OREGON VICE

October 26, 2017

Oregon Office of Economic Analysis
Josh Lehner

Disclaimer: The views expressed here are solely those of the presenters, they do not necessarily represent official State of Oregon policies or positions.

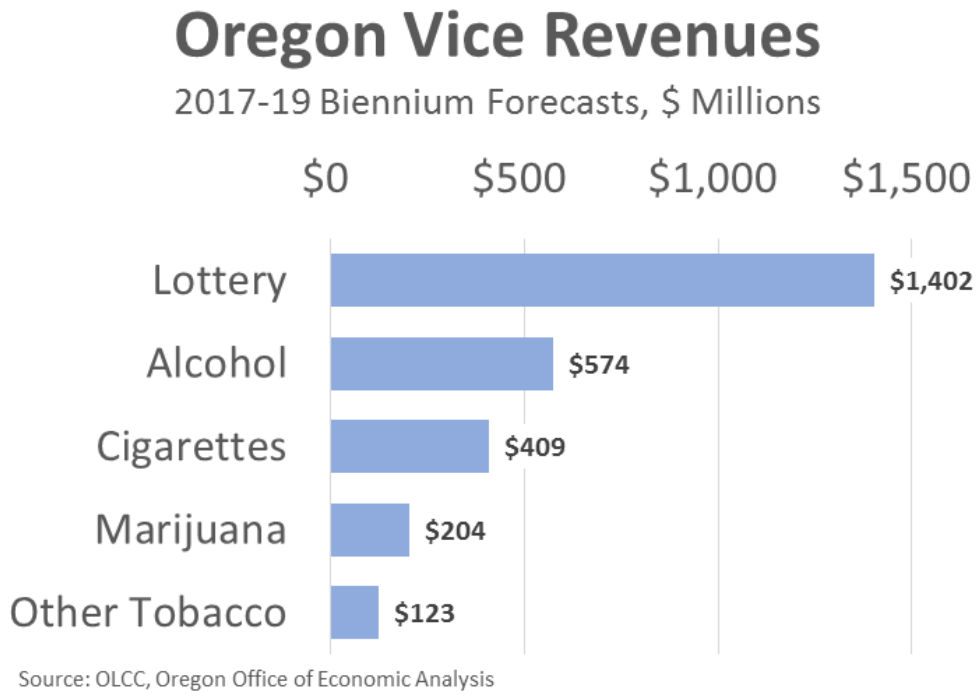
Aristotle: Virtue and Vice

Source: Ludovisi Collection, Wikimedia Commons

- Happiness is the highest good
- To achieve happiness, rational humans must act with virtue
  - Rationality is distinctly human
  - Virtue is excellence
- Moral virtue is behaving in the right manner, a balance between extremes of deficiency and excess
  - Appropriate attitude toward pain and pleasure

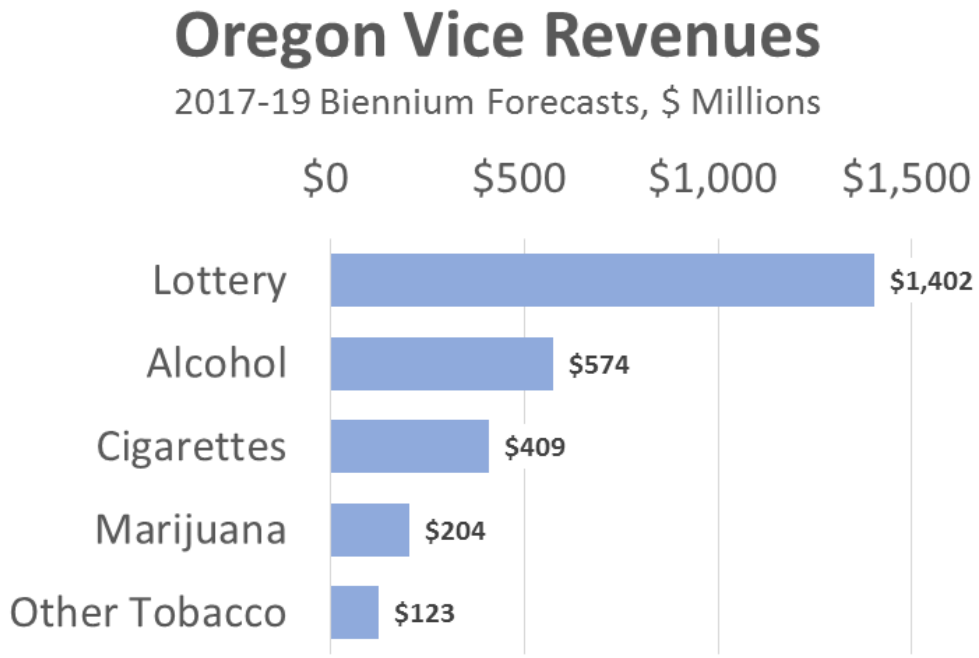
From: Aristotle's Nicomachean Ethics

Revenues in Perspective

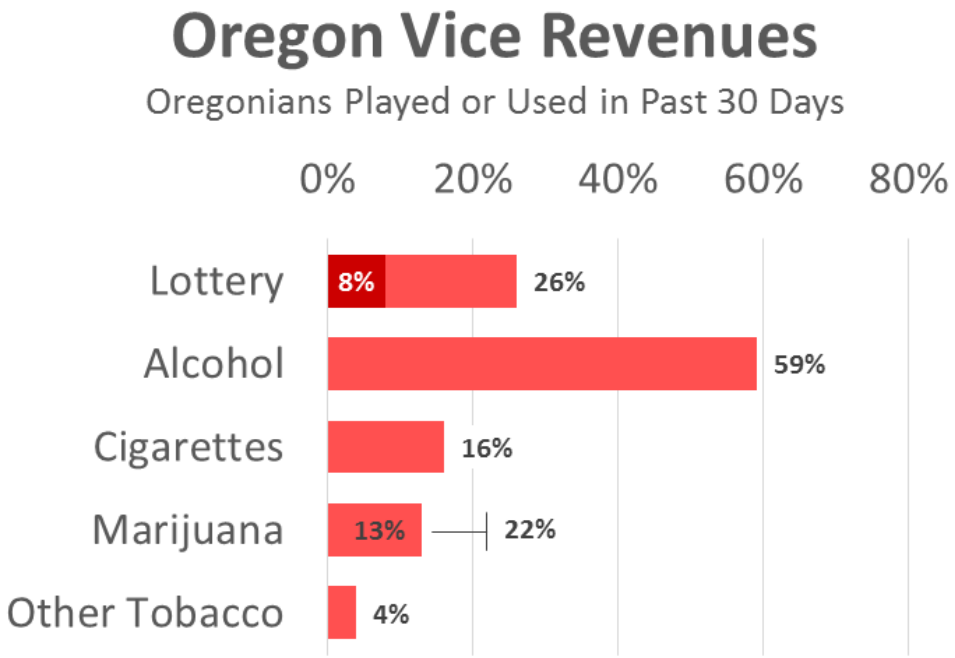


Source: OLCC, Oregon Office of Economic Analysis

Revenues in Perspective

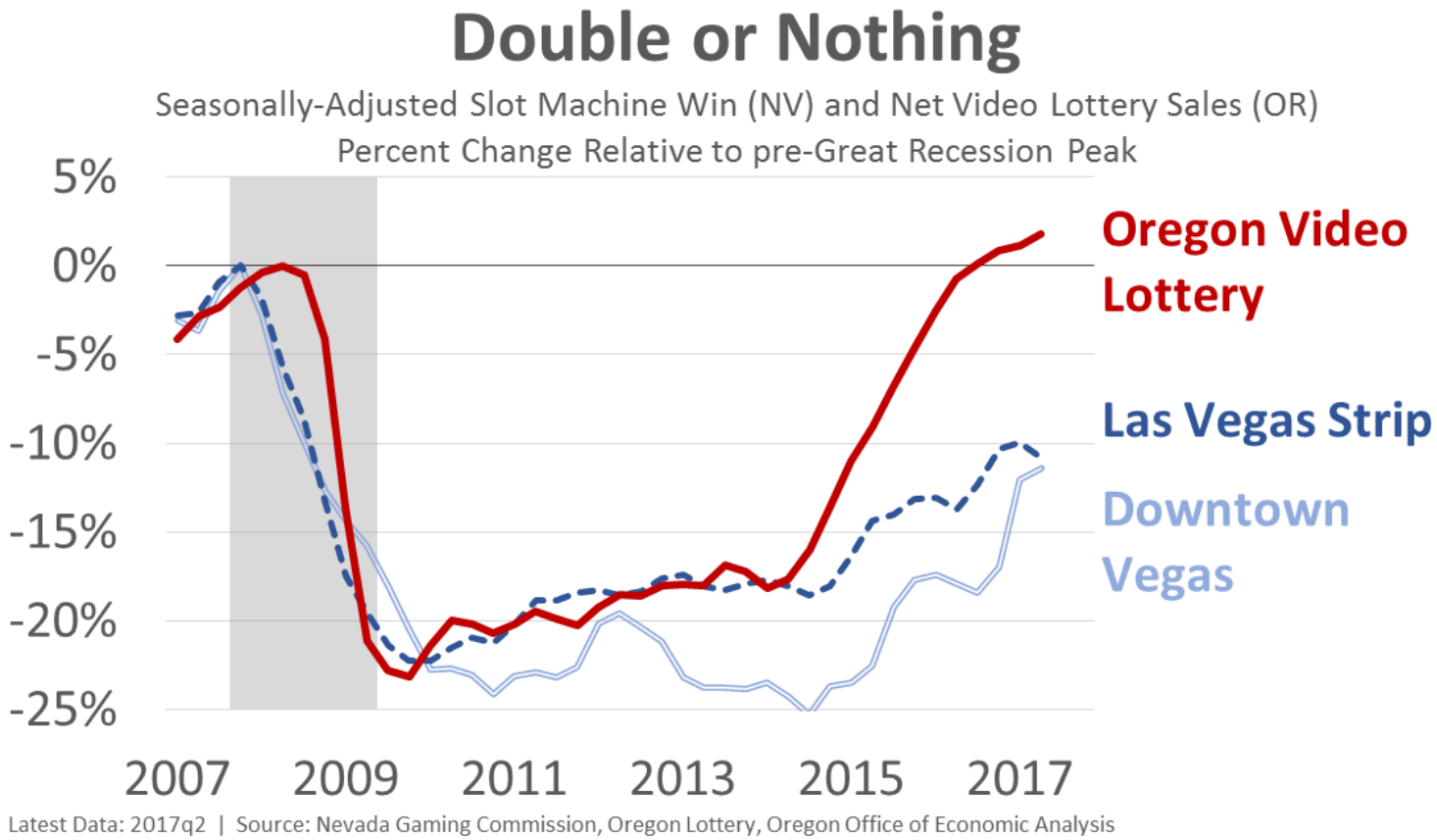


Source: OLCC, Oregon Office of Economic Analysis



Source: CDC, OHA, Oregon Lottery, SAMHSA, Oregon Office of Economic Analysis

Lottery: Discretionary Spending



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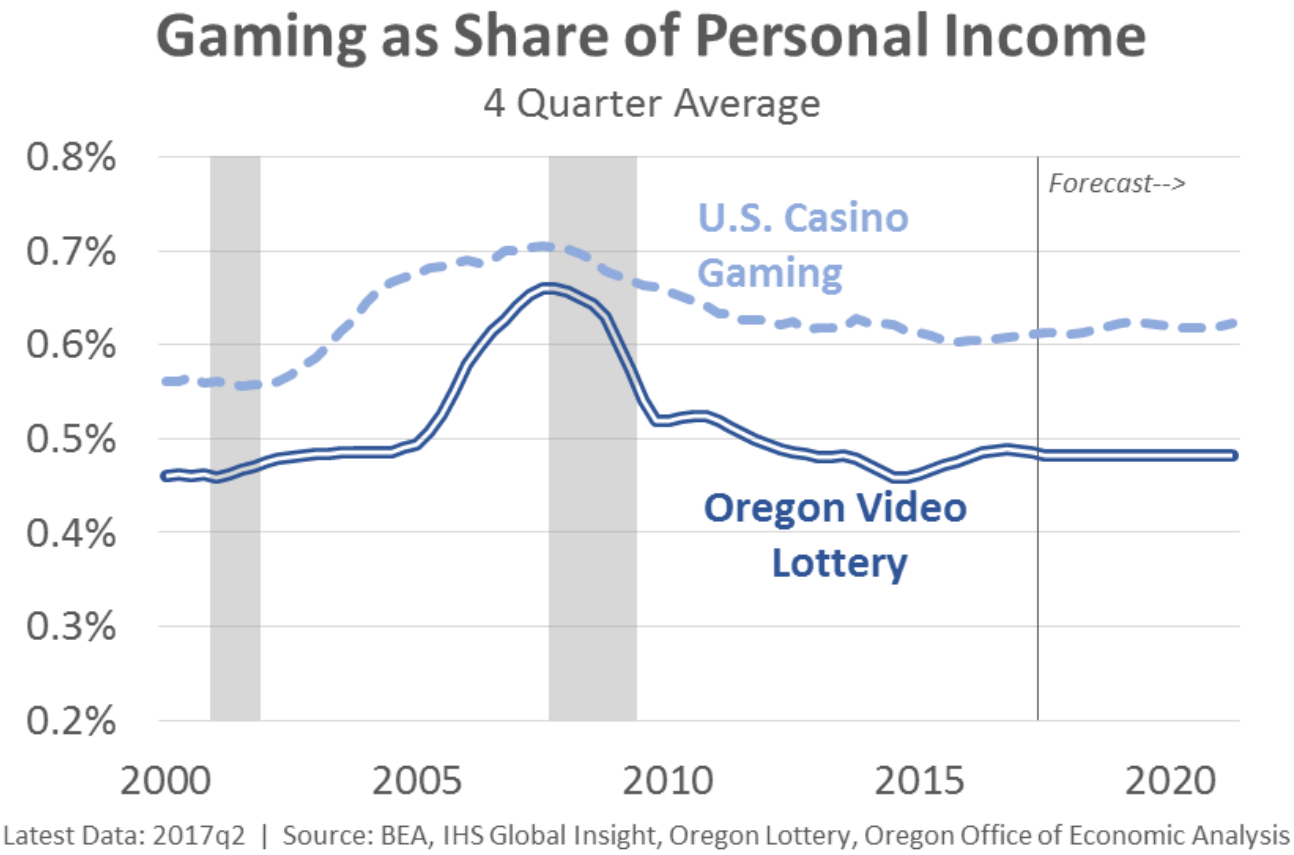
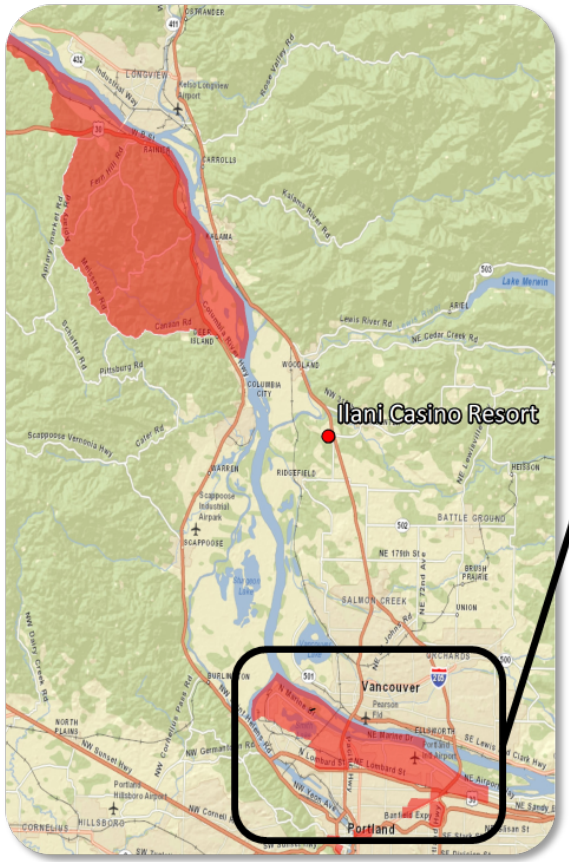
Outlook: Stable but Uncertain



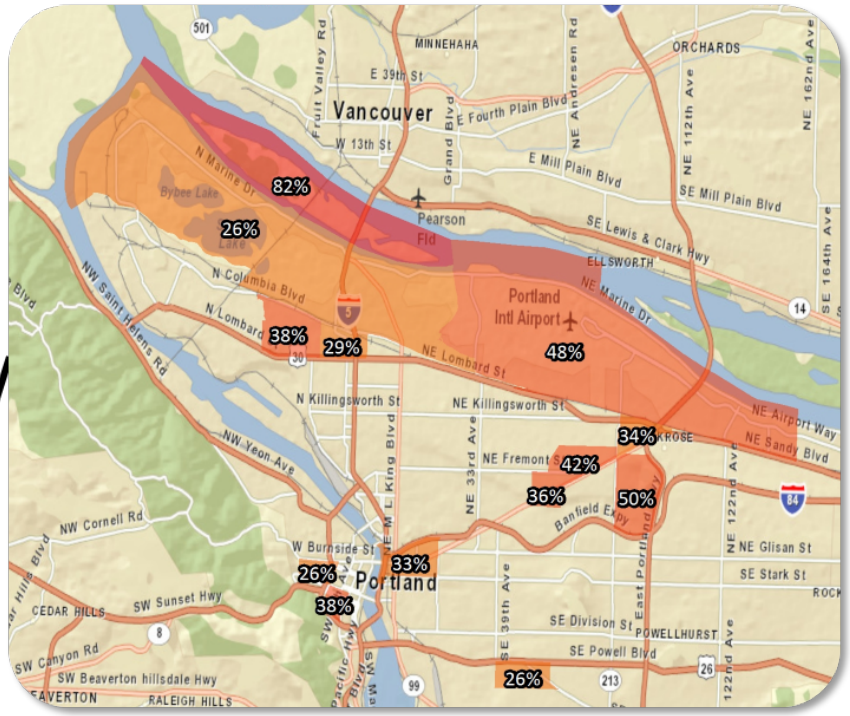
<u>Outlook Summary:</u>
Stronger economy and growing population drive longer-term gains

<u>Outlook Risks:</u>
-Generational Preferences
-Retailer Uptake
-Competition

Where is the Casino Impact?

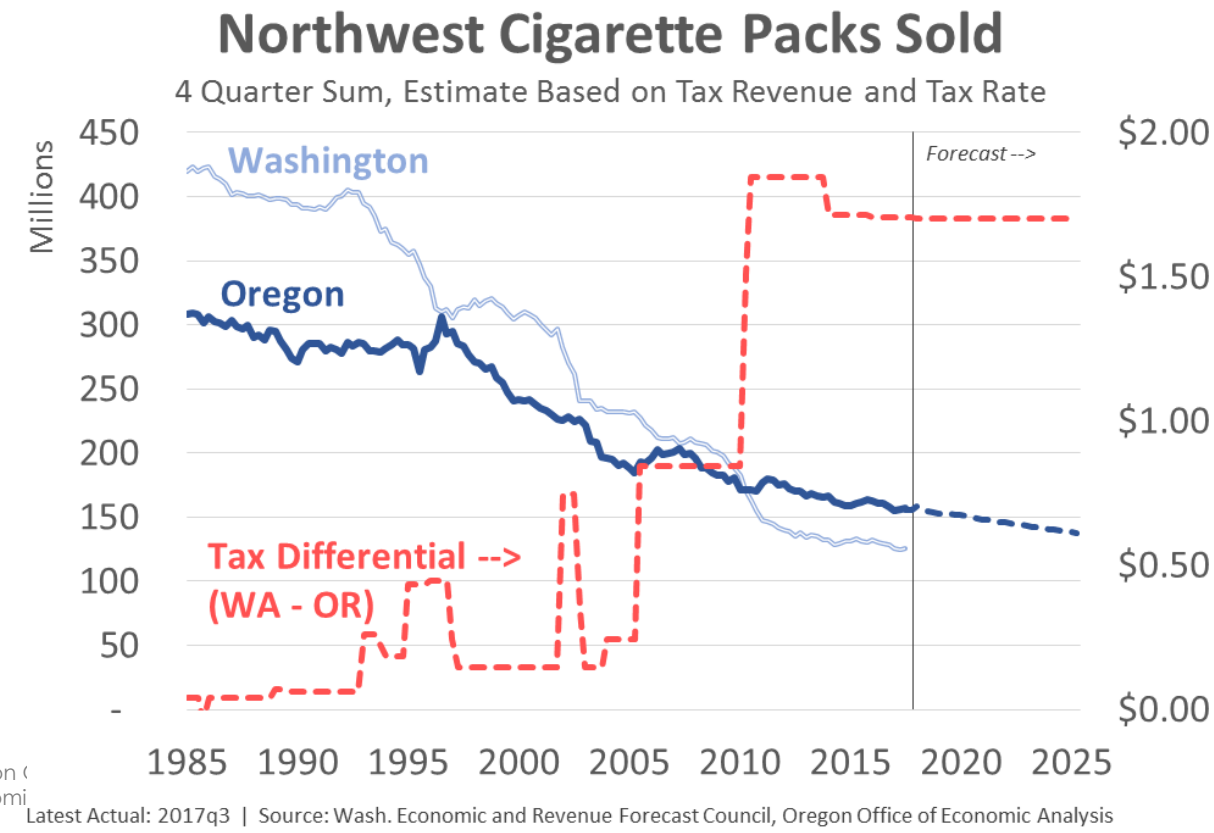


Washingtonian Video Lottery Jackpot Winners



Source: Oregon Lottery

Tobacco: Taxes Matter



Trends:
Smoking rates and smoking intensity

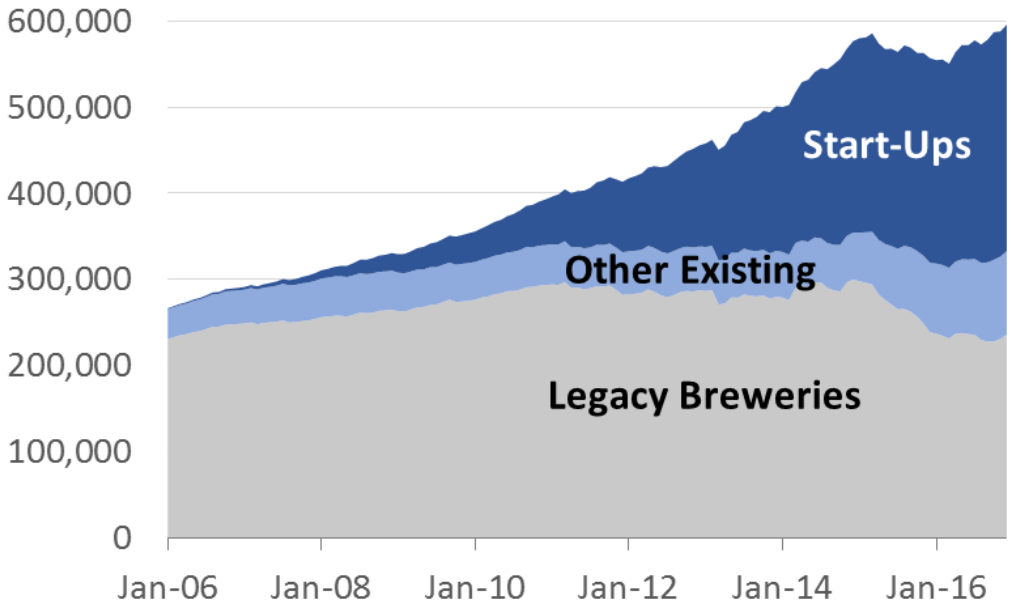
Tax Per Pack (2016):
Oregon: $1.32
Washington: $3.03

Outlook:
-Stable taxes
-Smoking declines
-Growing population

Alcohol: Start-Ups Drive Growth

Oregon Brewery Production

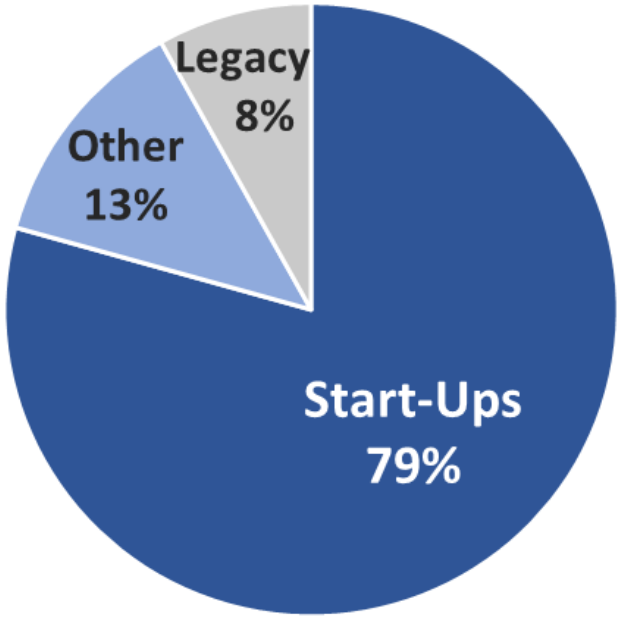
Barrels of Beer for Oregon Consumption, 12 Month Sum



Legacy: Bridgeport, Craft Brewers Alliance, Deschutes, Full Sail, Portland Brewing, McMenamins, Rogue
Other Existing: All other Oregon breweries founded before 2005 | Start-Ups: Oregon breweries founded 2005+
Source: OLCC, Oregon Office of Economic Analysis, Author's Calculation

Oregon Brewing Gains 2005-2016

Total Barrels, Share of Growth



Source: OLCC, Oregon Office of Economic Analysis

Reversing the Oregon Trail

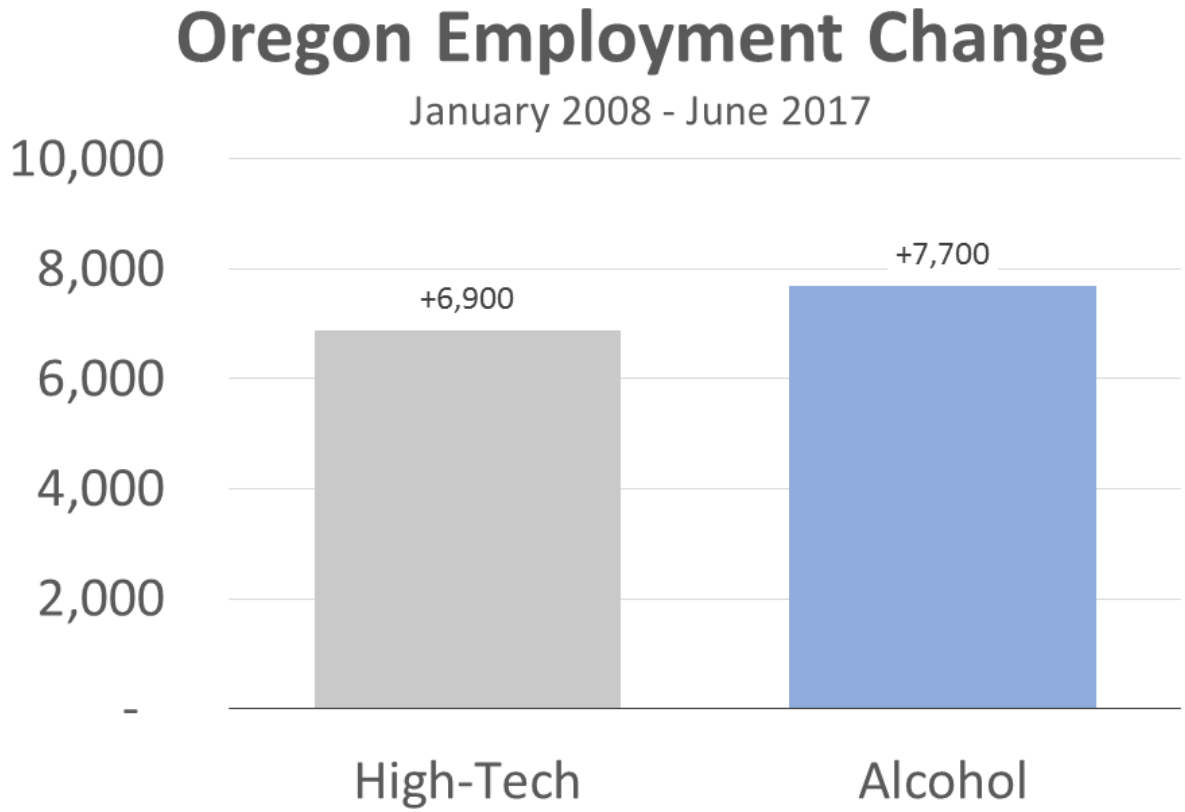
Value-added manufacturing.

Domestic market saturation.

Brewpubs vs Production Breweries

$USD

It's 5 O'clock Somewhere



Data: QCEW | Source: Oregon Employment Department, Oregon Office of Economic Analysis

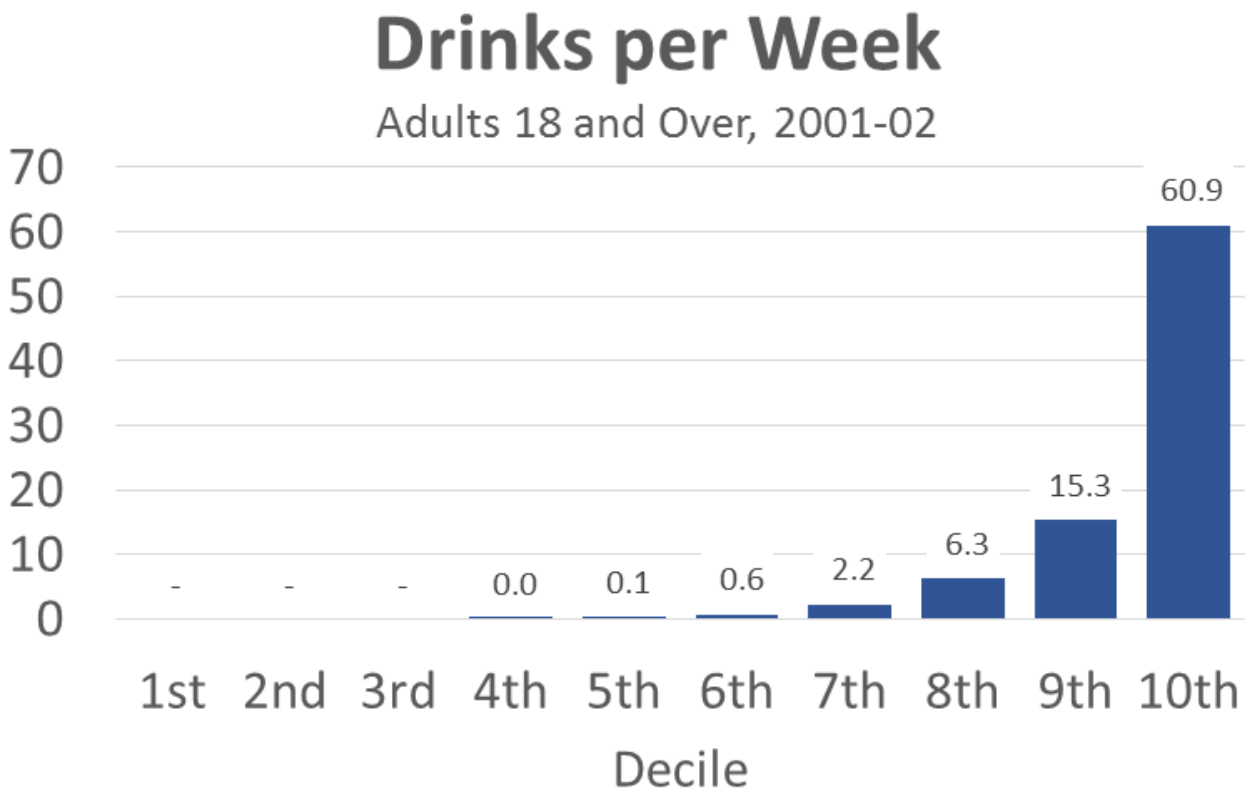
Tech

Hardware is our historical strength. Growth is all in software, where Oregon starts from a low base.

Alcohol

Breweries, wineries, distilleries. Alcohol wholesalers. Specialty retail stores. Bars, but not restaurants.

There is a Dark Side



Source: *Paying the Tab* by Philip J Cook via The Washington Post

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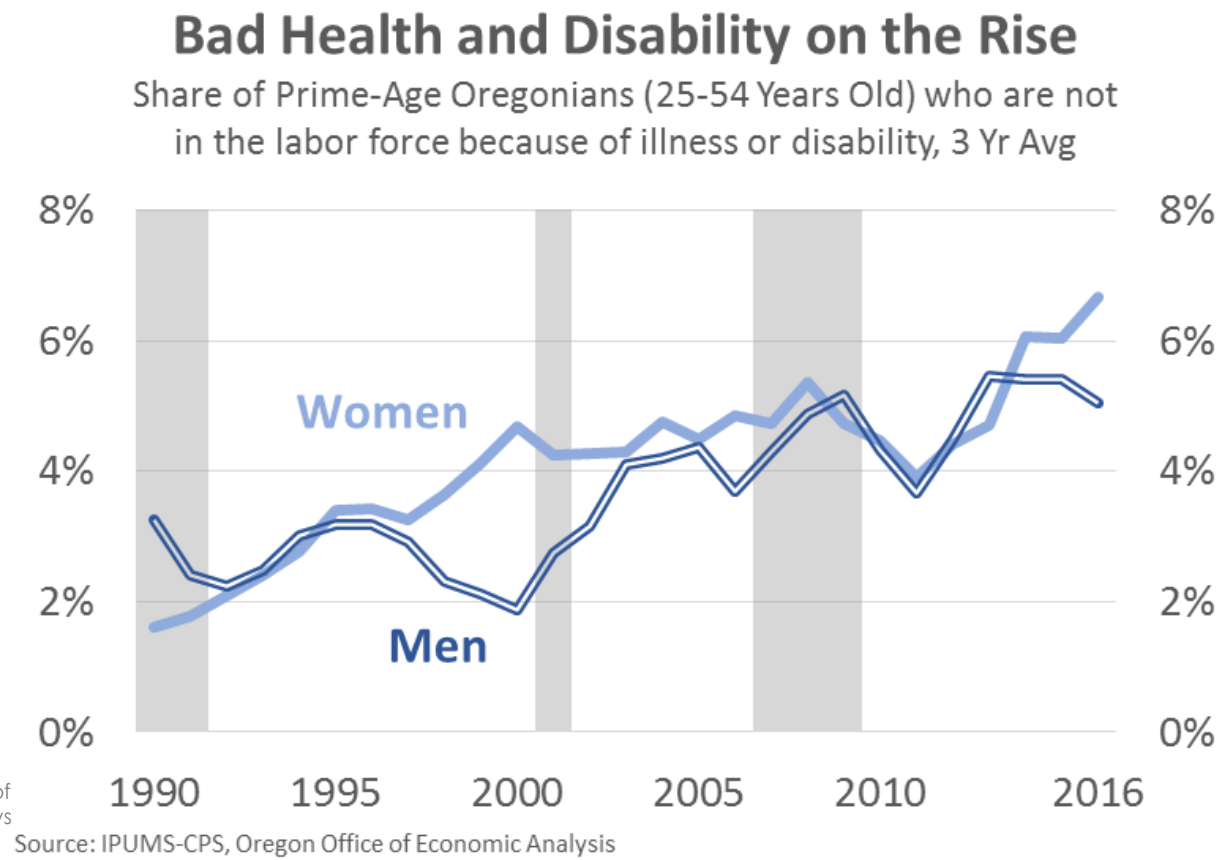
Macroeconomic Issue



Possible Reasons:

- Social Acceptance
- Disability Insurance
- Saving Face
- Public Health Crisis

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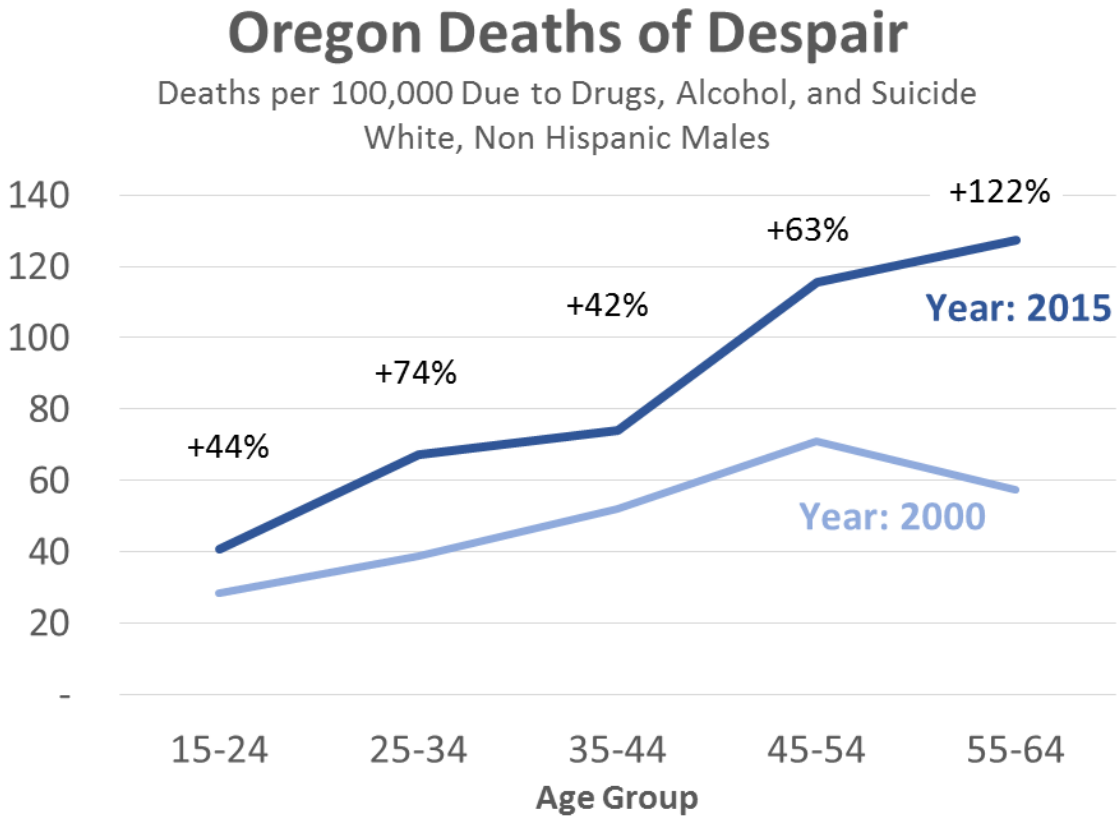
Intersection of Vice, Health, and the Macroeconomy

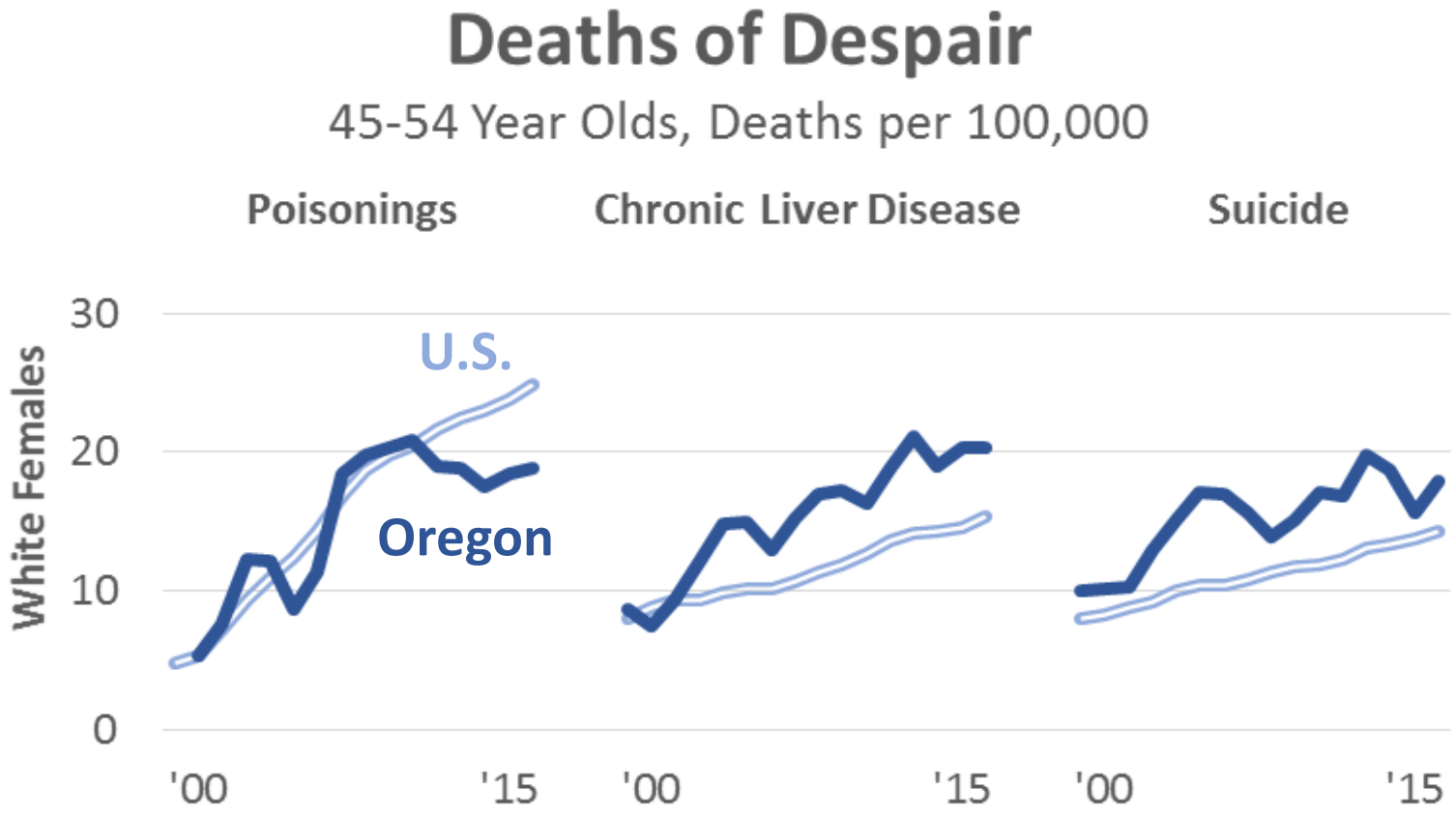


Source: Brookings Institute, CDC, Oregon Office of Economic Analysis

Case and Deaton

- Mortality no longer improving for white Americans
  - Unlike other advanced economies, or for U.S. communities of color
- Driver: drug overdoses, liver disease, and suicides

Challenge Runs Deep



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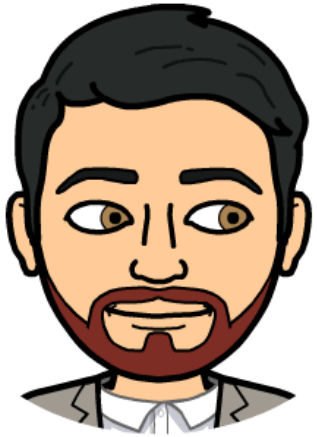

joshua.lehner@oregon.gov
(503) 378-4052

www.OregonEconomicAnalysis.com

@OR_EconAnalysis