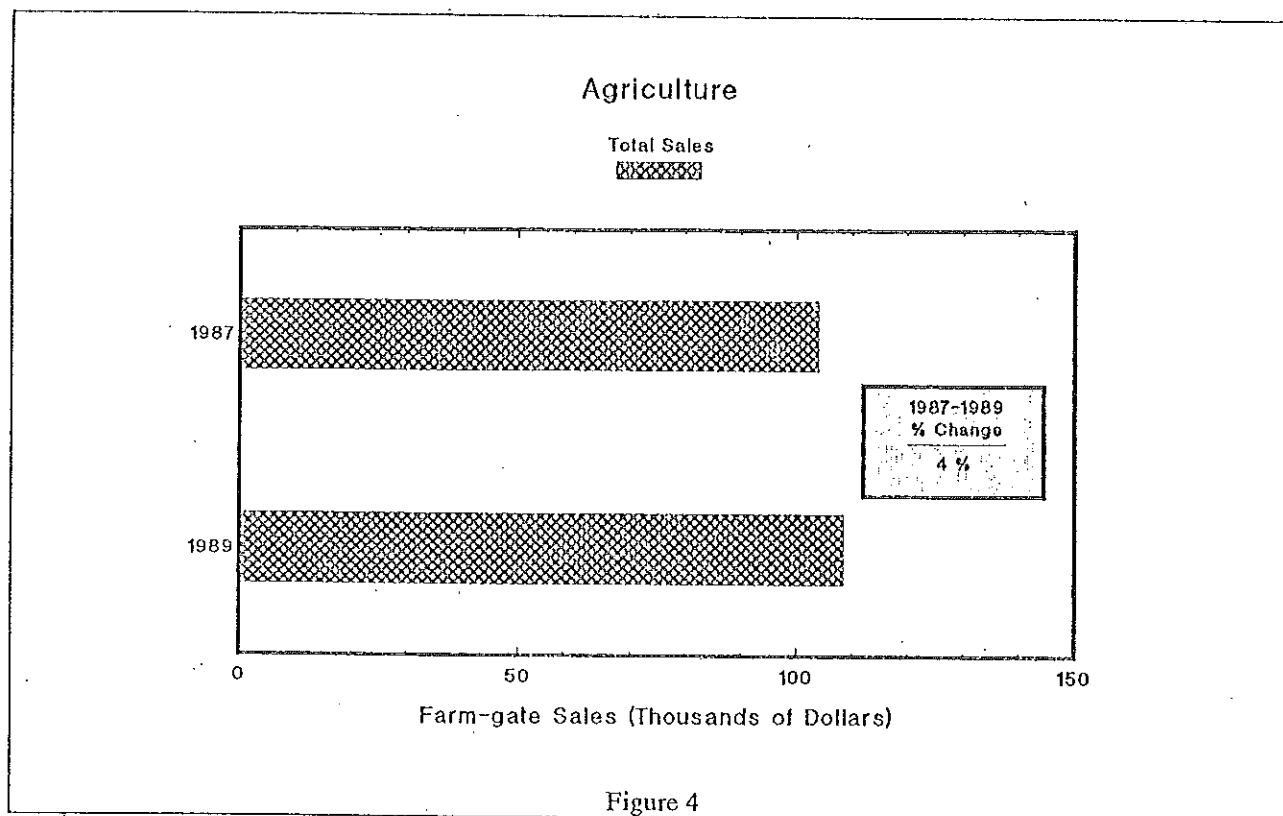
	Astoria	Till- amook	Newport	Coos Bay	Brook- ings	State
<u>1987</u>						
Landed Fish	78.7	10.9	45.9	50.6	9.4	251.4
Distant Water	15.5	1.7	35.0	6.0	1.0	77.0
Total	94.2	12.6	80.9	56.6	10.4	328.4
<u>1988</u>						
Landed Fish	68.1	10.8	43.8	44.8	13.5	246.0
Distant Water	17.8	1.7	35.3	7.8	.9	75.3
Total	85.9	12.6	79.1	53.8	14.4	321.3
<u>1989</u>						
Landed Fish	48.6	7.7	36.1	35.0	13.4	174.7
Distant Water	22.2	2.8	58.9	11.5	1.9	120.2
Total	70.8	10.5	95.0	46.5	16.5	294.9
1987-1989 % Change	-25%	-17%	17%	-18%	59%	-10%

Source: Landed fish from Oregon Department of Fish and Wildlife.

Notes: 1. Personal income expressed in nominal dollars.

2. Estimates are from the West Coast Economic Assessment Model developed by Hans Radtke and William Jensen.

3. The local community personal income will not sum to statewide income. This is due to "leakages" of purchases that take place in areas outside the coastal communities.



### Agricultural Industries

Total agricultural sales increased by 4 percent between 1987 and 1989 (see Table 3 and Appendix B). Overall, personal income generated by agricultural sales increased by 4 percent on the Oregon Coast. (Corrected for inflation, coastal personal income generated by agricultural sales decreased by 3 percent between 1987 and 1989 (see Figure 4)). The increase in form of sales came mainly from dairy farms in Tillamook and Coos counties.

Most of the increases in agricultural sales have been in woodlot timber sales. For example, in Clatsop County total agricultural sales were \$12.6 million in 1987. Of this amount, \$2.2 million was woodlot sales. In 1989, total agricultural sales were \$15.0 million and \$7.0 million was woodlot sales.

TABLE 3  
AGRICULTURAL SALES LESS SMALL WOODLOT SALES  
(million dollars)

	Clatsop	Till- amook	Lincoln	Coos	Curry	State
1987	10.39	59.77	5.34	19.95	8.70	104.15
1989	8.05	60.84	4.68	25.70	9.25	108.52
1987-1989 % Change	-23%	2%	-12%	29%	6%	4%

Source: Economic Information Office, Oregon State University.  
Note: Farm-gate sales expressed in nominal dollars.



Woodlot sales from small private acreages are a large part of coastal Oregon's agricultural production. Sales of timber from these small woodlots are published both by the Oregon Department of Agriculture as well as the Oregon Department of Forestry. Because these products are processed using lumber and wood products employment categories, the woodlot sales are included in the Timber section of this report.

### Timber Industries

In recent years, the total annual Oregon timber harvest has been around 8 million board feet (see Table 4 and Appendix C). Between 1987 and 1988 there have been substantial increases in private timber sales in the State and in most coastal areas. For example, in Clatsop and Lincoln counties the increased timber harvest was about 30 percent.

Employment in lumber and wood products generally show an increase between 1987 and 1988. An exception was Coos County where there was a decline of 9 percent. There was a general decrease in employment for this industry between 1988 and 1989 in all areas of the coast (see Figure 5 and Table 6). Personal income from timber industries decreased by 15 percent between 1987 and 1989. Since timber harvests have not declined by that amount, this decrease must either be from increased shipments for processing outside the region or increased productivity.

TABLE 4  
OREGON TIMBER HARVEST  
(thousands of board feet, Scribner scale)

1977	7,876,000	1983	7,464,000
1978	7,997,000	1984	7,550,000
1979	7,694,000	1985	8,127,000
1980	6,639,000	1986	8,743,000
1981	5,695,000	1987	8,215,000
1982	5,758,000	1988	8,615,000
		1989	8,265,000 (preliminary)

Source: Oregon State Forestry Department

TABLE 5  
COASTAL COUNTIES TIMBER HARVEST  
(thousands of board feet, Scribner scale)

	1987	1988
Clatsop	172,560	228,139
Tillamook	162,889	207,093
Lincoln	298,635	388,567
Coos	489,833	514,897
Curry	144,807	168,820

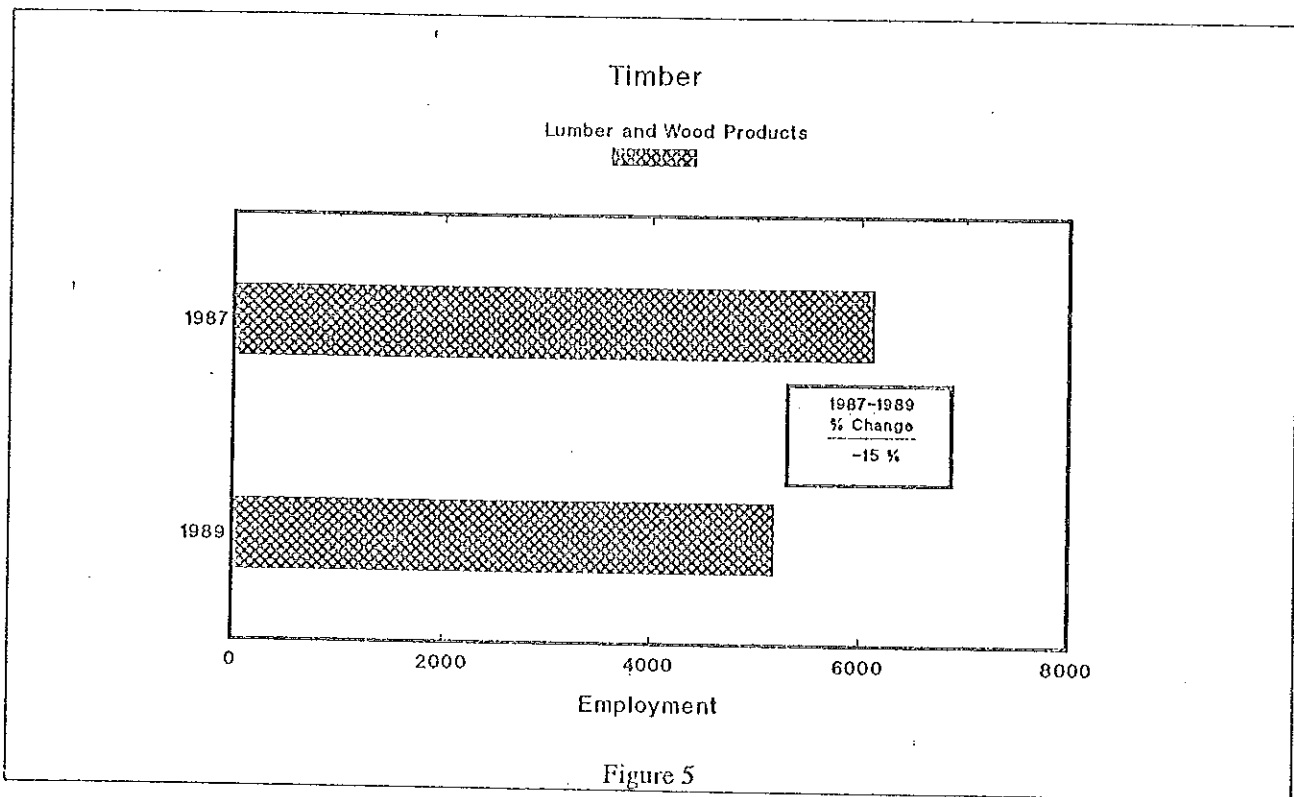
Source: Oregon State Forestry Department

Note: Harvest includes volume removed (softwood and hardwood) as logs, poles, and pilings, but not volume removed from woodcutting operations or per-acre-material.

TABLE 6  
EMPLOYMENT IN THE LUMBER AND WOOD PRODUCT INDUSTRY

	Clatsop	Till- amook	Lincoln	Coos	Curry	State
1987	760	440	460	3,390	1,070	6,120
1988	790	480	480	3,090	1,080	5,920
1989	740	450	490	2,570	930	5,180
1987-1989 % Change	-3%	2%	7%	-24%	-13%	-15%

Source: Research and Statistics Section, Oregon Employment Division



### Tourism Industries

Tourists travel on Oregon highways to get to the Oregon Coast. Annual traffic counts are therefore a good indicator of trends in the coastal tourism industry. Annual traffic counts on Highway 101 and for feeder roads to the Oregon coast are shown in Appendix D. Generally there are small increases in traffic counts at most highway locations, although some highways do show a slight decrease.

Tourist travel and their related expenditures generate employment and therefore personal income on the Oregon coast. Two sectors that are heavily dependent on tourism are Eating and Drinking (Standard Industrial Classification 58) and Hotels and Lodging Places

(Standard Industrial Classification 70). In some areas, such as Tillamook County, increases in these sectors were quite dramatic.<sup>2</sup> In most other areas, the increases were modest (see Table 7). Overall for the Oregon coast, the increase in employment would indicate that tourism personal income increased about 11% between 1987 and 1989.

TABLE 7  
EMPLOYMENT IN TOURISM INDUSTRIES

	Clatsop	Till- amook	Lincoln	Coos	Curry	State
<u>Eating and Drinking Places</u>						
1987	1,460	520	1,700	1,305	480	5,465
1988	1,540	540	1,790	1,360	520	5,750
1989	1,668	656	1,760	1,400	550	6,034
<u>Hotels and Lodging</u>						
1987	500	120	1,480	206	260	2,566
1988	520	170	1,520	310	260	2,780
1989	580	211	1,490	320	270	2,871
1987-1989						
% Change	15%	35%	2%	14%	11%	11%

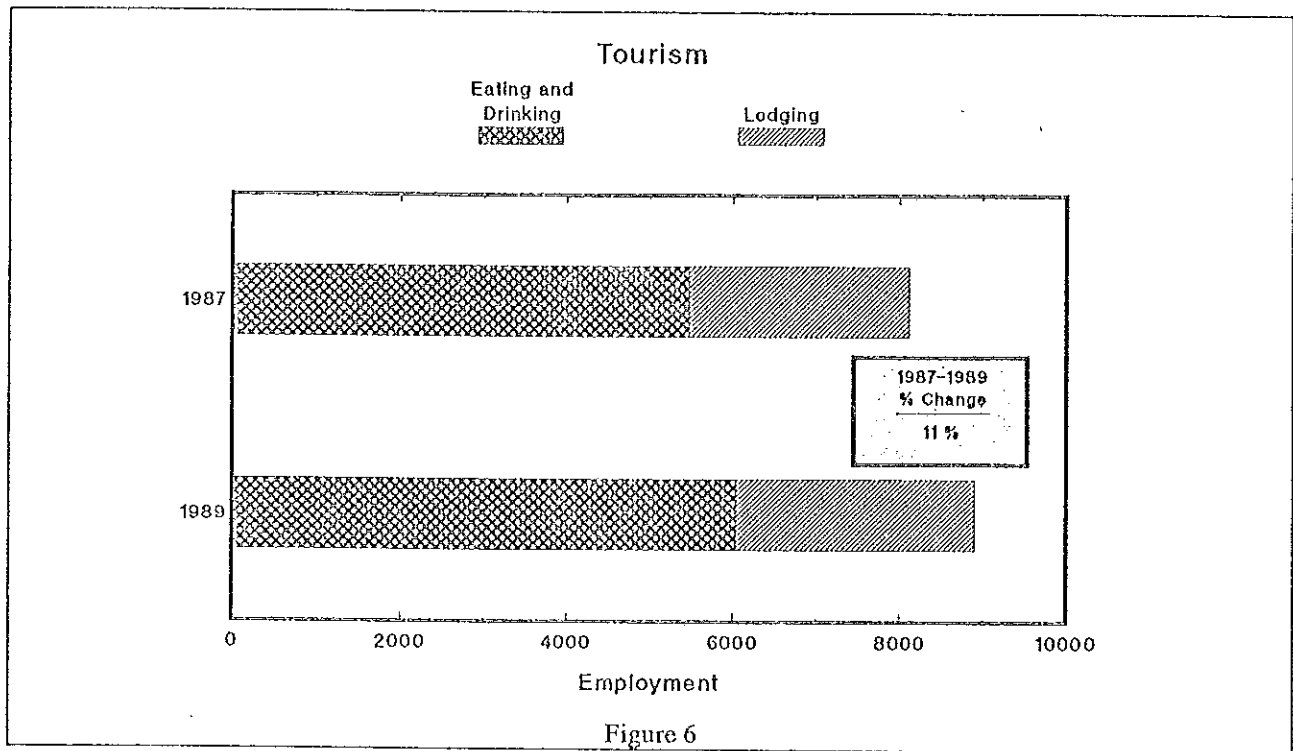
Source: Research and Statistics Section, Oregon Employment Division

Note: The 1988 and 1989 data is preliminary and will not be final until published in the Annual Covered Employment and Payroll Report.

#### Other Observations

Other export based industries, such as pulp manufacturing and marine transportation are very important to the coastal economies. Disaggregate information on employment is not readily available to update these industries. There are, however, indications that steady employment in the pulp manufacturing continues and there has been a slow down in marine transportation due to a decrease in log exports.

2. The 1987 report noted that "...for some areas of the coast, tourism offers one of the best opportunities for expansion. Tillamook's proximity to the Portland area makes it a special area for potential tourist development."



### Summary

Resource availability problems in timber and price decreases in salmon affected most coastal communities negatively. Overall commercial fishing personal income on the coast decreased by 10 percent (see Table 8). Personal income generated by the timber industry employment decreased by 15%, which was only partially offset by a 11% increase in the tourism sector. Tillamook County saw a very large increase in tourism related employment and resulting personal income, but because of the small employment base in this sector the effect to the coastal region was not great.

TABLE 8  
CHANGES IN THE ECONOMY FOR SELECTED NATURAL RESOURCE INDUSTRIES  
BETWEEN 1987 AND 1989

	Clatsop	Till- amook	Lincoln	Coos	Curry	State
Commercial Fish	-25%	-17%	17%	-18%	59%	-10%
Agriculture	-23%	2%	-12%	29%	6%	4%
Timber	-3%	2%	7%	-24%	-13%	-15%
Tourism	15%	35%	2%	14%	11%	11%
Transfer Payments	2%	2%	4%	3%	3%	3%
Total Personal Income	9%	3%	7%	4%	7%	6%

- Notes: 1. Units of measurement for commercial fishing is landed fish; agriculture is farm-gate sales; timber is employment; tourism is employment; and, transfer payments is personal income.  
 2. Sources are from previous tables in this document.  
 3. Transfer payments and total personal income change is from 1987 to 1988.