Don't Look Back

by Bill Street

The state's forest products industry continues its precipitous decline. Wood workers watch as communities, culture, and a way of life gradually fade away. Despite the investment of millions of public dollars earmarked for economic development and worker retraining, success stories are few and far between. Meanwhile, in the state's urban areas, the silicon forest is growing almost as rapidly as lumber mills are closing. Yet, despite this phenomenal change, Oregon's future will be very much like Oregon's past because the basic relationship between capital and labor remains unchallenged and unchanged. Neither technological change nor economic diversification alter these relationships. State and federal policies that fail to alter these social relationships will continue to be irrelevant.

VINCE GRIFFITH

It's time for Oregonians who care about the long-term livability of our state to rethink the business of economic development.

The economic history of Oregon is the story of changing and competing economic elites vying for the privilege of capitalizing on the state's natural and human resources. Workers responded to this great accumulation of wealth by organizing. The history of Oregon is replete with massacres, lock-outs, strikes, and other events associated with workers' struggle for economic justice. Timber, cattle, and railroad barons have since been replaced by athletic-shoe marketeers, software moguls, and retail empires. The key issue remains a fair distribution of income. Substituting Bill Gates for George Weyerhaeuser is not significant to the worker toting a chain saw or a soldering iron. As workers have organized to increase the strength of their voice, capital has responded by fleeing those geographic areas and industries where labor is organized and strongest. Capital is just as likely to run away from Oregon as it is to invest in the state. The timber industry has significantly disinvested in plywood production in the Pacific Northwest, seeking lower-wage labor markets and leaving ghost towns scattered throughout the state. Much like Tom Joad in Steinbeck's *Grapes of Wrath*, woodworkers wander the countryside seeking their economic birthright; wondering why their portion of the millions of dollars of wealth they have created was so small. Meanwhile, the electronics industry grows rapidly as corporations move here from California to escape higher land and wage costs. This movement of capital generates a migration northward by displaced California workers. Oregon's economic development strategy is based on the standard assumption that what's good for business is good for Oregonians. This simply imitates the disappointing efforts of other states and localities, which are competing with each other for investment capital. Since capital is free to move on whenever a better deal is available, even initial successes frequently end up as long-term failures. A fatal flaw of these strategies is that they encourage capital to move, under the dubious assumption that workers here are better off if they get the jobs taken away from workers elsewhere. Unfortunately, economic development officials in Arkansas are equally pleased to announce the opening of non-union plywood plants in their state. Whichever direction the jobs flow, the workers work for less. Wittingly or unwittingly, Oregon has chosen to side with capital by adhering to the trickle-down theory that if the state economy grows, everyone benefits. That philosophy has produced many more losers than winners. Just look at the decline in our rural communities and the rapid increase in the number of low-wage jobs. On occasion, a municipality has attempted to hold its corporate citizens minimally accountable for contributing to the well-being of lower-income citizens. Mayor Goldschmidt negotiated such a contract with Wacker Siltronics in the late 70s and Multnomah County is trying it now, but it is very rare. Capital's strategy of cutting costs by running away to low-cost areas is an effective one; however, the cost to the society is high. The richest fifth of households now have 12 times as large an annual income as do the lowest fifth. Between 1973 and 1990, mean real income for the highest fifth of households increased by 19%, dwarfing the rest. It's time for Oregonians who care about the

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long-term livability of our state to rethink the business of economic development. Economic development for whom? Here are a few of the more harmful aspects of our current approach.

Until labor and other progressive coalitions run and support candidates willing to speak to the issues of justice, fairness, and the uneven distribution of income, Oregon's future will not differ from its past.

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1. Trade agreements like NAFTA and GATT foster the freedom of capital, encouraging capital to run away to low-wage countries. Nike doesn't produce a single shoe in a country with strong labor laws, adequate worker-safety legislation, or rational environmental protection. The Pendleton Co. is manufacturing in Mexico; Freightliner produces trucks in Mexico, N. Carolina, and Germany; and Fletcher-Noble a giant Canadian forest products firm, is manufacturing in Idaho. It takes an adjustment for most U.S. citizens to understand that many Canadian firms are running away from high-priced labor when they move their operations into the lower forty-eight.

2. Subsidizing the mobility of capital undermines the authority of governments to govern. Oregon's comprehensive land-use laws, supported by Gov. McCall, are probably as close as this state has ever been to actually planning economic activity. Unfortunately, the "political will" was insufficient to withstand the corporate counterattack. The result is that comprehensive land-use planning has consistently been undermined when confronted by investment capital wishing to either move into or out of Oregon.

3. Inadequate funding for OR-OSHA, the Bureau of Labor and Industries, and the Department of Environmental Quality sends the clear signal that Oregon is open for business regardless of the costs.

Despite these trends, successful state and national action is possible. In the recent election, Oregon voters raised the minimum wage and did more to promote economic development than any state policy during the past 15 years. A progressive agenda which strengthens workers' right to organize, puts an end to direct corporate subsidies, requires government to be run, not like a business, but by promoting the general welfare, and focuses on promoting an ecologically sound economy (that includes the rational harvest of Oregon's forest resources) can succeed. Such an agenda would alter Oregon's policies in key areas:

investment policy would promote responsible corporate citizens;

purchasing policy would bar the use of public money to buy goods solely because they are cheaper, such as pens and pencils made in Korean factories with deplorable working conditions;

tax policy would no longer give massive property tax cuts to the wealthiest and largest corporate landowners in the state nor continue to decrease the share of income tax collected from global corporations;

unemployment insurance policy would no longer forbid payments to certain unemployed workers.

The list of potential policy changes is endless when what is sought is a more just distribution of income rather than the promotion of the values of capitalist accumulation. Frequently in our past, Oregon has lead the way with innovative environmental policy that put people first. It is always the result of significant and sizable progressive coalitions, mobilizing workers for the common cause. Until labor (and other progressive coalitions) runs and supports candidates willing to speak to the issues of justice, fairness, and the uneven distribution of income, Oregon's future will not differ from its past.