

Pacific Northwest Bubble?

By Pvt. Robert Clancy

THE Pacific Northwest is booming. The Northwestern area of the United States—taking in Washington, Oregon, Idaho and Montana, and focussing in Seattle, Washington—is experiencing what has been called a new industrial revolution. Population and industry are expanding rapidly. The Northwest is in ferment.

Of course, the boom has been brought on mainly by the war. The intense activities in the Boeing plant in Seattle, where Flying Fortresses are turned out, and in Henry J. Kaiser's shipyard in Portland, are due to war requirements. These and the many other war industries here have attracted hundreds of thousands of workers from all over the country, and still the Northwest is clamoring for more labor. The region is officially recognized as a critical labor shortage area.

Thanks to the war, too, attention is being focussed on the Pacific Northwest as a strategic area, due to its geographic position. It is a vulnerable target for enemy bombing, and it is a jumping-off place to the Orient.

But while the boom may have been war-produced, this very war activity has made the Northwest conscious of its potentialities. The inhabitants are not willing to allow these newly discovered capacities to atrophy after the war. Hitherto chiefly a source of natural products—lumber, fish, light minerals—the Northwest is anxious to establish itself as a new and important industrial center, and to convert into products the natural materials it extracts.

Indeed, many signs portend a great future for the Northwest. Conditions and projects are moving toward industrial progress. The great water-power developments—Grand Coulee, Bonneville, Skagit—will irrigate millions of acres of land and also provide a tremendous source of hydroelectric power. The Alaska-Canadian highway (which that far-sighted single taxer, Donald MacDonald, has been so influential in promoting) will increase commerce and communication with Western Canada and Alaska, also lands of the future. The growing importance of the Orient will lead to increased trade and establish our Pacific Northwest as an important trade center. Air transit, which will unquestionably play a major role after the war as it is during the war, secures for Seattle an enviable position as an air terminal on the Pacific great circle route and the new Arctic Circle route.

Enthusiasm and optimism characterize the outlook of industrial and political leaders here. Naturally, the winning of the war is uppermost in people's minds, but concern for the postwar period is great. There is general

agreement with Utah's Congressman Robinson that unfinished projects in the West, which can only be utilized after the war, be permitted to be completed uninterruptedly now.

A survey of the opinions of business and civil leaders on the future of the Northwest was undertaken by Seattle's leading newspapers, the *Times* and the *Post-Intelligencer*, in a series of articles in each paper during March and April. Most of the personages interviewed were unreservedly optimistic. W. Walter Williams, chairman of the Washington State Defense Council said (*Times*): "Seattle, the state, and the Pacific Northwest are headed for a steady upward curve; nothing in the world can stop it." There is, he said, "a pent-up demand accumulating now which will burst like a dynamited dam when the war is over." George Gunn, Jr., president of the Webster-Brinkley Co., said (*Post-Intelligencer*): "The Pacific Northwest will have to need many demands on its industries in the Pacific Rim, which not only is its natural market, but which, due to the destructive effect of the war, and the rehabilitation needs, will prove a bigger market than ever before." Dave Beck, international vice-president of the Teamsters' Union, foresees a "splendid future" for the Northwest and believes its newly increased population will stay. Philip G. Johnson, president of the Boeing Aircraft Company, promises many wonderful peace-time products, in addition to air-planes, after the war. John B. Fitzgerald, secretary-manager of the Lumbermen's Industrial Relations Committee, foresees a great demand for the products of the Northwest in rebuilding devastated China and Europe.

The growth of the Northwest has also attracted national attention. Visiting writers, editors, industrialists and political figures have been impressed with the Northwest's transformation for wartime needs and the promises it holds for the future. The President himself has expressed interest. Roosevelt is hopeful that a steel industry will develop here, thus eliminating the "great economic waste" caused by concentration in the East. Secretary of Interior Ickes has declared that the Alaska-Canadian highway will "affect the whole economic structure of the North American continent."

While looking forward eagerly to industrial and commercial progress, the Northwest is also mindful of its wealth of natural resources. A boom in the lumber and mining industries is anticipated. Research is being conducted in the mining of important light metals—aluminum and magnesium—in which the Northwest has been found to be rich.

Sensing its foreshadowed greatness, the Northwest

wants to be recognized as an entity within the nation, and be liberated from its dependence—financial, industrial, political and cultural—upon the East and upon its great Southern neighbor, California. Northwestern regional offices of the War Labor Board and the National Resources Planning Board have already been established, but recognition is not coming fast enough for Northwesterners. Typical is the view of a Seattle resident, Austin E. Griffiths, in a letter to the *Post-Intelligencer*:

"When I came West fifty-odd years ago, California was world famous. Our Northern region was little known. Gold mining, Oriental shipping had focussed attention upon San Francisco. Travelers, writers, artists acclaimed the Golden State. Political prestige, commercial domination followed. San Francisco salesmen swarmed; Eastern and international concerns centered there. We were poor cousins, business serfs of that gay, ambitious city. Our shackles are still worn. . . .

"The Northwest area and population make a vast political and business unit within the republic. They are entitled to direct contact with Washington and straight cooperation with Eastern interests. No California siphon is longer useful. . . .

"The war stamps the Northwest on the national mind as our Achilles' heel. . . . Hence federal policy must pivot upon Northwest growth, strength, safety. Then the rich Northwest will shape its own fortune in politics, commerce and court matters."

EMPIRE DREAMS

For many years the Pacific Northwest has had dreams of empire. What is now Seattle was almost named New York by the first settlers nearly a century ago, because it was expected to soon rival the Eastern metropolis. Throughout the years the Northwest has worked and waited for its day.

Has the day come at last? Will the Northwest, born humbly, be great?

With the hopes have come fears. With the burgeoning progress have come difficult problems. The Northwest remembers former booms—and crashes. As political and industrial leaders wax optimistic over the future, there is still a note of apprehension. Will the industries stimulated by the war collapse after the war? Will there be widespread unemployment? Will there be wholesale emigration from the Northwest as there is now wholesale immigration into it?

The Northwest is still young. It contains vast areas that have not yet been thoroughly explored. Not long ago an airplane crashed in Idaho and the surviving crew was lost for several days. There is still something of the frontier about this region. In the cities one can see horny-handed lumberjacks and weather-beaten fishermen pacing streets lined with ultra-modern emporiums. The history of the nation is being enacted within a lesser time and space.

Because of the peculiar combination of circumstances, the Northwest regards itself as holding a unique position. It is felt that this will be the most important center for testing the nation's ability to cope with the dislocations and shocks bound to come when the war ends.

But leaders are vague about what is to be done to cushion the postwar shock. There is a feeling that "some clear program" is needed, but optimism over current prosperity is overshadowing apprehension over the future. Industrial leaders are trusting in the newly-discovered productive powers to take care of the economic problems that are anticipated, unheeding of repeated associations of increased productive power with economic collapse in the past.

The National Resources Planning Board has struck a warning note in a report on the Northwest from its field office in Portland, Oregon. The Board recognizes the danger of a collapse of the industrial revolution in the four Pacific Northwest states and urges planning now to avert such a collapse. The plan advocated by the NRPB is as follows: 1. Formulate multiple-purpose power projects; develop energy markets for the power supply. 2. Maintain forest reserves; improve land management and encourage soil conservation. 3. Investigate use of forest, agricultural and mineral products. 4. Study conversion of war industries and markets. 5. Investigate resumption of trade with the Orient and expansion of trade with Alaska and Canada.

There can be no objection to studying and investigating the problems; the real contribution will come when these problems are studied more carefully. The only new note in the NRPB plan—if indeed it can be called new—is the advocacy of a planned economy. While the old school would rely on productive power to solve the problem, the only alternative presented by the new school is planning. The NRPB does recognize the problem of markets and consumer demand, and so touches the crucial point in the question—that of purchasing power, hence of the general level of wages. When more heed is paid to this matter, the problem will have been more closely cornered.

As can be supposed, the problems of the Pacific Northwest are not all of the future. The war boom itself has brought knotty problems. While concerned with the postwar period, the Northwest has more immediate difficulties to unravel.

War workers, while patriotically doing their share, are restless over wages and conditions. One day in February, the Boeing workers walked out: it was not a strike, but a protest against the tardiness of the War Labor Board in deciding their case. When the WLB finally granted a pay raise of 4¢ per hour, the workers were bitter. There is still an undercurrent of strong feeling.

There is labor unrest in the Kaiser shipyards. The complicated tangle between the AF of L, the CIO and the NLRB is distressing those who want to see our much-needed ship production proceed unhampered. But

we cannot reckon without those who do the producing, and the union disputes and wage deadlocks are far from being settled.

The housing situation in war centers of the Northwest is also critical. The influx of war workers has created a tremendous demand for shelter, and rents for the most humble quarters are shooting sky-high. To cope with the situation, housing projects are under way. In the mushrooming navy yard city of Bremerton, complete prefabricated houses are built within 5½ hours! These are rented by the government for \$40 a month. But subsidized housing is taking care of only a small portion of the hundreds of thousands of war workers who have flocked here.

The Northwest boom has had its inevitable effects upon land values. Workers are crowding into the cities, and the price for a little space goes higher each day. All along the Puget Sound area one can see tract after tract of vacant land for sale—at the “right” price. With the industrial boom has come a land boom.

Far from realizing the dire economic consequences of such a land boom, business leaders are regarding this trend as an encouraging sign—part of the boom—and land is offered as a solid investment. D. K. MacDonald, president of the Seattle Chamber of Commerce, rhapsodizes thusly: “The State of Washington, because of its 40 mill tax limit law, is the most favored in the nation. Land is a favorite investment and we have it.” Henry Broderick, leading Seattle realtor, promises a real estate boom due to Seattle’s vital location. Broderick is the coiner of the slogan, “When Seattle has a million, what will YOU have?”—a terse way of expressing the relation between population and land value.

In Portland, too, there is a mounting real estate boom. Fred Sexton, Portland realtor, reports (*Oregon Journal*): “The situation today in Portland is unique. It almost approximates the settling of Oklahoma, in that there is a rush of new people looking for real property. In that instance, however, the land was free. Here it has a price, and the price is going higher all the time [*sic*!]. . . . In my opinion the real boom in Portland real estate has barely started.” Another somewhat ironic expression of the relation between population and land value is offered by Frank L. McGuire, another Portland realtor. McGuire declares that in gaining 125,000 new residents due to war industries, Portland has gained 125,000 new unpaid publicity agents. Far from being paid for their service, the new residents are *paying* for the increased rent they themselves have brought about!

But while the effect of increasing population and industry upon land values is thus recognized, there is no thought of doing anything about it outside of offering land as a sound investment. The only official action has been the inadequate OPA rent control legislation, which cannot cope with economic law. For while more and more people flock to this area looking for a place to live, rents are bound to go up.

Seattle has the problem of expanding its strained public services for the newly increased population. The city is now operating on a deficit of \$2½ millions, and the City Council is casting about for new sources of revenue. A garbage tax has been proposed; also a city sales tax, in addition to the one imposed by the State of Washington. There has been no entertainment of the proposal to defray the city’s increasing expenses from the increasing rent—which is due to the growing population requiring these additional expenses!

In the discussions on the war and postwar problems of the Pacific Northwest, the importance of land and land value has not been given due attention. This is unfortunate, for upon the general recognition of and adherence to correct economic relations will depend the outcome of the Northwest boom—whether it will mount only to crash, like former booms; or whether it will really develop into the new era dreamed of by the Northwest.

[The economic situation in the Pacific Northwest presents many interesting aspects worthy of attention. Of particular interest is the electric power industry here, on which I hope to report in a subsequent article.—R. C.]

Dr. Henry George III

Before we come off the press it will be known whether Henry George III has been elected mayor of Wilmington, Delaware, on the Democratic ticket. Dr. George did not seek the nomination, and gave the party leaders to understand that his campaign would be conducted on a platform of fundamental principles. Wilmington, citadel of the duPonts, is normally Republican.

A Friendly Counsel

One after another, proposals are brought forward for winning the peace. Not one has gone beyond dealing in generalities, not one has been based in the absolutely necessary fundamentals, and these alone offer a concrete plan. These fundamentals are free land, free trade, free men. Without these, peace cannot be preserved.

But the proposals brought forward deal only with the circumference of the situation. They ignore the hard facts, the seed, of the situation. It is to ignore Nature, God’s nature, wherein His law works. Without seed what stability is there, what growth can there be?

Lincoln met the need of his day. It is for Roosevelt to give himself to that of this day. He has been so great thus far, but has had to fall back on palliatives, in his eager desire to serve. When will he and Wallace turn to those absolutely necessary fundamentals? So that instead of thinking of vague security we shall be dwelling on opportunity.

—MARY FELS.