



“Boom and Bust in the American West”

Center of the American West
University of Colorado at Boulder
Boulder, CO

“[T]here is great danger in short memories . . . Let today’s [Westerner] stop occasionally by the remnants of the [failed homesteaders’] town, with its blankly staring windows, its collapsed granary, occupied only by field mice and prairie dogs, and its bank—the doors agape, the vault empty. It is important to remember.”

From *Twentieth Century Montana: A State of Extremes* by K. Ross Toole



THE CENTER OF THE AMERICAN WEST: ITS PURPOSE AND VISION

The Center of the American West at the University of Colorado strives to bring together, for meaningful conversation and interaction, people as diverse as the American West itself. With the participation of ecologists and engineers, poets, professors and policymakers, students and scientists, musicians and lawyers, foresters, filmmakers and physicians, the center's events have become a model of interdisciplinary debate. Issues long held to be black and white reveal their nuanced shades of gray when examined from these multiple perspectives. Minds change, information is exchanged, and conversations begin. To understand the region, we believe that the exploration of the minds of its residents is as important as the inquiry into the workings of its cultures and ecosystems.

The Center of the American West is the region's most creative and innovative organization in identifying and addressing such crucial issues as multiculturalism, community building, fire policy, and land, water, and energy use. We do this through programs of research, public outreach, and engagement meant to help Westerners think about their region and their role in its sustainable future.

Enterprising and inclusive in its embrace of a wide range of disciplines and strategies of communication, the center strives to illuminate the challenges and opportunities facing this complicated geographic and cultural area. Ultimately, we want to help citizens of the West become agents of sustainability—citizens who recognize that their actions determine the region's future and who find satisfaction and purpose in that recognition.

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Workshop Report:
**BOOM AND BUST
IN THE AMERICAN WEST**

A REPORT FROM THE CENTER OF THE AMERICAN WEST,
COMPILED FROM THE PRESENTATIONS
AND COMMENTS OF WORKSHOP PARTICIPANTS
BY
PATRICIA NELSON LIMERICK, WILLIAM TRAVIS, AND TAMAR SCOGGIN

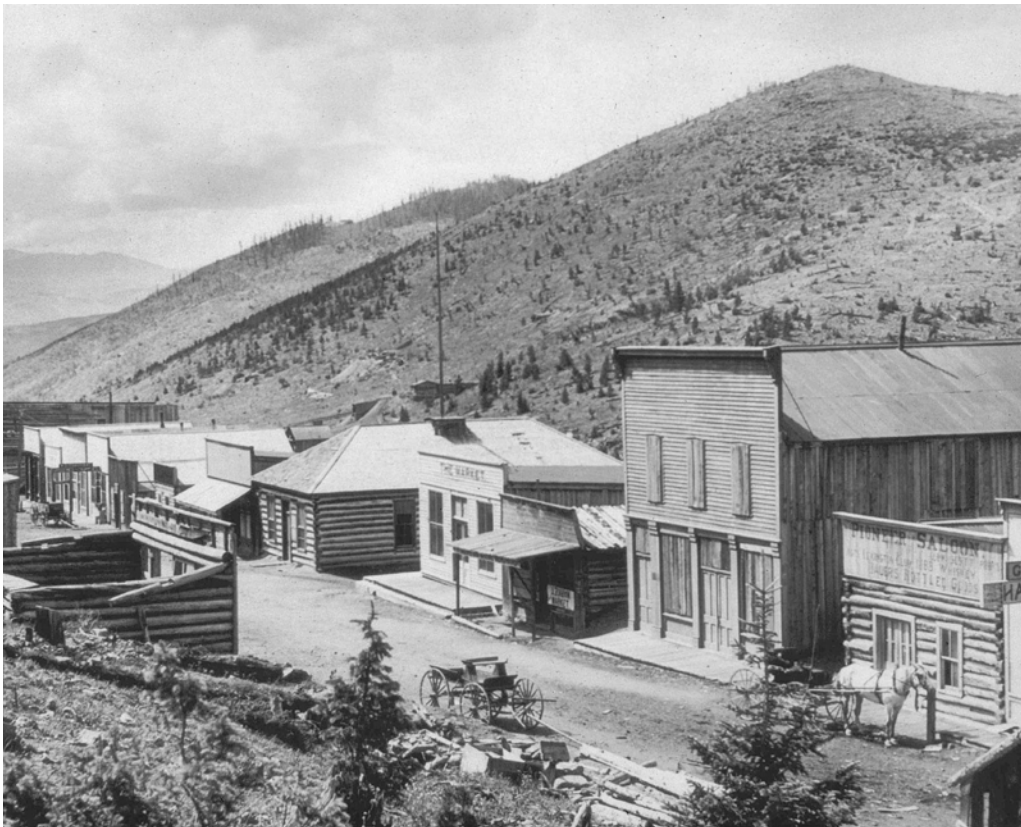


Photo courtesy of the Colorado Historical Society

Center of the
American West
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With support from the William and Flora Hewlett Foundation



Photo courtesy of the Colorado Historical Society.

Workshop Report: **Boom and Bust in the American West**

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Participants in Workshop

This report stems from a two-day workshop that brought economists, historians, demographers, geographers, and others (see *Participants in Workshop*) together in Boulder, Colorado, to take a hard look at the boom and bust pattern of development in the American West. The goal was to take a long-term view of Western development and to assess the state of affairs in 2001–2002, an era that might prove to be the tail end of the 1990s boom. In doing so, we wanted to offer Westerners the chance to gain perspective about the relationship of boom to bust in the American West.

The history of the West is well-populated with prophets and prospectors who proved to be magnificently wrong. And yet, the Boom/Bust Workshop presenters did venture far enough into the future to locate some prospects and possibilities worth the attention of Westerners. Surprisingly, we emerge with a fairly high level of cheer, though we also acknowledge the hardship and frustration that economic downturns have delivered, and may deliver in the future. That many Indian reservations have been in a continuous state of “bust” for more than a century is the sternest reminder of the difficulties a depressed economy can present. Above all, the most significant conclusion we made was this: smarter decisions about growth and management during boom time can ease the impact of busts, and efforts to avoid degradation of community and environment during bust times can lay the foundation for a more resilient and stable kind of prosperity.

We offer 18 observations that we believe will help Westerners think creatively and productively about their mercurial economy. In addition, a section titled *Further Readings* accompanies the conclusion of this report to serve as a source of citation and additional information for readers.

1. Practical Benefits of Historical Reckonings

While global capitalism has followed a pattern of big and often sudden swings between prosperity and tough times, the West’s involvement with booms and busts seems to be a more dramatic and extreme version of the global story. In many towns, communities, settlements, and sub-regions of the West, everyone’s fortune depended on the production and marketing of one commodity. Dependence on one commodity brought a particular kind of precariousness, instability, and vulnerability to external changes, whether of markets or climate. Farm towns, mining towns, cattle towns, and logging towns had no insulation from any problems that might strike the industries on which they relied. Unless they could diversify, their economies rode on seesaws. The West’s many ghost towns are the material relics of failure and abandonment, and testimony to the fact that some downturns were stark and permanent.

All of the historic Western industries have a striking record of booms and busts: the fur trade; gold and silver mining; cattle raising; farming; transportation; metal mining; oil and coal production;

The Range of the Past is Gone

*From The Day of the Cattleman
by Earnest Staples Osgood*

In the latter part of November, there was a heavy fall of snow, so heavy that in many places the cattle could not get down to the grass [F]rom the twenty-eighth of January to the thirtieth, the [northern plains] were swept by a blizzard such as the ranges had never before experienced A merciless cold locked up every bit of the poor grazing that remained. Men were forced to keep to the ranch houses for weeks as the bitter cold and the high winds scourged the range. They dared not think of the tragedy that was being enacted outside Spring came at last, and the cattlemen rode out to face the reckoning. The sight of the ranges in the spring of 1887 was never forgotten. Dead were piled in the coulees. Poor emaciated remnants of great herds wandered about with frozen ears, tails, feet, and legs, so weak that they were scarcely able to move. Men revolted against the whole range system. “A business,” wrote Granville Stuart, years afterward, “that had been fascinating to me before, suddenly became distasteful. I never wanted to own again an animal that I could not feed and shelter.” ... “The fact that we have now to face,” one observer reflected, “is that the range of the past is gone; that of the present is of little worth and cannot be relied on in the future. Range husbandry is over, is ruined, destroyed, it may have been by the insatiable greed of its followers.”

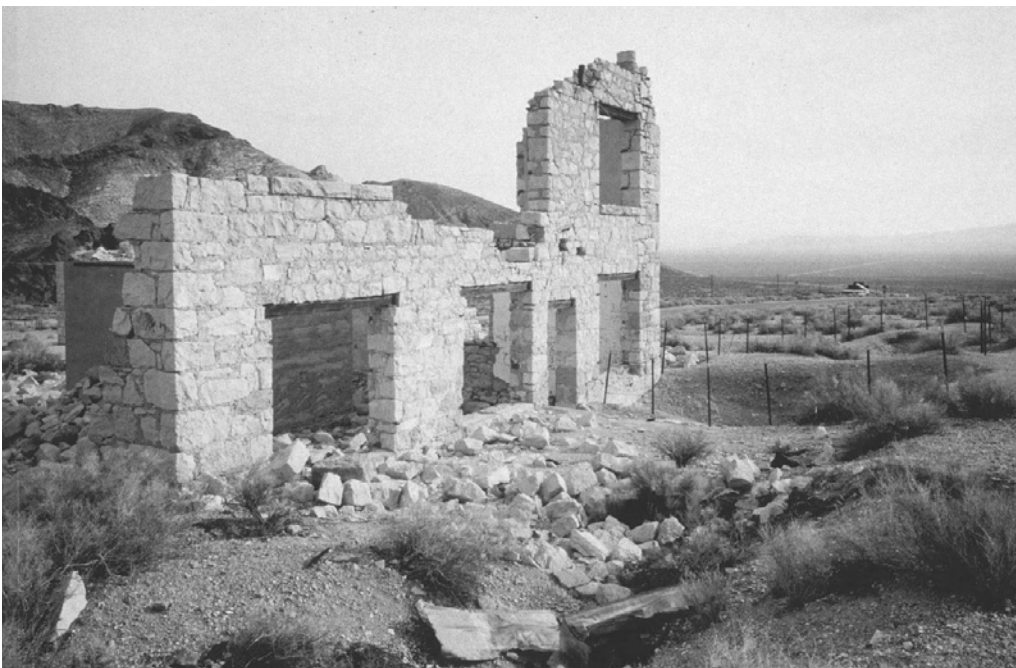


Photo courtesy of the Colorado Historical Society.

... smarter decisions about growth and management during boom time can ease the impact of busts, and efforts to avoid degradation of community and environment during bust times can lay the foundation for a more resilient and stable kind of prosperity.

military spending; real estate speculation. The energy boom of the 1970s and its crash in the early 1980s represents the most recent operation of the cycle, affecting urban areas nearly as severely as rural sites, when the oil oligopoly set prices artificially high with no relationship to supply.

A list of the causes of the busts offers its own useful framework for appraising the dynamics of the West's recent booms:

- a change in fashion in distant places (the collapse of the fur market)
- costs of production overtaking the market price of the commodity (silver, oil)
- boosterism leading to overwrought expectations leading, in turn, to inevitable disappointment (the failed Spanish expedition into the interior in 1540–1542; mining claim expectations; the Southern California real estate boom and bust in 1880s; promotion of Montana farming in early 1900s)
- a lack of regulation leading to uncontrolled overproduction and a corresponding drop in prices (wheat, oil)
- global depressions (1890s, 1930s)
- unregulated use of natural resources colliding with misfortunes in weather (cattle business in 1887)
- changes in national military/political policy (end of Indian wars, end of Cold War, OPEC oil embargo, continued dependence on foreign crude oil)
- international competition (Northwest logging; copper)
- developments in labor-saving technologies, such as logging-machines replacing human loggers in timber cutting
- crash of the molybdenum market (1981)

The consolidation of company control further complicated bust situations (gold, silver, copper). While the company went on productively, individual fortune hunters felt shut out and stymied. Individual experience, if not corporate balance sheets, recorded a bust in the decline of individual opportunity. The example of the California Gold Rush represents this pattern: after the early, individualistic rush, gold mining continued, but, as historian Ralph Mann has put it, "the romance was gone." As Mann says, "To be a miner in 1860 was to have given up any hope for wealth, and to accept wages or returns roughly equivalent to those for unskilled labor." The industry persisted, but the vanished chance of individual fortune-making convinced many that the boom was over.

With this wide range of causes, the West has offered an advanced curriculum in the uncertainty and impermanence of success. If Westerners paid attention to history, nobody would need to be surprised when periods of well-being took a turn toward trouble. We might even be able to prepare intelligently in anticipation of the trouble.

... the West has offered an advanced curriculum in the uncertainty and impermanence of success.

2. Globalization, Diversification, and the Growth of the Service Economy as Factors Moderating the Boom/Bust Cycle

Despite the context of a national recession, the overall picture emerging from this workshop was one of a region well-placed in the national and global economy. As one economist saw it, the West has made big strides toward a diversified economy; it benefits from a geographical location nicely situated between the East and the Pacific Rim; it is rich in amenities in an era where the pleasant qualities of a place matter a lot to employees and employers.

Most of the workshop participants concluded that, on the whole, some of the worst aspects of the West's boom and bust pattern have been mitigated by the region's modernizing economy. The Western economy, in other words, may at last have reached the long-sought goal of diversification, losing its status as a separate regional economy with its own characteristics, strengths, and vulnerabilities. A number of participants argued that the West has developed such strong links to national business cycles that the old regional boom/bust swing might have become significantly moderated, if not entirely resolved. A less cheerful interpretation might be this: integrated into the bigger economic world, the West is entirely without insulation from downturns in the national and international economies. We must remember such episodes like the Panic of 1893 and the Great Depression of the 1930s when the old regional economy offered little in the way of protection or quarantine from larger scale problems.

The rise of the service sector offers the prospect of a new variety of resilience. With a stronger service economy (with jobs ranging from burger flippers to professionals), the region may well benefit from a dampening of the traditional boom and bust cycles linked to natural resources. Economist Richard Wobbekind argued that a growing service sector can actually moderate the effects on a region of national and global cycles; services tend to experience proportionately fewer job losses in downturns. Moreover, the key to economic resilience may now be the presence of an educated work force which serves as a magnet for employers; many areas of the West now have such a population in place. This factor may prove to be the most consequential determinant of a new capacity to recover expeditiously from economic downturns.

And yet globalization and more open markets also present downsides for the region. Globalization especially undermines agriculture. Agriculture has been in recession for some time in the West, and there is little reason to expect this to change in the near future. The consequences of agricultural decline will ripple in many directions, in terms of both cultural change and threat to open space. Given the ways in which ranching and farming represent Western traditions valued by many, economic subsidies to keep them afloat strike some of us as worthy of support, though some of us also worry about the ecological impacts of agricultural industries in a region whose environmental quality appears essential to future prosperity.

Not every participant joined in the optimistic appraisal of the West's new conditions. Here, we offer a summary of participant Andrew Gulliford's dissent:

For many Westerners, incorporation into a national economic cycle will still mean wages and benefits below national standards. While no one wants to waste time on imagining that the Western past offered good times to all, still, the decline in jobs in mining, lumbering, and milling means a loss for many. Long-term local residents are right to worry about their present and future, especially when it comes to their ability to buy houses and land under inflated prices. And, while newcomers are drawn to the landscape of many Western locations, other areas don't carry the same appeal, and will be shut out of this boom. Moreover, the presence of many New Westerners whose income comes from stocks and bonds leaves the Western economy precariously dependent on the state of the national and international economy. As an "improvement," this shift to globalization will work against the interests of many Westerners.

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3. Resurgence of the Old Kind of Commodity-Based Boom in the Rocky Mountain West

Obituaries for the “Old West economy” may have been widespread in the last decade, but they may also have been premature, especially for the energy industry. Circumstances in Wyoming and other areas in the Rocky Mountain West today make the discussion in section 2 even more relevant, yet, at the same time, a revived enthusiasm for domestic energy has triggered a resource boom of the old style—such as the development of coal-bed methane. With natural gas prices rising and coal-bed methane’s popularity rising (it is a bit more environmentally friendly than oil or coal), suddenly the drilling rigs are back in numbers reminiscent of the 1970s, with upwards of 200 wells expected in the Jack Morrow Hills alone. Natural gas also fomented the boom in the San Juan Basin, where the town of Aztec, New Mexico buzzes like any boom town at its peak. Talk of going after energy in Montana’s Rocky Mountain Front just outside Bozeman, in southwest Colorado, and in Utah’s Canyonlands has locals split just as they were in the last boom. And once again, the technological quest for extracting oil from shale in Western Colorado is back in motion (see *section 8*). Yes, this development means jobs and money, but is it sustainable and (a question raised more now than in the 1970s) is it compatible with other economic and social values? There is good reason to expect that this boom will follow the predictable path toward a future bust, either from a change in the energy market or the depletion of affordably produced resources. So, the consequential question is whether the fruits of this boom will be invested in sound ways. Wyoming’s economic situation offers additional insight.

“The main way Wyoming resembles the good old days,” Paul Krza, a long-time resident of Wyoming remarked, “is in serving as a colony that is run by the minerals and energy industries.” Accounting for about 50 percent of all tax revenue in the state of Wyoming, minerals are the lifeblood of Wyoming’s economy. (Tourism, concentrated around Yellowstone, pulls in around 14 percent, and agriculture draws in 2 percent of the tax revenue for “The Cowboy State.”) Wyoming’s growth and prosperity are precariously in tune with energy demands, both nationally and globally. National and international oil and gas demands create instant booms for Wyoming’s job market as mining and drilling companies scramble to hire. Yet when national recession hits, Wyoming’s economy is among



Abandoned public school in Jeffrey City, Wyoming. Photo courtesy of Tamar Scoggin.

the first to fall. Oil and gas jobs are hit first, and then a continuous sufferer of the boom and bust cycle is struck: public education. With tax revenue as its lifeblood, Wyoming's public education system has struggled endlessly with booms and busts, and the booms never seem able to compensate fully for the busts. During the uranium boom, the town of Jeffrey City had state-of-the-art schools and plans to create a school district based out of Jeffrey City. Today, high school students are bussed 60 miles to Lander and back to attend school. Some of the revenue from this 2000–2001 boom has been directed toward sound investments in higher education with talk of installing an educational tax, and even suggestions for diversifying job opportunities by promoting amenities growth are gaining momentum and support as they never have before. Still, such ideas face a formidable tradition of a boom mentality that, for decades now, tries to deny the inevitable bust.

4. *Impacts of September 11*

This workshop was originally envisioned as a chance to examine the likelihood that the 1990s boom in Western development would bust like previous booms. Before the workshop occurred, a national recession set in, and this, in turn, was worsened by the September 11, 2001 terrorist attacks.

If the West maintains its image as a “safe refuge” from the vulnerabilities of the rest of the country, tough times elsewhere may actually sustain a population movement into the region. And yet this scenario rests on a further complication: with its vast spaces, the West is particularly dependent on air transportation. Many individuals with capital or savings who relocate to the West will want to know that they can come and go reliably. If the airlines do not return to a system of smooth and reliable operation, the West could be the region most affected by this failure, constraining its appeal as a refuge. Already, the West has lost a significant supply of tourist dollars in the time since September 11 according to Greg Lakes, editor of *Headwaters News*:

- Travel-dependent Salt Lake City's hope for economic revival was drastically undercut by the airlines industry's losses.
- Wyoming's commercial aviation dropped more than 6% with tourist-related businesses suffering as a result.
- Las Vegas lost 5% of its total jobs.
- Denver ranked 22nd of 315 cities studied that lost the most jobs—17,000—as a direct result of the attacks.

Yet, despite initial losses, it looks like the West is experiencing tentative post-September 11 economic recovery. As of this writing (April, 2002) economists are calling this a “V” shaped recession, one that recovers quickly, as opposed to talk a few months ago of a “Lazy L” pattern with a drawn-out recovery.

The West has shown great variability in this recovery; places, like Denver and Salt Lake City, that enjoyed the strongest high-tech and telecom booms are still falling behind while, strangely enough, the oil and gas patches in a variety of Western States are gaining jobs and did so through much of the national down-turn. Additionally:

- Salt Lake City's hosting of the Winter Olympics was well-attended by visitors from the world over, 250,000 to be exact, spending an upwards of \$350 million, producing 35,000 jobs with \$1.5 billion worth of income.
- In Montana and Wyoming, tourism officials are looking forward to a 2% growth in tourist numbers this season, citing that these destinations are more family-focused, safe, and accessible by car, making them ideal to domestic tourists.
- The latest economic figures for Nevada's state casinos show a 7.7% increase in February 2002 over last year's earnings. Economic recovery for Nevada, and especially Las Vegas, has been much quicker than most economists predicted after September 11.

From a real estate advertisement in
Durango, Colorado:

www.4cornersrealestate.com

"Where the Old West Still Lives, and the New West Begins ..."

Southern Colorado's unique beauty is unmatched. The diversity of the Durango area is what attracted our family to this area. To the north lies the pristine and rugged alpine environment, like Purgatory Ski Resort or the old mining towns of Silverton and Ouray. To the south lie the peaceful mesas with a mild year-round climate, a place immortalized by the Western author Louis L'Amour. And to the west, the famous Canyonlands, with the rich history and culture of the ancient Pueblo people (Mesa Verde). We dreamed of slowing down the pace and living in a smaller community for all the quality of life it has to offer. When the opportunity arose, we jumped on it. We're here now, and wondering why it took us so long to make the change. So, if you are dreaming too ... stop dreaming and make it a reality! Whether you are able to relocate now, or just want some space to retreat, we can help you. Give us a call and we'll show you the towns, the area, and walk the properties we specialize in!

- Despite airline travel wariness, part of this recovery extends to the travel industry so mauled by September 11; United Airlines announced in early April that they would hire back many furloughed employees and perhaps add jobs. As one Denver International Airport spokesperson said: "It's a slow, steady recovery that we hope continues, even though overall traffic still is considerably off what we saw this time last year."

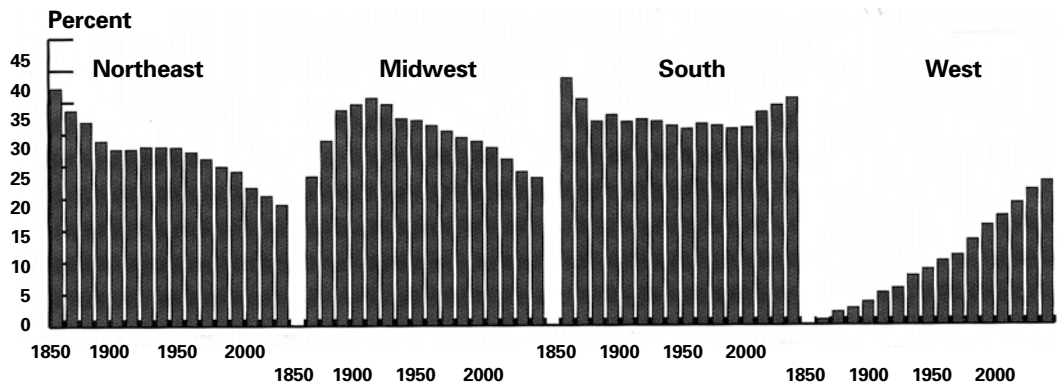
"It's a slow, steady recovery that we hope continues ..."

5. *The Western Economy's Basic Upward Trajectory, Despite Rises and Falls*

Western development offers more of a cumulative story than the terms "boom and bust" can encompass. Yes, certain areas boomed and then busted in quite a literal sense: their reason for growth disappeared, they were depopulated, and their relics are now called ghost towns. But entire states, and the region as a whole, while subject to the more general business cycle, have exhibited a more linear, "upward" trajectory over the last two centuries. Of course, various areas of the West (particularly where there are concentrations of "marginalized people"—Indian people on reservations, and Hispanics in northern New Mexico and southern Colorado) have not seen much of this trajectory, and have instead struggled with recession and high unemployment for decades.

The upward trajectory of the Western economy provides, however, the conditions for a heightened sensitivity to downturns, as material well-being has become more and more taken for granted. In the last half of the 19th century, most Westerners lived under circumstances that today's Westerners would consider unbearable hardship. The increase in comfort—running water, indoor plumbing and heat, grocery stores, cheap clothing, automobiles—is entirely taken for granted by most people today. These risen expectations would make any return to hardship seem very difficult to tolerate.

Share of U.S. Population in Each Region, 1850-1999



Source: Masnick, George (2001) "America's Shifting Population: Understanding Migration Patterns in the West." See *Further Readings* for complete source.

6. *The New West and the Overproduction of Resorts*

In 2001–2002, an inquiry into Western booms and busts carries this sharp focus: how has the famed “New West” shift—from economies based on natural resource extraction to economies based on tourism, recreation, and second homes—reshaped the regional economic cycle?

However we respond to this question, we are required to be on guard against nostalgia. Any notion of a recently lost balance and solidity in the Western economy will not match up with the historical record. Mining jobs, for instance, may have paid better than telecommunications jobs, but they were rich with risk—both in terms of their capacity to inflict physical injury as well as in their vulnerability to disappearance when the price of minerals slumped. The New West economy is far from stable, but so was the Old West version. A striking paradox in the relationship between those two economies appears in ghost towns, relics of the old extractive economy that prove to be appealing visitor attractions in the later tourism economy.

The fact that tourists persisted in their travels in the Great Depression of the 1930s suggests that tourism may have a resilience unmatched by resource extraction. And yet the New West boom has been so closely tied to the purchasing powers of the well-off that a slippage in their spending power would carry big consequences. In the event of a serious and prolonged recession in the national economy, will we see ghost ski resorts and abandoned recreational equipment stores?

As *High Country News* Publisher Ed Marston mused, will monster homes be reconfigured into quaint bed-and-breakfast operations? Have resorts undergone the cycle of “overproduction” that has led to a collapse of markets in other commodities? In common understanding, a bust is signaled by the departure of residents. If the recent boom was so heavily characterized by the activities of people who built second homes or leased time-share condos, but did not move permanently to the region, what will become of depopulation as a traditional signifier of a bust-in-progress? When recent “settlement” has so heavily involved nonresidents, depopulation may no longer be a clear symptom of a bust.

Sun Valley as Prototype

Compiled from Devil’s Bargains: Tourism in the 20th Century American West
by Hal Rothman

The resort of Sun Valley, Idaho was way ahead of its time as a prototype for this New Western economy. With the Austrian Count Felix Schaffgotsch as his “scout,” Averill Harriman (descendant of the great railroad magnate E.H. Harriman) selected the area of Ketchum, Idaho for an experiment in making the most of tourism. Ketchum was itself a case study in the boom/bust economy; as historian Hal Rothman sums it up, “During the 1880s, silver mining created a brief heyday.” A population of 2,000 had shrunk to “the approximately 270 that remained in the 1930s,” when Harriman was launching his plan. Buying up the land, building a luxury hotel, and primping the ski slopes, Harriman launched his resort in 1936, with plenty of stars on hand. Skillfully deploying public relations experts, Averill Harriman sold the magnetic appeal of Sun Valley as a year-round resort. Harriman’s success made his resort, as Rothman has observed, a “prototype”; after 1936, “the race was on to equal Sun Valley.” This race, multiple examples have demonstrated, was no 50-yard-dash, but something closer to a marathon.

Parachute Retools: Post-oil-shale Shift to Retirement

Compiled from
www.srobertaugust.com/projects/content/btm

When Exxon took on its oil shale project in Western Colorado in the early 1980s, the company predicted that there would be half a million people working and living in communities such as Battlement Mesa and Parachute. By 1984, energy prices collapsed and the demand for oil shale (an already questionable source of oil; see *section 8*) plummeted, leaving these communities with the infrastructure to accommodate thousands of people with a population of 800. Empty subdivisions were painful reminders of over-expectations. Due to Western Colorado’s mild climate and breathtaking scenery, as well as having accommodations more or less for the taking, the idea was sprung to turn these vacant neighborhoods of Battlement Mesa and Parachute into retirement communities. Enter S. Robert August and Company. Hired by Exxon, S. Robert August was hired to woo retirement home buyers through a sophisticated marketing and selling campaign. They were successful in expanding the population from 800 to almost 2,000, and claim to have drawn in upwards of 11,900 families to the area as well.

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The Environmentalists' Dream of a Bust

*From Prentice Mulford's Story
by Prentice Mulford*

The California mining camp was ephemeral. Often it was founded, built up, flourished, decayed, and had weeds and herbage growing over its site and hiding all of man's work inside of 10 years ... Of such settlements, Red Mountain Bar was one ... I lived "off and on" at the "Bar" in its dying days. I saw it decay gently and peacefully. I saw the grass, trees, and herbages gradually creep in and resume their sway all over its side as they had done ere man's interruption ... You had no idea how quickly nature, if left alone, will restore things to what we term "primitive conditions." If a great city was deserted in these foothills, within 20 years' time, the native growths would creep down and in upon it, start plantations of chaparral in the street, festoon the houses with vines, while winged seeds would fill the gutters and cornices with verdure.

To Westerners committed to the preservation of ecosystems, habitats, open space recreation, and cohesive human communities, booms represent threat and injury, while busts present themselves as the only truly effective form of growth control.

The situation is further complicated by the essential role of immigrants, many of them from Mexico, in providing support services to resorts. Resorts struggle to recruit a labor force of maids, housekeepers, gardeners, janitors, and bellboys. If the patronage of resorts drops away in a recession, this will have an unsettling effect on opportunities for immigrants with effects ricocheting into Mexico's economy.

In times of depression or times of prosperity, baby boomers will remain central players in shaping the region. As baby boomers age, and look to the West for places of retirement, service enterprises aimed at their needs may well grow. If the Fur Boom took up the 1820s, and the Energy Boom characterized the 1970s, then the early 21st century may come, in regional history, to be known as the Assisted Living Boom.

7. Bust as the "Most Effective Growth Control"

In a widespread habit, people talking about booms and busts refer to booms as "good" economic times and busts as "bad" economic times. And yet people interested in encouraging the protection of open space and wildlife habitat, as well as people committed to the development of sustainable economies, argue that you can have too much of a "good" thing. Indeed, to some, the fundamental problem with the boom/bust cycle is that it thwarts thoughtful, sustainable development. To Westerners committed to the preservation of ecosystems, habitats, open space, recreation, and cohesive human communities, booms represent threat and injury, while busts present themselves as the only truly effective form of growth control.

Arriving at formal mechanisms for growth control-regulations and laws-challenges and strains the ingenuity and persuasiveness of public officials. **If officials in state and local government have an aversion to growth management through effective regulations and laws, then a bust can provide the "enforcement power" that government will not exercise.** Even though a bust is obviously a blunt and imprecise way to curb growth, the workshop discussion returned repeatedly to the desirable qualities of a bust. It puts the brakes on expansion that seems otherwise uncontrollable. It permits a period of reckoning and appraisal, and makes possible a chance to examine and reappraise hopes and goals. It can allow hardy organizations and communities to emerge in an even more vigorous and toughened condition, and it can cut back on enterprises that needed pruning anyway.

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Why a Bust Can be an Unfortunate Form of Growth Control

*From Hardtimes in Paradise: Coos Bay Oregon, 1850-1986
by William G. Robbins*

The mill closures [in the late 1970s and early 1980s] ... affected the Community Action Center in both a negative and a positive way. The unemployment was "dramatic in the negative" because it increased the workload of staff members handling cases ... But growing deprivation and economic hardship was a boom to advocacy and organizing, because the action agency began to serve "people who understood that a willingness to work hard didn't ... protect them from the system" [The bust meant] a loss of dignity to people who had labored hard most of their lives and are proud of their ability to support their families. "They've worked steady, paid their taxes, supported their community," Jerry Lantto points out, "and all of a sudden it's all gone, just down the tube."

8. *Rapidity of Change as the Source of Community Strain*

Anyone declaring that busts have their virtues must instantly stop to reckon with the stresses and strains placed on communities by these rapid changes in fortune. Indeed, it is our impression that rapidity is the underlying source of the problem: a quickly arriving boom can provide community members with nearly as much pain and friction as a rapidly arriving bust. Residents who watch their community change as the economy climbs or steeply descends can experience emotions that closely resemble the process of grieving observed in those afflicted with serious illness.

Talk of the 1970s energy boom (and subsequent bust) and the strain it placed on communities logically turns to the oil shale debacle on Colorado's West Slope. The story is well-known to two participants (Marston and Gulliford) who have written extensively about it, and recounted it at the workshop. The OPEC oil embargo shock sent U.S. policymakers searching for more domestic oil. But U.S. production had maxed out in 1970, and there was simply less of the stuff under American terra firma than there used to be. A coalition of petroleum engineers, financiers, and corporations sold the government on oil shale. Known for decades as a low-grade form of petroleum, the oil locked up in shale needed special treatment to bake it out. The federal government backed a consortium led by Exxon, who promised up to a \$5 billion investment in this untapped, domestic oil source.

There were claims that "more oil than in all of Saudi Arabia" would bring up to half a million people to Colorado's oil shale lands and a long-lasting economic boom. Despite all these conjectures, on a particular Sunday in May 1982, Exxon announced it was abandoning the effort because the money, the technology, and the logic had all failed.

The lesson: artificially high prices (a la OPEC's embargo), plus government subsidies designed under perceived emergency conditions, mixed with too-good-to-be-true, unproven technology, makes for both big booms and even bigger busts. But that wasn't the end of the region's history: the towns built for energy workers spent a few listless years, but are now full and growing with service workers, retirees, and second-homers. What exists now is an amenity boom that has already lasted more than twice as long as the oil shale boom. As the prospect of another resource boom appears on the horizon, residents of the area can draw on an abundance of lessons from their recent past.

Residents who watch their community change as the economy climbs or steeply descends can experience emotions that closely resemble the process of grieving observed in those afflicted with serious illness.

Old Habits Die Hard:

"Shell Reveals Hot Secret for Western Slope Shale"

*From The Denver Post,
February 20, 2002*

"Shell Exploration and Production Co. is ready to let the public in on what's behind its top-secret oil shale research project in the Piceance Basin—electric heaters.

Electric heaters were at the heart of one of many failed methods that attempted over the last half-century to unlock the vast oil resource trapped in shale under northwest Colorado. But Shell spokesman Rich Hansen said his company is having success with newfangled heaters and techniques This method avoids the costly mining of shale rock, the hauling to processing facilities, and the cooking in giant retorts to free the kerogen. The high cost of that method ultimately led to the economy-shattering end of the oil shale boom on the Western Slope in 1982

But Shell had kept details of the Shell Mahogany Research Project [of 2002] very secret. The company had clued in public officials on generalities. Mining and land-use agencies had been kept abreast of progress. But the public was left guessing, and the secrecy fueled a lot of rumors in an area where oil shale is emotionally tied to drastic boom and bust

Hansen ... said his company decided to hold a series of open houses this Friday and Saturday [February 22-23, 2002] in Rio Blanco and Garfield counties to give residents a basic idea of what is behind the Mahogany project "We thought it was time to give communities a status report."

Indication of a Bust

*From Prentice Mulford's Story
by Prentice Mulford*

The rock got harder as we went down, the ore less, the vein narrower, the quantity of water greater, the progress slower, the weekly expenses doubled and then tripled, the stock became less coveted, and as to reputed value, reached that fatal dead level which really means that it is on its downward descent. The shareholders' faces became longer and longer at their weekly Sunday afternoon meetings in the Sonora Courthouse. The Copperhead Claim and Copperhead City subsided quietly The inevitable came. Copperhead was deserted by its human inhabitants. The skunk, the snake, the woodpecker, and the buzzard again came into full possession.

9. The Under-Studied Bust

Even though Western historians have sometimes been condemned for their negativity, a preference for “upbeat” subjects appears to have preoccupied their writing agenda when it comes to the scholarly over-attention paid to booms and the under-attention paid to busts. Many, many studies examine the boom periods of mining, ranching, and logging, while very few studies pay equal attention to the processes of decline. Even though it is one of the region's biggest stories, historians have paid little attention to the way capital retreated and population shrank in particular places. A key service that Western historians could provide to the region would be to study the ways in which the economies of Western communities have risen, fallen, and sometimes risen again. Dramatic economic downturns have a long history in the region, to the point where they would provide abundant material for a field of study called “Western Contraction,” as a counterpart to the better known “Western Expansion.”

A better, deeper knowledge of the “busts” would, concretely and directly, add to our capacity to cope intelligently with the whole cycle.

10. Difficulty of Knowing When a Bust Has Begun

How are Westerners to distinguish a minor and temporary slump from a serious and long-lasting bust? What “markers of change” can signal people that a turn is upon them? Both events begin with the same set of “symptoms”: a downturn in land prices, a layoff of workers, a drop in investment, etc. That complex of problems can correct itself quickly, making people who unloaded their holdings and got out of town look short-sighted and panicky. In other words, recognizing the difference between a temporary setback and a lasting bust presents quite a problem of interpretation. What “markers of change” should people look for, before deciding that prolonged hard times have come upon them? Over the decades, a variety of symptoms and signals have been taken to be indicators of a bust:

- close of a major factory or production site
- shrinkage in jobs and rise in unemployment
- increase in people asking for help from charity or governmental relief
- drop in real estate prices
- retreat of capital and investors

The complication, of course, is that the appearance of these “symptoms” can mean one of two things: the onset of a temporarily, quickly reversed slump, or the beginning of a serious, long-term bust. At the moment in which participants can observe these indicators, there is no proven way to distinguish the longevity of one type of bust from the other. It is perfectly possible to see these signs and decide that it is time to sell out and flee—just before the downturn corrects itself and the recovery begins. Equally complicated is the reality that some of the signs of a downturn can be very subtle; some cannot be observed until some time after their occurrence begins. From our presenter John Cromartie from the Department of Agriculture, we learned that the years 1993 and 1994 emerge as the peak in net migration into the interior West. In other words, gross numbers of in-migrants continued at a record-setting level, but the boom did, by the measure of net migration, appear to be slowing down long before the appearance of a national recession.

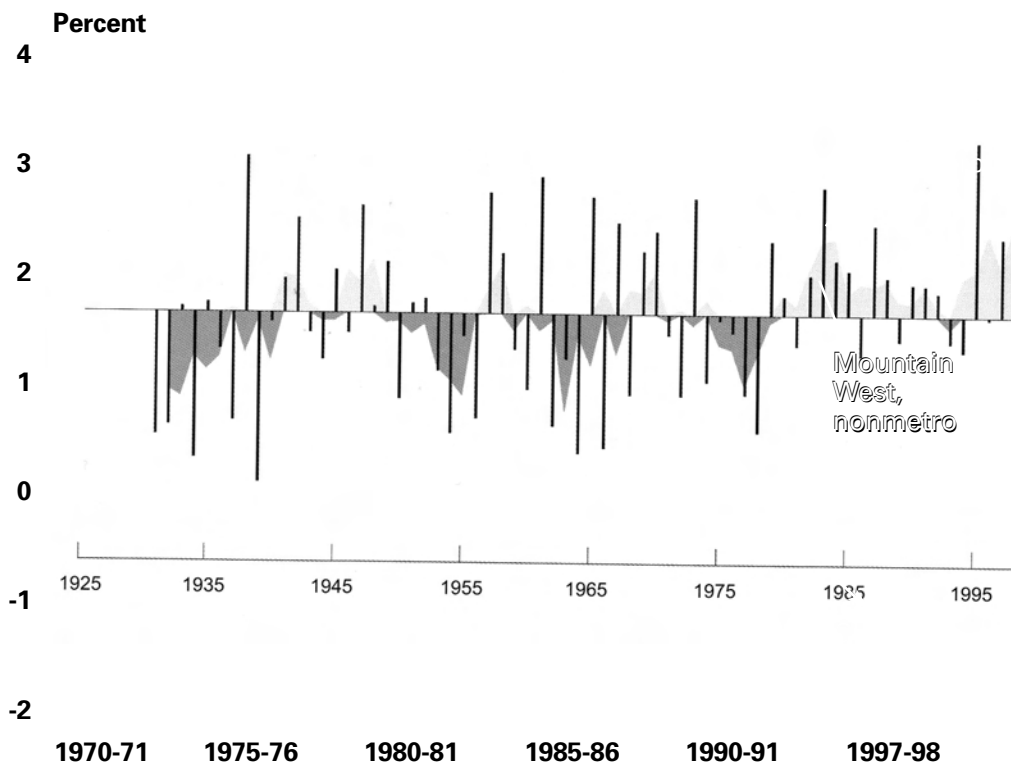
Dramatic economic downturns have a long history in the region, to the point where they would provide abundant material for a field of study called “Western Contraction,” as a counterpart to the better known “Western Expansion.”

11. Keeping an Eye on California

From the 1850s, when Gold Rush Californians turned their attention eastward and sought out mines in Nevada, the interior West has been in a demographic dance with California. When California's economy slumps, the interior West's population grows; when California's economy recovers, the interior West's population growth slows. Note how California's net migration offers an image that reflects and reverses that of the rest of the West.

When the Californian economy is poor, as in the early 1990s, the state exports people to the rest of the West, especially into the non-metropolitan West. As that economy rebounded in the later 1990s, the migration flow reversed, apparently taking pressure off some places in the Western interior. Through all this, California's population continues to grow, because even though the state often exports more domestic (inter-state) migrants than it receives, it grows by the largest influx of international migrants of any state. Interior Westerners may or may not wish for California's prosperity, but either way, they should watch it as a bellwether of their own demographic trends.

Annual Rates of Net Migration, 1970-99



Net migration (in-migrants minus out-migrants) for California, and the urban and rural West other than California. In the 1980s and 1990s it appears that rural in-migration to the rest of the West peaks when California out-migration peaks. Source: Economic Research Service, USDA. Created by John Cromartie.

With Longing Eyes Towards this Summer Land

From Pasadena Daily Union, October 10, 1887

This is an era of town-building in Southern California, and it is proper that it should be so, for the people are coming to us from the East and from the North and from beyond the sea, and for the great multitude whose faces are turned with longing eyes toward this summer land and who will want homes among us, we must provide places.

Like the Comber Carried by a Rising High Tide

*From The Boom of the Eighties in Southern California
by Glenn S. Dumke*

Yet the [1880s Southern California real estate boom] was not entirely detrimental. The economic flurry was California's characteristic mode of development, and like the comber carried by a rising high tide, it always receded-but never quite as far as its starting point ... The boom was the final step in the process of making California truly American.

Interior Westerners may or may not wish for California's prosperity, but either way, they should watch it as a bellwether of their own demographic trends.



Workshop participant Ben Sherman.
Photo courtesy of Tamar Scoggin.

12. *Tribes and Gambling*

The boom on Indian reservations rests on gaming. Casinos have helped tribes gain jobs, and to invest in infrastructure and education. Even where casinos only break even, they provide jobs and a positive business climate. While some have criticized the strategy of banking on gaming, it is important to remember that, for more than a century, Western Native Americans have struggled with economic depression, as conquest fragmented and obstructed indigenous ways of making a living. Casinos have, for a number of tribes, represented a “return of the buffalo,” or the first piece of economic good news since the conquest.

Here are some pros and cons about Indian gaming compiled from various sources (please see *Further Readings* for sources):

PROS

- **Altogether, existing Indian casinos bring in an upwards of \$400 million a year.**
- **In some states, 95% of that money stays in-state.**
- **Casino revenues are being put to good use by establishing college scholarships for tribal youth, as well as towards building health clinics and hospitals, schools, retirement homes, and long-term investment projects like hotels, restaurants, shops, and hydroelectric/manufacturing plants.**
- **A notable reduction in welfare and other governmental assistance programs has ensued from the revenue and jobs created by tribal casinos.**
- **Indian casinos are an outgrowth of tribal sovereignty, and as they grow they continue to fund movements toward sovereignty.**
- **Indian casinos are exceedingly popular with gamblers and tourists.**

CONS

- **Due to some dishonest tribal leaders and outside managers, there have been instances of corruption, theft, squandering of profits, and an increase of crime rates.**
- **Gambling has been more beneficial to smaller tribes and tribes that are located near an urban area or developed tourist areas.**
- **Tenuous relationships between Indian nations and state governments create a quagmire of debates and legal implications in terms of taxable revenues and the legal status of reservation casinos situated in states with no legalized gambling.**
- **If casino revenues are not handled properly, a class system threatens to develop because some tribal members benefit greatly while others see little return and money.**
- **The boom in Indian gaming can contribute to the troubling impacts of compulsive gambling.**

13. Western Optimism and Resilience

“To call it a craze or a bubble is the veriest nonsense.”

Los Angeles Tribune, April 4, 1887.

Applauding the boom of Southern California real estate, which soon proved to be a “craze and a bubble.”

The writings of historians offer many telling examples of Western optimism and resilience. The case study of the fur trade conveys this point. Geographer David Wishart has described the resilience of the fur traders, after the decline of their enterprise in the 1830s: “With typical frontier versatility, they engaged in a wide variety of occupations, both in farming and in trade Many trappers became prominent members of [the West’s] embryonic communities.” Defeated in one enterprise, many Westerners have picked up and moved on to the next opportunity. While the willingness to move on has given many Western communities a certain transience and instability, it has also been an indication of pluck.

Many of the presenters returned to this theme, noting the ways in which Westerners respond to setbacks with an eagerness to return to work and to hope for the next good times. One participant attributed this quality to the region’s abundant sunlight. Spirits may be depressed in regions of the nation where clouds predominate, but in the interior West, a kind of phototropic cheer may prevail over discouraging economic changes.

Nonetheless, some presenters were careful to point out that, in matters of refusing to reckon with serious economic problems, a rather fine line divides cheerful people from suckers courting their own future disappointments.

The Pleasure that Suckers Provide

From Mining and Metallurgy, April 1920

(See Further Readings for complete source)

There are mines that make us happy,
There are mines that make us blue,
There are mines that steal away the tear drops,
As the sunbeams steal away the dew.
There are mines that have the ore chutes faulted,
Where the ore’s forever lost to view,
But the mines that fill my heart with sunshine,
Are the mines I sold to you.

Archetypal Optimism

From Roughing It by Mark Twain

Meantime the camp was filling up with people, and there was a constant growing excitement about our Humboldt mines. We fell victims to the “epidemic” and strained every nerve to acquire more “feet” [of mining claims] ... In a little while we owned largely in the ... “Branch Mint”... the “Root-Hog-or-Die,” the “Samson and Delilah,” the “Treasure Trove”... and fifty other mines that had never been molested by a shovel or scratched with a pick. We have not less than thirty thousand “feet” apiece in the “richest mines on earth” as the frenzied cant phrased it—and were in debt to the butcher. We were stark mad with excitement—drunk with happiness-smothered under mountains of prospective wealth—arrogantly compassionate towards the plodding millions who knew not of our marvelous canyon—but our credit was not good at the grocer’s.

It was the strangest phase of life one can imagine.

Spirits may be depressed in regions of the nation where clouds predominate, but in the interior West, a kind of phototropic cheer may prevail over discouraging economic changes.

Unlucky Timing

From *The Final Forest*
by William Dietrich

The small timber companies were victims of unlucky timing. The spotted owl injunctions hit about the same time as the national recession. It was difficult to separate the economic pain of the bad economy from that caused by solely environmental protection of old growth forests

Sociologist Robert Lee complained that the glibness with which economists promised the Northwest would continue to have both old growth and a net gain of employment ignored specific tragedies. "These labor markets do not work effectively," Lee argued. "Some people do retrain and some do move, but others don't. There's a lot of stickiness." He predicted that for scores of communities such as Forks, a dark era was beginning of unemployment, despair, alcoholism, and abuse.

14. *The Importance of Distinguishing the Search for Causes from the Desire to Blame*

Sweatshirt slogans in Forks, Washington, a town hit hard by the downturn in timber:

SUPPORT YOUR LOCAL SPOTTED OWL: FROM A ROPE

IF WE HAD KICKED THE SHIT OUT OF PRESERVATIONISTS,
WE WOULDN'T HAVE THIS PROBLEM TODAY

Many individuals suffering the effects of a bust have had an overwhelming inclination to choose one cause, and then devote themselves to excoriating that one factor (or the humans representing that factor). The project of identifying the causes of economic downturns has become very much entangled with the project of casting blame. Thus, it is crucially important to think comprehensively about the causes of the booms and busts, and to recognize, among those causes, the complicity and willing participation of those who later became the victims of the busts. This question comes into play particularly in the issue of a governmental obligation to "rescue" economies when they encounter trouble. If Westerners participate wholeheartedly in the frenzy of a boom, do they retain a right to future claims of injury, not to mention claims to compensation and aid?

Scapegoat: Humans Representing the Target of Blame

Ignatius Donnelly, The Representative, September 12, 1894
(See Further Readings for complete source)

While historians have made it clear that many Populists distanced themselves from anti-Semitism, some Populist spokespeople in the late 19th century did place the blame for the hard times of farmers on Jews. Their words are an important reminder of the dangers involved in the search for someone to blame for economic hard times:

In these evil conditions, made by bad laws, the Jews alone thrive—the reason is they deal only in money; they have no belief in farming, manufacturing, or any other industry; they are money-mongers. As everything else goes down, money rises in value, and those who control it become the masters of the world The worst of it is that the Jews are now becoming the owners of all the Great Trusts and Combines. They own the Whiskey Ring completely. And to prevent hostile legislation, they are getting possession of all the newspapers to control public opinion and destroy those who would advocate reform.

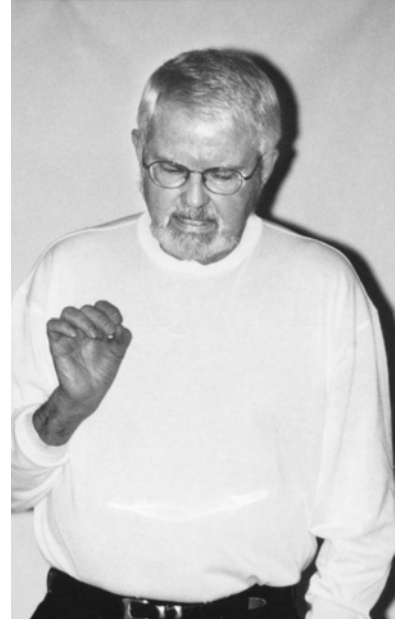
If Westerners participate wholeheartedly in the frenzy of a boom, do they retain a right to future claims of injury, not to mention claims to compensation and aid?

15. Self-Falsifying Prophecy

A memorable and valued part of the workshop was the flexibility shown by the former Colorado governor Richard Lamm in reviewing his own history as a prophet. With grace and honesty, Lamm noted past occasions in which he had overstated gloom, forecasting messes that did not materialize. These admissions led participant Roger Pielke to describe the phenomenon of “self-falsifying prophecies,” by which a doomsayer draws attention to a problem; measures are taken that resolve the problem; and then the doomsayer’s prediction looks “wrong,” even though it galvanized the action that may have averted or reduced the dilemma. In that framework, doomsayers who warn of tough times ahead may actually play a role in reducing the likelihood of those tough times materializing! With that recognition, there may be an argument for licensing and encouraging the free speech of doomsayers and gloom-mongers, in order to provide more occasions for this self-falsifying mechanism of prediction to work its magic.

16. Drought, Tree Rings, and the Taken-for-Granted Foundations of Prosperity

Returning to his role as a doomsayer, Governor Lamm spoke of the alarm he felt when he first learned of the findings of dendrochronologists, who have reconstructed the history of drought in the West through an examination of annual tree rings (narrower in dry times; wider in wet ones). They identified major droughts that occurred before there were rain gauges in the West (in the 1500s and 1600s for example) some of which lasted several decades. By this reckoning, we have been pretty lucky, especially in the last decade or so of mostly normal or above-normal snowpack. This, and the transfer of water from farms to cities, might sustain urban and suburban growth for quite some time to come. But modern Cassandras, citing past as prologue, warn that deep, multi-year, region-wide droughts are possible, even likely, in the West’s future, and that they will challenge the sustainability of our current urban-oasis civilization. We should note, however, that while conventional wisdom held that the Anasazi civilization fell apart because of a major drought after about 1200 AD, more recent archaeological interpretations place less stress on climate factors and more on the complex dynamics of the civilization and its institutions.

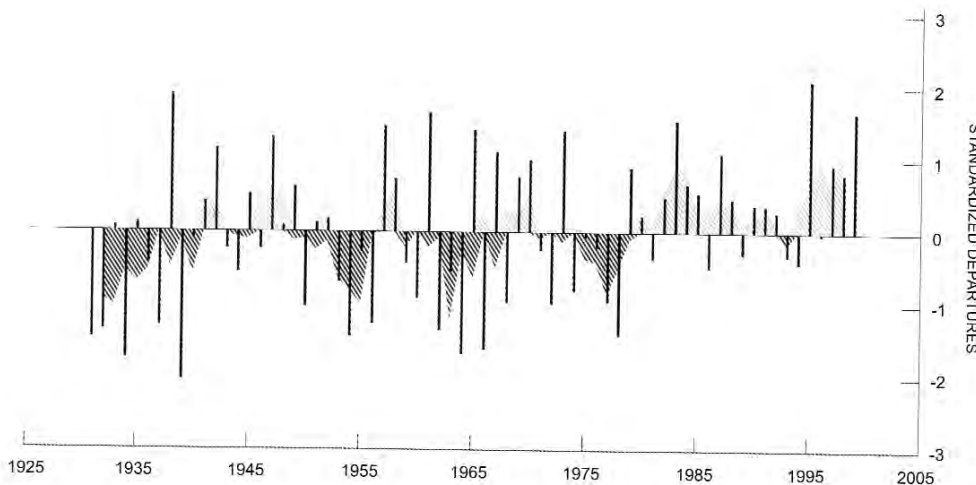


Richard Lamm. Photo courtesy of Tamar Scoggin.

A Poem Recommended by “Doomsayer” Lamm:

Praise without end for the go
ahead zeal
Of whoever it was that invented
the wheel
But never a word for the poor
soul’s sake
That thought ahead and invented
the brake.

—Howard Nemerov



Precipitation Variability in the South Platte River Basin: this graph demonstrates variability in precipitation through departures of mean annual precipitation (x-axis) for the period 1931–1999 (y-axis). Considering the ever-fluctuating cycle of wet and dry periods in the American West’s climate, notice the years following 1976 have been a period of “significantly wetter climate.”

Source: Natural Resources Law Center (2001) *Water and Growth in Colorado: A Review of Legal and Policy Issues*. See *Further Readings* for complete source.

The Cost of Keeping the Ball Rolling

From Post-Cowboy Economics: Pay and Prosperity in the New American West

by Thomas Michael Power and Richard N. Barrett

The region that has been the fastest-growing in the country for more than a quarter of a century spends much of its political and civic energy brooding over an impending decline instead of coping with the problems created by ongoing growth When people think the economy is teetering on the brink of collapse, they may be unwilling to try to control the costs of ongoing growth. A community that is certain it is in imminent danger is likely to welcome uncritically any activity that promises to keep the economic ball rolling. It may not have the confidence to manage growth for the protection of local public values.

17. Attention to Local Variation

Any look into an entire region's economy must, by its nature, involve a level of abstraction and generalization in which differences among places will be missed. Economies are complex; any attempt to divine the workings of a regional economy will necessarily have limitations. Finally, the terms "boom" and "bust" do not carry a fixed, universal meaning; one person's boom can be another's bust, and vice versa.

We were reminded at the workshop of the power of differentiation, a business concept akin to "branding." The example was Las Vegas, which has successfully branded itself as both a gambling and entertainment mecca, but also as a family destination resort. Keith Schwer pointed out that this success, which he feels is sustainable, did not come overnight, but is the result of a long history of Las Vegas knowing what it wanted to be and being good at it. Of course, in these terms, it also helps to be "first," as there's not much room for many Las Vegases in the West. But is Las Vegas typecast? Schwer argued that its economy, though lacking diversification as traditionally measured, is nonetheless surprisingly diversified, at least with respect to travel, tourism, and entertainment. As such, its challenge will be to maintain its "first mover" distinctiveness as a world class destination while simultaneously becoming a well-rounded economy.

Located in the stark deserts of Nevada, the juxtaposition of the two communities known as Las Vegas and Rhyolite puts the spotlight on the importance of local variation. Las Vegas holds the status of the nation's fastest growing city. Some miles to the north, Rhyolite holds the status of one of the nation's most striking victims of urban infant mortality. Brought into being by a gold rush to southern Nevada, the town was laid out in 1905. In 1906 as many as 10,000 people lived there. By 1911, the town was abandoned and dead. This was not a temporary, insubstantial camp or tent city. Rhyolite, in its brief prime, had everything—banks, women's organizations, churches, lawns, gardens, saloons, newspapers, schools, electricity, a railroad connection, a sizable train station, and, given the scarcity of timber in the area, a lot of buildings made of concrete. When the mines shut down, the town shut down, leaving ruins that look a lot more modern and industrial than the usual wood-built ghost towns. Rhyolite, like other Nevada ghost towns, did not diversify its economy and, therefore, could not sustain itself as market conditions changed.



Rhyolite, Nevada. Photo courtesy of Mark Klett.

Economies are complex; any attempt to divine the workings of a regional economy will necessarily have limitations. Finally, the terms "boom" and "bust" do not carry a fixed, universal meaning; one person's boom can be another's bust, and vice versa.

18. Qualities of a Sustainable West

- A West that knows its history, and is thereby immunized against the lack of foresight that can fool people into believing that a boom will be permanent
- A West that takes advantage of the opportunities presented by a boom, to make the long-term investments that would soften the severity of a future bust
- A West with a well-installed “nostalgia blocker” that would permit clear-eyed appraisals of the stability and vulnerability of extractive industries and tourist enterprises
- A West that finds more carefully planned means of effective growth-control than a bust
- A West that takes a hard look at its future, boom or bust, to assess the sustainability of water systems in a major drought, the support for community in a bust, and the healthy ecosystems necessary for future continued growth
- A West that pays attention to the social impacts of both boom and bust, and through fieldwork and research, sets up programs and facilities that mitigate the community discord that arises equally with rapidly expanding populations, and rapidly deflating populations
- A West that acts on the wisdom of foresighted boom-time investments in infrastructure

Even when economic recoveries occur promptly, workshop participants felt strongly that booms should not be occasions to put the busts out of mind and memory. In good times, governments (federal, state, local, tribal) should anticipate downturns, and make intelligent moves to build and maintain infrastructure when tax revenues are more abundant. During booms, Westerners should fight their susceptibility to amnesia about previous busts and to the denial of future ones. Remembering the boom/bust context is of particular importance in environmental decision making, where efforts to think in longer units of time can be derailed by sudden economic swings. Both boom and bust offer their own separate perils for intelligent planning for natural resource use and land development.

In boom times, prosperity can inspire a “devil may care”/“tomorrow will take care of itself” frame of mind. And yet, in bust times, a sense of scarcity of public and private money, as well as a keen desire for economic recovery, can produce a similar climate of resistance to initiatives on behalf of environmental protection. We would urge Western citizens to be wary of both forms of justification. When told that either hard times or good times require a release from constraint on development, public audiences might well respond that the goal of sustainability in natural resource use transcends temporary conditions of boom and bust. While the familiar phrase “making hay while the sun shines” has evolved into an invitation to short-term merriment and hilarity, it is actually an invitation to think ahead and take advantage of the opportunities to prepare for a time of future need. Just as making hay while the sun shines is much preferred to making hay while the stars shine or the rain falls, economic booms provide an important opportunity to support intelligent environmental policies and the building of community resources in times of general well-being.

... economic booms provide an important opportunity to support intelligent environmental policies and the building of community resources in times of general well-being.

Hard Pressed: The Opposite of Good Planning

From Montana: A History of Two Centuries by Michael P. Malone and Richard B. Roeder

The boom psychology [in Montana in the early 20th century] had perhaps its greatest and most negative impact in the form of the county splitting movement. Surely it was inevitable that, with the great land rush, the huge counties of eastern Montana would be broken up [But soon] the boom turned to bust, and property owners failed to meet their taxes. The counties ended up seizing lands for tax delinquencies, thus devouring their own property owners. Today, the problems arising from reckless county splitting are very much with us. Many of these rural counties have either lost or barely gained population since 1920, and consequently they find themselves hard pressed to support their local governments.

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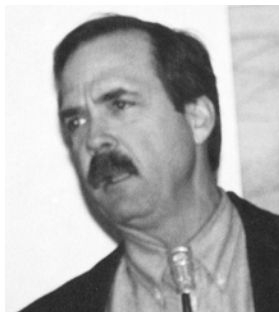
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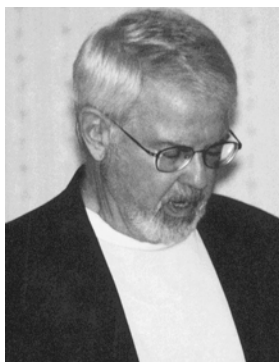
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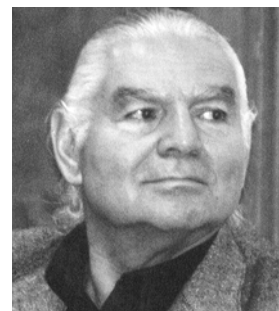
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