Select Problems with Recreation, Tourist, and Vacation Oriented Businesses as Rural Economic Stabilizers: a Case Study of the Mid-Columbia Economic Development District

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Title: Select Problems with Recreation, Tourist and Vacation Oriented Businesses as Rural Economic Stabilizers: A Case Study of the Mid-Columbia Economic Development District.

APPROVED BY MEMBERS OF THE THESIS COMMITTEE:

Dr. D. Richard Lycan, Chairman

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Research Problem

This thesis examines some of the factors that appear to have influenced the development of recreation and tourism in a special geographic area within the states of Washington and Oregon, The Mid-Columbia Economic Development District.

A central question this thesis attempts to answer is: Should the development of recreation and tourist activities be continued as a means of bolstering the lagging economies in the District. Up until
this time the District has been the benefactor of certain state and
federal economic development programs whose primary thrust were: to
cut unemployment, broaden economic bases in communities with lagging
economies, and halt outward migrations of persons to urban areas.

Resume of Data Collected

The data presented in this thesis was derived from formal surveys
administered to commercial bankers and business owners in the District.
Of forty-eight recreation, tourist, and vacation (hereafter referred to
as RTV) oriented business owners contacted, twenty-five or (52%) returned
a completed survey. The author personally completed twelve surveys
with District commercial bankers. This latter number represents over
(90%) of all District commercial bankers.

The purpose of the surveys was to ascertain perceptions the two
groups held relevant to the RTV Industry in the District. The surveys
also sought to identify needs and priorities for additional development
if such was desired.

A summary of the four most important RTV needs as expressed by
District businessmen were: (a) more financing for RTV development,
(b) more advertising about RTV in the District, (c) more major RTV
attractions in the District, and (d) more hotel/motel accommodations.

In comparison a summary of the District commercial bankers
indicated a desire to have: (a) more hotel/motel accommodations,
(b) more restaurants, (c) more overnight campgrounds, and (d) more
District wide promotional events.
Manner of Data Collection

The primary data presented in this thesis was collected in the field spanning a two year period. Results derive from personal observations and opinion, formal interviews using survey instruments and informal conversations with District residents.

Summary of Findings

The following statements constitute the major conclusions expressed by the author in this thesis:

(a) Jobs in the RTV employment sector are not plentiful, don't increase rapidly, are seasonal, and don't pay well enough to attract and hold employees.

(b) The absence of significant numbers of youthful workers and families in the District has contributed to economic decline and stagnation.

(c) Human resource development is lagging just as badly as is the economy in the District and strides in one sector must be made to hold or encourage growth in the other.

(d) District commercial bankers tend to have a surprisingly poor investment image of the area they serve.

(e) The best RTV amenities in the District are two large tracts of federal National Forest.

(f) The District does not possess the overall attractiveness, climate, or other amenities necessary to justify economic dependence on the RTV sector.
(g) RTV oriented industries should not continue to be promoted as primary growth areas by state and federal economic development and recovery programs at the expense of commercial or industrial development.
SELECT PROBLEMS WITH RECREATION, TOURIST, AND VACATION ORIENTED BUSINESSES AS RURAL ECONOMIC STABILIZERS: A CASE STUDY OF THE MID-COLUMBIA ECONOMIC DEVELOPMENT DISTRICT

by

MORTON I. MICHELSON

A thesis submitted in partial fulfillment of the requirements for the degree of

MASTER OF SCIENCE in GEOGRAPHY

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TO THE OFFICE OF GRADUATE STUDIES AND RESEARCH:

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Thank you
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CHAPTER I

INTRODUCTION

This thesis examines some of the factors that appear to have influenced the development of recreation and tourism in a special geographic area, The Mid-Columbia Economic Development District. This area was focused upon because it is characterized as having a lagging economy which has as a component many recreation, tourist, and vacation oriented businesses.

A central question this thesis will attempt to answer is: Should the development of recreation and tourist activities be continued as a means of bolstering the lagging economies in the Mid Columbia Economic Development District?

A case study approach was chosen because it affords the author the opportunity to cite specific instances which may yield generalizations having broader applicability. This approach also enables the author to identify specific problems and policy areas that require analysis before planning is undertaken or implementation of changes is considered. It also introduces the possibility of weighing
alternatives.

The remainder of this chapter provides part of the initial setting for the topic by discussing and defining such elements as: recreation, tourism, leisure, rural areas, lagging areas, growth centers, economic development districts, migrations, and poverty. Other chapters focus specifically on a description of the case study area, field research findings, problems with recreation and tourism as a form of rural development, and a summary.

I. THE RURAL TO URBAN TRANSITION

A technological society has fostered urbanization of the United States. Technology has freed man from the soil to pursue new leisure, social, and work activities, usually in urban places. Foreign immigrations and later mass internal migrations brought millions of people to cities or their suburbs. Many migrants found a good life in the cities and prospered, while others found poverty and misery. Some migrants could not adjust to the urban life style and returned to rural areas.

Several authors have outlined serious results of the rural to urban migrations, both to the migrant and to the urban areas. (Abramson, 1968; Glazer, 1970; Hansen, 1970;
Many rural migrants remain in poverty as long as ten years after the move. Those who find work often must accept poverty-level wages. From the point of view of the city, the migrants are unwelcome, adding to welfare roles, increasing crime and delinquency, perhaps reducing the tax revenue to the city. It is no wonder that many cities are anxious to reduce the migrant inflow. To many people, the choice becomes one of more severe poverty in a country setting they prefer, or less severe poverty in an urban setting they dislike. (Morrill and Wohlenberg, p. 135)

It should be pointed out that many migrants are never able to secure permanent employment or if they do, they are often underemployed and continue at a poverty level existence. Cities also face the burden of determining spending priorities of tax dollars. Money must be diverted from planned capital outlays and spent on welfare and human resource development programs.

One noticeable result of rural to urban migrations, well documented in census statistics, is an increase in the median age of the group remaining in the origin area. Census figures show that it is usually the younger persons who leave a rural area in search of employment, education, or more opportunities. What happens to those left behind? Morrill and Wohlenberg state that "at any point in time, too many seem to have remained; perhaps because they do not like the city. Still, many economists argue that the solution
to poverty is to bring about an adequate ratio of resources to population by shifting enough people from rural areas to cities to provide a good standard of living for those few who remain behind." (Morrill and Wohlenberg, 1971, p. 4)

The rural/urban dichotomy is really not as pronounced as one might think. Poverty and the lack of potential for human development exist in both places; only the proportions vary. For years, visions of wealth, jobs, education for children, and prosperity in urban areas nourished migratory streams. One study done for the U.S. Department of Agriculture indicated that a very strong motivational force that has encouraged migration is the desire on the part of the rural poor to seek higher welfare benefits in urban areas. This same study suggests that a federal welfare system which would equalize welfare benefits in all states would halve future rural to urban migrations. (Fantus, 1970)

Other plans and ideas have been presented to the federal government in hopes of stemming the flow of migrants. Besides the equalization of welfare payments, guaranteed annual incomes, higher minimum wages, negative income taxes, and guaranteed employment have been introduced as possible solutions. "Probably no other example in the United States is quite as dramatic as is the migratory
stream of people that fled to the northern cities from the South and Appalachia. Between 1960 and 1966 the population of the United States grew by 9.8%, whereas that of Appalachia increased by only 3%. Net out migration of 606,100 persons was largely responsible for the region's lower growth rate."

(March, 1969, p. 24) Hansen (1970) described other effects of these migrations such as stagnant growth patterns in rural areas from whence the migrants came, strain on the urban housing market, and glutting of urban employment markets, where unemployment was already substantial.

"Today there is widespread and growing recognition that the problems of metropolitan ghettos are linked to migration from poor rural areas, and that the future of our lagging areas is dependent on the feasibility of developing their own employment base." (Hansen, 1970, p. 5) The example cited is not used to reinforce misconceptions that the South and Appalachia are the main geographical areas of poverty and despair in America. "Even a simple description of where the poor live may prove surprising to many. Residents of the North and West are inclined to believe that most poverty is confined to the South and Appalachia. It is true that poverty is relatively more prevalent in these areas, but it is equally true that there is absolutely more poverty,
Many people have been conditioned to accept rural as simply the opposite of urban. (Anything that isn't urban must be rural.) Usually when one thinks of rural, a vision evolves depicting a pastoral setting which is sparsely populated and peaceful. Murphy states: "The terms urban and rural are usually conceived of as opposites. Urban suggests busy streets lined with houses, stores, factories, and the like; rural connotes the open countryside and their surrounding fields or even expanses of weeds and wasteland. But these are clear cut extremes; actually, urban areas often grade imperceptibly into rural areas; there is no natural or universally agreed upon boundary between them." (Murphy, 1966, pp. 8-9)

For the purposes of this thesis, the definitions of rural and urban that will be used are the ones given by the United States Bureau of the Census for the 1970 census.

The urban population comprises all persons living in urbanized areas and in places of 2,500 inhabitants or more outside urban areas. More specifically, the urban population consists of all persons living in (a) places of 2,500 inhabitants or more incorporated
as cities, villages, boroughs (except Alaska), and towns (except in New England states, New York, and Wisconsin), but excluding those persons living in rural portions of extended cities; (b) unincorporated places of 2,500 inhabitants or more; and (c) other territory incorporated or unincorporated, included in urbanized areas. The population not classified as urban constitutes the rural population. (U.S. Bureau of the Census, 1970)

The term lagging region is meant to describe areas which characteristically possess slow, failing, or chronically substandard economies as compared to other parts of the nation. Hansen describes a "lagging region" as presenting few of the attributes which would tend to attract economic activity. Generally such areas are characterized by small-scale agriculture, stagnant or declining industries, and low investments in social overhead capital (SOC--Investments in Human Resources). (Hansen, 1970, p. 9)

The Economic Development Administration uses a certain set of prerequisites to determine whether or not an area has lagged behind the rest of the country. The following list constitutes some of those factors:

1. A rate of unemployment substantially above the national rate.
2. A medium level of family income significantly below the national median.
3. A level of housing, health, and educational facilities substantially below the national level.
4. An economy that has traditionally been dominated by only one or two industries, which are in a state of long term decline.
5. A substantial outmigration of labor or capital or both.
6. Adverse effects resulting from changing industrial technology.
7. Adverse effects resulting from changes in national defense facilities or production.
8. Indices of national production indicating a growth rate substantially below the national average.

(P.L. 89-136, Section 501, 1965)

The third term to be defined is "growth centers" or as the Economic Development Administration refers to them, economic development centers. This term is clearly defined by the Appalachian Redevelopment Commission, the agency charged with administering the Appalachian Redevelopment Act of 1965. The act states that "Public investment made in a region under this act shall be concentrated in areas where there is the greatest potential for future growth, and where the expected return on the public's dollar will be the greatest." Similarly, the Public Works and Economic Development Act of 1965 states that "the proposed district contain one or more redevelopment areas or economic development centers identified in an approved district overall economic development program as having sufficient size and potential to foster the economic growth necessary to alleviate the distress of the redevelopment areas in the district." (P.L. 89-136, Section 403, Part C)

The Appalachian Commission is very explicit not only in
defining growth centers but also in differentiating them from growth areas.

By a "growth center" or "centers" is meant a complex consisting of one or more communities or places which, taken together, provide or are likely to provide, a range of cultural, social, employment, trade, and service functions for itself and its associated rural hinterland. Though a center may not be fully developed to provide a sufficient range and magnitude of these functions to be readily identifiable as the logical location for many specialized services to people in the surrounding hinterland. A "growth area" is an extension of the growth center itself. It is the adjoining area likely to experience residential and employment growth because of proximity to a center or location between centers. The hinterlands are surrounding rural areas which rely upon the growth center and growth area for services and employment. The hinterlands contribute resources and manpower to the overall district economy. (State and Regional Development Plans in Appalachia, 1968, p. 12)

Chapter III introduces the growth centers in the case study area and explains why they were selected by the District. Growth center policy and philosophy is a hand-me-down from the Economic Development Administration. The official specifications must be adhered to if a district is to gain recognition and subsequent funding for its workable program.

Another term to be defined is economic development district. One entire section, 403, part B, of the Public Works and Economic Development Act of 1965 is devoted to the description, formation of, and rules governing economic
development districts. Basically, the economic development district is a geographical region which surrounds a growth center. The growth center in turn must contain the necessary population and resources (human, capital, and natural) to foster economic growth throughout the entire district. Each economic development district must contain at least one such growth center. Hansen points out that, "The Public Works and Economic Development Act of 1965 limits such centers to communities or localized areas with fewer than 250,000 persons where resources hopefully can be used most rapidly and effectively to create more jobs and high incomes for the populations of their surrounding area. Although these centers need not be within depressed areas, they are supposed to promote economic growth and thereby alleviate economic distress in the redevelopment areas of the districts to which they belong." (Hansen, 1969, pp. 14-15)

The Economic Development Administration has placed a population floor of 250,000 on growth centers they will fund. Both Brian Berry (1968, pp. 1-6) and Wilbur Thompson (1965, p. 24) support this population figure as necessary for self-sustaining growth in the center. Hansen (1969, p. 12) in his definitive work on growth centers, cautions against depending on any "magic number" but instead focuses on a
number ranging between 250,000 and 750,000 persons.

The last and most important set of terms to be defined is recreation, tourism and leisure. A review of the literature reveals that there is a great difference of opinion as to what constitutes a recreationist versus a tourist. After studying the definitions used by several states the Arthur D. Little Co., Inc., concludes, "Little is to be gained, for most types of study, in attempting to separate a person's touristic activities from his recreational activities. However, for planning purposes, it may be very important to do so." (Arthur D. Little, 1967, p. 10) The Arthur D. Little EDA study asks the question, "How then does the recreationer differ from the tourist?" They conclude,

The principal difference seems to lie in the degree of activity, of actual physical exertion involved. Both the tourist and the recreationer add to their stock of knowledge and experience as a result of their activities. The recreationer, however, frequently needs to acquire new skills or abilities, in order to engage in a particular form of recreation. This is thus the second point on which the two differ. Tourism consists primarily of travel for pleasure purposes, it does not normally involve a large measure of physical exertion, nor does it involve the acquisition of new skills. (Arthur D. Little, 1967, p. 10)

Another very comprehensive study done by Northeastern University in Massachusetts defines recreation and tourism as follows: "Recreation is activity spent in leisure time
and in socially accredited ways for the purposes of enjoyment and well being. It is a generic term; tourism and vacationing are species of recreation. . . . Whatever different meanings authorities assign to tourism, all of them are agreed that the tourist is traveling for pleasure." (Northeastern University, 1967, p. 9)

Two other definitions are provided by noted authors in the field of recreation. Sebastian de Grazia comments, "Leisure is the state of being free from everyday necessity." Recreation in turn is "activity that rests men from work, often by giving them a change (distraction, diversion), and restores (recreates) them for work." (de Grazia, 1962, p. 246) Clawson and Knetsch (1971, pp. 6-7) define recreation as, "activity undertaken because one wants to do it . . . recreation refers to the human emotional and inspirational experience arising out of the recreational act; we use the latter to stand for the whole. Recreation contrasts with work, which is done primarily to earn money or otherwise for one's self and one's family." These latter authors also point out that recreation cannot be isolated from other activities. Recreation is closely related to leisure.

For this thesis the author has chosen to adopt the de Grazia definition for leisure and recreation and a State
of New Hampshire definition for a tourist which reads, "A tourist or pleasure traveler is defined to be any one who has traveled away from home for pleasure purposes."

(Hendrick, Pfister, and Segal, 1962, p. 4)

Chapter II introduces the case study area and describes some of its physical, economic, and historic characteristics. It also examines the Economic Development Administration and certain goals that it has set for the District to attain.
CHAPTER II

THE CASE STUDY AREA

The Mid-Columbia Economic Development District (hereafter referred to as the District) is comprised of five counties in the states of Oregon and Washington. All five counties front the Columbia River, which is also the natural and political boundary between the states. Skamania and Klickitat counties are located in south central Washington while Hood River, Wasco, and Sherman counties are located in north central Oregon.

The District is a very scenic and distinct area which comprises three physiographic regions. The first, the Cascade Mountains, acts as a natural western boundary; the second, the Columbia River Plain, bisects the third region, the Columbia Plateaus, that extend north and south on both sides of the Columbia River. Generally the local economies follow the physiographic regions with a preponderance of lumber production within the Cascades; agriculture on the high plateaus; transportation, trade and river-oriented endeavors along the Mid-Columbia River Plain. The Cascade
intermountain valleys are noted for orchard crops. (MCEDD, OEDP, 1971, p. 13) Outdoor recreation facilities also align with the physiographic regions. Many facilities are located in the Cascades or along the Columbia River Plain, while areas in the higher, drier plateau areas have the fewest. Two major touring routes follow the Columbia River Plain, Interstate 80 N in Oregon and state route 14 in Washington. U.S. routes 97 and 197 are the primary north/south arteries that traverse the Columbia Plateau (Figure I). It should be noted that Baldwin (1964) and Dicken (1965) refer to the Oregon area of the Columbia Plateau as the Deschutes-Umatilla Plateau.

Some of the District's scenic enjoyment is provided by unique geologic formations found along the Columbia River Gorge (hereafter referred to as the Gorge). The traveler on I-80 N can view cross sections of stratified basalt, as well as warped, uplifted, and faulted beds. Much of the history of this great river can be interpreted from the walls of its gorge. Baldwin (1964, pp. 88-89) reports that quite often one can view basalt flows piled one on top of another extending laterally for miles. In certain parts of southeastern Washington these flows exceed 5,000 feet (1,524 meters) in depth.
Figure 1. Mid-Columbia Economic Development District.
The extensive basalt formations in the District are associated with a problem that relates to outdoor recreation. The porous nature of the basalt isn't conducive to the retention of surface water. Consequently there are few natural ponds or lakes in the District, except sloughs along the Columbia River. (Oregon Outdoor Recreation, 1967, Appendix F, p. 1) This lack is significant because water-based resources and facilities play an important part in outdoor recreation and leisure in Oregon. (Vining, 1971; Oregon Outdoor Recreation, 1967; Katz, 1967, p. 42; Clawson and Kuetsch, 1966, p. 55)

Several other Columbia River tributaries in the District have cut scenic gorges. The Klickitat, Deschutes, and John Day Rivers all dissect the high lava plateaus. The latter two rivers flow through the District but originate outside it as is shown in Figure II. Access is another recreation problem associated with these rivers. Their steep-walled canyons severely limit access to long stretches. In certain places where access is possible, private ownership of the access places further restraint on public usage.

Another distinct area in the District is the High Cascade Mountain Range. Portions of this geologic province are found on both sides of the Columbia River, in Skamania and
Figure 2. Notable tourist and recreational water bodies in the District.
Hood River counties. "The high peaks of the eastern Cascades consist of extinct volcanoes. Both Mount Hood, 11,360 feet (3,462.53 meters), and Mount St. Helens, 9,677 feet (2,949.55 meters), are in the District. The peak of Mount Adams, 12,307 feet (3,751.17 meters), is just outside the area and its lower slopes lie within the District." (MCEED, OEDP, 1971, p. 14) 

"But for the ascents of these peaks, the eastern Cascades could be described merely as a higher aspect of the Deschutes (Umatilla) Plateau. The Cascade Plateau differs from the Deschutes in elevation, the numerous conical peaks, and the forest cover. Perhaps the last is the most useful factor in marking out the easternmost limit of the region." (Dicken, 1965, p. 20)

Amateur and professional geologists and rock hounds find many places of interest in the District, especially in southeast Wasco and Sherman counties, and abutting Wheeler and Gilliam counties. Motel and restaurant operators in Moro and Shaniko reported that they receive seasonal business from these hobbyists. (Michelson, 1971) Valuable agate and fossil beds have been reported in these counties.

Climate plays a very important part in the economy and outdoor recreation of the District. Travelers in the District have the rare opportunity to traverse several
climate and vegetation zones by traveling east or west along the Gorge or interior roads. In a recent field guide encompassing part of the District, Price remarks, "These greatly contrasted landscapes are due largely to differences in precipitation and temperatures in response to the Cascade Mountains. There are few places on earth that afford so great a change in so little distance." (Price, 1971, p. 33)

As Price indicates, the Cascade Mountains have a profound effect on the District's climate. Warm, moist air from the Pacific Ocean encounters the Cascades on their west-facing slopes and provides heavy precipitation annually. In contrast, portions of the eastern counties beyond the mountains receive less than ten inches per year. Franklin and Dryness (1969, p. 31) point out that precipitation and snowfall increase, and temperatures decrease rapidly with elevation on both eastern and western slopes of the Cascades. Heavy precipitation in the form of snow in higher elevations provides extended skiing and snowmobiling seasons. Conversely, short, warm dry summers in the Cascades are favorable for outdoor activities such as camping, fishing, hiking, picnicking, photography, and sight-seeing.

District seasonality is not only characterized by temperature and precipitation extremes but also by strong winds.
The Gorge acts as a natural funnel for these winds. Winds are a definite factor that Gorge travelers must contend with. Other aspects of their impact on outdoor recreation are discussed in Chapter IV. In summary, seasonal variations in climate do promote certain outdoor recreation and tourist activities; however climatic factors also limit recreational uses.

I. POPULATION

The 1970 Census indicates that there were 53,442 persons in the District. This figure, when compared to the 1960 Census, shows a 2.3 percent loss of population. The latest census also shows that almost half (44%) of the people in the District live in one of its seventeen incorporated cities or towns. Of the five counties in the District, only Skamania showed a population increase over the 1960 Census (portrayed in Table I).

TABLE I

DISTRICT POPULATION CHANGES FROM 1960 TO 1970

<table>
<thead>
<tr>
<th>Year</th>
<th>Hood River</th>
<th>Wasco</th>
<th>Sherman</th>
<th>Klickitat</th>
<th>Skamania</th>
<th>Totals</th>
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<tr>
<td>1960</td>
<td>13,395</td>
<td>20,205</td>
<td>2,446</td>
<td>13,455</td>
<td>5,207</td>
<td>54,708</td>
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<tr>
<td>1970</td>
<td>13,187</td>
<td>20,133</td>
<td>2,139</td>
<td>12,138</td>
<td>5,845</td>
<td>53,442</td>
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<tr>
<td>% 60-70</td>
<td>-1.5%</td>
<td>-0.3%</td>
<td>-12.5%</td>
<td>-10.9%</td>
<td>+12.3%</td>
<td>-2.3%</td>
</tr>
</tbody>
</table>

Source: U.S. Bureau of the Census
Wasco County has the largest population because of The Dalles, the District's growth center. Viewing the population by age, census figures indicate that the District is losing its youths. Each of the five counties shows the smallest number in the 25-34 age bracket. The 16-24 age group is also small in three counties: Hood River, Sherman, and Klickitat. As stated in Chapter I, this loss of youth is characteristic of rural areas with lagging economies.

Racially, the only discernible minority group in the District is the Indians, who account for about 2% of the total population.

District EDA officials are optimistic concerning population growth. They state in their Overall Development Plan, "The District, in 1980 may well have a population of 61,073 or a 14.3% increase over the 1970 figure of 53,442. This would constitute an average annual increase of 1.32%. It is anticipated that most of the growth will occur in The Dalles, Goldendale, Hood River, White Salmon, and Bingen. (MCEDD, OEDP, 1971, p. 20) It is important to note that Washington residents comprise only 33.6% of the District's population. There are only four incorporated cities and towns in the Washington counties and they account for only 8.4% of the District's population. Approximately 70% of
Washington District residents live in unincorporated areas as compared to 50% for Oregon. There are eleven such towns in the Washington counties and the same number in the Oregon counties. From a rural/urban standpoint, Washington residents of the District tend to live more in rural areas than their Oregon counterparts.

II. ECONOMIC HISTORY

Historically, the District's economy originated in The Dalles, which was the site of a federal outpost as early as 1850. The post was established primarily to deal with Indian problems in Eastern Oregon and Washington. (Bancroft, 1888, Vol. II, pp. 252-253) The Dalles' growth was sporadic with one of the largest population influxes coming in 1862 when miners seeking gold in Eastern Oregon used this new outpost as a supply depot and jumping off point to the gold fields. (Meinig, 1968, p. 212; French, 1958, pp. 23-35)

Celilo Falls and Rapids played a very important part in the growth of The Dalles. These natural geologic features prohibited continuous navigation past The Dalles on the Columbia River and necessitated a fourteen mile portage before reaching navigable waters at Celilo. A similar
situation, a natural break in transportation, existed at Cascades (Cascade Locks); there again rapids dictated a portage.

Meinig (1968, pp. 212-213) vividly portrays life in The Dalles from 1850 until 1910. He states, "The Dalles reaped the benefits of its position not only as the main portal to the interior, but more importantly, as the essential transshipment point for all river traffic." Many residents of The Dalles foresaw it as another Portland or Seattle, but this vision never materialized.

After the brief flurry in the middle 1860's, Eastern Oregon gold fields played out. Wheat farmers and sheepmen started coming to claim federal lands. The sheepmen enjoyed some success and in 1867 the Wasco Woolen Mill opened in The Dalles to meet area demand. (Meining, 1968, p. 223) During the 1870's and 1880's wheat farms sprang up over Wasco County and Klickitat County. Giles French describes this new enterprise and traces marked progress in many areas which today are part of the District (French, 1958). The wheat farms gave rise to many small settlements in the Tygh Valley and Grass Valley areas.

As wheat farming prospered and settlements grew, the once booming city of The Dalles started to decline. As late
as 1910, The Dalles had a small population on only 4,880 and it became clear that it would not reach its expectations. Meinig states that this was due primarily to the influence of the railroads. "The qualities of that position (The Dalles) were persistently exaggerated and misread. Once the railroads took the traffic away from the river boats, the transshipment business - the impetus and mainstay of the early years - was irrevocably gone." (Meinig, 1968, p. 456) Other factors contributed to the demise of The Dalles' economic importance. Proximity to Portland, Spokane, and Walla Walla contributed, as did the new feeder railroad routes up the Deschutes River Canyon that went to prospering towns at Madras, Prineville, and Bend in Central Oregon.

In comparison to The Dalles, other areas of the present District evolved and progressed very slowly. Goldendale, Washington, although first settled by cattlemen in the 1860's, had its importance diminished by proximity to The Dalles. By the turn of the century, Goldendale had become the central focus for wheat and lumber in southeastern Washington. The necessary portage at Cascade Locks provided some economic activity there while other small saw mills and lumber operations dotted both sides of the Gorge. In the interior of the District, Shaniko and Antelope had their heydays in the
early 1900's when railroad construction and wood production reached their peaks. (Michelson, 1971)

The city of Hood River and the interior valley came into prominence in the early 1900's when irrigation methods were perfected for use in fruit production. Ross points out that Hood River farmers were a much different social class than the "gentlemen farmers" in other parts of the state of Oregon. Hood River farmers cleared and worked their lands. Immigration brought three identifiable groups to Hood River: New Englanders, Finns, and Japanese. The latter groups were brought to the valley specifically to clear the land and prepare garden-type orchards. (Ross, 1949, p. 289; Oregon Bluebook, 1966, p. 247)

Increased mechanization in agriculture has had several major effects in the District. Farm sizes have increased as owners could work larger tracts. Productivity increased due in part to machines, but also to advances in agricultural science and irrigation. Mechanization also had the effect of replacing farm laborers with machines; this trend continues today accompanied by high unemployment in this labor category. French (1958) and the Mid-Columbia's Overall Economic Development Plan (1971) provide extensive coverage of the growth and decline of agriculture in the District.
Lumbering, an important economic activity in the District, came into prominence much later than most forms of agriculture. In earlier periods (before 1900) other sites west of the Cascades were more advantageously located near lumber shipping ports. Meinig (1968, p. 344) reports that there were four sawmills operating in Goldendale in the 1880's. For the most part lumber was shipped at a relatively low cost up the Columbia from mills at Vancouver and Oregon City. There was some early logging at Cascade Locks but the portage business was the prevailing economic activity. It wasn't until coastal forests had been heavily cut and railroads were firmly entrenched east of the Cascades that attentions were focused on District lumber. (Brogan, 1964, p. 246) Today the lumber industry is an important part of the District's economy. Lumber operations are confined for the most part to Skamania, Hood River, and western Wasco Counties. Most timber (62.5%) is cut on Forest Service land while 30.9% is cut on private holdings. (OEDP, 1971, p. 53)

The history of hydroelectric power dams and their dependent industries is recent. There are three Army Corps of Engineers maintained dams in the District on the Columbia River and two private utility company projects on tributary
streams. The oldest of the three dams, Bonneville, was completed in 1938. Its construction labor force created the town of North Bonneville. The Dalles has prospered from construction of a dam at that location, as well as from the John Day Dam further to the east. The original powerhouse on The Dalles Dam was finished in 1957; additional work is now in progress. The John Day Dam is the newest in the area, having been completed in 1968. Hydroelectric power from these dams is vitally important to aluminum reduction plants in The Dalles area. Power is also sent to Southern California via the Bonneville inter tie system. The Harvey Aluminum Company, which operates two plants in the District is the largest single full-time employer. (OEDP, 1971, p. 67)

The history of the District bares two facts. First, the District's economy has lagged behind those of other areas; second, unemployment has been substantial enough to qualify the area as an EDA district. Most of the employment in agriculture and lumber is seasonal due to climate. The winter months, December through March, show the highest unemployment. The 1970 statistics are compiled in the following Table. (Also see Appendix B)

Table II reveals that unemployment for all counties was 8.7% annually. There is a strong contrast between a high
monthly average (14.5%) in winter and a low one (4.7%) in summer. A similar analysis of employment figures for the last three years yields a similar trend. (OEDP, 1971, p.30)

TABLE II

SUMMARY OF HIGH AND LOW MONTH EMPLOYMENT FIGURES FOR 1970

<table>
<thead>
<tr>
<th>County</th>
<th>Highest Month</th>
<th>%</th>
<th>Lowest Month</th>
<th>%</th>
<th>Year Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Klickitat</td>
<td>Feb.</td>
<td>13.6</td>
<td>Sept./Oct.</td>
<td>5.1</td>
<td>8.4</td>
</tr>
<tr>
<td>Skamania</td>
<td>Dec.</td>
<td>22.2</td>
<td>Oct.</td>
<td>4.9</td>
<td>9.4</td>
</tr>
<tr>
<td>Wasco/Sherman</td>
<td>Jan.</td>
<td>10.7</td>
<td>Oct.</td>
<td>5.0</td>
<td>7.8</td>
</tr>
<tr>
<td>Hood River</td>
<td>Dec.</td>
<td>11.4</td>
<td>Sept.</td>
<td>3.7</td>
<td>8.1</td>
</tr>
</tbody>
</table>

1 - Source: State of Washington Employment Office
2 - Source: State of Oregon Employment Office

Outdoor recreation and travel-oriented businesses also contribute to seasonal employment in the District. Minor exceptions are noted in Hood River and Klickitat Counties due to skiing activities in winter months. Conder (1971, p. 27) shows that these two counties derive recreational income from winter sports. Both Conder (1971) and Hatton (1969) found that increases in summer traffic in recreation areas can have an effect on employment in the food and drinking, lodging, and gasoline industries. (See Appendix A)

As stated, the District has suffered economic distress
during the last several years. A five-county citizens group formed and made application to their respective state governors for economic development assistance. The governors of Washington and Oregon approved the applications and forwarded them to the U. S. Department of Commerce's sub-agency, the Economic Development Administration. The District was born on June 10, 1970, under guidelines set down in Section 301 (b) of the Public Works and Employment Act of 1965 (OEDP, 1971, p. 5). The District, for the most part, is funded by the Economic Development Administration but an operating levy is assessed each of the five member counties to provide a local share. Since the District is in reality an authorized arm of the Economic Development Administration, it has to strive to attain their goals and aims. These are explicitly set out in the EDA's handbook which states: "EDA has recognized as its mission the task of enhancing the national economy by assisting areas of substantial and persistent unemployment and underemployment to achieve lasting economic improvement through the establishment of stable, diversified, and strengthened local economies." (EDA, 1968, p. 2)

The EDA has five target goals by which the success of its program may be measured.

1. To reduce the incidence of substantial and persistent unemployment and underemployment characteristic
of certain designated and qualified regions, counties, and communities to a level commensurate with levels prevailing in the national economy.

2. To improve economic development planning, coordinating, and implementing capabilities at all levels--federal, state, regional, and local.

3. To provide a basis for improved co-ordination of continuity for federal, state, and local activities relating to regional economic development, and for more efficient utilization of all resources (federal, state, local, and private) available for regional and local economic development.

4. To provide a basis for rapid, effective, and efficient expansion of federal, state, and local expenditures to promote economic development if and when such expansion is determined to be desirable and necessary.

5. To develop alternatives to present patterns of migration of the unemployed and underemployed (now directed to the larger urban areas) by expanding economic opportunities in more suitable locations.

(EDA, 1968, p. 2)

Many Federal agencies have investigated the various causes and effects of depressed economic areas in the United States. Many of their proposals were incorporated into the Public Works and Economic Development Act of 1965 and the Appalachian Redevelopment Act of the same year. Other evidence the agencies found was incorporated into various reports to the President on rural poverty. One congressional report stated: "The cycle of depression for an area is a vicious cycle which feeds upon itself. Since a declining
economic base results in a local inability to finance the public improvements necessary to attract new industries, the young people who are unable to secure employment and who are concerned about their economic futures are forced to leave the area. Prospective new employers thus find the area burdened not only with inadequate public facilities but with an untrained or inadequate labor force, and they turn to more attractive locations." (House Report No. 539, 89th Congress, 1st Session, p. 5)

This emphasis on investment in public facilities is stressed by Niles Hansen (1970). He cites lack of investment in human resources as a prominent feature of most lagging rural economies. The Economic Development Administration is aware of the overall effects that result from inadequate investment in human resources development. They state, "Communities stripped of their most important resources by out migration of residents in search of greater opportunities, are unable to finance public improvements that would attract new industry, and thus new jobs and income. Those who remain are caught in the grip of despair--their only legacy to the next generation." (EDA, 1968, p. 2)

As stated, District goals and aims reflect those of the parent federal agency, the Economic Development
Administration. However, local citizen and staff inputs were not overlooked and are most discernable in the District's Overall Economic Development Plan. Citizen committees and staff of the District operate under the following assumption:

The value of a planned regional economy is primarily that through the analysis of existing economic conditions and resource utilization, there will come to light areas in which the region has significant geographic and economic advantage over other regions. These economic areas should be viewed as areas of potential growth and long term planning to exploit these advantages to their fullest extent. Within all regions, there occurs some degree of inefficiency and waste in regard to the interchange and processing of materials. Areas where deficiencies such as these exist should be sought out and solutions rendered. Often, economic problems are brought about because of deficiencies in the social sector or in the inability of the District to perform necessary services. These deficiencies can be eliminated through regional planning and the implementation of appropriate programs. (MCEDD, OEDP, p. 10)

The Economic Development Administration has selected outdoor recreation and tourist facilities development as one way of expanding economic bases in lagging areas. The EDA handbook states that, "only if a project is an essential auxiliary facility in a development tourism complex" will they actively participate. (EDA, 1968, p. 25) The types of facilities that they will consider are quite diverse and are as follows: hotels and motels, restaurants, ski slides, marinas, oceanaria, scenic railroads, golf courses or swimming pools and arts and crafts centers.
In the case study area, the EDA's outdoor recreation and tourist projects involve the expansion of the Kah-Nee-Ta resort on the Warm Springs Indian Reservation and the possible construction of an aerial tramway at Cascade Locks. Additional analysis of these facilities is presented in Chapter III. Chapter III also provides an assessment of outdoor recreation and tourist facilities throughout the District.
CHAPTER III

DISTRICT RECREATION-TOURIST-VACATIONING FACILITIES

The analysis of outdoor recreation and tourist facilities offered in the District's Overall Economic Development Plan is poor. (OEDP, 1971, p. 71) A District inventory of such facilities was done by this author during the summer of 1971. (Michelson, 1971) Prior to that time, compilation or analysis of such facilities, even for parts of the District, was rare. A few notable exceptions are various internship publications by Cox, 1969; Hannigan, 1971; Lane and York, 1969; and Conder, 1971. Numerous travel and advertising brochures have been produced by businesses, chambers of commerce, and other organizations in the District, but they lack a professional format and are basically advertising materials for general distribution.

Parts of the District have been included in state travel publications published by the State Highway Department. The Oregon counties received some mention in the Oregon Outdoor Recreation Report, 1967, and Skamania and
Klickitat Counties were included in a study done for the State of Washington's Department of Commerce. (Henricksen, 1970) Both of these reports gave superficial treatment to recreation and tourism in the District and concentrated on other areas where considerable facilities development or attractions existed. A regional approach to future outdoor recreation needs was taken by Katz (1967) for the Bonneville Power Administration and also by the Pacific Northwest River Basins Commission in their Appendix XIII, Recreation. (1971)

The greatest concentration of outdoor recreation and tourist facilities is found in three distinct geographic areas of the District. The first of these areas is the Columbia River Gorge where most of the District's population lives. (OEDP, 1971, p. 17) This area records the highest traffic volumes due to a well developed freeway system. (Condor, 1971) This area also provides the greatest number of restaurants, motels, and automobile services for District travelers. Almost all these facilities, especially the newest, are located on the Oregon side of the Gorge along Interstate I-80 N.

The second geographic development area is outdoor recreation oriented and is the Mount Hood National Forest.
Parts of this forest reserve are within District boundaries in Hood River and Wasco Counties. Similarly, the third notable area for development is the Gifford Pinchot National Forest which accounts for approximately eighty-five percent of the area of Skamania County, Washington. (Gifford Pinchot National Forest, Mervin Wolf, Recreation and Lands Staff)

Excluding these areas described, outdoor recreation and tourist-oriented development is relatively sparse in the District. Traveler services on secondary roads are poorly developed or in many places, non-existent. Eating, drinking, lodging, and automobile service facilities, in areas away from the Gorge, are usually associated with small settlements. Many of these businesses depend heavily on local residents for livelihood and receive little business from seasonal tourists. Private enterprise has been slow to construct or renew dilapidated facilities in many areas of the District especially away from the Gorge. There are several possible reasons for this, some of which are discussed at length in Chapter IV.

In terms of future development, two facilities should be mentioned as setting a possible example for tourist facility expansion in the District. The first facility, the
Kah-Nee-Ta resort, is located on the 564,000 acre Warm Springs Indian Reservation in Wasco and Jefferson Counties.

"Kah-Nee-Ta is a professionally designed resort complete with two swimming pools, a picnic area, a restaurant, and a gift shop. Accommodations are provided in rental cabins, camping facilities, trailers and teepees which can be rented by the day. Horseback riding and fishing are available, and once a week the Indians stage tribal dances. The swimming pools are naturally heated by the warm waters of the warm springs." (Hatton, 1969, p. 108) The Kah-Nee-Ta resort complex has undergone major expansion. A large hotel and convention center with additional swimming pools and a nine hole golf course have been built to complement existing facilities. Kah-Nee-Ta prospers under able Indian management and has achieved the status of being one of the most popular resorts in Oregon. The success of this resort is in sharp contrast to examples of Indian business failures outlined by Hansen (1970, Chapter Seven).

A second District undertaking is the proposed aerial tramway to be constructed at Cascade Locks, Oregon. Actual construction has not begun at this time, but the facility is expected to be completed for the 1974 tourist season. This proposed tramway should be as popular a tourist
attraction along the Gorge as is the Bonneville Dam Visitors Center and Multnomah Falls. (Conder, McCallum, Michelson, 1971) Both the Cascade Locks Aerial Tramway and the addition at Kah-Nee-Ta are receiving substantial loans from the District via the Economic Development Administration. Conversations with District officials indicate that until these projects are completed, District loan monies will be directed to other areas of the economy besides recreation and tourism.

I. INDIVIDUAL COUNTY ANALYSIS

The following section is a District analysis by county of outdoor recreation and tourist facilities. It is hoped that this overview will provide the reader with further insights concerning the extent of facilities development, or the lack of it, in the District. This synopsis also serves as a foundation from which to proceed with the discussion of specific District problems as treated in Chapter IV.

Skamania County, Washington

Conversations with Skamania County officials indicate that approximately 92 percent of this county is owned by the federal government, state government, and large private timber, power, and railroad companies. Private incentive to
develop any type of recreational or tourist businesses is practically nil. One can travel halfway across this county on Washington State route 14 before encountering a full service gasoline station or restaurant.

Along state route 14, in the Western part of the county, is the landmark Beacon Rock State Park. Beacon Rock is claimed to be the world's second largest monolith. (The New Washington, 1950, p. 405) The top of this monolith, which can be reached by trail, affords superb vistas of the Columbia River and the Gorge.

Skamania county has two resorts that feature chemically unique hot springs. The Bonneville Hot Springs is a modern facility with an expanding local and metropolitan area clientele. St. Martin's Hot Springs, near the town of Carson, is an older more established resort which is patronized by non-local guests, primarily senior citizens. This, however, was not always the case. Giles French (1958, p. 114) tells of prosperous Sherman County wheat farmers sending their families to summer at St. Martin's Springs during the 1890's.

Other traveler services have developed at North Bonneville and Stevenson. Gift shops, bait stores, and antique dealers have found it advantageous to locate near traveler
services such as restaurants and filling stations. Several motel operators informed the author that seasonal occupancy rates were good and probably warranted expansion but other factors, some of which are mentioned in Chapter IV, prohibited them from doing so. A new public nine-hole golf course was recently constructed and opened west of the town of North Bonneville. County officials hope that it will draw enthusiasts from metropolitan areas. The future of this golf course is doubtful, however, due to modifications planned for the Bonneville Dam which could result in flooding parts of the new golf course. County officials are trying to spur public support for the construction of a new marina on the Columbia River in this same general vicinity.

Stevenson, the county seat, has a population of 916 persons and is the largest city in the county. It also serves as the major service center for travelers and residents on this side of the Gorge. Stevenson has several cafes which offer limited menus, automobile services, and limited lodging facilities. Grocery and hardware stores in Stevenson offer necessary supplies for campers and fishermen in the area.

The outdoor recreation and tourist portion of the economy of Skamania County must be described as poor and
lagging as lumbering is the primary economic activity. At a county-wide meeting in Stevenson during the summer of 1971, citizens were asked to outline their priorities for improving their local economy. Overwhelmingly, the group expressed a desire to expand the county's outdoor recreation and tourist appeal in hopes of creating new jobs in this sector. Outdoor recreation highlights in Skamania County really consist of facilities provided by the Gifford Pinchot National Forest and the Pacific Power and Light Company.

The largest water body in the District, excluding the Columbia River, is Swift Reservoir in central western Skamania County. This excellent outdoor recreation site suffers from an access problem. The District traveler in the Gorge cannot reach this water body via paved road from the Gorge. The only paved access to this twelve mile (19.31 km) long reservoir is by traveling north on Interstate I-5 to Woodland, Washington, and turning east on to state route 503 and traveling approximately fifty-five miles (88.50 km). Swift Reservoir was created by a dam erected by the Pacific Power and Light Company. This company also provides the public with six parks and three over-night campgrounds along state route 503, the Lewis River and Swift Reservoir. Disaggregated user figures for these Skamania County sites were
not available; however, Pacific Power and Light Company estimates that close to 300,000 persons used their Lewis River and Swift Reservoir facilities during 1971. (Larry Espey, Recreation Facilities Director, Pacific Power and Light Company) Swift Reservoir is surrounded on three sides by acreage of the Gifford Pinchot National Forest. It is possible that in the future a forest service dirt road, which offers access to Swift Reservoir from Carson along the Gorge will be paved. This would open up one of the most scenic outdoor recreation resources in the District to Gorge travelers.

A similar accessibility plight exists at Spirit Lake, the major water body in the Gifford Pinchot National Forest. Once again, paved access is by traveling I-5 north to Castle Rock, Washington, and turning east on state route 504 and traveling approximately sixty-five miles (104.59 km). This entrance to the forest provides the visitor the closest access to Mt. St. Helens, the outstanding, snow-capped peak in the Gifford Pinchot National Forest.

Klickitat County, Washington

This county surpasses its neighbor, Skamania, in private development of outdoor recreation and tourist facilities. Second recreational homes are becoming very popular
in Klickitat County. "A recent study conducted by the State of Washington Interagency Committee for Outdoor Recreation produced some interesting statistics. Presently there are 17,371 acres (703,004.37 are) of Klickitat County that have been bought for speculation and recreation second-home development. This figure is twice as large as that of any other county in the State of Washington." (Michelson, 1971, p. 10)

In comparison to North Bonneville and Stevenson in Skamania County, the most developed travel service complex in Klickitat County is located at Goldendale. Goldendale is situated along the important north/south tourist and truck route, U.S. 97. Traveler services as found in Goldendale are sparse along other interior roads in this county. Only basic food and fuel needs can usually be met at some of the small interior settlements.

Washington route 14 extends through Klickitat County east to Benton County. This road closely parallels the Columbia River through most of both counties. Two unique tourist attractions are located on this route near Goldendale. One, the Maryhill Fine Arts Museum, is an extraordinary facility, literally located out in the middle of nowhere. It is situated on a high desolate, parched
plateau overlooking the Columbia River and North Central Oregon. Ross (1949, p. 284) offers an interesting anecdote for Maryhill when she states, "Samuel Hill is said to have built his great house in this treeless yellow landscape because tests had led him to believe that here were to be found the most health-giving winds in the world." Many people have contributed to the vast collections of the museum. They have quite a wide range of paintings, sculptures, hand-carved and molded chess sets, antique dolls, and mementoes of European history and royalty. In addition, there is a fine collection of early railroad pictures and Indian and pioneer artifacts. Close to the museum is another Hill-built attraction, the Stonehenge War Memorial, a replica of the famous prehistoric megaliths. Not far from the museum and memorial, the Army Corps of Engineers has completed a new marina. This new marina, appropriately named Maryhill Park, when added to Horsethief State Park and the Avery Area, places Klickitat County in the forefront of Washington District counties offering public access to the Columbia River. All three of these facilities offer access to Lake Celilo behind The Dalles Dam.

Winter activities in Klickitat County revolve around an expanding three-tow ski operation at Satus Pass on route
97 northeast of Goldendale. Another fledgling operation has started on the lower slopes of Mt. Adams near the town of Trout Lake. Snowmobiling is also popular and is done at Satus Pass and in certain areas of the adjacent Gifford Pinchot National Forest.

Most of Klickitat County’s outdoor recreation and tourist facilities cater to summer travelers. California tourists traveling on route 97 provide much of Goldendale’s livelihood. Conder found additional factors that seem to contribute to explanations of unique traffic characteristics in the Goldendale area. He found that Goldendale had summer weekend traffic peaks in excess of some of the major Oregon coastal tourist roads. Conder explains this by concluding that residents from the Yakima, Washington area travel to summer homes in the Goldendale/Satus Pass area. Conder also feels that the Columbia River provides enough attraction to draw travelers from Yakima to the Gorge on weekends for sightseeing and picnicking. (Conder, 1971, pp. 12-13)

In summary, Klickitat County offers the tourist little selection of resorts or special attractions that would entice him to stay in the area for any extended period of time. Most historic places and other points of interest in
Klickitat County can be viewed in less than one day. Outdoor recreationists use Klickitat County access roads to get to certain areas of the Gifford Pinchot National Forest, yet there aren't any national forest lands in the county. Trout Lake, on state route 121, is a main entrance to the Gifford Pinchot Forest and the popular Ice Caves. This particular attraction operated at 104 percent of its theoretical user capacity in 1970, thus making it the most used site in the Gifford Pinchot National Forest. (Source: U.S. Forest Service, Gifford Pinchot National Forest)

Much of the attractiveness of Klickitat County is in its scenery, a commodity which is abundant throughout the District. But the county needs more than scenery for economic survival. If the current real estate boom is any indicator of future growth, then new services and facilities will be built. At this time Goldendale is the only city that is even partially prepared to meet future traveler and part-time resident demands, and it should be considered a potential growth center.

Sherman County, Oregon

This county has the least recreational facilities of any of the counties in the District, but in number of traveler services, exceeds many other sections of larger and more
populous counties. Small clusters of food, fuel, and lodging facilities are found at several small towns along U.S. 97 which extends north and south through the county. The leading center for traveler services is Biggs Junction, a four-way crossing at the junction of U.S. 97 and I-80 N at the Sam Hill Memorial Bridge. Biggs' economic base is totally dependent on traveler services.

Sherman County is bounded on the east and west by the John Day and Deschutes Rivers, respectively. Sections of these rivers bounding the District have been designated as Wild and Scenic Rivers under the public law of that title. (P.L. 90-542; Columbia North Pacific Region Comprehensive Framework Study of Water and Related Lands, 1971, Appendix XIII, p. 210)

Where Sherman and Wasco Counties meet at the Deschutes River on route 216, exists a significant historic landmark, Sherar's Bridge. This was the site of one of the first toll bridge crossings in Oregon. It is also one of the narrowest and swiftest moving sections of the Deschutes River. Indians still fish these narrows for salmon and steelhead while suspended on platforms precariously hung over deep swirling whirlpools.

Sherman County played an important part in the develop-
ment of wheat agriculture in Oregon. Early Indian and railroad history figures prominently in the area (French, 1958), but little remains to indicate that these people and trains were actually here. Many of the early roadbeds have been torn up and the Indians live in modern communities such as Warm Springs and have become successful businessmen in the Warm Springs Resort and Lumber Company.

Wasco County, Oregon

This county is of central importance to District outdoor recreation and tourism for two reasons. First, it contains the county's largest city, The Dalles, which has been designated a growth center by the Economic Development Administration and second, this District mid-point offers travelers the widest selection of related services. The Dalles was chosen as a growth center by the Economic Development Administration for many reasons, some of which are as follows:

1. It is located at about the geographic center of the District.
2. It is serviced by major transportation routes and systems.
3. It is the major population center of the District.
4. It has a fairly stable industrial economy.
5. There is vacant industrial land for development.
6. There is a prosperous modern Central Business District to serve the hinterland.

7. There is zoning ordinance to control development.

8. There is evidence of a commitment by the city to develop human resources.

The District's Overall Economic Development Plan (pp. 95-97) offers a comprehensive analysis for this selection.

Historically, The Dalles area of Wasco County is one of the most interesting in Oregon as it was a center of pioneer and Indian activity. A local historical society, two museums, and the Chamber of Commerce have pooled their efforts towards capitalizing on this attractiveness. Wasco County was once the largest such political entity in the nation. The Oregon Bluebook states, "Wasco County was created by the Territorial Legislature (Oregon) on January 11, 1854, and at that time embraced all of Oregon east of the Cascade mountains, and parts of what are now Idaho, Montana, Wyoming, and Utah. The Dalles, its county seat, was long the point of entry into Oregon for overland travelers." (Oregon Bluebook, 1968, p. 203) A park and marker close to the downtown area of The Dalles mark the end of the old Oregon Trail, a major pioneer wagon route, which had its origin in St. Louis, Missouri.

As mentioned, The Dalles area was an important center
of Indian activity. Today such folklore and tradition are of interest to tourists. Memaloose Island, an ancient Indian burial ground, is still visible in the middle of the Columbia River near The Dalles. Celilo Falls, once a favorite site for Indian salmon fishing, is now inundated by Lake Celilo behind The Dalles Dam. The Indians of this area used the salmon caught at Celilo Falls as a staple of life. The great lakes formed behind the hydroelectric dams have inundated Indian petroglyphs. Some, but not all, of these petroglyphs were saved and are on display in the Winquatt Museum of Natural History in The Dalles.

The wild and scenic Deschutes River flows through the entire eastern portion of Wasco County. Excellent access to the river is provided by the Bureau of Land Management. Their well developed facilities extend from Maupin down river to Sherar's Bridge, the historic toll crossing between Wasco and Sherman Counties.

South-eastern Wasco County is an interesting area historically and mineralogically. Shaniko, called a "ghost town" by its fifty-seven residents, is a colorful reminder of earlier railroads, ranching, and mining days in this vicinity. (Brogan, 1964) The town attracts many passing tourists that use U.S. 97. Travelers can eat family style
at the old Shaniko Hotel, tour the old city jail, and visit two small museums in a short period of time. This same portion of Wasco County is extremely popular with rockhounds and artifact hunters. State Highway Department literature states that the Antelope area, not far from Shaniko, is one of the best in the state for gem-grade agates. (Oregon State Highway Department Publication, Oregon Rocks, Minerals, and Fossils) Not far from Shaniko, in western Wasco County, is Kah-Nee-Ta, the resort mentioned earlier in this chapter.

The primary north/south highway in Wasco County is U.S. 197 which extends from The Dalles past Maupin and joins U.S. 97 near Shaniko. Traveler services are practically non-existent on U.S. 97 from Maupin to Madras. The traveler is wise to travel U.S. 197 where facilities exist at most small settlements. However, most travelers can cross this entire county non-stop, providing they have secured necessary services along the Gorge or at Goldendale.

Outdoor recreation sites are more abundant in western portions of Wasco County because of the Mount Hood National Forest. This same area contains the only area of recreational lakes in the county.

Hood River County, Oregon

The primary economic activity in this county is
agriculture—mainly fruit growing. "Fruit production generally consists of pears, cherries, and apples. There is some peach, prune, and berry production, but in relatively small amounts." (MCEDD, OEDP, 1971, p. 33) The orchards are a major tourist attraction and draw large numbers of persons to Hood River Valley twice a year. In spring, visitors come to view the orchards in bloom, and in the fall they return to see foliage and buy harvested fruit.

Hood River County is similar to Skamania County in that a large portion of its land is held by the federal government in the Mount Hood National Forest. Parts of the county are very similar to Wasco County in that areas along the Gorge and I-80 N contain well-developed traveler services. The City of Hood River is the second largest in the entire District and offers excellent access to the Columbia River and Lake Roosevelt behind the Bonneville Dam. A toll bridge at Hood River connects to the twin cities of Bingen/White Salmon in Washington across the Columbia.

Once again while Gorge sections of this county have well developed tourist facilities, interior sections are practically void of such facilities. The interior of the valley is in desperate need of motel and restaurant facilities. If facilities were constructed, they could expect
year round business from skiers in the winter, blossom
tourists in the spring, and foliage and harvest tourists in
the late summer and early fall.

Most of Hood River County is easily accessible to the
Mount Hood Loop, State Route 35. This section of highway is
widely promoted by the Hood River Chamber of Commerce and
valley business associations. They seek to draw Portland/
Vancouver metropolitan area residents to Mount Hood and
Hood River Valley. The loop is a one day scenic drive of
approximately 170 miles (273.53 km). An excellent brochure
and map listing places to go and what to see and do while on
the loop is available from the Oregon State Highway Depart­
ment, Travel Information Division, Salem, Oregon.

Winter sports are extremely important to the economy
of Hood River County. Skiing, snowmobiling, and snowshoeing,
and some ice fishing are all enjoyed within the snow zones
of the Mount Hood National Forest. There are five ski areas
on Mount Hood and one close by near Hood River. Only two of
these ski areas are actually located within the District
boundaries. The first is Mount Hood Meadows which is located
just off state highway 35 near Government Camp. The second
site is the Cooper Spur area and is located south of Hood
River, also off state highway 35. Forest Service statistics
indicate that winter sports in Hood River County portions of the Mount Hood National Forest account for 18 percent of this forest's user days in 1970. (Source: U.S. Forest Service, Hood River Ranger District)

Skiing is big business on Mount Hood and is destined to show continued growth as new facilities are developed. The U.S. Forest Service reports that the five areas on Mount Hood drew 328,000 skier visits for the winter of 1970-71. (Roland Emetaz, Recreation Specialist, Sixth Region, U.S. Forest Service) "Mount Hood Meadows, Oregon's newest ski resort with its three double chair lifts and T-bar was the second most popular area in the state last year (1971) with 141,584 skiers and about 3,000 girlwatchers." (Northwest Magazine, Sunday, January 30, 1972, pp. 9-12) This Northwest Magazine article also indicates that new construction amounting to one and a half million dollars is slated for Hood River Meadows and Timberline Lodge.

Both Oregon ski facilities, Mt. Hood Meadows and Cooper Spur, claim superior skiing over other areas due to drier, more powdery snow that falls on the east facing slopes in the Cascades.

Overnight facilities in the entire Mount Hood-Cooper Spur area are poorly developed given the number of skiers
that use the six locations. The only close facilities are at Timberline Lodge, Government Camp, and Rhododendron, the latter two of which are outside the District. Hood River, with the greatest selection of overnight facilities, is thirty-five miles (56.31 km) away. Consequently many skiers are conditioned to returning to the Portland/Vancouver area nightly because of the lack of facilities close to the ski area. Ski operators are helping to foster demand for lodgings by promoting nighttime skiing to avoid daytime crowds and long lift waits.

Several interesting plans are presently circulating in this area of this District, plans which center around new recreation and tourist development. Discussions with District officials indicate that one plan calls for the possible construction of apartments that could be used for seasonal purposes such as housing for migrant laborers in the spring and summer months and the housing of ski area personnel and guests in the winter months. This particular idea is still in the planning stages but it seems feasible in light of certain facts, the foremost of which is a new set of requirements by the federal government that has raised standards for migrant housing. These new standards must be implemented by February 1, 1972. Much of the migrant housing in the
District does not meet the new federal standards and growers could face a serious labor shortage in coming seasons.

(Sunday Oregonian, February 27, 1972, p. 32)

A second plan that has already seen fruition is the creation of the Mid-Columbia Development Corporation. This non-profit corporation is comprised of District businessmen who, as shareholders, plan investments in tourist and recreation oriented projects that might help to stimulate local economies and set the pace for further development. A third project calls for the construction of an aerial tramway at Cascade Locks as mentioned earlier in this chapter.

Hood River County shares in the District misfortune of lacking recreational water bodies, especially at lower elevations. However, there are several high lakes in parts of the Mount Hood National Forest in Hood River County. These lakes are usually accessible for only short periods of the year because of deep snow. In addition, the waters are extremely cold and aren't conducive to swimming, boating, and water-skiing.

Presently, Hood River County's major attractions are the Mount Hood National Forest and the pleasing panoramas of the valley orchards. Hood River County should be rated as one of the District's best bets for future development of
recreational and tourist facilities because of its assets and proximity to the Portland/Vancouver metropolitan area and large populations.

In summary, the District facility analysis by county has yielded the following facts:

1. Sherman County has the least recreational facilities but maintains adequate traveler services.

2. Hood River and Skamania Counties contain the greatest number of recreational facilities due to Mount Hood and Gifford Pinchot National Forests being located within each county's boundaries respectively.

3. The greatest concentrations of traveler services, food, fuel, and lodging facilities, are located along route I-80 N in Oregon at Cascade Locks, Hood River, The Dalles, and Biggs Junction.

4. Interior sections of all five counties have poorly developed traveler services. Those that do exist are usually associated with small settlements.

5. Klickitat County has the most traveler services of the Washington District Counties. It offers services along the Gorge and at Goldendale.

6. Central Wasco County is a demarcation line. Western portions of this county have numerous recreation facilities while the eastern portions abutting Sherman County have few such places. (This is primarily due to part of Mount Hood National Forest existing in western Wasco County.)

7. There is a general lack of recreational water bodies in the District.

The preceding assessment isn't all encompassing, but
should serve to give the reader the necessary background to understand specific problems raised in Chapter IV.
CHAPTER IV

FIELD INTERVIEWS AND RESEARCH

The author sought to examine some of the perceptions and attitudes local bankers and businessmen had towards development of outdoor recreation, tourist, and vacation (hereafter referred to as RTV) oriented facilities. Information presented evolves from personal observations, formal interviewing procedures, and conversations the author conducted in the field over a two year period (1971-1972).

Part of this assessment is a further refinement of survey data originally collected by this author for an economic internship project. The survey data pertaining to commercial bankers was collected expressly for this thesis.

I. BUSINESS OWNERS

The previous study (Michelson, 1971) asked some District businessmen to cite any of the following factors that they felt were limiting the growth of the RTV businesses in the District:

A. Lack of good advertising.
B. Lack of variety of restaurants.

C. Lack of hotel/motel accommodations.

D. Lack of good highway and access roads.

E. Lack of major attractions with which to draw tourists.

F. Weather.

G. Lack of financing for development.

H. Lack of trained labor.

I. Too many zoning and land restrictions.

J. Other factors (Please list).

See Appendix B for the complete questionnaire used in this survey.

Out of forty-eight businesses that were visited and provided with questionnaires, only twenty-five (52%) completed and returned them. Of the twenty-five business owners who responded, the following results indicate their first responses regarding limits on RTV development.
TABLE III

MAJOR FACTORS DISTRICT BUSINESSMEN CITED WHICH LIMIT RTV DEVELOPMENT

<table>
<thead>
<tr>
<th>Entity</th>
<th>Number Cited</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of financing for development</td>
<td>14</td>
<td>56%</td>
</tr>
<tr>
<td>Lack of good advertising</td>
<td>12</td>
<td>48%</td>
</tr>
<tr>
<td>Lack of major tourist attractions</td>
<td>9</td>
<td>36%</td>
</tr>
<tr>
<td>Lack of hotel/motel accommodations</td>
<td>7</td>
<td>28%</td>
</tr>
</tbody>
</table>

(Michelson, 1971, p. 32)

The high percentage citing the lack of financing surprised the author. It was anticipated that the lack of major tourist attractions might be thought to constitute the major factor limiting the growth of RTV in the District.

Follow-up conversations with some business owners clarified why they cited the financing factor so often. Several businessmen stated that they had planned to expand their operations and could not obtain the necessary financing from regular sources, namely District commercial banks. Those businessmen who were able to find a source of financing claimed that they were not able to obtain all the money they requested to carry out their plans. Consequently, new additions to some facilities were often too small to meet needs.
Another factor frequently mentioned was that it was very difficult to convince bankers that a new business might be successful in the region. Businessmen stated that bankers in the area were very conservative and wouldn't commit financing to any venture unless it was tried, tested, and strongly capitalized.

A study done by the Surveys and Research Corporation for the U.S. Department of Commerce (1968) found that many banks in the rural, depressed Ozark region were very conservative and lacked aggressive or dynamic banking practices. In many instances the report cited rural banks as operating under semi-monopolistic conditions which tended to reinforce a stagnant economic situation in the communities they served. Similarly, Hooker (1970, p. 7) cites an Appalachian study which concluded "that obtaining the capital necessary to start a new business in Central Appalachia was very difficult. A newcomer with a new business idea could not rely on local-area banks for financing unless he had personal collateral which he could pledge."

There were critical statements leveled against the District bankers by some of the businessmen interviewed. It was quite apparent that personal frustrations caused many such statements. But enough different or varying statements,
supported by facts and experience, were made by enough
different persons in all areas of the District to require
further research. It was felt that more survey data was
needed from the financial community before any assumptions
could be drawn concerning the allegation by businessmen that
a lack of financing for development was the primary factor
limiting the growth of outdoor recreation and tourism in the
District. The next section of this chapter yields survey
data compiled with District commercial bankers.

II. BANKERS

Objective: Information was sought about perceptions
that commercial bankers held concerning the District as a
place for RTV investment. Secondly, the author desired to
know the major reasons for the rejection of loans to RTV
businessmen within the District.

Questionnaire: The questionnaire used was divided
into four parts. Each part was constructed so as to obtain
the following information.

Part (I) consisted of ten questions which sought infor-
mation concerning loan practices used by bankers in dealing
with RTV business owners. The ten questions are listed in
Table IV on page 64.
Part (II) queried commercial bankers about the area in which they operated. The questions in this part sought to identify future needs for RTV business development. Bankers were given thirteen choices and asked to identify as many choices as they felt were pertinent.

Part (III) was very similar to the questions asked in the previous study (Michelson, 1971, p. 32). It was included in the bankers' questionnaire to determine what factors the bankers felt were limiting the growth of District RTV related businesses.

Part (IV) asked the bankers to cite the three most prominent reasons for the rejection of RTV loan applicants.

III. METHODOLOGY

The methodology employed in administering the questionnaire was as follows. First, the questionnaire was given to several loan officers of a Portland bank for evaluation and pretest. Their comments, suggestions, and survey results were incorporated into a revised document which was used in the field.

The author then visited almost all the commercial banks in the District. He presented a letter of introduction from the Director of the Mid-Columbia Economic Development
District and asked to speak to the branch manager or senior loan officer. He introduced himself, briefly explained his research, sought the banker's cooperation, and then proceeded to administer the questionnaire. Part I was completed personally with each banker who, in turn, was asked to complete Parts II, III, and IV on his own. After the banker finished the task, a short informal conversation took place. (See Figure 1 for location of banks)

**TABLE IV**

**BANKER'S FIELD QUESTIONNAIRE PART I**

1. Has your bank (or branch) made loans to persons in travel, recreation, and vacation oriented businesses?

2. Have you found that these loans involve any more risk than other types of loans?

3. Are your rates of interest charged on travel, recreation, and vacation business loans different from rates charged on other loans? (If answered yes, are the rates higher or lower? Why?)

4. Is there any one particular business organization in the travel, recreation, and vacation sector that you consider "high risk"?

5. What is the most frequent form of business organization that you encounter in the travel, recreation, and vacation business sector?

6. What is the method most frequently used in financing expansions of travel, recreation, and vacation businesses?

7. Does your bank require audited financial statements before
considering travel, recreation, and vacation business loans?

8. When you reject a loan application, do you give the customer alternative sources of finance?

9. Does your bank require feasibility or market research studies for loans over certain amounts?

10. Could you estimate what percentage of your loans are made to travel, recreation, and vacation oriented businesses?

IV. SURVEY RESULTS: PART I

The responses to question number one showed that eleven out of the twelve District bankers interviewed made loans to owners of RTV oriented businesses. One banker couldn't respond to questions in Part I, but his answers are included in Parts II and III, as these parts required only personal opinion rather than bank policy.

Responses to question two showed that a majority of the bankers, seven out of the eleven interviewed, felt that loans made to RTV business owners weren't any riskier than other business loans. Four bankers felt that they were riskier, while one of the four described them as "hazardous".

Answers to question three showed that interest rates on such loans don't usually vary from rates charged on other loans. Three bankers reported that they did charge slightly higher rates on RTV loans because of risk and the seasonal
nature of the demand for the money.

Responses to question four showed great differences of opinion among the bankers. The question sought to find out if there were any businesses in the RTV group that they would term "high risk". Some businesses termed "high risk" included ski operations, gasoline stations, motels, restaurants, and golf courses. The "high risk" label tended to be placed on a particular type of business with which a banker had experienced problems in the past. There was little overall agreement as to what constituted a "high risk".

Under question five, nine bankers said that they usually found proprietorships to be the most common business type in the District. Only two bankers mentioned corporate borrowers. Large corporations that do business in the area usually maintain lending sources outside the area where they can borrow larger amounts of money at lower interest rates.

Replies to question six produced a variety of answers. In summary, borrowers of small amounts usually get personal loans while businesses that require larger amounts of money are tied to mortgage and security/collateral agreements. Many bankers said that a narrowly defined answer to the question wasn't possible. Such things as the person's
character, the purpose for borrowing the money, the business' history, and past dealings with the customer are all factors which dictate the type of loan and arrangements that the bank will make with the customer.

In contrast to question six, question seven received definite answers. Nine bankers declared that they didn't require audited financial statements from customers seeking RTV business loans. Two bankers indicated that they did require such documents, usually on mortgage-sized loans. Even though many bankers said that they don't require them, many said that they would like to see an audited financial statement if the borrower had one available at the time of making application.

Question eight elicited a unanimous response. It appears that all the bankers interviewed try to "let down" the rejected loan applicant as easily as possible. Delivering a loan rejection to a customer is an art. Most rural banks are located in small towns with rather stable or declining populations. Bankers therefore cannot afford to alienate and lose customers. The banker does everything possible to retain the customer's savings and checking accounts even if he must reject the applicant's loan request. The method most often employed to try to retain the customer
is to offer him advice about other sources of financing. Each banker was asked what sources he usually recommended. Sources cited most often were: Small Business Administration, Economic Development Administration, Farmer's Home Administration, insurance companies, finance companies, and private money sources.

Question nine sought to find what market research or feasibility studies were required before RTV business loans would be granted. Nine bankers indicated they required such studies on loans over certain amounts. It was very difficult to commit the bankers to any set figure as responses ranged from $25,000 to $75,000 as starting figures. One banker in The Dalles told the author, "I do a feasibility study on every loan application that crosses my desk, and my success record is good."

Of all the questions asked in Part I, question ten obtained the fewest responses. Only six bankers of eleven responded. The bankers were asked to cite approximately what percentage of their business was made up of loans to RTV oriented businesses. Answers varied widely from a low of one percent to a high of thirty percent. Most who answered stated a figure near one or two percent. At least one half of the bankers said that they had never thought
about such a statistic. In addition they stated that it was very difficult to disaggregate such loans by group.

V. SURVEY RESULTS: PART II

In this section a single question was asked the commercial bankers. The question sought to ascertain their perceptions of RTV business needs for the future in their banking service area. It was stressed that professional opinions were desired. The responses of all twelve bankers were tallied in this section as shown in Table V.

TABLE V

BANKER'S RESPONSES TO DISTRICT RTV NEEDS

<table>
<thead>
<tr>
<th>Entity</th>
<th>Number Cited</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Additional hotels/motels</td>
<td>8</td>
<td>66.6%</td>
</tr>
<tr>
<td>2. Restaurants</td>
<td>7</td>
<td>58.3%</td>
</tr>
<tr>
<td>3. Overnight campgrounds</td>
<td>5</td>
<td>41.6%</td>
</tr>
<tr>
<td>4. Promotions, events (rodeos, etc)</td>
<td>5</td>
<td>41.6%</td>
</tr>
<tr>
<td>5. Improved roads or highways</td>
<td>5</td>
<td>41.6%</td>
</tr>
<tr>
<td>6. Marinas</td>
<td>4</td>
<td>33.3%</td>
</tr>
<tr>
<td>7. Second recreation home development</td>
<td>4</td>
<td>33.3%</td>
</tr>
<tr>
<td>8. Resorts (Ka-Nee-Ta)</td>
<td>3</td>
<td>25.0%</td>
</tr>
<tr>
<td>9. Day-use parks and picnic areas</td>
<td>3</td>
<td>25.0%</td>
</tr>
<tr>
<td>10. Gift/curio specialty shops</td>
<td>2</td>
<td>16.6%</td>
</tr>
<tr>
<td>11. Ski areas</td>
<td>2</td>
<td>16.6%</td>
</tr>
<tr>
<td>12. Entrepreneurs</td>
<td>1</td>
<td>8.3%</td>
</tr>
<tr>
<td>13. Automobile services</td>
<td>0</td>
<td>0.0%</td>
</tr>
</tbody>
</table>
VI. ANALYSIS OF RESULTS: PART II

The bankers' top choices reflect successful business areas. Most motel operators in the District reported good occupancy rates when interviewed in 1971, and many stated that their facilities warranted expansion. It was found that older motels and hotels in the District don't simply close up or disappear when their physical appearance becomes dated. The trend has been for them to become apartment units because of the shortage of rental housing in many parts of the District.

Restaurants aren't numerous in many areas of the District, but there are quite a few cafes and taverns which serve food from limited menus. Restaurants with expanded menus and special atmospheres are usually found in the larger cities such as The Dalles, Goldendale, and Hood River.

Three additional factors that the bankers cited, overnight campgrounds, promotional events, and improved roads and highways, all reflect a travel component. Each of these factors, it is assumed, would attract visitors, who in turn would stay in the area, spend money, and help local economies. If local businesses prosper, banks prosper in that demand deposits increase and requests for loans to expand or develop also increase.
The last four factors listed, gift/curio shops, ski areas, entrepreneurs, and automobile services, all seem to relate to the bankers' concepts of risk. During interviews, bankers said that ski areas and gasoline stations were extremely "high risk" businesses. Both these businesses offer only marginal returns on investments and are quite seasonal, especially skiing. Gift and curio shops are also seasonal with peak business coming during the summer. Inventories in gift shops are usually tied up for long periods of time, thus delaying turnover and return on investment.

Several bankers made specific reference to "entrepreneurs". Bankers tended to define them as persons who came to the District to make a quick dollar without investing any substantial capital, time, effort, or management in a business endeavor. Most bankers said they were experienced enough to recognize the "entrepreneur" when one arrived and that they tended to shy away from any financial involvement with them unless they had strong collateral or credit.

VII. SURVEY RESULTS: PART III

This section of the questionnaire is similar to a question used with businessmen in the prior year. Refinement
The question asked what factors the bankers felt were limiting the growth of RTV businesses in the District. The results are as shown in Table VI.

**TABLE VI**

<table>
<thead>
<tr>
<th>FACTORS BANKERS FELT LIMIT RTV GROWTH IN THE DISTRICT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number Cited</td>
</tr>
<tr>
<td>----------------</td>
</tr>
<tr>
<td>1. Lack of good advertising</td>
</tr>
<tr>
<td>2. Lack of financing for development</td>
</tr>
<tr>
<td>3. Lack of variety of restaurants</td>
</tr>
<tr>
<td>4. Zoning and land restrictions</td>
</tr>
<tr>
<td>5. Lack of recreational water</td>
</tr>
<tr>
<td>6. Lack of major tourist attractions</td>
</tr>
<tr>
<td>7. Lack of trained labor</td>
</tr>
<tr>
<td>8. Toll bridges</td>
</tr>
<tr>
<td>9. Lack of business acumen on the part of owners</td>
</tr>
<tr>
<td>10. Lack of a good highway system</td>
</tr>
<tr>
<td>11. Weather</td>
</tr>
<tr>
<td>12. Other factors</td>
</tr>
</tbody>
</table>

**VIII. ANALYSIS OF RESULTS: PART III**

The analysis in this section compares the responses of commercial bankers with those of District businessmen when the same questions were asked of each group.

Lack of good advertising seemed a fairly important factor to both groups, as twelve of the businessmen and seven
of the bankers cited it. It must be assumed that both groups feel that the District has attractions to offer tourists and outdoor recreationists, but that these attractions must be advertised in a more appealing and far reaching manner than has been done in the past.

A second important factor cited was the lack of financing for development. The discovery of this factor in the summer of 1971 spurred the author to pursue further research with District bankers. At least one-half of both groups listed this factor. Many members of both groups felt that it was the most important factor inhibiting the growth of outdoor recreation and tourist facility development in the entire District.

Businessmen who responded strongly to this point emphasized the fact that banks wouldn't lend long-term (over 5 year) funds for expansion. This finding is supported by a report of the Select Committee on Small Business Financing (1958, p. 114) which stated that the largest part of the unfilled loan demand in rural areas was for loans over one year. This report also highlighted another problem of District business owners, that of undercapitalization because of inability to borrow capital when needed seasonally.

It should be pointed out that the summer season is a
peak demand period for capital. Many bankers during this period refer clients to the Small Business Administration, (SBA), but to no avail. Conversation with Mr. Clyde Sanders, head of the SBA office in Portland, highlighted the fact that the SBA usually runs out of loan funds during the period because they are on a July to July fiscal year. Often, additional lending funds don't reach SBA until loan demand is past.

Businessmen also claimed that interest rates were too high and that they couldn't borrow the full amount needed to complete expansion plans. Some businessmen blamed the poor borrowing situation on a depressed national economy in 1971. This depressed economy with high inflation, they felt, had a definite influence on the lending institutions.

Bankers surveyed tended to substantiate some factors businessmen cited while differing widely with them on others. Bankers indicated that at the time the author had conducted his survey of the businessmen (summer, 1971), the lending market was probably at its lowest point in the last five years. The situation, they stated, was due to a poor economic condition nationally. Interest rates were high, money was tight, and quite often even preferred customers (those with excellent credit and business relations with the bank)
could not obtain the full amount that they wanted to borrow.

At the time of the bankers' interviews in 1972, the author was told that the picture was brightening. Interest rates were creeping down from previous all time highs, and funds available for lending were easier to obtain. However, bankers were still reluctant to commit their institutions to long term lending situations due to the overall uncertainty of the money supply and interest rates. They explained that they could suffer substantial losses by granting loans for long periods when interest rates had been rising and falling monthly.

Many bankers freely expounded on their reasons for being critical of RTV loan applicants. Quite often, they said, applicants don't present reasonable requests. Most of these entrepreneurial schemes lacked one of the following three factors, or in some cases all three:

1. Any personal capital in the project. The entrepreneur wanted to finance his project solely on borrowed capital, risking none of his own resources, if he had any to risk.

2. Little experience or practical knowledge concerning business in general or the venture being pursued. The prospective applicant would see only positive, rewarding aspects of the venture. Often he didn't have the necessary skills to operate the business and would have to hire and depend on someone to operate it for him.
3. Little knowledge of the feasibility of starting such a business in a given location. The entrepreneur would come to the banker and tell him that he had a piece of land that was perfect for a motel because of its scenic location. The entrepreneur didn't usually have any idea of how market research or location analysis could benefit his decision to situate a facility in a given location.

The following are some conclusions the author drew concerning District bankers while conducting surveys:

1. Washington bankers in Skamania and Klickitat Counties were much more conservative in their lending attitudes than their Oregon counterparts. It should be noted that for the most part their banks were smaller than those in Oregon. The communities they serviced reflected their conservative attitudes as there was little new construction visible especially in the RTV sector.

2. In cities and towns throughout the District where more than one bank was doing business, the newer banks tended to be more liberal in their lending attitudes than the older, more established banks. One banker told the author that his bank was forced to be liberal and to make loans that were riskier because only certain segments of the lending market were open to his bank in a city which already had two well-established banks.

3. Almost all bankers in the District have had little involvement lending to RTV oriented businesses. Most bankers estimated that an extremely low percentage of their business came from this area.

4. Bankers indicated that any qualified applicant (creditwise) with a good solid proposal for a RTV business could probably obtain financing in the District.

Present findings are supported in part by previous work
done in Massachusetts. (Northeastern University, 1968, p. 259) The authors of that study said, "The survey of banks and of RTV entrepreneurs who have borrowed from them indicated some discrepancy between bank policies and the actual experience of borrowers. Bankers gave evidence of feeling that to lend money to an RTV enterprise was risky business, but they lent it nonetheless. And normally they did not require higher interest rates or special clauses, provisions, and audits. They lent to RTV businesses, in other words, on pretty much the same terms as any other business."

Wilbur Thompson (1971, p. 53) summarizes the plight of the small business when he states, "While the importance of equity capital is universally recognized, the critical role of commercial banks and other suppliers of working capital loans is not so thoroughly appreciated, especially in the case of new and growing businesses. . . . Often the young firm is most sorely pressed for working capital to pay wages and buy supplies and to extend credit to customers, and short-term borrowing of working capital can be very expensive for small, unknown firms. The point is that the speed and ease with which new and small firms can gain access to . . . sources of short-term credit (commercial banks, for the most part) is
perhaps just as important to local growth as the more
dramatic supply of risk capital."

To conclude the comments on the finance factor, the
author again quotes from the Massachusetts study which states,
"The safest conclusion, then, is that bankers are not out
beating the bushes for RTV customers, but that if an RTV
businessman is sound morally and financially, and if his pro-
ject shows the promise of success, the banker will loosen the
purse-strings." (Northeastern University, 1968, p. 259)

Another factor that bankers identified with, much more
than businessmen, was the need for additional motel/hotel
construction. A total of eight of the twelve bankers saw
this need versus only seven of the twenty-five businessmen.
Possibly this high number of bankers reflects a desire on
their part to see construction started for the economic good
of the community; yet they have already indicated no desire
to commit themselves to long-term lending--the kind of finan-
cing which is needed for motel/hotel construction. Some
bankers interviewed said that motels had been very good cus-
tomers and they were still involved in loans with them. A
logical explanation for the few responses from businessmen
to this question could be the fact that a number of business-
men interviewed were in the motel business and didn't desire
additional competition in the District.

A similar response to the motel/hotel question was obtained when both groups rendered their opinions on the need for more restaurants in the District. Five of the twelve bankers felt the restaurants in the area lacked variety of menu and atmosphere while only four of the twenty-five businessmen agreed. Bankers told the author that they take their families or guests to the Eddie Mays at Hood River or The Dalles for dining, but most often they drive to Portland for gourmet menus and a wider selection of restaurants.

Two survey areas where the businessmen's opinions exceeded those of the bankers were questions pertaining to toll bridges over the Columbia River and the lack of major tourist attractions in the area. Eleven businessmen interviewed felt that tolls on the bridges over the Columbia at Cascade Locks, Hood River, The Dalles, and Biggs Junction were inhibiting the growth of RTV activity in the area, while only two bankers perceived this as a serious problem. Similarly, nine District businessmen cited a lack of major tourist attractions as a factor not conducive to RTV growth, but only three of the bankers felt the same way.

Additional factors that were listed, such as weather,
lack of trained labor in the area, zoning and land restrictions, received rather insignificant mixed reactions from the two groups. It is worth noting that four bankers perceived zoning and land restrictions as factors limiting growth, but only two of the businessmen thought similarly.

There were three additional questions in the bankers' survey of 1972 which were not included in the businessmen's form of 1971. One question sought bankers' opinions about the acumen of District business owners. Only two bankers out of twelve interviewed mentioned a lack of business acumen as a factor which they thought would limit RTV growth in the area. Another new question sought to find out if the bankers perceived a shortage of water resources for recreation and second homesite development. Three bankers responded that they did see this as a problem. Only one banker responded to a question which asked them to list any factors which the author hadn't included in the checklist. He listed a lack of integrated resort packages as being necessary to future RTV growth in the District.

IX. SURVEY RESULTS: PART IV

This section of the survey asked bankers to cite major reasons they used to reject applicants for RTV business
loans. They were provided with a list of twelve possible reasons for rejecting loans. (See Appendix A for Part IV of the Bankers' Survey)

Of the twelve bankers interviewed, eleven responded that they usually rejected loans to persons in the RTV sector because such persons generally lacked sufficient equity in the business or a personal capital commitment to the venture. Almost all other reasons were secondary to these two. However, four of the twelve bankers did state that they had refused applicants because they had poor credit and were risks. A similar number stated that quite often the type of loan requested was not handled by the bank, and used that fact as a basis for refusal.

Overall results obtained in this one section of the survey were disappointing. Pretests with Portland bankers showed a variety of responses whereas rural bankers tended to answer very similarly.

In summary, the bankers' survey did uncover some previously unknown perceptions and attitudes about RTV businesses and development in the District. Admittedly, the sample size is small; yet it covers over 95 percent of the commercial bankers in the entire five-county, two-state District. Perceptions and attitudes change over time, sometimes very
quickly. But during the period covered by this thesis, the expressed feelings constituted the majority opinion governing most lending sources for RTV businesses in the District.

Chapter V examines other factors which tend to create problems for RTV development in the District. The latter part of Chapter V summarizes salient points presented in this thesis.
CHAPTER V

SUMMARY AND CONCLUSIONS

Many problems can arise when RTV oriented businesses are selected as a primary growth sector for the regeneration of a lagging rural economy. Jobs in the RTV sector aren't usually plentiful, don't increase rapidly, or pay well enough to attract and hold employees, especially younger workers and their families. The absence of significant numbers of youthful workers in many rural counties has contributed to general economic decline and stagnation in such areas. Youthful residents from rural regions have migrated to crowded urban centers in unprecedented numbers in hopes of finding job opportunities, and therefore brighter futures.

Attempting to find ways to reverse economic stagnation and unemployment problems that have characterized certain rural regions for years, federal, state, and local governments joined by concerned citizenry, have banded together. One such group funded by the U.S. Department of Commerce's Economic Development Administration is centered in The Dalles, Oregon. The Mid-Columbia Economic Development District (MCEDD)
is attempting to solve economic problems on a regional basis by attempting to strengthen the economic bases of certain selected growth centers. Some methods the MCEDD is using to revitalize the local economies are: issuance of grants and loans to new or existing industries provided they will expand employment significantly; investments in capital improvement and human resources development programs; planning and research support for District communities to ensure orderly growth and development.

In areas of the District distant from growth centers, the MCEDD has placed emphasis on RTV oriented projects as a means of bolstering local economies. As noted in Chapter III, substantial investments have been made or pledged to projects on the Warm Springs Indian Reservation and at Cascade Locks, Oregon. It will be some time before the economic impact of these projects can be measured and meaningfully interpreted in terms of overall economic benefit to the District.

It is possible that other attractive or unique areas of the District as depicted in Chapter II might benefit from additional federal, state, or private investment in the RTV sector. The latter type of investment is stressed for reasons mentioned later in this chapter. The MCEDD's program with its accompanying investments in the RTV sector should only
be viewed as a catalyst for private investment. Rural parts of the District should not become overly dependent upon federal programs to provide or subsidize all new economic activity.

The author believes that large tracts of forest preserved in the Gifford Pinchot and Mt. Hood National Forests will become increasingly more important as recreational resources for the Portland and Vancouver metropolitan area residents in the future. These large metropolitan areas are presently placing great demands on existing recreational facilities. This demand could be interpreted by the astute recreational entrepreneur as a prime opportunity for development of peripheral areas to both these forests. Apparently, ski facility operators are keyed to demand, as exemplified by their various facility expansions in the Mt. Hood area.

RTV oriented businesses usually have summer employment peaks; overall District unemployment figures show significant reductions during summer months. (See Appendix B) However, on a seasonally adjusted basis, there is little permanent employment gain. In addition, thesis research identified that most workers employed in the RTV sector are usually paid bare minimum wages. This low level of salary productivity coupled with seasonality makes RTV jobs marginal
and undesirable. One additional noteworthy factor is that women seem to be employed in greater proportions than men in the RTV sector. This especially holds true in tourist shops and restaurants. The author assumes that the explanation for the strong female employment component is a combination of factors such as: discrimination in employment; desire to work seasonally; desire to work special hours due to family obligations; and a willingness to accept lower pay.

Another interesting factor is that areas of strong RTV appeal usually display seasonal population variations. (Condor, 1971; Ungar, 1967; Clawson & Knetsch, 1971) (See Appendix B) These marked fluctuations have an effect on human resource development in rural areas. Such areas usually reflect poor schools and only seasonal services such as transportation, medical care, and county and state public works attention. Even some food suppliers tend to deliver to rural areas on a seasonal basis. Consequently, the rural resident must travel great distances at high costs for personal services as well as basic necessities.

The author contends that a scale exists in relation to the overall popularity of RTV areas within the states of Washington and Oregon. There is a need for additional research into factors which constitute attractiveness of one
area ahead of another. It would seem reasonable to assume that as the most attractive and popular places become overcrowded, polluted, and lose their appeal, that a possible spillover effect may be realized by some of the lesser known areas cited in the District.

In conclusion, the author believes that one of the most severe problems facing the District is its investment image—in particular, the image held by local bankers based on their perceptions of the District's RTV appeal. The only way foreseen to change investment image is for local bankers to alter their attitudes, make some RTV loans, and realize success through profit while bolstering local economic growth as a result of their decisions. Throughout the interviews with bankers, the author discerned that many of them had little knowledge about the communities they served.

Quite often it appears progress passed a District community by, because a very cautious bank manager or board of directors was too conservative and adhered strictly to the rules of profit making. Consequently, RTV loans were never made, leaving the demand for investment to be met by state and federal government agencies of the occasional astute non-District lender or entrepreneur.
District growth centers such as The Dalles, Hood River, and Goldendale should be the focus for any further federal or state economic recovery programs and resulting benefits. Grants, loans, and subsidies earmarked for economic recovery should be used in attempts to attract new industries which provide such necessities as year-round employment, adequate wages, and non-discriminatory hiring practices. Only when industries offering such benefits choose to locate in the District, can the migration of youthful workers and their families to urban centers be stemmed.

If the goals of the Economic Development Administration, namely: reduction of chronic unemployment, broadening the economic base of selected communities, stimulation of private investment in lagging centers, and the cessation of population migrations, are to be met during the next decade (1970-80), then federal funds should be expended as previously mentioned.

Concurrent with investments in new and existing industries is the need for a similar commitment to people in the form of human resource development programs. The author hopes that community development revenue sharing programs can begin to provide the human resources necessary to
attract new industries, younger families, and discontent urban dwellers who may desire to abandon the pressures of urban living.

RTV related industries do have a definite place in the District's economy, but the overall attractiveness of the area and important amenities are not present in sufficient supply to make the RTV sector the primary economic growth sector. RTV industries cannot and should not be promoted as the primary means to remedy lagging rural economies. They should be viewed as a component of an area economy as is the case in the MCEDD.
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APPENDIX A
FIELD QUESTIONNAIRE BUSINESSMEN

This questionnaire has been designed for the Mid-Columbia Economic Development District to help them learn additional information about the tourist and recreational facilities in the district. Through this questionnaire the EDA hopes to be able to make available to owners, managers, and developers, data and recommendations for future economic planning in the recreation and tourist industries in this district.

Please answer all of the questions that you feel are applicable to your business. Some of the questions you may choose to omit as being non-applicable.

1. Would you briefly describe what type of a facility you own or manage.

2. Please insert which major and minor highway routes lead to your facility. North East South West

3. Please circle the place where the majority of your tourists come from. Oregon Washington California Idaho Other

4. Do you operate your facility on a year-round basis? Yes or No. If you are not open year round, what months are you open?

5. How many people do you employ in your business? Underline one. Less than five five to ten ten to twenty twenty and over

6. Would you estimate what per cent of your employment is seasonal?

7. Please underline any of the following factors that you feel are limiting the growth of the tourist and recreational industries in this area.
   a. Lack of good advertising
   b. Lack of variety of restaurants
   c. Lack of hotel/motel accommodations
   d. Lack of good highway or access roads
   e. Lack of major attractions with which to draw tourists
   f. Weather
   g. Lack of financing for development
   h. Lack of trained labor
   i. Too many zoning and land restrictions
   j. Other factors (please list)

8. Do you plan to expand the physical size of your facility within the next (a) one year, (b) two years, (c) three years, (d) four years, (e) five years.

9. Please underline those types of advertising that you presently use, if any. Newspaper Radio or TV Magazine Direct Mail Billboard Others (please list)
10. Would you be willing to participate in a regional advertising package if it could be obtained at low rates and would yield maximum exposure? Yes or No

11. Approximately what percentage of your business comes from out-of-town people? (a) 1-20% (b) 21-40% (c) 41-60% (d) 61-80% (e) 81-100%

12. Approximately how much time does the average touring party spend in your facility? (a) less than an hour (b) two-four hours (c) all day (d) overnight (e) extended

13. What type of people tend to patronize your facility? (a) singles (b) young married (c) families with children (d) senior citizens (e) a mix of all mentioned

14. Do you feel that the general area that you are located in would benefit from a large annual sports or social event if it were properly advertised? Yes or No

15. Do you feel that tourism and recreation are or will be the number one economic activity in your area? Yes or No

16. Do you feel that more conventional types of business and industry should be attracted to your area and less emphasis placed on the development of tourism and recreation? Yes or No

17. What type of recreationists usually visit your facility? (a) tent campers (b) fishermen and hunters (c) pickup campers (d) travel trailer campers (e) automobile tourists (f) others

18. Do you favor the development of second home recreation sites in your area?

19. In your opinion, if tolls were eliminated or substantially reduced on the bridges that cross the Columbia River in this area, would the tourist and recreationist cross back and forth between Oregon and Washington more often? Yes or No

20. Do you feel that there is a need for a full time regional recreational resource planner? A person who would work with all the counties in the Mid-Columbia area to coordinate, advise, and help plan new projects and facilities as well as the renewal of existing ones if necessary? Yes or No

21. At this point, please feel free to express any feelings that you might have pertinent to any of the questions that have been asked in this questionnaire or for that matter, any feelings that you may have on the development of tourism and recreation in this area. Positive as well as negative comments are welcomed. Your ideas are extremely valuable and will be most helpful in planning for the future in the Mid-Columbia District.
FIELD QUESTIONNAIRE BANKERS

1. Has your bank (or branch) made loans to persons in travel, recreation and vacation oriented businesses?

2. Have you found that these loans involve any more risk than other types of loans?

3. Are your rates of interest charged on travel, recreation, and vacation business loans different from rates charged on other loans? (If answered yes, are the rates higher or lower? Why?)

4. Is there any one particular business organization in the travel, recreation, and vacation sector that you consider "high risk"?

5. What is the most frequent form of business organization that you encounter in the travel, recreation, and vacation business sector?

6. What is the method most frequently used in financing expansions of travel, recreation, and vacation businesses?

7. Does your bank require audited financial statements before considering travel, recreation, and vacation business loans?

8. When you reject a loan application, do you give the customer alternative sources of finances?

9. Does your bank require feasibility or market research studies for loans over certain amounts?

10. Could you estimate what percentage of your loans are made to travel, recreation, and vacation oriented businesses?

1. Yes
   No (If no, why not?)

2. Yes
   No

3. Yes
   No

4. Name the business

5. Proprietorships
   Partnerships
   Closed Corporations
   Public Corporations

6. Yes
   No

7. Yes
   No

8. Yes
   No (Sources: ____________)

9. Yes (If yes, amount: $_______)
   No

10. ______$
APPENDIX A

In your professional opinion, which of the following do you feel that the region needs most in terms of future tourist, recreation, or vacation business development? (Please place an X to the right of your choices)

a. Additional hotels/motels ___
b. Restaurants ___
c. Automobile services ___
d. Gift/curio/specialty shops ___
e. Resorts (like Kah-Nee-Ta) ___
f. Ski areas ___
g. Overnight campgrounds ___
h. Day use park and picnic areas ___
i. Promotional events (roundups, rodeos) ___
j. Improved roads or highways ___
k. Marinas ___
l. Entrepreneurs ___
m. Second recreation home development ___

Which of the following factors (if any) do you feel are limiting the growth of the tourist, recreation, and vacation businesses in this region? (Please place an X to the right of your choices)

a. Lack of good advertising ___
b. Lack of variety in restaurants ___
c. Lack of good highway system ___
d. Lack of major tourist attractions ___
e. Weather ___
f. Lack of financing for development ___
g. Lack of trained labor ___
h. Toll bridges ___
i. Zoning and land restrictions ___
j. Lack of business acumen on the part of owners ___
k. Lack of recreational water attractions ___
l. Please list any other factor which has come to mind ___

It is assumed that the following list constitutes most of the major reasons that bankers use to reject loan applications. Would you please rank the top three reasons that you have used to reject travel, recreation, and vacation business loans. Place a (1) next to the most frequent, a (2) and (3) next to the other choices.

a. Insufficient equity to warrant loan ___
b. Business shows poor earnings record ___
c. The type of loan requested is not handled by the bank ___
d. Owner or operator was a poor moral risk ___
e. Lack of capital in the business ___
f. Poor future prospects for the enterprise ___
g. Business has had a slow payment record ___
h. Poor credit in general, financial risk ___
i. State of the economy ___
j. No feasibility or market research was done to warrant loan ___
k. No previous history of this type of business ___
l. Other reasons ___
### APPENDIX B

**EMPLOYMENT IN RTVRELATED SIC CATEGORIES - 1970**

**BY OREGON DISTRICT COUNTIES**

#### Hood River County

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Source: Oregon State Department of Labor and Industries

*Standard Industrial Classifications*
### APPENDIX B

**EMPLOYMENT IN RTV RELATED SIC CATEGORIES - 1971**

**BY OREGON DISTRICT COUNTIES**

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**Source:** Oregon State Department of Labor and Industries

*Standard Industrial Classifications*
## APPENDIX B

**CIVILIAN LABOR FORCE EMPLOYMENT**

1960 - 1971

Hood River County, Oregon

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<tr>
<th>Year</th>
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<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
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*Data Source: Oregon State Department of Employment*
## APPENDIX B

### CIVILIAN LABOR FORCE EMPLOYMENT

#### 1960 - 1971

Wasco & Sherman Counties, Oregon

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Data Source: Oregon State Department of Employment