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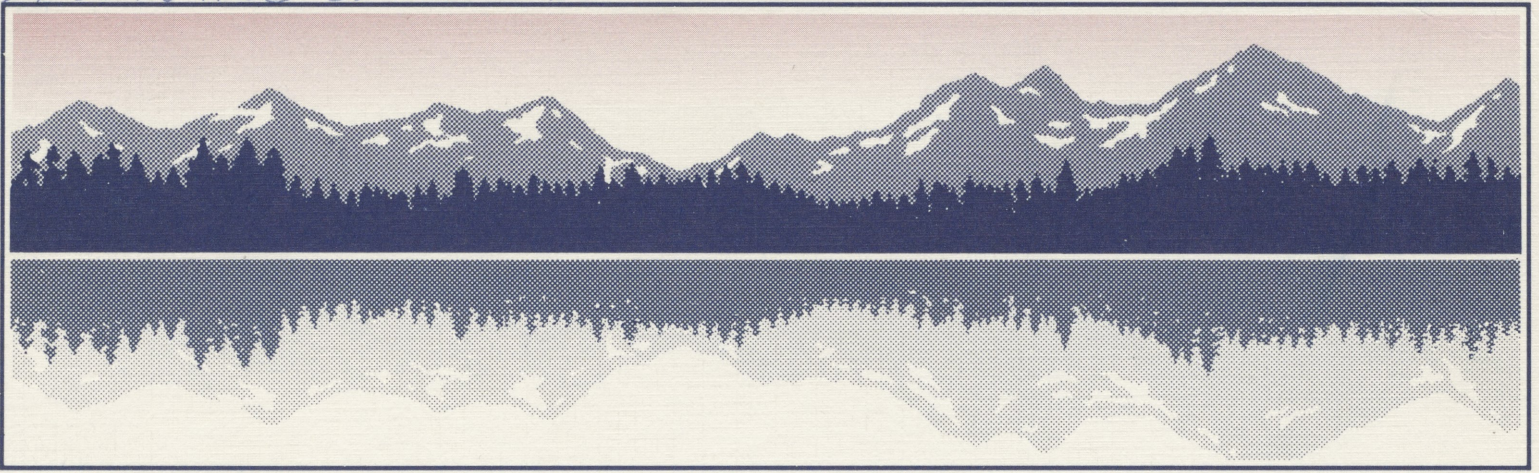
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WITHDRAWN

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# PROCEEDINGS

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Twenty-Third Annual Pacific Northwest Regional Economic Conference

April 26-28, 1989

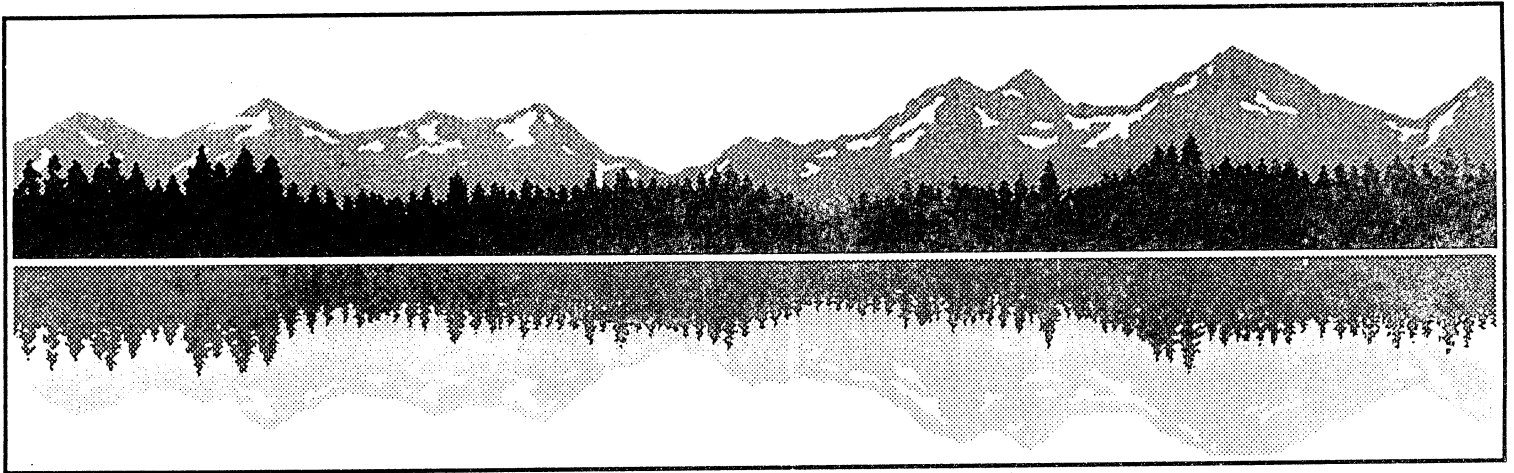


Corvallis, Oregon

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Published by the Pacific Northwest Regional Economic Conference,  
the Northwest Policy Center of the University of Washington,  
and the Western Rural Development Center





*Twenty-third Annual Pacific Northwest Regional Economic Conference*

# PROCEEDINGS

APRIL 27-29, 1989

Corvallis, Oregon

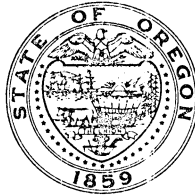
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The Pacific Northwest Regional Economic Conference

and

The Northwest Policy Center  
University of Washington

NEIL GOLDSCHMIDT  
GOVERNOR



OFFICE OF THE GOVERNOR  
STATE CAPITOL  
SALEM, OREGON 97310-0370  
TELEPHONE: 373-3111

Dear Reader:

It is a pleasure to welcome you to this volume of the proceedings from the 23rd Annual Pacific Northwest Economic Conference.

As our economy enters a new decade, the United States is fighting nothing less than a second war of Independence -- a war for economic rather than military strength. It is a war that will be fought with brain-power, not bombs and missiles. It is also a war we are ill-prepared to fight.

We must develop a vision to guide us through the many economic challenges we will face. Central to this vision is the theme of your conference: Human resources and economic development. We must now start drawing the blueprints for our economic future; we must start expecting more from ourselves.

Education is the cornerstone upon which the economy will be constructed; it is where human resources begin. We must invest in ourselves to create a workforce equal to any in the world. At the same time, we must develop an international frame of mind through language and cultural education.

Your conference allows policy makers at all levels to share knowledge about the present conditions of our economy and to forecast steps for the future. The Proceedings from the 23rd Annual Pacific Northwest Economic Conference not only provide valuable information, but demonstrate a clear commitment to building a better future.

With appreciation to you for your work and dedication,

Sincerely,

Neil Goldschmidt  
Governor  
4261C

**THE ASSISTANCE OF THE FOLLOWING IN SUPPORTING THE  
CONFERENCE IS GRATEFULLY ACKNOWLEDGED:**

Benjamin Franklin Savings and Loan  
Bohemia Inc.  
First Interstate Bank  
Guistina Bros. Lumber and Plywood  
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Pacific Power  
U.S. Bank

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Twenty-Third Annual  
PACIFIC NORTHWEST  
REGIONAL ECONOMIC  
CONFERENCE

General Theme -

*"Human Resources  
and  
Economic Development"*

THURSDAY APRIL 27 -  
SATURDAY APRIL 29 1989  
LaSells Stewart Center  
OREGON STATE UNIVERSITY  
CORVALLIS, OREGON

Twenty-Third Annual  
PACIFIC NORTHWEST REGIONAL  
ECONOMIC CONFERENCE  
April 27-29, 1989  
Corvallis, Oregon

THURSDAY - APRIL 27

- 10:00-5:00 REGISTRATION - *LaSells Stewart Center*
- 11:30-1:00 LUNCH - *Arnold Dining Hall*  
Welcome : Gary Sorenson  
Introduction : B.H. Wilkins, Dean College of Liberal Arts  
Speaker : Bob Buchanan, Director, Oregon Dept of Economic Development
- 1:15-2:30 ADDRESS - *Construction and Engineering Hall, LaSells Stewart Center*  
Introduction : Bruce Weber, Professor, Agricultural & Resources Economics, Oregon State University  
Speaker : W. Lee Bawden, Director, Human Resource Policy Center, The Urban Institute  
Title : "The Emerging Labor Force, Human Capital Needs, and Public Policy"
- 2:45-4:00 CONCURRENT SESSIONS I : *LaSells Stewart Center*
- Migration - Agriculture Production Room**  
1. James Schmidt, "Migration and Employment Opportunities in the Pacific Northwest"  
2. Annabel Kirschner Cook, "Retirement Migration in the Pacific Northwest"  
3. W. Ed Whitelaw and Ernest Niemi, "Migration, Economic Growth, and the Quality of Life"  
Moderator : Phil Brooks
- Impact of Government Spending - Agriculture Leaders Room**  
1. David Holland and David Hughes, "The Impact of Military Spending on the Washington Economy"  
2. Martha Fraundorf, "Public Construction Contracting Practices and the Leakage of Business to Outside Contractors"  
3. Arthur Harnisch, "Financing of Infrastructure Projects"  
Moderator : Lawrence Merk
- The Future of the Forest Products Industry - Agriculture Science Room**  
1. Kenneth Skog, "Forecasting Technological Change in Lumber Processing"  
2. Henry Spelter, "Changes in Structural Panel Technologies and Economics"  
3. Dennis P. Bradley, "Research Priority Implications for Forecasting Regional Timber Harvest and Transport Technologies"  
Moderator : Billy Dean Scott
- Export Markets - First Interstate Bank Room**  
1. Twila Jacobsen, "Japan's Import Demand for Pacific Northwest Frozen Corn and Potatoes"  
2. Farhad Niami, "An Econometric Analysis of the Japanese Import Demand for U.S. Forest Products"  
3. M. Martin, T. Jacobsen, S. Lawton and G. Heldt, "Opportunities for Willamette Valley Agriculture Resulting from the U.S.- Canada Free Trade Agreement"  
Moderator : Patricia Lindsey

- 4:00-4:15 REFRESHMENT BREAK
- 4:15-6:00 Demonstration/Panel - *Construction and Engineering Hall*  
Title : "Telecommunications in Economic Development : Pacific NW Case Studies"  
Panel :  
Muriel Oaks : Director of Extended Academic Programs and Washington Higher Education Telecommunications System, Washington State University  
Ben Hamblton : Director, Micron-Simplot Technology Center, Boise State University  
Ray Lewis : Managing Consultant, Oregon Ed-Net  
Jon Root : Director, Communication Media Center, Oregon State University
- 7:00 Cocktails (no host bar) - *O'Callahan's*
- 7:30 Dinner - *O'Callahan's*  
Introduction : Dr. George Keller, Vice President for Research Oregon State University  
Speaker : Senator Mark Hatfield

FRIDAY - APRIL 28

- 8:00-9:30 CONCURRENT SESSIONS II : *LaSells Stewart Center*
- Labor Markets and Low Income Populations : Implications for State Public Policy - Agriculture Production Room**  
Panel :  
Bill Warburton : Economist, Administry of Social Services and Housing, Province of British Columbia  
David Long : Manpower Demonstration and Research Corp., New York City  
Russell Lidman : Washington State Institute for Public Policy  
Moderator : Russell Lidman
- Privatization - Agriculture Leaders Room**  
Panel :  
Margaret Hallock, Director, Labor Education and Research Center, University of Oregon  
Charles Vars, Mayor, City of Corvallis; Economics Department, Oregon State University  
William Conerly, Vice President and Chief Economist, First Interstate Bank of Oregon; member, Portland Privatization Taskforce  
William Beebe, Chairperson, Privatization Taskforce, City of Portland; Economics Department, Portland Community College
- Creating Economic Development - Agriculture Science Room**  
1. Gilbert Dempsey, "The Effect of Regional Economic Initiatives on an Underdeveloped Area : An Eastern Experience"  
2. Lisa Brown and Suzanne Reichelderfer, "Creating Sustainable Communities in an Unstable Economy"  
3. Paul Sommers, "Flexible Networks, A Business Resource for Economic Development"  
Moderator : Derek Santos
- Population - First Interstate Bank Room**  
1. Wei-Pang Lee and Terrell Manyak, "A Pooling Time Series and Cross-Sectional Study of the Population Growth Model for the State of Idaho"  
2. Joye Dillman and Virginia Junk, "Pre-Retirees' Preferences for Locating in Rural or Urban Communities During Early Retirement"

3. Peter West, Dennis Yee, Robert Anderson and Deborah Kitchen, "Housing Forecasts in the Pacific Northwest : A Disaggregate Approach"  
Moderator : Richard Barrett

9:30-10:00 COFFEE BREAK

10:00-11:45 CONCURRENT SESSIONS III : LaSells Stewart Center

**Labor Market Analysis - Agriculture Production Room**

1. Roy Darwin, "The Demand for and Supply of Labor in Pacific Northwest Softwood Lumber Sawmills, 1950-1985"
  2. Carolyn Cohen, Francie Lindner, and Thomas Owens, "Entry-Level Worker Study"
  3. Irv Lefberg and Ann Brooks, "The Labor Market Outlook and Higher Education in Washington"
  4. Richard Barrett, "Regional Development and the Male/Female Earnings Differential"
- Moderator : D. Larry Davis

**The Service Sector - Agriculture Leaders Room**

1. Rodney Fort, William Hallagan and Robert Rosenman, "A Prospective Study of Health Care Provision in the Spokane Market"
  2. Neil Meyer, "The Importance of the Health Service Provision Industry to the Economies of Rural Communities"
  3. R. Bruce Rettig, "In-State Beach Visits by Oregon Residents"
  4. Orn Bodvarsson, "The Economic Impact of Current Tip Income Tax Laws on Tourist-Based versus Non-Tourist-Based Regional Economies"
- Moderator : Alan Kluge

**Local Community Development - Agriculture Science Room**

1. Ronald Faas and Leise Hunter, "Capacity Building for Local Economic Development : Design of the Palouse Rural Development Project"
  2. James S. Long and Lucy Burton, "Capacity Building for Local Economic Development : Evaluation of the Palouse Rural Development Project"
  3. Corine Rowe, "Nonmetropolitan Communities Adapting to Change : Preliminary Findings from an Idaho Study"
  4. Cindy Kaseberg Brown and Kenneth Hobson, "Community Input in Economic Development Planning - City of Newport"
- Moderator : Patrick Corcoran

**Agricultural Markets - First Interstate Bank Room**

1. Wesley Wilson and Ariff Bin TengkuAhmad, "Growth and Market Potential in the Pacific Northwest Apple Markets"
  2. Gerald Marousek, "Economic Implications of Market Developments in the Beef Industry"
  3. Kenneth Casavant and Jonathan Newkirk, "The Dynamics of Cost-Based Competition in Transportation : The Case of the Pacific Northwest Fruit and Vegetable Industry"
  4. M.E. Wirth, "Farm Land Values in the Region"
- Moderator : Gene Nelson

12:05-1:30 LUNCH - Arnold Dining Hall

Introduction : R. Charles Vars, Professor of Economics, Oregon State University; Mayor of Corvallis  
Speaker : R. Scott Fosler, Director of Government Studies, Committee for Economic Development  
Title : "Implications of Demographic Trends for Regional Economic Development"

1:45-3:30 CONCURRENT SESSIONS IV : LaSells Stewart Center

**Economic Base Studies - Agriculture Production Room**

1. T.M. Power, "Economic Development and the Economic Base Model"
  2. Paul Polzin, Kent Connaughton, Con Schallau, and James Sylvester, "How Careful Must You Be When Using the Economic Base Model?"
  3. David Bunting and Shik Young, "Determining the Level of Local Economic Activity with Sales Tax Data"
  4. Don Farness, "Accounting for the Regional Impact of Government Transfers and Income from External Property-- Exogenous or Endogenous"
- Moderator : Mike Ferguson

**Human Resource Development - Agriculture Leaders Room**

1. Ann Vandeman, "Employment, Women and Welfare in Washington State"
  2. Dorothy Price, "Effects of Underemployment on Households in the Rural Northwest"
  3. Robert Plotnick, "Poverty in the Non-Metropolitan and Metropolitan Northwest"
  4. Byron Angel, "Forecasting Welfare Caseloads in Washington"
- Moderator : Lisa Brown

**Trade Barriers and Their Effect on the Northwest - Agriculture Science Room**

1. Daniel Hagen and David Merrifield, "The Canada/U.S. Free Trade Agreement : Implications for the Allocation of Labor in Washington State and British Columbia"
  2. H. Alan Love and Endah Murningtyas, "An Empirical Test for Optimal Import Tariffs : The Case Of Japans Wheat Imports"
  3. Wesley Wilson and Loren Mack, "Removal of Trade Barriers and the Ability to Export Pacific Northwest Commodities"
  4. Billy Dean Scott, "Potential Impact of Log Export Restrictions on Lumber Sale Revenue from Trust Lands"
- Moderator : Bob Monihon

**Tax Policy - First Interstate Room**

1. Larry Burt, "Implications of the 1986 Tax Reform Act on Pacific Northwest Agriculture"
  2. Lorrie Jo Brown, "Measuring the Effect of Tax Differentials on Regional Economic Growth in the Pacific Northwest"
  3. Olvar Bergland and Richard Lovett, "Water Markets and Property Tax : Mitigating Interjurisdictional Shifts in Local Tax Base"
  4. Bruce Weber, "Next Steps Toward a Distant Goal : A Preliminary Analysis of Selected Oregon School Funding Reform Policy Alternatives"
- Moderator : Art Harnisch

3:30-4:00 COFFEE BREAK

4:00-5:30 Tiebout Lecture - Construction and Engineering Hall

Introduction : Emery N. Castle, Chair, Graduate Faculty in Economics, Oregon State University  
Speaker : Dr. Nathan Rosenberg, Professor of Economics, Stanford University  
Title : "Technology Transfer and the Forest and Woods Product Industry"

6:00-7:00 WINE TASTING - Corvallis Country Club  
hosted wine tasting/no host bar

7:15 DINNER - Corvallis Country Club  
Entertainment : The Neal Gladstone Show.

SATURDAY - APRIL 29

7:00-8:00 BOARD MEETING - WeyerhaeuserRoom, LaSells Stewart Center

8:30-9:45 CONCURRENT SESSIONS V - LaSells Stewart Center

**Education and Economic Development - Agriculture Production Room**

1. Ernest Niemi and W. Ed Whitelaw, "The Linkages between Education and Economic Development"
  2. Richard Slaughter, "Dynamics of Education and Economic Growth"
  3. Martin Milkman, "Teacher Unions and Student Achievement: Implications for Economic Development"
- Moderator : Thomas Potiowsky

**Manufacturing - Agriculture Leaders Room**

1. Lon Peters, "Evaluating an Industrial Policy : The Bonneville Power Administration and the Northwest Aluminum Industry"
  2. Ganesh Krishnan, "Fuel Substitutability in Idaho Industry"
  3. Michael Moffett, "A Case Study : International Investment in Furniture Manufacturing in the Pacific Northwest"
- Moderator : John Farrell

**Structural Differences - Agriculture Science Room**

1. David Holland and Stephen Cooke, "Growth and Structural Change in the Washington Economy : A Multisector Comparative Analysis"
  2. Ronald Schmidt and Carolyn Sherwood-Call, "Why are Washington and Oregon so Different?"
  3. Gary Smith and James Barron, "Whereupon the Two Faces of Washington" : A Look Back at the Writing on the Wall"
- Moderator : Don Farness

**Transportation - First Interstate Bank Room**

1. Kenneth Casavant, J.C. Lenzi, and Richard Taylor, "An Applied Example of Private and Public Impacts of Model Choice"
  2. Frank Dooley, "A Comparison of Short Line and Class I Labor Costs"
  3. Kenneth Casavant, Richard Beilock, and Wesley Wilson, "An Evaluation of Regulatory Reform in Transportation"
- Moderator : Phil Schary

10:00-12:00 STATE FORECASTS - Construction and Engineering Hall

Chair : John Mitchell, Vice President & Economist, U.S. Bank  
Primary Speaker : Jerry Godshaw, Wharton Econometric Forecasting Association

State and Provincial Forecasts -

- |                      |                 |                     |
|----------------------|-----------------|---------------------|
| •Canada              | Chris Lawless   | British Columbia    |
| •Idaho               | Mike Ferguson   | State of Idaho      |
| •Montana             | Paul Polzin     | University of Idaho |
| •Oregon              | Ann Hanus       | State of Oregon     |
| •Washington & Alaska | Chang Mook Sohu | State of Washington |

11:30 ADJOURN

## PREFACE

"Human Resources and Economic Development" was the theme of the Twenty-third Annual Pacific Northwest Regional Economic Conference held in Oregon State University in Corvallis, Oregon, April 27-29, 1989. The theme extended from the announced social agenda of Oregon Governor Neil Goldschmidt. The idea that children, the under-educated and under-trained, and people in general make a difference to the process of regional economic development was the intended focus of the conference.

Planning and program committees were convened in May, 1988, to put structure to this idea. Joint membership on the committees was the model at hand. Those serving in these roles were Drs. Emery N. Castle, Martha Fraundorf, Charles Vars, Bruce Weber, Don Farness, and John Ferrell. These colleagues all perform yeomen's duty.

The Conference was attended by over 200 business and professional leaders from not only the Northwest, but from the nation at large. The last point is interesting: the Conference has acquired a reputation as a truly high quality regional professional meeting and is attracting first-rate professional participation. For this, the Board of Directors of PNREC and all previous planning groups must be commended.

It was an extreme pleasure to be associated with the planning and implementation of the 23rd PNREC. I want to extend my sincere thanks to all those mentioned above for their fine contributions.

Gary W. Sorenson  
Chair  
1989 PNREC Planning Committee



## CONTENTS

### I. PLENARY PAPER

- Demographic Trends and Regional Economic Development  
*R. Scott Fosler* . . . . . 1

### II. MIGRATION

- Net Migration and Economic Opportunities in Idaho, Oregon and Washington  
*James K. Schmidt* . . . . . 13
- Retirement Migration in the Pacific Northwest  
*Annabel Kirschner Cook* . . . . . 23
- Migration, Economic Growth, and the Quality of Life  
*W. Ed Whitelaw and Ernest G. Niemi* . . . . . 35

### III. IMPACT OF GOVERNMENT SPENDING

- Impact of Military Expenditures on the Washington Economy  
*David Holland, David Hughes, and Philip Wandschneider* . . . . . 39
- Public Construction Contracting Practices and the Leakage of Business  
to Outside Contractors  
*Martha N. Fraundorf* . . . . . 47

### IV. THE FUTURE OF THE FOREST PRODUCTS INDUSTRY

- Forecasting Technological Change in Softwood Lumber Processing  
*Kenneth E. Skog* . . . . . 55
- Changes in Structural Panel Technologies and Economies  
*Henry Spelter* . . . . . 63
- Research Priority Implications of Forecasting Regional Timber Harvest and  
Transport Technologies  
*Dennis P. Bradley* . . . . . 71

### V. EXPORT MARKETS

- Japan's Import Demand for Pacific Northwest Frozen Corn and Potatoes  
*Twila M. Jacobsen* . . . . . 81
- Trade of Softwood Logs Between Japan and U.S., An Economic Approach  
*Farhad Niemi and Ali Emami* . . . . . 95

VI.	CREATING ECONOMIC DEVELOPMENT	
	The Effect of Regional Economic Initiatives on an Underdeveloped Area: An Eastern Experience <i>Gilbert P. Dempsey</i> . . . . .	105
	Flexible Manufacturing Networks: A New Way of Doing Business? <i>Paul Sommers</i> . . . . .	111
VII.	POPULATION	
	A Pooling Time Series and Cross-sectional Study of the Population Model for the State of Idaho <i>Wei-Pang Lee and Terrell G. Manyak</i> . . . . .	117
	Pre-Retirees' Preference for Locating in Rural or Urban Communities During Early Retirement <i>Joye J. Dillman and Virginia W. Junk</i> . . . . .	125
	Housing Forecasts in the Pacific Northwest: A Disaggregate Approach <i>Peter West, Deborah Kitchen, Robert Anderson and Dennis Yee</i> . . . . .	137
VIII.	LABOR MARKET ANALYSIS	
	The Demand for and Supply of Labor in Pacific Northwest Softwood Lumber Sawmills, 1951-1985 <i>Roy F. Darwin</i> . . . . .	149
	Entry-Level Worker Study: Phase 1 Report Executive Summary <i>Thomas Owens, Francie Lindner and Carolyn Cohen</i> . . . . .	163
	The Long-Term Labor Market Outlook and Higher Education: An Introduction <i>Irv Lefberg and Ann Brooks</i> . . . . .	171
	Regional Employment Growth and the Male/Female Earning Differential <i>Richard Barrett</i> . . . . .	189
IX.	THE SERVICE SECTOR	
	Market Power, Cost-Shifting and the Provision of Medical Services in Spokane, WA <i>Rodney Fort, William Hallagan and Robert Rosenman</i> . . . . .	197
	The Economic Impact of Current Tip Income Tax Laws on Tourist-based Versus Non-tourist Based Economies <i>Örn B. Bodvarsson</i> . . . . .	207
X.	LOCAL COMMUNITY DEVELOPMENT	
	Capacity Building for Local Economic Development: Design of the Palouse Rural Development Project <i>Ronald C. Faas and Liese Hunter</i> . . . . .	213

	Capacity Building for Local Economic Development: Evaluation of the Palouse Rural Development Project <i>James S. Long and Lucy Burton</i> . . . . .	219
	Economic Development in Newport <i>Cindy Kaseberg Brown and Kenneth Hobson</i> . . . . .	225
XI.	<b>AGRICULTURAL MARKETS</b>	
	Growth and Market Potential in the Pacific Northwest Apple Markets <i>Ariff Bin TengkuAhmad and Wesley W. Wilson</i> . . . . .	239
	Economic Implications of Market Developments in the Beef Industry <i>Gerald Marousek</i> . . . . .	253
	The Dynamics of Cost-based Competition in Transportation: The Case of the Pacific Northwest Fruit and Vegetable Industry <i>Jonathan R. Newkirk and Kenneth L. Casavant</i> . . . . .	261
	Farmland Values in the Pacific Northwest Region: The Situation in 1988 <i>M.E. Wirth, Walter Penaranda, Larry Burt and Oscar C. Santschi</i> . . . . .	271
XII.	<b>ECONOMIC BASE STUDIES</b>	
	The Economic Base Model and Local Economic Development Policy <i>Thomas Michael Power</i> . . . . .	281
	How Careful Must You Be When Using the Economic Base Model? <i>Paul E. Polzin, Kent Connaughton, Con H. Schallau and James T. Sylvester</i> . . . . .	289
	Government Transfers and Extraregional Property Income — Exogenous or Endogenous <i>Donald H. Farness</i> . . . . .	295
XIII.	<b>HUMAN RESOURCE DEVELOPMENT</b>	
	Employment, Women and Welfare in Washington State: A View From a New Longitudinal Study <i>Ann M. Vandeman</i> . . . . .	305
	Effects of Underemployment on Households in the Rural Northwest <i>Dorothy Z. Price</i> . . . . .	311
	Poverty and Antipoverty Policy in the Pacific Northwest <i>Robert D. Plotnick</i> . . . . .	319
	Modeling and Forecasting Welfare Caseloads in Washington <i>Byron Angel</i> . . . . .	331
XIV.	<b>TRADE BARRIERS AND THEIR EFFECT ON THE NORTHWEST</b>	
	The Canada/U.S. Free Trade Agreement: Implications for the Allocation of Labor in Washington and British Columbia <i>Daniel A. Hagen, David E. Merrifield and William R. Singleton</i> . . . . .	337

Japanese Wheat Imports: A Test of Market Power <i>H. Alan Love and Endah Murniningtyas</i> . . . . .	345
---	-----

XV. TAX POLICY

The 1986 Tax Reform Act and Agriculture: An Overview <i>Larry Burt and M.E. Wirth</i> . . . . .	357
--	-----

Measuring the Effect of Tax Differentials on Regional Economic Growth in the Pacific Northwest <i>Lorrie J. Brown</i> . . . . .	367
--	-----

Oregon School Funding Reform: Ballot Measure 1 and its Impacts in Context <i>Bruce A. Weber</i> . . . . .	375
--	-----

XVI. EDUCATION AND ECONOMIC DEVELOPMENT

Improving Oregon's Economy by Improving Oregon's K-12 Education <i>W. Ed Whitelaw</i> . . . . .	387
--	-----

Dynamics of Education and Economic Growth with Special Reference to Idaho <i>Richard A. Slaughter</i> . . . . .	393
--	-----

Teacher Unions, Student Achievement and Economic Development <i>Martin Milkman</i> . . . . .	407
---	-----

XVII. MANUFACTURING

Evaluating an Industrial Policy: The Bonneville Power Administration and the Northwest Aluminum Industry <i>Lon L. Peters</i> . . . . .	411
--	-----

XVIII. STRUCTURAL DIFFERENCES

Structural Change in the Washington Economy — 1963-1982 <i>David Holland and Steve Cooke</i> . . . . .	421
---	-----

Luck, Opportunism, and Regional Economic Development <i>Ronald H. Schmidt and Carolyn Sherwood-Call</i> . . . . .	429
--	-----

Whereupon the "Two Faces of Washington": A Look Back at the Writing on the Wall <i>Gary W. Smith and James C. Barron</i> . . . . .	437
---	-----

XIX. TRANSPORTATION

An Applied Example of Private and Public Impacts <i>Kenneth L. Casavant, J.C. Lenzi and Richard Taylor</i> . . . . .	447
---	-----

A Comparison of Short Line and Class I Labor Costs <i>Frank J. Dooley and Denver D. Tolliver</i> . . . . .	457
---	-----

An Evaluation of Regulatory Reform in Transportation <i>Kenneth L. Casavant</i> . . . . .	465
--	-----