



# OREGON.gov



About

CREDIT: MARJORIE TAYLOR

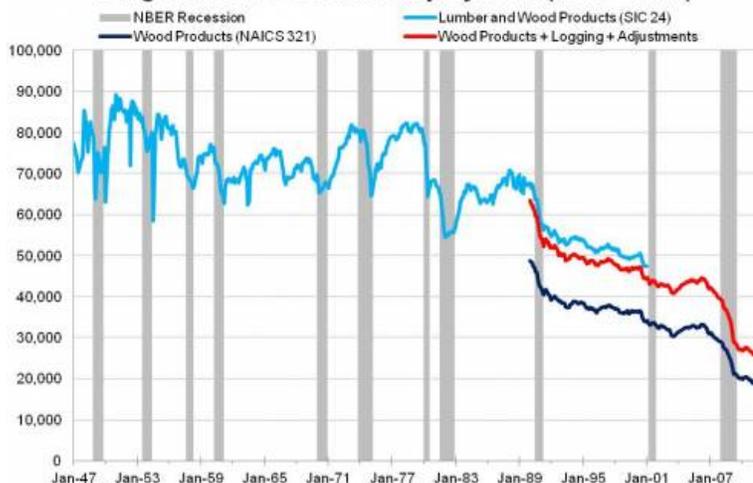
## Historical Look at Oregon's Wood Product Industry

Posted by: **Josh Lehner** | January 23, 2012

This post takes a high-level look at historical trends in Oregon's Wood Products industry in terms of employment, the industry's share of the state economy, industry wages and the geographic distribution of industry jobs across the state. ([Download all graphs in PDF format.](#)) Given that there have been significant conversations in recent months regarding [federal timber payments](#) and also a possible new [forest plan](#) proposed by Oregon's U.S. Representatives Peter DeFazio, Greg Walden and Kurt Schrader, coupled with the fact that over the past few years I have worked to piece together better historical data on Oregon's economy, means this post is hopefully a positive and informative contribution to the ongoing discussions on the subject. There are two important items that should be noted. First, the information below refers strictly to the Wood Products industry itself and not the overall economic cluster, thus it leaves aside the impact on related industries such as pulp and paper mills (different industry codes) or transportation (log trucks). Second, this post is not about land use or land management decisions; rather it is strictly about what has happened to the Wood Products industry in Oregon. In economic jargon, this post is positive economics ("what is") not normative economics ("what ought to be.")

The first graph illustrates the number of employees in the state that work in the Wood Products industry since 1947. As with nearly all historical economic data the switch from Standard Industrial Classification (SIC) to North American Industry Classification System (NAICS) creates discrepancies in the data when trying to make like comparisons. The historical data, which is **SIC 24** (Lumber and Wood Products) is shown in light blue while the current series for Wood Products Manufacturing (**NAICS 321**) is shown in dark blue. The main difference between the historical series and the current series is under NAICS, Logging employment is separated into its own category (NAICS 11331). There are also minor differences regarding some specialty flooring mills, wood cabinets and other misc manufacturing, labeled here as Adjustment. The red line in the graph is the sum of Wood Products Manufacturing, Logging and these other Adjustments. Even with these changes, there still remain some minor discrepancies in the series which cannot be easily reconciled at this time without examining individual firm data.

### Oregon Wood Products Employment (1947 - 2011)



### TOPICS

- [Demographics](#)
- [Employment](#)
- [Housing](#)
- [Income](#)
- [Leading Indicators](#)
- [Miscellaneous](#)
- [News](#)
- [Revenue](#)
- [State Comparisons](#)

### Search

### BLOGROLL

- [Contact Information](#)
- [Oregon Office of Economic Analysis](#)

### EMAIL SUBSCRIPTION

Enter your email address to subscribe to this blog and receive notifications of new posts by email.

Join 77 other followers



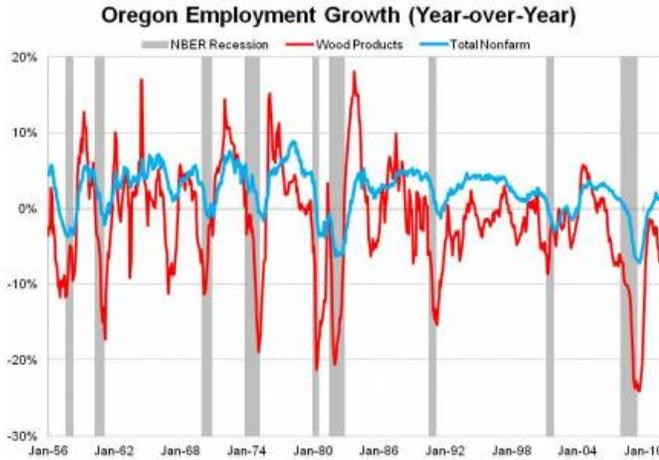
### FOLLOW US ON TWITTER

- Quick update on the GDP post. Added one final graph showing Oregon's 5 and 10 yr growth rankings since 1968. [oregoneconomicanalysis.wordpress.com/2012/06/05/ore...](http://oregoneconomicanalysis.wordpress.com/2012/06/05/ore...) ... 2 days ago
- Oregon's real GDP grew 4.7% in 2011, ranking 2nd highest among all states. [oregoneconomicanalysis.wordpress.com/2012/06/05/ore...](http://oregoneconomicanalysis.wordpress.com/2012/06/05/ore...) ... 3 days ago
- Update on Oregon (and West Coast) gas prices. Local refinery issues are not helping.

Karuk Tribe of California U.S. Forest Service  
No. 05-16801 archived on June 8, 2012

While the industry is certainly highly cyclical it is interesting to note the following four items: industry employment held steady in the 70,000 – 80,000 range during the first 30 years shown on the graph, the industry took a large hit during and after the early 1980s recession, the restrictions placed on federal lands resulted in a second large hit to the industry in the early 1990s and finally, the employment in the industry has been on a steady downward trend over the past 20 years except for a couple years during the housing boom.

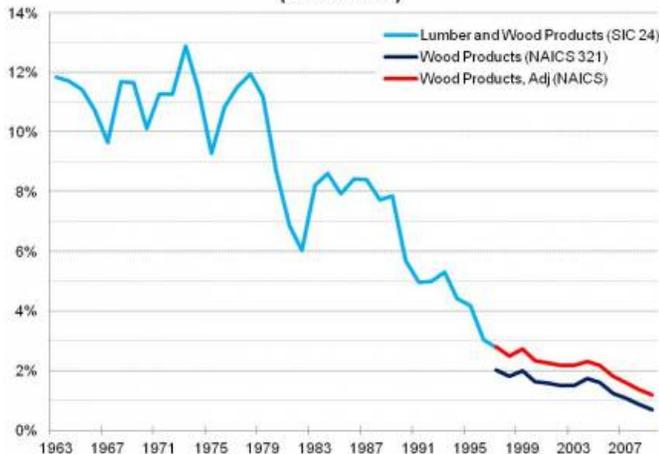
Year-over-year employment growth in the industry is shown below alongside Total Nonfarm Employment to illustrate the different patterns over both the business cycle and longer, structural trends. The volatility within the industry prior to the mid-1980s is evident, as is the continued job loss since then.



The industry underwent a restructuring following the 1970s boom and early 1980s recession in which industry productivity increased substantially, an industry trend that has continued to this day. As the Oregon Employment Department said in a recent [article](#) (PDF): "Technology advances, more automation, and less labor intensive manufacturing processes all conspired to reduce the demand for employment despite the ramp-up in lumber production." These increased efficiencies (standardization of logs, mills, equipment, etc), in addition to the federal land restrictions, have contributed to the declining employment in the industry, even as value-added output has held steady. (See [Bleg: Do you have or know of a good source for Wood Products productivity over time?](#) I cannot find an adequate source to illustrate the industry productivity.) **UPDATE:** Thanks to the Oregon Employment Department for providing two graphs showing the productivity in the industry. [Click here for a short follow-up post.](#)

In fact, industry output, as measured by [state GDP](#) figures has remained at approximately the same level since the mid-1970s in nominal terms (with some business cycle fluctuations). However, as a share of the state's total GDP, Wood Products has declined due to growth in all other industries (high technology in particular). The graph below shows Wood Products' industry output as a share of total Oregon GDP through 2009 (the latest year for which industry detail data is available).

**Wood Products as Percent of Oregon GDP (1963-2009)**



The amount of timber harvested in Oregon has risen and fallen substantially over the

[oregoneconomicanalysis.wordpress.com/2012/06/04/updates/](http://oregoneconomicanalysis.wordpress.com/2012/06/04/updates/)  
... 4 days ago

- Education attainment and labor mobility. A look at research research and the 50 largest US cities. [oregoneconomicanalysis.wordpress.com/2012/05/31/lab/](http://oregoneconomicanalysis.wordpress.com/2012/05/31/lab/)  
... 1 week ago

Follow

**OLDER POSTS**

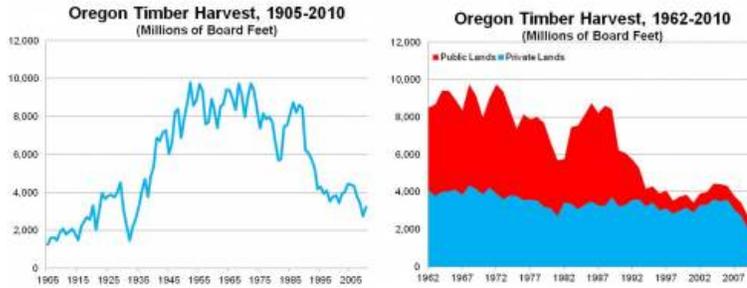
- June 2012
- May 2012
- April 2012
- March 2012
- February 2012
- January 2012
- December 2011
- November 2011
- October 2011
- September 2011
- August 2011
- July 2011
- June 2011
- May 2011
- April 2011
- March 2011
- February 2011
- January 2011
- December 2010
- November 2010
- October 2010
- September 2010
- August 2010
- July 2010
- June 2010
- May 2010
- April 2010
- March 2010

**AUTHORS**

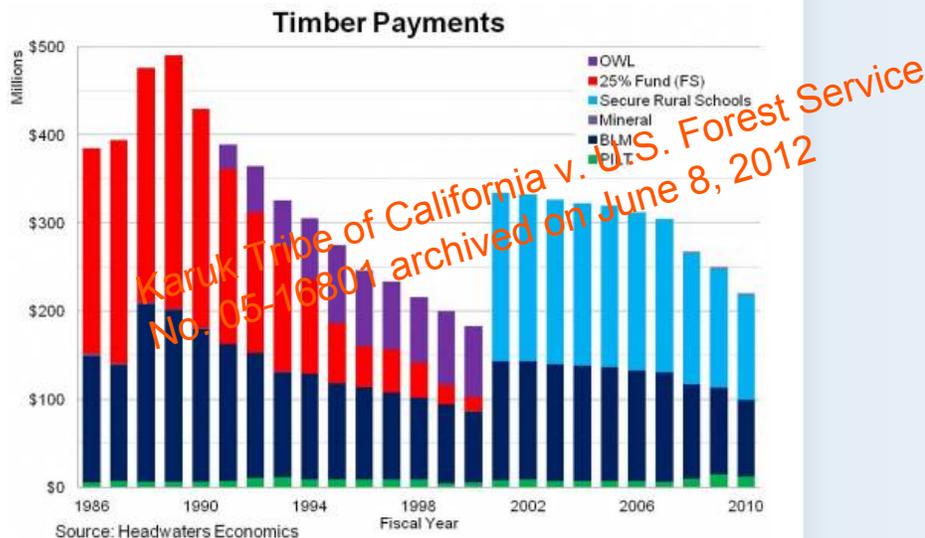


- **Josh Lehner**

past 100 years as the graphs below show. Beginning in the Great Depression, the harvest quadrupled over the following 15-20 years and then held steady through the 1970s. Clearly the federal land restrictions have played an important role as the harvest on private lands has remained relatively steady, with data available from 1962. Today's level of harvest on federal lands is is approximately 15% of the 1960s and 1970s' level while the total amount of harvest is back to levels seen in the 1920s and 1930s.

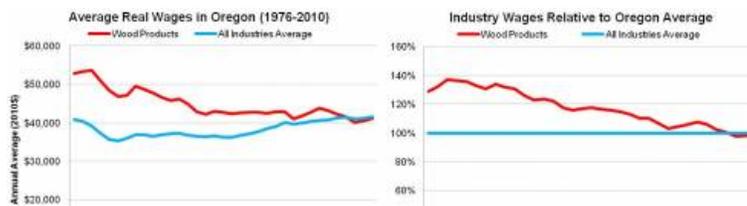


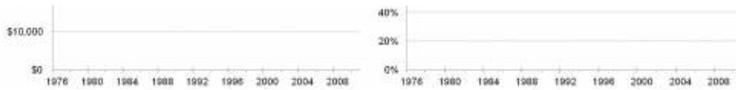
It is this decline in harvesting of federal lands that led to the implementation of a number of different federal funding programs to assist, mostly rural, counties, in particular for schools and roads. Beginning in 1908, counties received 25% of sales of commodities produced on Forest Service lands within the county. As the harvests dropped following land restrictions, this funding source dried up. With the Secure Rural Schools and Community Self-Determination Act of 2000, the federal government increased funding for counties to make up for these lost commodity sales (portions of which must be dedicated to roads and schools). These monies were set to expire in 2006, however they were extended one year in 2007 and then extended again for four more years through FY 2011 at declining levels (this extension was incorporated into the American Recovery and Reinvestment Act).



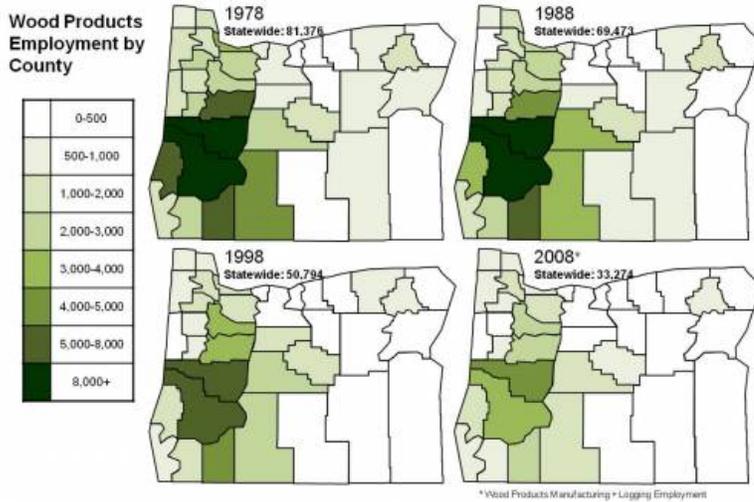
*Note: Headwaters Economics has studied county payments and land use issues extensively and Mark Haggerty has published essays on the topic in newspapers throughout the Northwest.*

While local governments felt the effect of lower revenues from timber harvests, workers similarly experienced a relative decline in their wages over the past 30 years. In real terms, Wood Products employees averaged over \$50,000 per year in the late 1970s, however due to slow wage growth through the late 1980s (wages growing slower than inflation), real wages fell to slightly above \$40,000 per year by the early 1990s and have held steady since. For industry employees this is an end result of a number of factors at work within the industry. As mentioned previously, the industry underwent a restructuring in the early 1980s which resulted in less workers needed to produce the same output and productivity enhancements, along with automation and standardization also contributing. Another factor at work is increased competition from both within the U.S. (southeastern states) and Internationally (mainly, British Columbia, Canada). All these factors, coupled with lost jobs have resulted in average wages today that are on par with the statewide average.





Finally, the industry has a clear geographic footprint in Oregon as the following maps illustrate. Even while the number of total jobs has declined substantially in recent decades, this pattern remains relatively unchanged. In particular, Douglas and Lane counties have accounted for 25-30% of the statewide total for at least the past 30 years (during which time we have good county and industry data via the [QCEW](#).)



In summary, the Wood Products Industry in Oregon used to have 70,000+ jobs that paid 30% more than state average, however due to economic cycles, increased competition, increased productivity and decreased timber harvests on federal lands, the industry now has approximately 25,000 jobs that pay the state average. This is certainly an industry that has undergone immense change in the past 60 years and one that has importance to both our state's past and future.

Future research is likely to incorporate more related industries, however the qualitative story will remain the same. For example, looking at Paper and Allied Products, SIC 26 (this would include pulp and paper) reveals that the industry employed 5,000 workers in the late 1940s. The industry continued to grow until the 1970s when it employed 10,000 workers in Oregon and then began a long downward trend to this day when it now employs 5,000 workers (NAICS 322). Broadening the research to include this and other support industries would strengthen the scope of the project however, hopefully, the above information provides a reasonable and approachable summary of the industry in Oregon.

[Download all graphs in PDF format.](#)

A D V E R T I S E M E N T

share

You need Flash player 9+ installed and enabled to view this video.

★ Like 2 bloggers like this post.



Posted in [Employment](#), [Miscellaneous](#), [News](#) | Tags: [25% Fund](#), [Counties](#), [Employment](#), [Harvest](#), [History](#), [Logging](#), [Lumber](#), [NAICS 321](#), [Northwest](#), [Oregon](#), [Payments](#), [Restructuring](#), [Sawmills](#), [Secure Rural Schools](#), [SIC 24](#), [Timber](#), [Wages](#), [Wood Products](#)

RESPONSES

[...]  
oregoneconomicanalysis.wordpress.com/2012/01/23/h  
...ustry Share this:TwitterFacebookLike this:LikeBe the  
first to like this post. [...]

By: **Anonymous** on  
January 23, 2012  
at 12:28 PM

[Reply](#)

Nice work, Josh.



By: **Michael Meyers**  
on January 25, 2012  
at 11:24 AM

[Reply](#)

The down trend is apparent. Where is the up  
side? Is there a growth opportunity or has it all  
been doomsday? I suggest some parts of the  
wood products industry are still vibrant and  
have opportunity. Too bad they get lost in the statistics.  
I am a small business with a unique to Oregon wood  
product. There is oppprtunity for me to grow. Getting  
bread brushed ("wood products = decline") is not  
helpful.



By: **Kendall** on  
January 30, 2012  
at 8:53 AM

[Reply](#)

I face the same challenge with workers compensation  
insurance costs. They do not differentiate between  
Weyerhaeuser and micro-business. It is a "sawmill" and  
that is all they need to know.

Sometimes the data set is not the answer. Your  
trend/graphic shows the past and not the future.

Thank you for the comment and it is good  
hear that there are segments of the  
industry doing well with an opportunity to  
grow. Looking at total figures for the  
industry does hide the fact that some firms and sub-  
sectors are doing better than others. In 2011, both  
logging and sawmills were essentially flat relative to  
2010, while plywood and other wood products  
continued to see some job losses. Overall, our  
office's forecast – based heavily on input from the  
Governor's Council of Economic Advisors – sees  
2010 and 2011 as the bottom in terms of the  
industry. We have industry employment growing by  
roughly 4,000 jobs over the next 4 years. That  
means the industry, essentially, adds back about 1/3  
of the jobs lost during the recession.



By: **Josh Lehner** on  
January 30, 2012  
at 7:32 PM

[Reply](#)

[...] Parts of rural Oregon are dying economically,  
because Bill Clinton, bowing to green extremists, put the  
interests of spotted owls ahead of the interests of  
American timber workers — even though we now know  
that spotted owls are suffering at the hands of a rival  
owl species, not timber operators. Here's a chart that  
illustrates the spotted owl casualty count. (And much  
more can be learned about Oregon's Spotted Owl  
Recession here.) [...]

By: **Let Them Eat  
Owls? « Monkey  
Wrenching America**  
on February 6, 2012  
at 8:08 AM

[Reply](#)

[...] in Oregon, once home to a thriving wood products  
industry, we're now paid by the feds not to log. In 1994,  
the NW Forest Plan was implemented to protect [...]

By: **Boom or Bust?  
States Have A Choice  
« Monkey Wrenching  
America** on February  
10, 2012  
at 2:15 PM

[Reply](#)

[...] kept up with inflation, according to a report from  
the Oregon Office of Economic Analysis [...]

By: **Oregon loggers  
endure, enjoy 'worst  
job in America'** on  
May 1, 2012

Kenek Tribe of California, U.S. Forest Service  
No. 05-16801 archived on June 8, 2012

at 6:28 PM

Reply

---

LEAVE A REPLY

Enter your comment here...

CATEGORIES

<a href="#">Demographics</a>	<a href="#">Employment</a>	<a href="#">Housing</a>
<a href="#">Income</a>	<a href="#">Leading Indicators</a>	<a href="#">Miscellaneous</a>
<a href="#">News</a>	<a href="#">Revenue</a>	<a href="#">State Comparisons</a>

Blog at WordPress.com. | Theme: Ocean Mist by Ed Merritt.

Karuk Tribe of California v. U.S. Forest Service  
No. 05-16801 archived on June 8, 2012