

ECONOMIC REPORT

John W. Mitchell, Ph.D. • Economist

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Green Shoots and Roundup

The west side of the Northwest has seen an early outbreak of warmth and sunshine. The winter of 2009-2010 was a far different experience than the snow filled chaos of the previous year. Portland and Seattle got a pass, and Spokane missed the mountains of white filling the center lanes of downtown streets. The mild winter has given way to angst about the availability of water for agriculture and power in the coming summer. (We must worry about something.) At the national level the upturn is strengthening with a rise in consumer spending, a modest upturn in housing, stronger trade data and a labor market that is both near stability and tantalizingly close to job growth. This time of year is associated with rebirth and renewal, and this year the analogy extends to the economy emerging from the long recession. The "Beige Book" published in March was a pleasant read, retail sales have bounced as depressed consumers hang around malls, air travel has edged up, and car lots are inhabited. A year ago, a pessimistic friend said that "For every green shoot there is a bottle of Roundup." This year the green shoots have multiplied and will dominate the drags.

Especially amid downturns or around turning points, the weekly, monthly and quarterly data releases are examined for signs that things might be changing one way or the other. Many of these data points are later revised, so that what we thought we knew was not necessarily the case. During the February-March period, the respective state employment research and

analysis departments publish rebenchmarked estimates of previously published employment figures. This is not necessarily front page news, but it can shed additional light on the performance of the labor market. In Oregon in 2009 the employment decline was worse than the numbers initially suggested, while Idaho had the opposite experience. In Oregon's case, 2009 average payroll employment was 6.2 percent below 2008. Between the cyclical peak in December of 2007 and December of 2009, Oregon lost 150,000 jobs for an employment decline of 8.6 percent. This dramatic decline was less than the drop during the trauma of the early 1980s. In Idaho, annual average wage and salary employment declined 5.9 percent in 2009. Between December 2007 and December 2009 that state lost 50,600 jobs for a 7.7 percent decline. Montana's 2009 job count was 3.9 percent below 2008. Between the business cycle peak and December of 2009, Montana jobs slipped by 25,800 or 5.8 percent. In Washington, there was a 4.5 percent job decline in 2009. Wage and salary jobs in the Evergreen State dropped by 181,100 for a 6.1 percent fall between December of 2007 and the end of 2009.

The loss of hundreds of thousands of jobs in the region, and for many the extended period of unemployment, will pose long term problems for the region and the nation. Some jobs will come back with the cyclical turn, but as always happens with changes in tastes, technology, productivity and deflating bubbles, others will not (homebuilders, mortgage brokers and film developers). Individuals will embark on job searches in mediums that did not exist the last time they did this, possibly relocate and retrain in an overwhelmed support system. Nationally, wage and salary jobs have declined by about 8.4 million since the peak. Even a job gain of 2.4 million, as we had in 2006, it would take 3.5 years just to get back to where we were. This will be a long process. Between December and February, Idaho, Montana, Oregon and Washington all had one or more of their employment numbers increase at least once.