2007

Capitalism in the American West: The Dalles, Oregon Surviving the Boom and Bust Cycle

Austin Schulz
Western Oregon University

Follow this and additional works at: https://digitalcommons.wou.edu/his
Part of the United States History Commons

Recommended Citation
https://digitalcommons.wou.edu/his/177

This Paper is brought to you for free and open access by the Department of History at Digital Commons@WOU. It has been accepted for inclusion in Student Theses, Papers and Projects (History) by an authorized administrator of Digital Commons@WOU. For more information, please contact digitalcommons@wou.edu.
Capitalism in the American West: 
The Dalles, Oregon Surviving the Boom and Bust Cycle

By
Austin Schulz
History 499 Senior Thesis

First Reader:
Professor Kimberly Jensen

Second Reader:
Professor Laurie Carlson
This project will examine the impact of Post-World War II era capitalism on the resources, people and communities of the Pacific Northwest generally and The Dalles, Oregon specifically. I have chosen The Dalles in part because it is my hometown but also for its national significance. The Dalles is considered to be the end of the Oregon Trail as well as a resting point for travelers on their way to other areas of the Pacific Northwest. It has been a place where those passing through take what they want and leave everything else behind. In The Dalles as in much of the West, federal officials and private capitalist investors in search of profit have severely depleted or destroyed the natural resources of the area. After these resources have become less lucrative the industries often leave the people, who have begun to rely on industry, to face the uncertainty of unemployment. Some towns simply could not adapt and with no other industry basically dissolved. Others were “fortunate” enough to have a new capital interest move in and develop another industry to replace the one that was lost. It is the ability of The Dalles to fall back on local agricultural resources as well as its location on the Columbia that has made it able to survive when many other towns “busted out.” The purpose of this project is to better understand the role of federal and private capitalism in the West as well as to examine the local impact that these investment booms and busts have had on The Dalles, Oregon. The focus period will include the period of the Second World War, through the Cold War to present day The Dalles. This time period was one of increased militarization and increased external investment in the West, which created an environment of instability and reliance on external capital for employment.

During the period of the Great Depression the federal government diverted the majority of federal funds designated for developing the U.S. infrastructure to the Western
United States. This capital was used by the Federal Bureau of Reclamation to create more viable farmland in the arid West through irrigation projects. The Army Corps of Engineers used a large portion of this federal capital in constructing dams and creating roads. These projects followed president Roosevelt’s New Deal with the philosophy that the economic development of the West would be best achieved with federal funds and projects directed at utilizing the untapped resources in the West. These resources were the hydroelectric potential of the many large rivers like the Columbia and the large expanses of land that if irrigated, would be usable by farmers.¹

During World War II the federal government continued to direct capital predominately to the Western United States. The Army Corps of Engineers began building the Hanford Nuclear Facility to produce plutonium for the atomic bombs, which would eventually be dropped on Japan at the end of the war. The Corps stepped up the building of dams to provide the massive energy needs of the Hanford Facility as well as to provide energy to other industries crucial to the war effort. The aluminum industry along the Columbia River was especially important as it produced a great deal of the aluminum needed to make the military aircraft that the Boeing plant in Seattle, Washington produced. The federally funded projects that had been underway during the Great Depression were expanded and developed more quickly during World War II. The end of World War II brought a rapid influx of labor similar to after World War I. Federal policymakers were concerned that such a rapid increase in labor without enough jobs to employ them could result in a second depression. In response the federal government continued many of the wartime militarization projects and federal capital

also went to fund additional projects that would create more jobs while building an infrastructure to facilitate further modernization in the West.\textsuperscript{2}

Postwar programs such as dam building in the Columbia Basin and irrigation of arid land for farming created jobs and brought increased wealth and population to the region. These programs also aided in the Cold War militarization of the U.S. by fulfilling the energy needs of both private industry and federal nuclear facilities. The aluminum industry operated in the Columbia basin to produce the aluminum needed to continue to produce military vehicles, aircraft and explosive ordinance parts. The nuclear facilities like Hanford depended on massive quantities of power to operate and the dams of the Columbia Basin produced the power. The irrigation projects brought more farmable land into the agriculture system, which created more food for the country and brought more people and income into the U.S. West. But with the economic and military success came many social and environmental problems. With the booms in population and wealth came the busting of towns and people as resources dried up and projects finished. These boom and bust cycles created a system of instability and dependence on outside capital for sustenance. This is because many of the more traditional local resources such as salmon, lumber and farming had been degraded or destroyed by the federal and state programs and private industries seeking their own externally-defined agendas. Because of this many towns in the West were forced to deal with rapid increases and decreases in population, employment and changes in the landscape and resources caused by both federal and state government as well as private capitalist ventures.

Historians have examined this topic of capitalism in the U.S. West in many different ways. In \textit{The End of Victory Culture}, published in 1995, Tom Englehardt

\textsuperscript{2} Nash, 56-57.
chooses not to focus specifically on the impact of federal and private capital in the West but rather on the popular beliefs that helped to bring this capital to the region. Englehardt finds that a majority of Americans were disillusioned about the West and that this provided the catalyst and opportunity for increased federal and private capital involvement in the West. The popular national beliefs concerning the West during the 1940’s and 50’s were of a wild under-productive area of the U.S. in need of modernization, population and utilization to serve the national good. Hollywood’s portrayal influenced popular ideas of the West as a place of savage Indians, great hidden wealth, and far behind the “civilized” nature of the Eastern U.S. According to Englehardt the United States history of military successes in both the first and second World Wars added to the national feeling of U.S. superiority. In order to maintain U.S. superiority the country needed to continue to fund military advancement indefinitely. The fear of communism aided this belief in continued support of militarization as it created a common, invisible national threat that the U.S. must always be ready to fight. The political and cultural values of the Cold War era were formed out of Wild West imagery and disillusioned public beliefs of U.S. superiority. These beliefs developed out of the many military victories of the U.S. beginning with the Revolutionary War to the victory in World War II, which began to emphasize the growing militaristic culture of the U.S. This is demonstrated by the militaristic nature of post-World War II children’s toys like GI Joe and the increasing appearance of toy guns for children to play war with.3 This emphasis on militaristic culture made it possible for the federal government to have public support for continued military production during peacetime.

Englehardt’s main thesis is that in order to understand how and why the modern West came to be, it is necessary to consider the national ideologies that pushed federal and private investment forward. He acknowledges that capitalism played a significant role in changing the face of the West from its agricultural and natural resource base prior to the New Deal era, into a modernized and largely military-focused production force. However, he takes his search a step further by attempting to find out what made this possible. According to Englehardt, it was the political and cultural values such as the disillusioned belief in US superiority, the Manifest Destiny driven Frontier mentality as well as the media’s portrayal of the “Wild West” which provided the catalyst.\(^4\) To support this argument, Englehardt examines the role that the media as well as capitalism played in spreading these ideals across the country. Books as well as movies spread the disillusioned ideas of what the West was across the country. One example of this that Englehardt uses is the portrayal of Indians as cruel savages who would ruthlessly scalp and kill white women and children to fulfill their thirst for blood.\(^5\) These as well as other popular portrayals of the West were completely inaccurate. However the manufactured images of what the West was were more widespread and accepted as true than the reality.

This cultural disillusionment provided the backdrop for the acceptance of federal as well as private capitalist projects because many Americans believed that the superiority of the U.S. was in danger after the Red Scare, and difficulties in Korea and Vietnam. This made the people in the West as well as the rest of the country more willing to accept the federal militarization and private industrialization projects, which were seen as a way to help the west and the nation as a whole. This made it possible to

\(^4\) Englehardt, 34-36
\(^5\) Englehardt, 17
shape the West so that it resembled the myths that portrayed an expansive landscape full of resources needing to be extracted as well as an empty and unproductive landscape that could serve the needs of the federal government’s military and atomic programs. Tom Englehardt argues that it was the disillusioned national beliefs of what the West was and should be that allowed for the massive influx of Federal and private capital during the 20th century. This differs from Richard White’s interpretation as White chooses to focus on how national beliefs influenced politics and capitalism development in the Columbia Basin.

In *The Organic Machine*, published in 1995, Richard White examines the impact of politics and capitalism on the Columbia Basin. He argues that the environment of the Columbia River has not been destroyed but rather modified to produce resources other than the salmon it once had. However, there have been continual efforts by both fishers and biologists to preserve salmon by instituting expensive and largely unsuccessful programs. These programs such as barging the baby salmon around the dams and using hatcheries to produce salmon avoid addressing the central problem. The dams along the Columbia River have changed the river from being able to sustain and produce salmon to producing hydroelectric energy. The fishers, biologists, federal agencies like the Army Corps of Engineers and state agencies such as Oregon Fish and Wildlife that create and run these projects to save the salmon have made decisions time and again that are counter-intuitive to this goal.

The architects of the new river have been nearly constant in their protestations of concern for salmon, but they have quite consciously made a choice against the conditions that produce salmon. They have wanted the river and its watershed to
say electricity, lumber, cattle, and fruit and together these have translated into carp, shad, and squawfish instead of salmon.\(^6\)

White argues that the river’s ability to produce has not been destroyed but rather modified to support the needs of capitalism in its many forms. During World War II national defense projects used most of the electricity produced at the dams along the Columbia River and its tributaries. In turn the national defense projects provided employment opportunities and an industrial base for the region. The dams produced electricity, which was used by aluminum mills, and they in turn supplied the materials to produce aircraft needed in the war.

The war forced new priorities. The aluminum industry continued to use roughly half of the electricity produced by the dams. Aluminum was essential to the war effort as it was used to build everything from airplanes to atomic bomb parts. Instead of producing salmon the dams modified the Columbia River to produce the electricity for the aluminum plants to produce the aluminum needed in aircraft construction for the military. The war department of the Federal Government controlled the aluminum industry before and during World War II and during the wartime production increases and essentially hijacked the Columbia River. This became clear as demands for defense aluminum declined in the postwar period. However, because aluminum was essential to national defense it was maintained by electricity subsidies into the 1980’s.\(^7\) In order to meet this constant demand and the growing public demand for electricity, the Army Corps of Engineers began to build more dams under the orders of the Atomic Energy Commission (AEC) and Bureau of Reclamation. The Columbia now was modified even


\(^7\) White, 72,73.
further to produce more electricity to compensate for the constantly growing public electricity needs which grew from the proliferation of electric powered lights and appliances increasingly present in the homes of local people. The continued modernization and industrialization of the post-World War II Columbia Basin led to an increase in the electricity needs of the local populations. This caused a conflict between the huge energy demands of the Aluminum companies like Harvey Aluminum in The Dalles, which was necessary for National Defense, and the needs of the local population.

Aluminum production was not the only industry reliant on and impacting the Columbia River. Hydroelectricity production also made building the Hanford Nuclear facility possible. This federally funded project did not simply redirect the production capabilities of the Columbia Basin away from salmon with the new dams needed to supply it with electricity. As White notes “Hanford was allowed to release more than 685,000 curies of iodine 131 into the environment during its first three years of operation.”8 The purposeful Green Runs of 1949 released mass quantities of Iodine 131 into the air, water and soil. These tests were done as the Hanford facility was rushed by news of the first successful Soviet atomic bomb detonation. The plant managers, technicians, and scientists allowed this radioactive release to speed plutonium production and neglected to inform the communities affected because they claimed, “Plutonium guarded American Freedom”.9 This release of radioactive material complicated the natural systems of the Columbia Basin. This material could not escape the environment or people it came in contact with and further complicated the organic hydroelectric industrial machine that the river has become. A great deal of federal capital and local

---

8 White, 87.
9 White, 86.
resources like land, materials, and hydroelectric power went into creating Hanford and even more wealth and labor will go into confining the radioactive waste it produced which, cannot be eliminated, it can only be contained.

Richard White argues that the Columbia has become a human-created organic machine, which is managed without being fully understood. Development and industry have largely destroyed the once bountiful salmon and replaced it with a network of hydroelectric dams and hatchery fish. The pollution created by Hanford has killed many people and will continue to threaten the health of the river and those who use it for many years to come. The efforts by the Bureau of Reclamation to create farmland out of desert by paying landowners to irrigate their land and irrigating previously unusable lands to become farmable led to an agricultural surplus and the need to subsidize crops to keep them profitable. White lists the negatives such as these “to mirror and counter the self-congratulatory propaganda that still stems from the various miracles that arose at the Grand Coulee, Hanford and in the Columbia Basin”.  

According to Richard White, the Columbia has become a set of separate spaces to those that use it. Fishers see habitat, farmers see irrigation and industry sees the energy needed for production. No matter the group each stakes a claim to their part of the river without concern for the river as a whole. It is this division of space and neglect of the whole, which has led to the drastic changes in the production capabilities of the Columbia River. Richard White examines federal capital in the Columbia Basin and the conflicting interests of fishermen, conservationists, private industry and Federal policy in how to manage the resources of the Columbia River. White is careful to spread the

11 White, 110.
blame evenly and not simply point the finger at the federal government or private industry. His main argument is that the Columbia River has been modified and is now managed in a way that is counterintuitive to conserving the traditional resources of the river. The river has been changed by human action and inaction and in order to properly care for the river we have to understand what we have created. The unwillingness of those people managing and using the river to see the whole river system has caused a sectioning of the river. The narrow view and efforts to conserve certain sections fails to acknowledge that whatever impacts one part of the river also impacts the whole river. The Columbia River is now an experiment in mankind’s ability to manage a once-natural system that has been modified to produce new resources like electricity, while attempting to keep natural resources like salmon viable.

Richard White’s examination is very different from that of Robert E. Ficken’s article, “Grand Coulee and Hanford: The Atomic Bomb and the Development of the Columbia River,” because Ficken focuses mainly on the actions of the federal government whereas White is examining the ecological changes that resulted in the Columbia.12 Ficken examines the role that Grand Coulee and Hanford had in the development of the Columbia River and the atomic bomb. The building of the Grand Coulee dam was initially going to be a locally built and maintained operation run in the interest of the people of Big Bend, Washington. However, Secretary of the Interior Harold Ickes, in charge of funding allocation for the project, insisted that it be taken over by the federal government. Upon its completion in 1941 the output of Grand Coulee was supervised by the Bonneville Power Administration (BPA), which worked counter to the

local feeling that power produced locally should go to local consumers first and inexpensively. These federal dams hijacked the resources of the local communities and the energy was sold at a flat rate throughout the Columbia Basin. The dams like Grand Coulee and Bonneville were advertised to the local communities as a way to receive low cost electricity and agricultural irrigation. In the case of both of these dams the local communities ended up paying the same amount for electricity as everyone else. The massive size of the Grand Coulee Dam combined with the terrain of rolling hills made it nearly impossible to irrigate the land its boosters had promised the local farmers.

The electricity produced by these massive dams was boosted as a benefit to the local communities but in reality served to provide low cost electricity to attract manufacturers to the Pacific Northwest. “Inexpensive power more than offset the inconvenience and cost involved in transporting raw materials essential to the production of aluminum from distant sources of supply”.13 The aluminum industry was not the only significant consumer of Columbia River power. The Hanford Nuclear facility consumed all of the surplus power generated by the Grand Coulee dam. The combination of the aluminum industry and Hanford’s extreme energy requirements put the existing Northwest power network under a great deal of strain. The BPA pushed the federal government to build more dams to produce additional energy and take some of the burden from the already strained power network. These plans were stepped up as the nation entered World War II and militarization began in the West.

The massive wartime defense spending in the West brought rapid industrial, economic and population growth to the region. This continued into the postwar period as federal defense spending continued in the West. By 1955, five new federally funded

13 Ficken, 26.
dams came online to provide the booming post-war industries with needed power. The
dam built at The Dalles on the Columbia River had been planned during the war but was
found unfeasible because the plans were for it to be large enough to create an inland lake
larger than Puget Sound but it was feared that this would flood Hanford upriver.\textsuperscript{14} The
federal planners, who designed the dams like Grand Coulee, did so not out of necessity
but as a show of U.S. superiority. The dams along the Columbia and other rivers in the
Pacific Northwest were conceived to protect local interests from outside domination, but
instead they developed as U.S. property created and operated by the Bureau of
Reclamation and subject to the marketing policies of the Bonneville Power
Administration. For the local people this meant that the dams had become a part of the
modern military-industrial complex devoted to aluminum and plutonium production
before agriculture, milling, and irrigation.\textsuperscript{15} Ficken’s conclusion is that although the
dams were conceived to serve the local communities and assist them in attracting more
permanent industries, Federal and BPA policy devoted them primarily to military
supporting industries.

William G. Robbins focuses on the role of private capital investment in the
development and exploitation of the West in the article “The Plundered Province Thesis
and the Recent Historiography of the American West.”\textsuperscript{16} He does not dispute the large
role of the federal government but argues that private capital investment in the West was
also very significant. Robbins addresses the post World War II portrayal of an
economically liberated West able to move beyond reliance on Eastern capital by

\textsuperscript{14} Ficken, 28, 31.
\textsuperscript{15} Ficken, 32.
\textsuperscript{16} William G. Robbins, “The Plundered Province Thesis And The Recent Historiography Of The American
concentrating defense industries, the rise of Bank of America for subsidized loans and the
growing political power of the Southwest.\textsuperscript{17} He disagrees with this description of the
evolution of the West and argues that the externally invested capital into the west in the
20\textsuperscript{th} century did little to liberate the west or break its reliance on external capital.
According to Robbins, investment capital from the eastern US, England, and Europe
made the extraction of Western resources possible during the 20\textsuperscript{th} century. He refers to
this as “a form of exploitation imposed from outside due to limited indigenous capital.
Because of this external investment, most of the profit went outside the region to the
investors.”\textsuperscript{18} This extraction of resources and profit out of the West caused communities
to become dependent on externally funded capital projects for income such as the many
dams and new military industries like Boeing and the aluminum industry. Problems arise
when the projects finish and move elsewhere, leaving the local communities without
resources or jobs.

This is illustrated when one examines the once thriving lumber industry in the
Pacific Northwest. The lumber was extracted in large part for sale nationally and
internationally and the local communities were left with large expanses of deforested
area. Once this industry became more restrictive and less profitable, the lumber
companies fired workers, closed mills and severely cut back production. Many
companies were externally funded by their headquarters located in the Eastern U.S. or
even outside the U.S. These companies were run by industrial strategies and decisions
made outside the region and were only concerned with the profitability of the resources
they extracted. Once the resources are gone or become unprofitable, the project ends or

\textsuperscript{17} Robbins, 578.
\textsuperscript{18} Robbins, 596.
moves on. Although Robbins’ focus is not Cold War specific in its examination of capitalism in the West, it is pertinent to the Cold War as many private companies such as Boeing and Northwest Aluminum produced products for the military during the Cold War.

Another source significantly relevant to the issue of federal and private capital shaping the modern West is the 1999 book by Gerald D. Nash titled *The Federal Landscape*. In this book Nash examines the ways that federal programs and projects shaped the landscape of the West from 1900 until 2000. According to Nash:

> It was the federal government that determined the pattern of farms in the humid regions, built the major roads and highways, and fostered the growth of the principal cities in the West. The federal government built the large dams and diverted important river systems throughout the West, determined the shape of the large military reservations and their environs… In short the federal government created a federal landscape in the West.\(^{19}\)

Nash argues that the federal government was not the only force in the West but it was the most dominant. Federal capital invested in the West during the twentieth-century made it possible for private industry to begin operating in the West. Nash also argues that the monetary and fiscal policies of the federal government during the twentieth-century did a lot to stimulate entrepreneurial activity in the West.

In Nash’s view the New Deal era of the 1930’s and 40’s marked a concerted effort by the federal government to provide the plans and badly needed investment capital to provide greater economic diversification and industrialization in the West. The main goal of this was to help the national economy recover from the Great Depression. By investing in the West the federal government hoped to boost employment, develop the West, and access the untapped mineral and hydroelectric resources that had yet to

produce. Nash quotes the Secretary of the Interior Harold Ickes to provide the Federal perspective on what was needed in the West. “The future of the West depends on greater diversification and a wider use of its resources through development of industries located close to those resources.”

The need to develop the Western U.S. came from the belief that the West up until the New Deal Era had been treated more like a colony that had endured a history of natural resource extraction. This belief guided the New Dealers to try and make things right by diverting a majority of federal capital into developing the West for mining, agriculture and industry.

The projects to build hydroelectric dams were implemented by Harold Ickes and the Bureau of Reclamation. “These were the perfect projects to correct nature and make it more productive.”

According to Nash the projects of the Bureau of Reclamation along with other Federal agencies were guided in the 1930’s by the belief that humans were superior to nature. The Bureau advertised the dams to the local communities as a way to store water, allow irrigation of the area surrounding the dams, provide flood control and produce inexpensive local electricity. River navigation was also made more practical with the introduction of dams with shipping locks. The two largest projects on the Columbia River, built by the Army Corps of Engineers, were the Bonneville Dam built from 1933-37 and Grand Coulee built from 1933-1942 Dam. The New Deal planners felt that the building of the Bonneville Dam east of Portland, Oregon was ideal because it served multiple purposes. The Dam would “produce electric power, develop

---

20 Nash, 22.
21 Nash, 24.
irrigation, improve navigation of the Columbia River, expand tourism, and attract manufacturing and other industries.”

The coming of World War II increased federal investment in the West to about $60 billion from 1940 to 1945, more than in the entire New Deal Era. The creation of wartime jobs brought millions of people to the Pacific Northwest. According to Nash the federal government set the parameters and goals for the private enterprises in the West to follow in mobilizing the Western economy for war. Aluminum production was crucial to the manufacture of military vehicles, explosives and supplies and so a great deal of the hydroelectric power generated in the West was dedicated to this industry. To meet wartime demands for aluminum the federal government invested over $200 million to build more aluminum plants and additional dams were built to provide the massive amounts of electricity needed to make aluminum. Agriculture, mining and oil production also stepped up production to meet the growing demands of the military. “The war provided a direct impetus to the expansion of manufacturing industries in the West, particularly aircraft fabrication, shipbuilding and steel, aluminum, and magnesium production. Shipbuilding alone provided about 400,000 new jobs and built more than 2,000 ships.”

The end of World War II meant the return of the approximately 15 million military personnel to the U.S. job market. This would flood the job market and could lead to another depression if nothing was done. Federal policymakers followed the guidance of the prominent economist John Maynard Keynes who believed that in order to avoid another depression large-scale government spending would need to continue until the private-capital spending could catch up. Federal defense manufacturing plants were

---

22 Nash, 26.
23 Nash, 26.
24 Nash, 45-47.
sold off to the private sector at rock bottom prices in an attempt to keep the economy of the West moving.

Nash’s central argument is that the involvement of the federal government in the West was shaped by a perceived need to intervene and fix the West. The federal government acted as the prime investor and supervisor in the building of the modern West. Private capital did have a significant impact as well but as in the case of the aluminum industry, without the federally-built dams there would not have been an adequate supply of electricity for these private industries to operate. Federal capital held the lead role in building the needed infrastructure for private capital to exist on a large scale.

Nash’s examination of federal and private capital in the West focuses broadly on the overall impact, which differs from Michael Admundson’s approach in examining the local impact on the mining town of Jeffery City, Wyoming in his article “Home on the Range No More: The Boom and Bust of a Wyoming Uranium Mining Town, 1957-1988.” Amundson also looks at the Cold War period’s influence in creating a market for mining and refining uranium for the federal nuclear projects in the West. However, his approach is significantly different in that he focuses specifically on how national policy impacted both private capital and a local community in the West.

Amundson argues that the capitalist control of Jeffery City, Wyoming by Western Nuclear as well as the town’s one-dimensional dependence on mining uranium created a cycle of boom and bust following the uranium market fluctuations and eventually

bottomed out.\textsuperscript{26} Western Nuclear is the company that built and controlled the town of Jeffery City to provide a place for the workers it would employ to live. Bob Adams, a restaurant owner, who heard about the money that could be made in the uranium industry and wanted a piece of the action, created this company. He bought the Lost Creek Oil and Uranium Company which he renamed Western Nuclear in 1957 and established Jeffery City. Jeffery City began as a small mining community but as the uranium market began to boom, Western Nuclear put more money into making Jeffery City permanent by adding schools, better housing, and infrastructure.

However, the market changes that made Jeffery City possible were controlled by the Atomic Energy Commission, which controlled the national uranium market from the 1940’s on, and Jeffery City’s existence relied on the AEC providing a stable and lucrative uranium market. The policies and programs of the AEC ensured a constant domestic supply of uranium at low prices for both federal and eventually private nuclear power facilities to buy. The federal government’s control of domestic uranium developed out of a congressional fear that due to the small known world supply of uranium and the Soviets’ successful nuclear test of 1949 the United States might not have enough uranium to meet long-term needs. Because of this, congress implemented a national program to help boost domestic uranium supply and ensure federal and eventually private nuclear power access to that supply. However, the federal control of the uranium market caused boom and bust phases for the uranium mining towns that developed due to changes in federal nuclear policy and world markets, Boom periods created problems in housing, schooling and stressed the minimal infrastructure of the small resource based towns in the

\textsuperscript{26} Amundson, 505.
West. The bust phases, “struck at the very existence of these towns.” Amundson argues that federal concern over access to the world’s small supply of uranium prompted federal policy changes to control the U.S. market in order to ensure access. In the early 1950’s the supply of uranium, an essential component in the atomic bomb, was small, and developers feared that a sufficient and continual supply might not be available for U.S. atomic weapons production. Congress linked government and private uranium companies together to find and mine new domestic sources of uranium to meet federal supply demands. This program was supervised by the Atomic Energy Commission which had been created to “control the production, ownership, and use of fissionable materials to assure the common defense and security” of the United States. This program ensured that supply, would always be accessible to the government by “creating financial incentives for the exploration and manufacture of uranium from new fields.” These federal policy changes and programs created a resource market that companies such as Western Nuclear sought to supply. This in turn created a need for labor and company towns such as Jeffery City were created to support the labor force with adequate housing, infrastructure, employment and eventually schools. Jeffrey City’s future was tied to both its uranium resource and a viable market in which to sell that resource. The AEC was relying on private power plants to be developed and boost the demand for uranium ore. However, by 1962 it became apparent that private nuclear development was not progressing quickly enough and the uranium supply was far

27 Amundson, 483.
28 Amundson, 485.
29 Amundson, 485.
exceeding government demand. The AEC attempted to keep the domestic industry alive by reducing the amount of ore it would purchase each year from the contracted companies like Western Nuclear, and extending the contract length. The AEC also put an embargo on foreign uranium to help lessen the supply of uranium. These changes forced the 1972 merger of Western Nuclear with Phelps-Dodge, an international copper company. 30 The new company continued to invest in improving Jeffrey City by planting trees, building new houses as well as other improvement projects.

The oil crisis of the 1970’s along with a change in federal uranium enrichment policy led to an increase in the price of all fuels based on their BTU rating, which in the case of uranium, caused the price to jump from $8 per pound to over $40 by 1977. 31 This led to a population boom in Jeffrey City and helped pull Western Nuclear to its feet. Although the town had begun in 1959 as just a “place to survive while working, by 1979 the town had become a hometown in which people could work and live. 32 Many small businesses moved into the town such as barbershops, banks and even a Montgomery Ward. However, since these businesses were basically service based they could not survive without the local population. The uranium market was dealt a major blow with the Three Mile Island incident in March of 1979. This forced new regulations and forced existing nuclear plants to install costly safeguards and put facilities in construction on hold. These companies dumped the uranium they had stockpiled back into the disturbed market and it collapsed.

With the crash of the federally controlled uranium market in the early 1980’s, Western Nuclear, Jeffrey City’s most significant source of employment, was forced to

30 Admundson, 492-493.
31 Admundson, 493-494.
32 Amundson, 498.
sell out and leave, as uranium was no longer profitable. Massive layoffs followed and the majority of the town’s population was forced to move elsewhere for employment. The few remaining people left in Jeffery City were left with the prospect of nuclear waste cleanup as the only real, although short term, employment left. Amundson explains that the swift nature of Jeffery City’s demise was due to its dependency on uranium as well as being a community controlled by the external forces of federal policy, which determined the uranium market’s viability. He ends by arguing, “Jeffery City was doomed from the beginning because its extractive economy was not regenerative and its survival relied on a boom-and-bust industry, which was externally defined and controlled.”

Englehardt, White, Nash, Ficken, Robbins and Amundson examine how federal policy, guided by disillusioned national beliefs, influenced both federal and private capital investment in the 20th century West. The main differences in their interpretations involve the ways that they each approach this topic. Englehardt examines popular culture as a potential factor in the rapid increase of both federal and private investment in the West. White chose to examine the impact of externally controlled capital on the river and the management decisions and beliefs that have been counter to the salmon-producing river of the past. Both Nash and Ficken argue that the federal capital invested in the West during the 20th century paved the way for private capital. Robbins differs from Nash and Ficken in that he chooses to examine the impact of private, externally controlled capital while acknowledging that the federal government was a major factor as well. The article by Amundson is the only one of these sources that examines the impact that externally controlled local resources and federal government policy changes had in a local

33 Amundson, 505.
community of the West. Amundson’s approach provides a model for examining The Dalles, Oregon.

Cold War federal policy was based largely on disillusioned popular national beliefs played out through the media. Much of the federal involvement in the American West during the Cold War and Vietnam focused on atomic weapons and energy production. Industries such as the hydroelectric industry in the Columbia Basin and uranium mining and refining were crucial to nuclear weapons production. But, how has this development impacted the people and communities of the Pacific Northwest and why have some been able to survive the boom and bust cycles where others have not? An examination of The Dalles, Oregon, a small town in the Columbia Gorge, provides a case study with historical significance not only for the West but also for the entire country.

The area and the people have historically experienced capital, goods, and people “just passing through.” The Dalles first served as a meeting point for Native Americans of the Columbia Gorge area to meet, socialize and trade. This occurred before the incursion of Europeans into the West and may have lasted for hundreds of years. The Dalles is also significant to the travels of Lewis and Clark who camped there on their journey to the Pacific. It is the site of Fort Dalles and it marks the end of the Oregon Trail. The gold mining industry flooded into the Columbia Basin with the discovery of gold deposits near Fort Colville in the 1850’s. “Because of its location at the head of navigation in the Columbia Gorge, The Dalles became the outfitting point for the mines. Many merchants moved to The Dalles during this gold mining boom to establish stores
and extract all the wealth they could.”34 This caused an era of general affluence and population boom within the town. The Dalles had become a symbol of prosperity and wealth and relied entirely on gold mining for this status. Problems began to arise in the late 1860’s as the “gold fields of Idaho and Montana and Eastern Oregon began playing out. The Dalles had depended entirely on the mining industry, and when it left so did the major economic attribute.”35 With the depletion of gold mining in the region, The Dalles was forced into a bust period marked by low job availability and a larger population. The search was on for another source of income for people of The Dalles. The Union Pacific Railroad established Oregon’s first permanent railroad in 1863 in The Dalles to take advantage of the need to transport large quantities of livestock and grain to market.36 The initial environmental impacts of the railroad were not as visible to the local people as later industries would be. This was due in large part to the expansive nature of the railroad. Local people only saw the part of the railroad that existed within the town and this portion was responsible for transporting goods and people. The push to bring federal programs into the west continued to escalate, driven by a belief that industry would bring long-term wealth and prosperity to The Dalles.

John B. Appleton illustrates this one directional focus on the benefits and complete lack of examination on the possible negative impacts in his article from the 1941 Geographic Review. Appleton’s article gives some insight into the way federal programs were viewed in the 1940’s and illustrates an initial push by Western boosters to

35 Lockley, 924-936.
attract them. In his article titled “Migration and Economic Opportunity in the Pacific Northwest,” Appleton looks first at the reason for the increasing population in the Pacific Northwest during the 1940’s and then at the problems that this caused for the local people. Appleton cites the labor shortage and large migration of people to the Pacific Northwest after 1930 to argue the need for federal programs in this area. To support his argument, Appleton cites various sources dealing with migration and population estimates from researchers such as V.B. Stanbery and R. Wakefield. He also relies on information from state and federal agencies such as the Montana Farm Security Administration and the U.S. Department of Agriculture to support his argument. His evidence demonstrates that population density, migration numbers, and the USDA’s report on the quality of the land that exists in the arid areas demonstrated that the population grew between 1930 and 1939 by about 460,000 while the availability of good farmland had declined.37 After this he analyzes government reports on the Pacific Northwest’s potential for production in various industries. Appleton finally ties his argument for federal capital in the West together with a report by Portland General Electric (PGE) that discusses hydroelectric potential of the Pacific Northwest and the industry that cheap power could bring. Appleton used this data to try to win support for federally sponsored projects in the Pacific Northwest.38 Appleton gave no attention to preservation of natural resources or the impact that these projects would have in the region, only to the benefits that federal dams would bring to the Pacific Northwest.

Unlike Appleton, George MacInko in his article “The Columbia Basin Project: Expectations, Realizations, Implications,” has the luxury of hindsight in his examination

---

38 Appleton, 46-62.
as he focuses on the problems with the implementation of federal projects. MacInko’s article represents a shift towards questioning the actual benefits received from these projects and comparing this to the problems that have occurred as a result. According to MacInko, “issues such as cost, drainage facilities, size of farms and repayment of construction costs are just a few of the problems that have been encountered.”

MacInko focuses more on the governmental and environmental issues with irrigation projects that took place in the Columbia Basin. MacInko suggests that the Grand Coulee Dam was doomed to fail in its irrigation purpose from the beginning. The government never intended the Grand Coulee Dam for irrigation. The dam was over-built to show the power and ingenuity of the Federal Government. MacInko cites the unfeasible size of the dam project, the massive costs of building the dam and the constantly decreasing size of the land that the project designers claimed would be irrigated. Irrigation took a backseat so that the size of the dam could be increased and the increased costs were then attributed to problems in irrigating the rolling hill terrain of the area around Grand Coulee. The idea of providing irrigation was a tool to gain support for such a massive and expensive project. MacInko does not discuss hydropower production or its influence in bringing industry to the Pacific Northwest. His focus is on the Columbia Basin project’s failure up to 1963 to bring adequate irrigation and farming to the area. The sources that MacInko uses are similar in nature to those that Appleton utilized over twenty years earlier but illustrates the problems that occurred over twenty years of implementation.

---

40 MacInko, 185.
41 MacInko, 190-193.
The process of short-term economic boom followed by a bust period, which caused a local push for a new industry, was repeated with the building of The Dalles Dam in 1955. The dam was built in response to the increasing energy demands of the postwar industrial West. The local newspapers covered the story of the dam project, focusing on the positive and lucrative aspects of the issue. Little attention was paid to the impact the dam would have on the Native Americans that relied on the salmon for sustenance. The Dalles Chronicle raised only the issue of how much the government would compensate Native Americans for the loss of their ancestral fishing grounds that would be flooded out.42 The Umatilla Indians attempted to fight the building of the dam and their protests were included in the U.S. Department of the Interior Bureau of Reclamation, Columbia River System Operation Review that outlined the project and any problems. The Umatilla “argued that past ‘water-intensive’ industries made initial economic contributions but have been stagnant for about 25 years. They also argued that sacrificing fish and their habitat to ‘theoretically’ generate jobs and incomes in the ‘water-intensive’ industries, eliminates jobs and incomes in other industries and reduces the economic welfare of those who value fish and habitat.”43 Even with this opposition the dam was still constructed.

The construction of the dam increased the need for labor and materials. Massive amounts of concrete, steel, and wood would be needed in the building process. “The major contract for building the dam went to the S.A. Healy Company of White Plains,

New York, whose low bid of $4,888,600 for construction of a coffer dam and powerhouse excavation was accepted on January 22, 1952. The Healy Company brought in workers and machinery to the construction site quickly after its bid was accepted. The powerhouse of the completed dam was designed to be about twelve stories tall and span about half a mile. The material removed from the construction site was estimated before construction to be about ten million cubic yards of rock and dirt. To prepare for the rapid influx of workers, the town hurriedly built school facilities, city services, and other essential features such as temporary housing. This quick building of a weak infrastructure would take place again with the introduction of the Aluminum productions facilities made possible by the dam.

Upon completion of the dam, the large work force of approximately 6,000 workers became unemployed. The construction companies like S.A. Healy had brought in some workers but the majority traveled to The Dalles looking for employment and were drawn there by the construction company’s need for additional labor. This over-taxed the town and forced the people previously employed building the dam to seek other sources of employment. The Harvey Aluminum plant was built in 1958 in response to the cheap electricity generated by the dam and the favorable federally subsidized aluminum production demands of the post-war era. During construction of the facility another influx of workers occurred. The construction of the Harvey Aluminum plant employed a few thousand workers. The long-term employment after construction was much lower, employing a few hundred workers. The Aluminum plant became a major industry in The

---

Dalles, providing employment for hundreds of workers. In a small town such as The Dalles with a population of less than 13,000 residents, the boost in employment was huge. By the late 1960’s local citizens were beginning to focus on the environmental damage caused by the toxic aluminum plant waste and The Dalles Dam. The belief in industry being a positive addition to the local economy had begun to shift as the toxic waste damaged local crops. In 1963 20 fruit growers from The Dalles brought a lawsuit against Harvey Aluminum, for damaging their crops by releasing 1,300 pounds of fluoride iron into the air each day. The growers argued that this was very possibly a major factor in the light cherry, apricot and peach crops of 1960. At the culmination of the suit the Harvey Aluminum plant was ordered to install an air cleaning system that would remove the contaminants from the vented air.47 It was not until 1972 that the Martin-Marietta Aluminum Co. (formerly Harvey Aluminum Inc. until 1970) was ordered to pay $1 million in reparation by the Oregon Supreme Court for damages to the local orchard crops. The findings were that the plant was inappropriately located and its air pollution emission control system was grossly inadequate, which allowed a cloud of fluoride iron to settle in the orchards. This in turn inhibited pollination and soil damage, which impaired fruit production.48 The lawsuit was the first substantial push by residents of The Dalles to hold the externally controlled capital accountable for damage to the local resources.

The subsequent closing of the aluminum plant in the 1980’s led to a rapid exodus of workers and a crash in the local economy. Martin Marietta closed the plant in 1984 due to profitability problems but leased the plant to Northwest Aluminum in 1986.

47 “Judge Gives Harvey Aluminum Year To Control Pollution At The Dalles.” *The Oregonian*, December 25, 1963, Pg. 20.
48 “Aluminum Company Pays Orchardists $1 Million Damages.” *The Oregonian*, October 6, 1972, Pg. 27.
Northwest Aluminum reopened it but only at a minimum production rate and by 1987 began to lay off workers because of low profits. The spike in demand for electricity in the late 80’s made it more profitable for Northwest Aluminum to sell off the electricity they had contracted from the BPA than to produce aluminum. Northwest Aluminum used the profits from the energy sales to continue to pay the wages of the workers they employed so as to keep these workers available if the aluminum market changed. But the market did not rebound. This was another step in the perpetual cycle that has been the norm in The Dalles and many other communities of the west. The town has been left to deal with the hazardous waste that was created by the aluminum plant.

When the Federal and private capital investments such as The Dalles Dam or Martin-Marietta aluminum plant cut back employment or move on, the people of The Dalles turn to the local agricultural and fishery resources for sustenance. Problems arise when these resources have been polluted or destroyed. The ability of the inhabitants of The Dalles to fall back on agriculture when an industry moves on or collapses made it possible for the community to survive the multiple bust phases that had occurred up to the 1970’s. Without the main industries or federal projects the town relies on the fruit crops like cherries for which it is globally known, to seasonally support the workforce. The salmon has also been a resource that many people in the community have been able to rely on but with the implementation of The Dalles Dam, and increasing pollution from

Hanford Nuclear Facility upriver and the Aluminum plant in The Dalles, salmon runs have declined.\(^{50}\)

Increasing community awareness of the one-industry dependence, which had developed in The Dalles on the Martin-Marietta aluminum plant during the 1980’s, later Northwest Aluminum in the 1990’s, has led to attempts to diversify. This awareness of the dangers in being a one-industry town was captured in the August 5\(^{th}\), 2001 *Oregonian*. The title says a great deal about the shifting local views: “Destination: The Dalles. This Former One-Industry Town Where Eastern Oregon Bumps Up Against The Rainy West Finds That Business Goes On After Aluminum.” According to the article: “Local officials remain concerned about the area’s continued reliance on a single industry--aluminum--and the impact of power prices and recent layoffs at Northwest Aluminum in The Dalles. The shutdown of the local aluminum plant in the mid-1980’s crushed real estate prices and sparked an exodus.”\(^{51}\) In response to these concerns, The Dalles has started to boost its connection to the past and its historical significance. City beautification and improvement projects have worked to revitalize the appearance of The Dalles. Murals of historic scenes decorate the sides of many downtown buildings. Many new bike and walking paths along the Columbia River have also been installed to attract visitors to the town. This is a step towards diversification of the local economy and away from the constant instability of boom and bust.\(^{52}\)

Historians have examined the issue of federal, state and private capital in creating the West we know today. The historiographic sources I examined point to the

---


\(^{51}\) *Destination: The Dalles*. Section A26.

\(^{52}\) *Destination: The Dalles*. Section A26.
disillusioned national beliefs of U.S. superiority and the Cold War fear that this superiority was in danger because of the communist threat. The lack of victories in the Korean War and Vietnam War continued to feed this fear. This provided the opportunity for local communities in the West to support the federal and private investment in the West. These projects were largely operated from outside the region and sought only to secure wealth, resources, and create a militarily productive West. The Dalles is one of the Western communities where this took place. The Dalles Dam was built to provide the energy needed for the defense necessary production of aluminum. These were built to serve the agenda of the federal government and private industry but were promoted primarily as a benefit to the local people. The positives like increased employment and a boost in the economy were explained in detail and negative impacts were paid little attention. My primary sources contain the regional views as well as the local views on the impact that the federal and private capital investment has had on The Dalles. The aluminum plant has been changed from a major source of employment for the community to a superfund site of toxic sludge ponds and groundwater contamination only yards away from the once clean Columbia River. Now it sits as an idle rusty eyesore built by externally controlled capital but in the end, the community is left with a toxic waste site that has not been cleaned up, but merely covered in an attempt to contain the waste.53 The one thing that has helped the community of The Dalles to survive the many boom and bust cycles it has endured is the ability to fallback on the agriculture on which the community has relied for generations.

The Dalles has been forced to adapt many times in this boom and bust cycle that is commonplace in the West. Federal and private capital investment is just passing through and it stops to take advantage of the abundance of one resource and then moves on leaving The Dalles to deal with the waste, lack of specific resources, and an abrupt decrease in jobs. From the standpoint of both private and federal capital, The Dalles has been merely a tool they can use to extract or utilize whatever good they are after and when done the tool is expendable. The one way that the community of The Dalles can break this cycle is to continue to focus on what they have and promote that. This push towards promoting the historic value of The Dalles and the current attempts to diversify the local economy is a step towards changing the cycle. To prevent the constant instability and waste that outside capital creates as it moves through, the community is turning its focus to within the area.
Bibliography


“Judge Gives Harvey Aluminum Year To Control Pollution At The Dalles.” *The Oregonian*, December 25, 1963, 20.


Martin Marietta Aluminum Co. EPA Region 10. The Dalles Oregon.  


