Capitalist Insights from Vegas to “Portlandia”

I’ve just returned from a three week trip with students to Las Vegas, The Grand Canyon, San Francisco, Napa Valley, and Portland, Oregon. Below are random capitalist insights from the trip:

**Bubbles can exist, and they do pop:**

Las Vegas went from being the fastest growing MSA (metropolitan statistical area) in the US to one of the five worst economic performing cities in the world – almost overnight. They went from approving 40 new housing developments a day down to approving no new developments for months early last year. As we drove around Las Vegas we saw a massive amount of unleased commercial space only to be out done by the large number of foreclosed or vacant, unfinished housing units. My favorite photo was of a foreclose sign in front of a house that had a Porsche parked in the driveway.

**Government stimulus money was often hastily and poorly spent:**

Even though the interstate roads were clear of snow, as soon as we entered Grand Canyon National Park, the roads became snow covered and icy. Of the hotels we stayed in during the trip, the lodge at the Grand Canyon was the most expensive and the least nice. No park ranger was at the post to collect our entrance fee, just a sign that read, come on it. Heaven forbid entrance fees be used to enhance park services. We tried to enter the new visitor’s center (paid for by stimulus money complete with solar panels), but it was closed due to “air quality issues”.

**Truth will win out in the long run:**

We toured a Chinese American history museum in San Francisco. The ever-liberal city had a very illiberal past due to the Chinese Exclusion Acts which prevented Chinese Americans from owning property in San Francisco. Now Kearney Street (named after a proponent of the acts) runs through China Town. Thousands of Chinese helped to build the Union Pacific Railway yet no Chinese were invited to the ceremony linking the Union Pacific with the Central Pacific which created the first transcontinental railway. Once again, capitalism valued people and gave them a living even as the government was used to try to keep them down.

**Recessions are good for consumers:**

Not only did we get great hotel deals on our trip, the owner of Hendry Winery in Napa Valley took two hours of his time explaining the business side of the wine industry to my class. Dan Yates, owner of The Portland Spirit, also gave us a great tour of Portland and provided many keen insights on the Portland economy.

The tourist population of Vegas seemed overwhelming made up of people from foreign countries. Our weak currency makes losing money in Las Vegas, somewhat less painful.

**Portland is not as sustainable as they think they are**

Portland prides itself on being sustainable, yet they keep making very unsustainable decisions. Here are a few examples. They wanted to mandate composting to save the environment, but this led to a large number of rats feeding on garbage in the city. This meant that they had to collect garbage more often (in big gas guzzling trucks). So they actually increased their carbon footprint and now have (sustainable) rats.

Portland prides itself on using its urban growth boundary to increase population density, yet by placing an income tax surcharge on top of their 11% state income tax, they have chased jobs to the surrounding counties and to Washington thereby decreasing population density.

Portland recently ranked 198th out of 199 western cities in private job creation. That makes it awfully hard to provide jobs for young workers. With a large income tax and no sales tax, Oregon clearly punishes work and promotes consumption – the exact opposite of a sustainable lifestyle! The new IFC show “Portlandia” sums it up nicely – “Portland is where young people go to retire”.