

ECONOMIC DEVELOPMENT

INTRODUCTION

In addition to the environmental and social consideration of Comprehensive Land Use Planning, it is necessary to consider the economic relationships as well. In determining land use policy and making land use related decisions, it is vital that the economic impacts are made a part of the process. The nature of comprehensive planning indicates that these economic considerations be generalized and in the best interests of the general public. The Plan cannot determine specific individual economic relationships. It can give general guidance in making larger Countywide land use decisions and provide the economic perspective that can also be extended to specific issues.

This chapter should help to understand economic conditions and trends of Marion County so that land use decisions by governmental agencies and individual businesses can enhance the economic viability of Marion County.

The following information is a summary of the economic study of Marion County done by Economic Consultants of Oregon, Ltd., in 1977.

MARION COUNTY'S ECONOMY: PAST AND PRESENT

Marion County's economy is an integral part of the larger economic systems of the nation, the state, and the Willamette Valley, all of which share common economic patterns. As employment in the U.S. increased from 56.2 million in 1950 to 77.3 million in 1970, its composition changed markedly. Both the relative and absolute amounts of employment in agriculture, fisheries and forestry decreased. During the same period, shares of employment in wholesale and retail trade and in services and government increased while the share in manufacturing decreased. The shift of employment toward services and trade (and away from agriculture and more recently manufacturing) results mainly from households devoting ever larger portions of their increasing real incomes to private and public services while at the same time there have been no corresponding increases in (labor) productivity in service and trade industries (such as technology has brought to manufacturing).

As recently as 1975, four major sectors accounted for well over 80% of Marion County's employment and payroll: government; wholesale and retail trade; finance, insurance, real estate, and other services; and manufacturing. Government's share is the only one of these four likely to decrease in the future. The inventory of industrial land has been increased in the Salem urban area to encourage development of new clean industry and to affect the decline in other basic sector employment.

The two industries that provide most of Marion County's manufacturing employment are (a) food and kindred products and (b) lumber and wood products. They also are the manufacturing subsectors least likely to experience long-term growth. Food and kindred products clearly dominates the County's and Mid-Willamette Valley's employment and payrolls in the manufacturing sector. Lumber and wood products although it is not as important in Marion County as it is in the rest of the state, represents a significant share of manufacturing employment. The only other portion of the manufacturing sector worth noting is printing and

publishing industries which are more concentrated in Marion County than in the rest of the Mid-Willamette Valley.

Marion County's relative concentration of employment in trade reflects the County's role as a regional center for neighboring counties. The concentration of finance, insurance, real estate and other services in Marion County relative to the Mid-Willamette Valley and in Salem relative to Marion County further indicates the County's and especially Salem's role as a regional growth center.

Government, the other major employment sector in the County, is hardly a surprise since Salem is the state capitol. State government dominates both federal and local government at the County level. State and federal payrolls are a mainstay of the local economy. They act as "new" and "outside" money to stimulate the production of local products in much the same manner as the manufacturing industry.

The remaining sectors that make up employment in Marion County should be considered in two groups: (1) agriculture, fisheries and forestry; and (2) other assorted activities.

Agriculture and forestry play an unusual role in the County. Agriculture, in particular, while not providing a large share of incomes or employment, provides raw materials for food processing (the leading source of manufacturing employment in the County).

Also, 41 percent of the County's land area was in farms as of 1974. Much like agriculture, forestry's impact is indirect. Nearly 46 percent of Marion County's land area is commercial forest. The link between forests and employment and payrolls in lumber and wood products is obvious. Fisheries are limited to government employment in state-operated fish hatcheries.

None of the other sectors are large enough to warrant separate discussion. The sectors: transportation, communications, and utilities, construction and mining are necessary for efficient operation of the County's economy.

HUMAN RESOURCES

The human resources of Marion County are skills, training, and education embodied by the residents of the County. There are three interrelated categories or topics under which human resources can be addressed: (1) labor force; (2) demographic characteristics; and (3) income level and distribution.

Marion County's labor force resembles that of neighboring counties and the state. The presence of state government within Marion County gives the County a higher percentage of institutional occupations. Since the County's educational patterns are very similar to the state's, the population's mix of skills is similar to those in the entire state.

The 1975 population of Marion County was 166,500, approximately 7.25 percent of the state's total population. The age groupings in Marion County differ only in the over-65 category from those of the state. The over-65 category is relatively larger in Marion County than in the state as

a whole. The urban-rural dispersion of population is approximately two-thirds living in urban areas. However, only an estimated one quarter of the county's rural residents are classified as farmers.

Income and its distribution is used frequently as a measure of economic well-being. The per capita income in Marion County in 1974 was \$5,117. This was about 98 percent of the per capita income level for the state. Median income in Marion County was \$12,670 in 1975, 5 percent less than the state average. Compared to the state, both the Mid-Willamette Valley and the County have a high concentration of poor.

THE FUTURE OF MARION COUNTY'S ECONOMY

Since there are no factors that are likely to have a major influence on development of the County's economy different from those that affect the state's economy in general, forecasts presented in the economic report assume no major shifts in present trends for the County's economy.

The population of Marion County should grow nearly double between 1975 and 2000. There are no likely significant shifts of population between Marion County and other areas of the Mid-Willamette Valley. The labor force participation rates will increase by between 47 and 54 percent caused largely by increasing female entry into the labor force.

The forecasts imply that the County will continue its role as a regional economic center, although growth in the amount of goods and services sold to other areas is likely to diminish. The largest source of growth in employment is likely to be those in retail trade and services.

Employment will shift toward white collar occupations as demand for workers declines in manufacturing and construction. Unless attempts to attract new industry are successful the increased demand for workers in trades and services will be met by some combination of immigration and manpower development programs.

Although real per capita income no doubt will increase in the next decade, the rate of increase will probably drop. Two factors will contribute to this. First is the shift in occupational structure from construction and manufacturing toward lower paying service and trade sector. Second is the large number of poor within the County.

The decline in agricultural employment will continue, but the farm as an economic unit should remain viable assuming there are no major shifts in public policy directed against their efficiency. Recall that agriculture's share of Marion County's employment understates agriculture's importance because it fails to account for the indirect effect farm production has on manufacturing, notably on food and kindred products. Forest lands in the County are held largely by the federal government. Since segments of Marion County depend on the availability of forest resources, the County should have input on management of these forests.

CONCLUSIONS

The economy of Marion County involves very complex issues beyond land use planning. It appears that County land use policies will have only minimal effect upon general economic conditions since most economic factors are related to regional, statewide and national market conditions. The main function of the economic goals and policies of Marion County are to enhance economic conditions relative to land use decisions. The most direct affect upon the economy will be in areas of land based economic activities such as agriculture.

The farmland preservation policies are directly related to maintenance of the food processing industries economic base. The removal of farmland from production will reduce economic stability of these associated industries.

Economies of scale are important to keep in perspective when considering land use economics. These scales range from the overall regional economy to the individual economic conditions of each citizen of Marion County. All decisions of land use control or development incentive must consider the larger regional economic objectives. For example, denial of a land division may have an adverse economic effect upon the individual property owner, while at the same time the decision may be necessary to the continued viability of the agricultural economy. These relationships must be kept in perspective in achieving the long-term economic goals of the County.

Marion County and the cities in the County have developed and adopted an Overall Economic Development Program (OEDP) to set the direction for development action. The OEDP document contains data and analyses of current and long-term trends of growth and change in the population and economy of Marion County.

In compliance with the guidelines adopted by the Economic Development Administration (EDA), public works and business development projects in the County must be consistent with the program in order to be eligible for EDA funding.

The economic goals and policies of the Marion County Comprehensive Plan are consistent with those of the OEDP.

Marion County's major economic goals are:

- a. Provision of increased employment opportunities for all residents of the County;
- b. Maintenance of a strong agricultural economy;
- c. Preservation of appropriate areas for timber production;
- d. Diversification of the economic base of communities, and expansion of seasonal employment opportunities to year-round status wherever possible;
- e. Provision of sufficient areas for future industrial land use;

- f. Development of a transportation system for the safe and efficient movement of persons and goods for present needs;
- g. Coordination of planning and development of public facilities;
- h. Development of a strong tourist economy in appropriate areas;
- i. Achievement of a natural resource use pattern which provides for tomorrow's needs, today's needs and the protection of the environment.

The policies and objectives which have been developed and adopted to meet these goals are contained in the Marion County Overall Economic Development Plan.