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Participant Comments: Roundtable-2

Louise Fortman (P)

Brian Greber (P)

John Gordon (P)

Lorin Hicks (P)

Chuck Meslow (P)

PHOTOCOPY
PRESERVATION

Convention Ctr
3-5

FORESTS OF THE PACIFIC SLOPE: NOW AND TOMORROW

John C. Gordon

Yale School of Forestry and Environmental Studies

INTRODUCTION

slide 1
I have been asked to describe the STATE OF THE WEST SIDE FORESTS from an ecological point-of-view, and four related topics critical to the forests future: ECOSYSTEM MANAGEMENT, RESTORATION, RESEARCH AND VISION. Each currently has a deficit, just like the federal budget, but each represents a long-term opportunity.

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THE STATE OF THE FOREST

slide 2
Past harvesting patterns, although often "good forestry" from a regeneration and wood production point-of-view, have greatly reduced the extent of old-growth and late-successional forest ecosystems and habitats on the PNW west side. Most of the remaining old-growth is on federal land, and about half of it isn't formally protected from harvest.

slide 3
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REMEDYING THIS CURRENT AND PROJECTED DEFICIT OF OLD-GROWTH ECOSYSTEMS IS THUS THE CENTRAL ISSUE TO BE RESOLVED, FROM AN ECOLOGICAL POINT-OF-VIEW.

slide 4 ECOSYSTEM MANAGEMENT, BASED ON SOUND, INTEGRATED KNOWLEDGE OF THE WHOLE FOREST, ALLOWS US TO DO MANY THINGS AT ONE TIME, RATHER THAN "SAVING" ONE OR TWO SPECIES AT A TIME.

It focuses on maintaining the health and productivity of the entire forest asset, rather than on isolated parts or processes.

BUT IT WILL PROBABLY NOT, ANYWHERE, RESULT IN THE OPTIMIZATION OF THE YIELD OF ANY SINGLE RESOURCE, COMMODITY OR SPECIES.

slide 5 A recent report to Congress by the "Gang of Four" illustrated some of the possibilities of EM. We analyzed the west side, "owl" forests and proposed a range of alternatives to consider as ecosystem management is implemented.

MUCH WORK REMAINS TO BE DONE, BUT IT IS CLEAR, JUST AS THERE IS NO FREE LUNCH, THERE IS ALSO HOPE FOR A REDUCED BUT SUBSTANTIAL, SUSTAINED TIMBER HARVEST ALONG WITH THE RETENTION OF WILDLIFE AND OLD-GROWTH VALUES.

slide 6 THE RESTORATION DEFICIT

Ecosystem management can be effectively implemented by restoring our forests to a healthy condition. The most urgent restoration need is a better idea of what forest conditions are at a fine-grained, local level. We need this information to observe the

first rule of forest restoration, which is, as for surgery, "in the first instance do no harm".

slide 7
But we know enough to do some important restoration tasks now. ROADS URGENTLY NEED ATTENTION on many forests to reduce danger to threatened fish stocks and to improve the transportation network that underpins the management of other resources.

slide 8
Similarly, many forests would be healthier and more rapid producers of economic and late-successional habitat values if they were less dense. THINNING CAN PRODUCE SOME MORE WOOD NOW, AND CAN CREATE A HEALTHIER, MORE VALUABLE FUTURE FOREST BY PROVIDING MORE SPACE, SUNLIGHT, WATER AND SOIL NUTRIENTS FOR INDIVIDUAL TREES.

slide 10 THE RESEARCH DEFICIT

THE LACK OF FUNDAMENTAL KNOWLEDGE ABOUT OLD-GROWTH AND POTENTIALLY ENDANGERED SPECIES, AND DISAGREEMENT ABOUT THE INFORMATION THAT DOES EXIST, HAVE BEEN DRIVERS OF THE CONFLICTS OVER FOREST MANAGEMENT IN THE PACIFIC NORTHWEST AND ELSEWHERE.

Remedying the research deficit will indeed require investment, but forestry research pays, not only in avoidance or reduction of policy gridlock, but by straightforward investment criteria.

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THE VISION DEFICIT

Foresters and other professionals can't do a good job unless we have a clear idea of what our clients want.

WHAT DOES SOCIETY WANT FOR AND FROM THEIR FORESTS? HOW DO THEY WANT TO MAKE A LIVING? HOW DO THEY WANT THE PACIFIC NORTHWEST TO LOOK? HOW MUCH ASSURANCE DO THEY WANT THAT ENDANGERED SPECIES WILL SURVIVE AND FLOURISH?

FORESTS ARE THE LONG TERM BASIS OF SOCIETY IN THE PACIFIC NORTHWEST. They are thus worth being careful about, and we can be careful enough only when we have a common vision for their, and our, future. BUT THERE WILL BE NO "FINAL SOLUTION" TO THE OLD-GROWTH OR ANY OTHER CONFLICT OVER FOREST USES AND VALUES, BECAUSE TIMES AND PEOPLE, AND KNOWLEDGE CONTINUALLY CHANGE. The best we can hope for are improved processes and the leadership to use them. You have given us the opportunity to have these, Mr. President, beginning now. I am very optimistic that the scientific and technical tools to move ahead exist or can be fashioned. Thank you.

- Mr. President, Mr. Vice President, and other distinguished guests:

HANDOUT 1 -- PLUM CREEK OPERATIONS

- My name is Lorin Hicks.
- I'm Plum Creek's Senior Scientist responsible for fish and wildlife management on 1.2 million acres of company ownership in Washington, Idaho and Montana.
- For over 15 years, I have worked extensively with grizzly bears, bald eagles, white-tailed deer, elk and many other species.
- I am here today to discuss our research on spotted owl habitat management, and to explain our innovative forest management

practices using new forestry techniques.

- Both, I hope, will be useful as you develop your balanced solution to the timber crisis in the Pacific Northwest.

HANDOUT 2 -- OWL CIRCLES

- In Western states federal and private lands are often intermingled in a checkerboard pattern.

* That land configuration alone presents a tremendous challenge to forest and wildlife management.

- However, when 111 owl circles at 6600 acres each are added, as has happened on Plum Creek land, forest management and habitat

protection for the spotted owl becomes exceedingly difficult.

- Because of the presence of the owl, I currently have 12 biologists surveying full time for owls on our intermingled ownership.

HANDOUT 3 -- TRANSMITTER ON TAIL

- Since the listing of the owl, we have been engaged in active owl-related research .
- In partnership with federal agencies, we are now investigating the distribution and habitat use of spotted owls in our checkerboard ownership.
- For example, we are attaching radio transmitters to spotted owls

and tracking them on a continuous basis.

~~HANDOUT 4 -- OWL IN SMALL TREE~~

omit

- Thus far, we've learned much from our efforts that has considerable importance for government policymaking.
 - For example, surveys have shown more owls in our area than originally estimated.
- * While increased numbers of owls do not necessarily indicate healthy populations, they have led to greater numbers of owl circles.
- Owls have also been found in forest types not considered habitat when the bird was listed.

*This habitat includes fire-regenerated stands and selectively harvested forests.

HANDOUT 5 -- AERIAL OF FROST MEADOWS

- A natural progression from our research has been the development of innovative harvest techniques that are more compatible with owl habitat needs than some traditional harvest techniques.

* And we believe, Mr. President, that they are an essential component of any solution to the spotted owl crisis.

- Working with Dr. Jerry Franklin, we're applying New Forestry techniques to spotted owl habitat.

- For example, at the Frost Meadows site on the eastside of the Cascades in Washington, I worked with our foresters to design a timber sale that would maintain spotted owl habitat after harvest.

HANDOUT 6 -- CUT TREE

- We harvested 55% of the merchantable timber in this unit while retaining 80% of the trees and maintaining functional old growth habitat characteristics, such as snags, large downed logs, and healthy green trees representative of the original stand.

~~**HANDOUT 7 -- FLYING OWL**~~ *omit*

- Our radio tracking data revealed that owls continued using the Frost Meadows unit following the harvest.

HANDOUT 8 -- 3D LAYOUT

- Our work, though focused on the owl, has demonstrated its applicability to other species.
- * Plum Creek, Weyerhaeuser and other independent researchers are developing new technology to enable us to see in a 3-dimensional sense how owls use landscapes.
- By combining owl tracking data and 3D satellite imagery showing forests types and elevations, we are able to assess how owls use forests in relation to topography and other physical features.

- This new technology helps us to better visualize how owls -- and potentially a number of other species - use the landscape, and that, Mr. President, may lead us to important new policies.

HANDOUT 9 -- AERIAL OF COUGAR RAMP

- At our Cougar Ramp unit in southwest Washington, we employed a contoured patch design which accommodated a range of species, including neotropical migratory birds, small mammals and forest amphibians.
- By employing the contoured patch design, we achieved our ecological objectives at an affordable operational cost.

- Cougar Ramp was a conceptual breakthrough in the application of New Forestry techniques to commercial forestry.
- Secretary Espy viewed this site Monday.

HANDOUT 10 -- BIRD LISTS

- We believe our efforts are on the right track.
- Dr. Franklin's graduate students at the University of Washington have determined that wildlife species typically found in clearcuts as well as species commonly found in forest canopies are occupying the Cougar Ramp unit.

Conclusion

In conclusion, Mr. President, through surveying, research and implementation of innovative forestry techniques, Plum Creek and other land owners are effectively managing for both environmental and economic objectives.

And I believe this approach is applicable to both public and private lands. This is not the whole solution, but it should be a part.

Whatever the solution, I believe it should involve an integrated approach incorporating federal, state and private lands.

- And though the public and private sectors share a common goal of meeting ecological and economic objectives, they have different roles.

- Public lands should provide reserves and managed forests; Biological diversity cannot be addressed by preservation alone.

Managed landscapes can, and should, play a role.

- On the other hand, private lands can experiment with innovative approaches such as New Forestry and continue to provide additional habitat through such practices as protection of streamside zones and wetlands.
- This strategy of innovation and cooperation, Mr. President, is consistent with your goal for this Conference: to set the course for the future of forestry.

~~And finally~~, Mr. President, if there is anything I or my Company can do, please do not hesitate to ask.

Thank you.

**The President of the United States
Closing Statement
The Forest Conference
Portland, Oregon
April 2, 1993**

I want to thank everyone who has spoken up inside -- and outside -- this conference room for your ideas, your concerns, and your commitment.

We may not see eye-to-eye on everything, but we do see the problems that are staring us in the face. I am heartened that, as we all leave this conference, we are committed to work together and move forward together.

We will remember what we have heard today as we work together to develop a management policy. We will remember [recall testimony].

Every voice we've heard today has been a voice for change. Every statement of pain and passion has been a call to end the stalemate and move beyond the status quo.

Too many people are hurting. Too many of our precious natural resources are being threatened. We have to turn away from the politics of the past and make a new start, before it's too late.

I am directing my cabinet and my entire Administration to begin work immediately to craft a balanced, comprehensive, longterm policy. And I am directing my cabinet to report back to me within 60 days with a plan to end this stalemate.

Our efforts will be guided by five fundamental principles:

First, we must never forget the human and economic dimensions of this problem. We need to let timber sales go forward where sound management policies can preserve the health of the forest lands. Where this requirement cannot be met, we need to do our best to offer new economic opportunity for year-round, high-wage, high-skill jobs.

Second, as we craft a plan, we need to protect the longterm health of the forests, our wildlife, and our waterways. They are our gift from God, and we hold them in trust for future generations.

Third, our efforts must be scientifically sound, ecologically credible, and legally responsible.

Fourth, our plan should produce a predictable, sustainable level of timber sales and non-timber resources that will not degrade or destroy our forest environment.

Fifth, to achieve these goals, we will make our federal government work together -- and work for you. I will not tolerate gridlock in my Administration. I will insist on collaboration, not confrontation.

Our administration will do its part. We will act with a single purpose and a single agenda. But you must do your part.

When you leave here today, keep working for a balanced policy that promotes the economy, preserves jobs, and protects the environment.

When we hit an impasse, don't give up -- and don't turn against your neighbors. If you feel frustrated -- and at some time all of us will feel frustrated -- stay at the table, keep talking, and keep trying to find common ground. We must not go back to the posturing, the positioning, and the politics of the past. We need to stay in the conference room, not the courtroom.

If we don't give up -- if we don't give in to divisiveness, deadlock, and despair -- we can build a more prosperous and more secure future for our communities and for our children. And we will be proud that we were here together today.

Thank you so much for caring, for coming, for speaking out,
and for reaching out to work with us to move forward from the
Forest Conference toward a balanced and fair policy.

White House Forest Conference
Portland, Oregon
April 2, 1993

Statement of Louise Fortmann
Professor of Rural Sociology
Department of Forestry and Resource Management
University of California at Berkeley

I am Louise Fortmann. I am a professor of rural sociology in the Department of Forestry and Resource Management at the University of California at Berkeley.

My students and I have spent the last 9 years studying forest-dependent communities in northern California.

Let me stress that forest-dependent is not synonymous with timber-dependent.¹

I shall discuss poverty, the problem of outside influence and the need for locally based planning and management in these communities.

We have found as high as 38² percent of the families with children in poverty in these communities. In 1989 nearly a fifth of California forest counties had poverty rates equal to or greater than the inner city. Increases in timber harvests do not reduce poverty. Neither do decreases in the timber harvest increase poverty. A lesson- large timber harvests will neither automatically reduce poverty nor increase community well-being especially when profits are not reinvested in the community or the county to any significant extent. We need national policies that will help to reinvest capital generated by forest communities back in those communities.

We have found that local people are angered by the influence of outsiders. The decisions that affect the well-being of these communities are often taken or influenced by timber corporations with out-of-county or out-of state headquarters³; the personnel of federal and state natural resource agencies;

¹ Forest counties were described as counties which in 1980 had a forest cover of over 50 percent or in which 3 percent or more of the 1980 ages came from forest sector industries and in which timber was cut commercially (Fortmann *et al.* 1991a). Forest dependence includes use of the forest for grazing, recreation, tourism and as well as for an aesthetic backdrop luring in new residents.

² Jonathan Kusel. 1992. "Is There a Voice in the Forest?" Paper presented at the annual meeting of the American Anthropological Association., San Francisco.

³ In 1988 three of the top ten timber companies in California controlling 18 percent of the state's timber production zone (TPZ) land were out-of-state corporations. In 1988 in 22 counties including seven of the ten counties with the highest TPZ acreage, over half the

and the urban-based staffs of national environmental organizations.

These are people who are not personally affected by the adverse consequences of their decisions.

They often lack detailed knowledge of the local ecosystem that local environmentalists, loggers, and ranchers have.

They have neither local family ties nor a stake in the well-being of the people of the community.

They see their jobs in terms of uniform policy and regulations

Is there a remedy?

Healthy communities are communities that can take responsibility for and actions to solve their own problems.

We need locally-based planning processes that increase community well-being by enabling local people to develop diverse policy options that take into account the social and ecological diversity of their communities. And we need a federal policy context which facilitates these processes.

We need community-initiated and locality-based planning and management units that make ecological and social sense

We know from experience with groundwater management that if these units are too large, they will not work (Ostrum 1990).

Locally-based management will involve gathering scientific evidence about local social conditions and local ecosystems.

There is a great opportunity for local high schools and community colleges to gather data for use in their own communities and to take new responsibility for community well-being.

Locally-based management will also involve community members and others meeting to establish community priorities and goals and to plan and implement action to achieve them.

We know this takes a lot of time.

TPZ acreage was owned by a person or a corporation with an address outside the county. In five of the top ten counties over 90 percent of the TPZ acreage was owned by outsiders (Fortmann *et al.* 1991b)

People have to get "their position" out of their system.

People need to learn to trust each other

Indeed at the beginning people will come just because they don't trust their neighbors

While this process is painful and time-consuming, I know of no effective alternative to end the creation of rancor and return people's attention to strengthening their communities. And it does work.

We already have successful examples of local loggers, environmentalists, business people and ranchers cooperating in local planning and job creation. Four northern California examples:

- the Plumas Corporation⁴ has organized ecosystem restoration and is working on an economic transition strategy
- the Westwood Concerned Citizens undertakes community planning and economic development
- the Mattole Watershed Alliance does watershed planning and restoration
- Trinity Alps Botanicals produces non-timber forest products and is developing a forest stewardship program

The success of these and other efforts tell us that **process** will be the most important product of this summit.

Thank you

Sources

Fortmann, Louise, Jonathan Kusel and Yoshio Kawamura. 1991. "Methods" in Jonathan Kusel and Louise Fortmann (eds.) 1991. "Well-being in Forest-Dependent Communities." Report prepared for the California Department of Forestry and Fire Protection

Fortmann, Louise, Jonathan Kusel, Yoshio Kawamura, Martin Olson, and Cecilia Danks. 1991b. "Study 1: The Effects of Forest Control and Use on County Well-being" in Jonathan Kusel and Louise Fortmann (eds.) 1991. "Well-being in Forest-Dependent Communities." Report prepared for the

⁴ Leah Wills, Plumas Corporation, P.O Box 3880, Quincy, California 95971 (916-283-3729)

William Blaufus, Westwood Concerned Citizens, Westwood, California 96137

Dan Waters, Mattole Valley Watershed, Petrolia, California

Jim Curry, Trinity Alps Botanicals, P O Box 1242, Hayfork, California, 96041 (916-628-4208)

California Department of Forestry and Fire Protection

Kusel, Jonathan. 1992. "Is There a Voice in the Forest?" Paper presented at the annual meeting of the American Anthropological Association., San Francisco.

Ostrum, Elinor. 1990. *Governing the Commons: The Evolution of Institutions for Collective Action*. Cambridge: Cambridge University Press.

CALIFORNIA FOREST COUNTIES WITH POVERTY RATES GREATER THAN THE NON-METRO AVERAGE

COUNTY	POVERTY RATES (percentage of persons)		VOLUME CUT		TIMBER RANK 1989 (vol. per cap.)	PERCENTAGE PRIVATE TIMBERLAND HELD BY LARGEST OWNER	PERCENTAGE PRIVATE TIMBERLAND HELD BY OUT OF COUNTY OWNERS
	1979	1989	1989 (MBF per cap)	Ratio 1989/1979		TPZ	TPZ
Tulare County	16.5	22.6	0.19	81%	25	71%	98%
Yuba County	16.1	19.5	0.50	200%	21	51%	44%
Butte County	15.0	18.9	0.45	96%	22	61%	98%
Trinity County	11.4	18.5	21.55	117%	2	60%	96%
Alpine County	18.8	18.1	0.45	7%	23	45%	96%
Humboldt County	14.3	17.6	5.57	143%	7	27%	100%
Madera County	15.7	17.5	0.77	80%	19	100%	31%
Glenn County	13.1	17.4	1.49	101%	16	92%	94%

Sources:

U.S. Bureau of the Census. 1983. *1980 Census of Population: Detailed Population Characteristics: California*. Washington, D.C.

U.S. Bureau of the Census. 1993. *1990 Census of Population: Detailed Population Characteristics: California*. Washington, D.C.

California State Board of Equalization. 1992. *Annual Report FY 1991-92*. Sacramento.

Kusel, Jonathan and Louise Fortmann. 1991. *Well-Being in Forest-Dependent Communities*. A report prepared for Forest and Rangeland Resources Assessment Program, California Department of Forestry and Fire Protection. Sacramento.

Forest counties are counties in which 3 percent or more of the 1980 wages came from forest sector industries and in which timber was cut commercially or had a forest cover of over 50 percent.

Poverty and Harvest Rates for Twelve Timber Counties in California

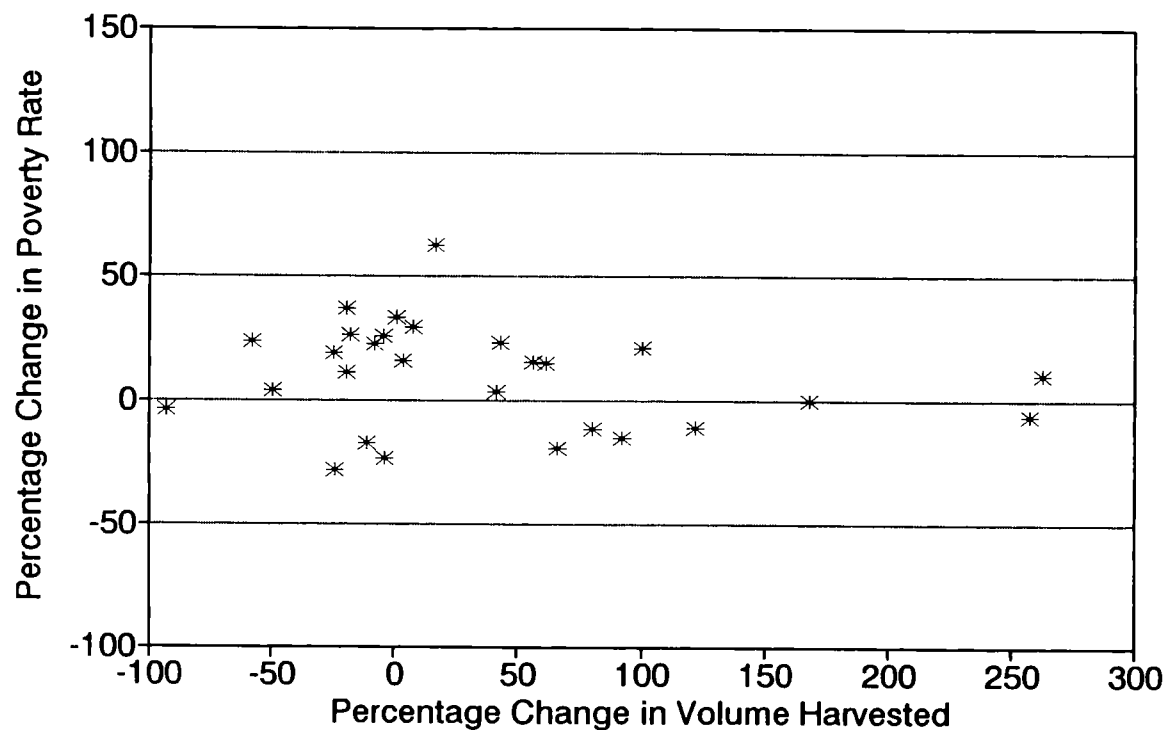
COUNTY	Poverty Rates		Volume Harvested		Timber Rank (by MBF per cap)	Percentage of Private Timberland (TPZ acres) Held by Largest Landowner 1988	Percentage of Private Timberland (TPZ acres) Held by Out-of-county Owners 1988
	(Percentage of persons) 1979	(Percentage of persons) 1989	(MBF/capita) 1989	Ratio 89/79			
Sierra County	12.9	9.2	30.83	76%	1	35.2	97
Trinity County	11.4	18.5	21.55	117%	2	59.8	96
Plumas County	9.7	11.9	13.03	92%	3	19.9	76
Siskiyou County	12.1	14.0	12.12	103%	4	29.6	98
Mendocino County	12.3	14.2	6.41	156%	5	32.2	89
Humboldt County	14.3	17.6	5.57	143%	7	26.9	31
Modoc County	14.5	15.0	5.27	50%	8	78.6	98
Del Norte County	12.7	15.7	5.24	42%	9	66.9	77
Lassen County	10.3	13.3	3.89	108%	11	47.5	98
Tehama County	12.9	15.3	2.11	75%	15	39.2	28
Glenn County	13.1	17.4	1.49	101%	16	92.2	94
Shasta County	10.9	13.7	1.38	82%	17	18.9	32

Sources:

- U.S. Bureau of the Census. 1983. *1980 Census of Population: Detailed Population Characteristics: California*. Washington, D.C.
- U.S. Bureau of the Census. 1993. *1990 Census of Population: Detailed Population Characteristics: California*. Washington, D.C.
- California State Board of Equalization. 1992. *Annual Report FY 1991-92*. Sacramento.
- Kusel, Jonathan and Louise Fortmann. 1991. *Well-Being in Forest-Dependent Communities*. A report prepared for Forest and Rangeland Resources Assessment Program, California Department of Forestry and Fire Protection. Sacramento.

Change in Harvests and Poverty Rates

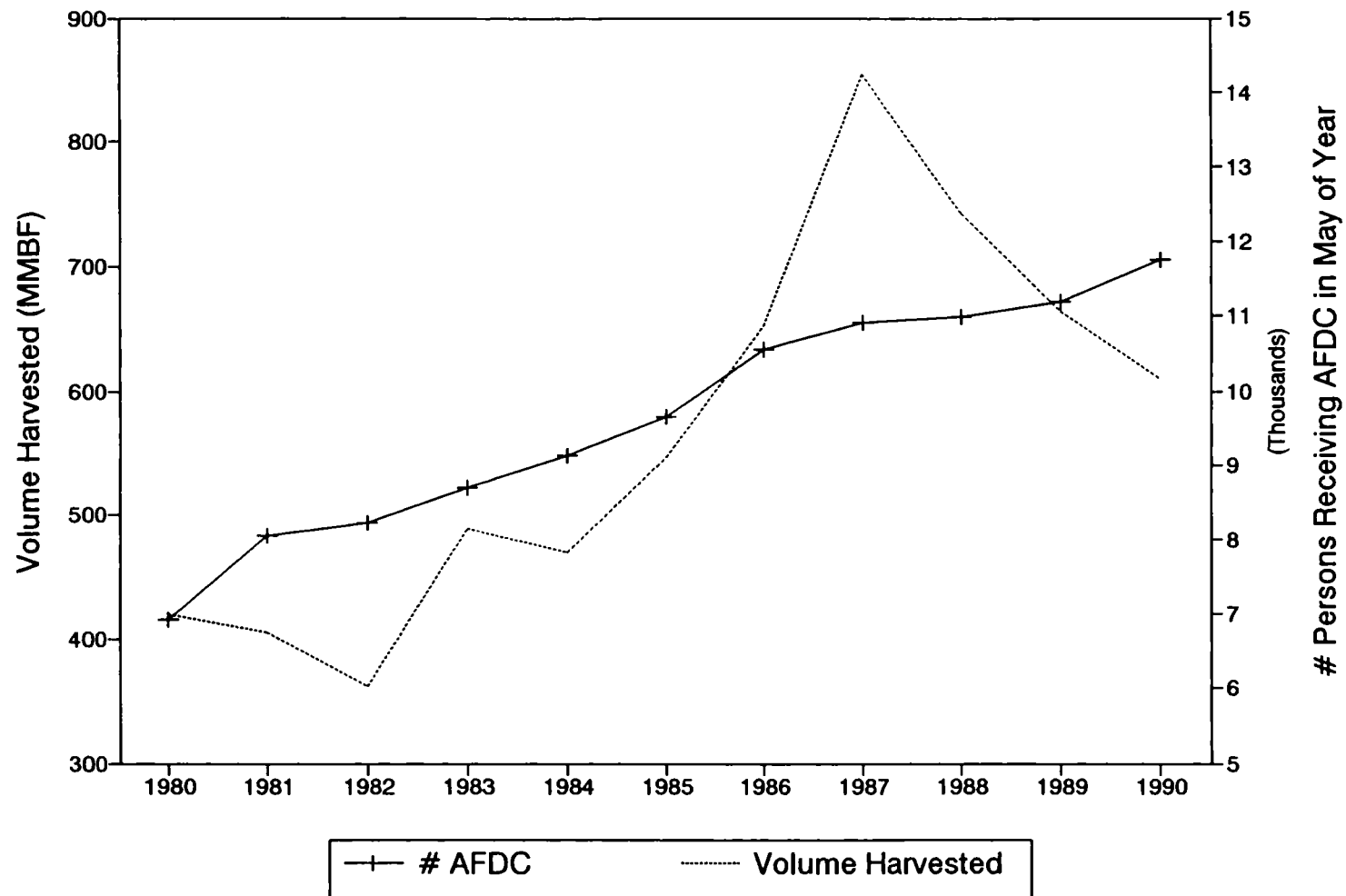
Forest Counties of California, 1979-89



$R^2 = .04$

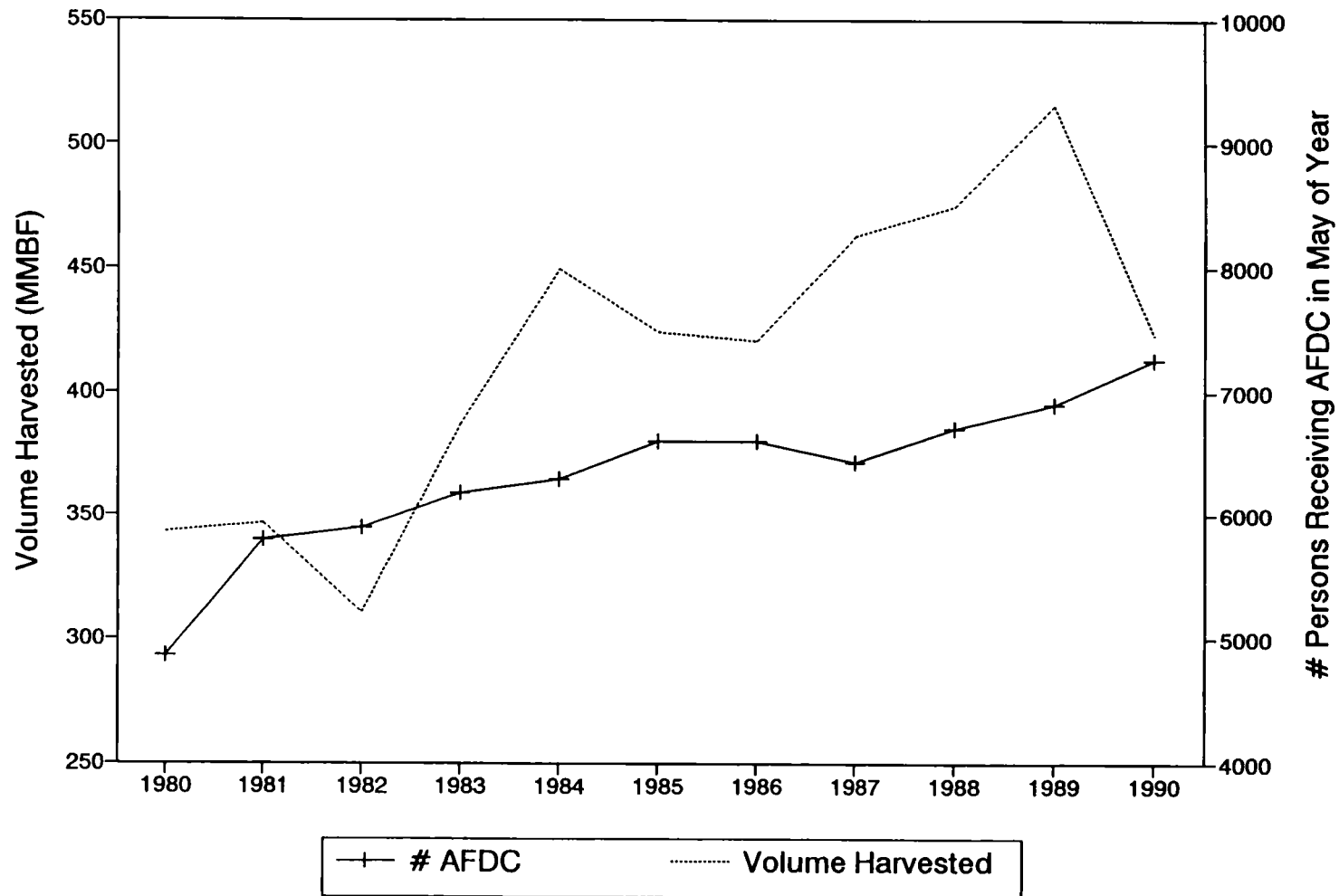
Sources: U.S. Bureau of the Census. 1983. *1980 Census of Population. Detailed Population Characteristics: California*. Washington, D. C.
U. S. Bureau of the Census. 1993. *1990 Census of Population: Detailed Population Characteristics: California*. Washington, D. C.
California State Board of Equalization. 1992. *Annual FY 1991-92*. Sacramento.

Humboldt County, CA Timber Harvest & No. of AFDC Recipients



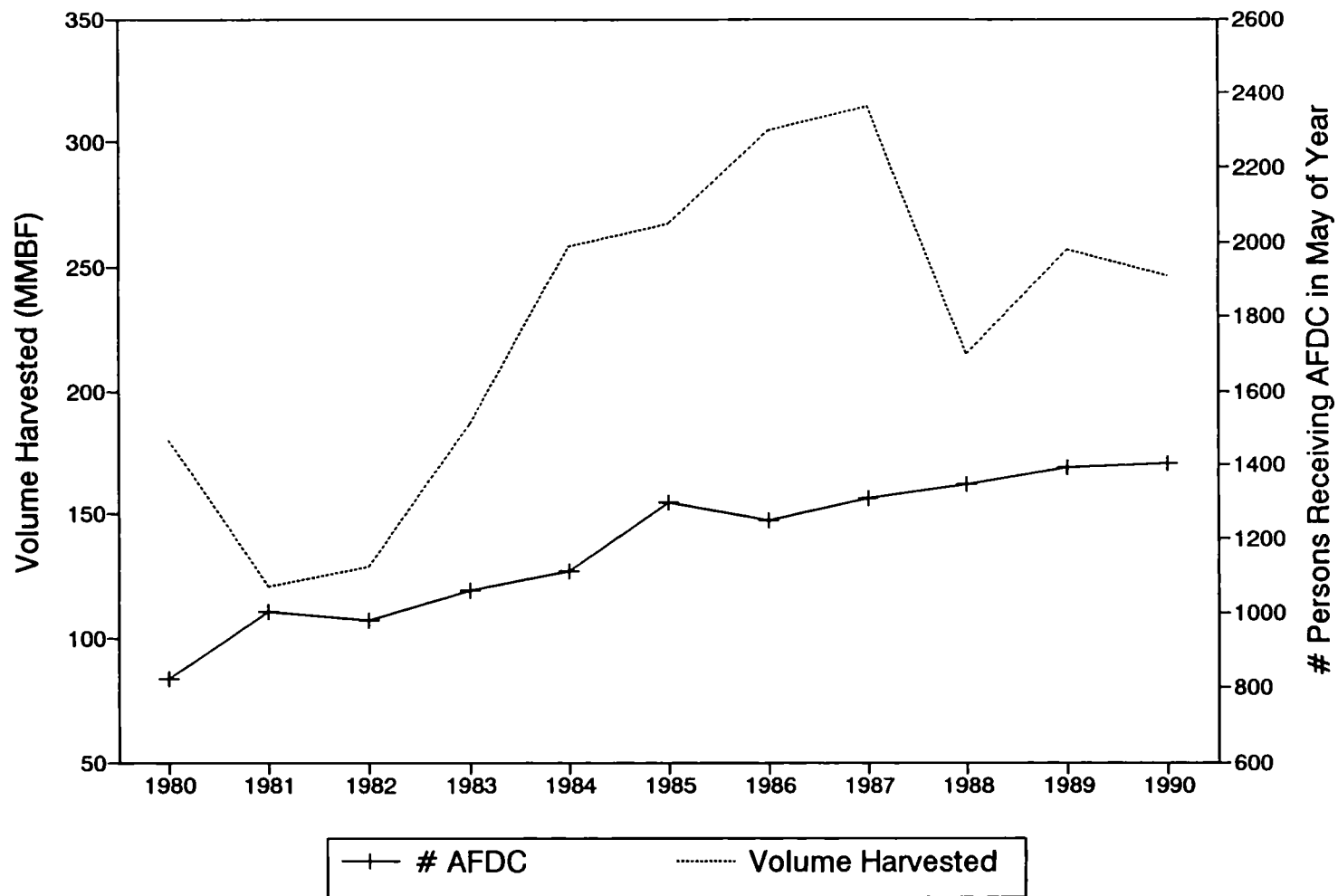
Sources: California State Board of Equalization, Timber Tax Division. Timber production statistics for 1980 to 1990.
 Statistical Services Bureau, State of California. *Public Welfare in California*, Statistical Series PA 3-368, for May of each year 1980-1990. Sacramento.

Mendocino County, CA Timber Harvest & No. of AFDC Recipients



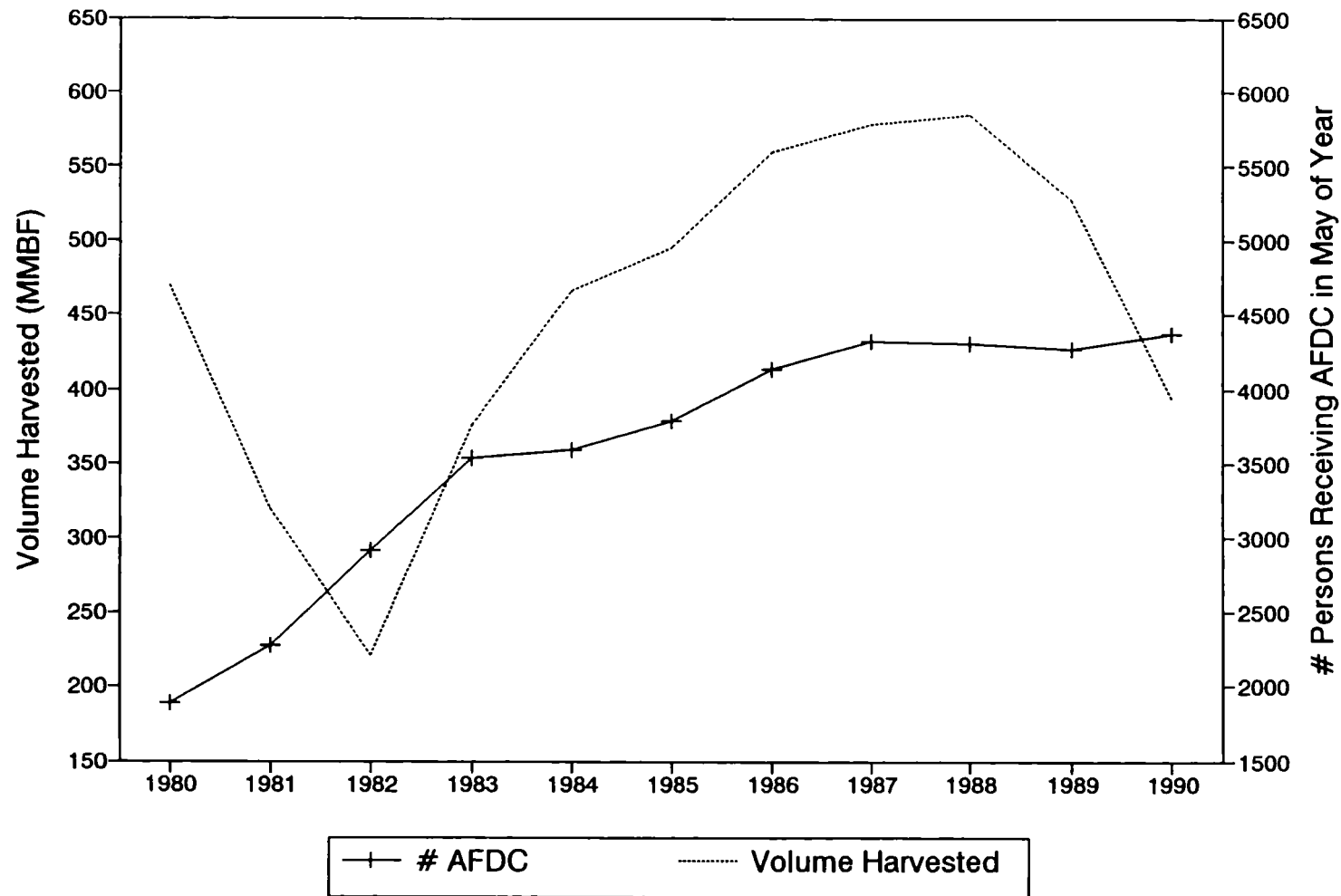
Sources: California State Board of Equalization, Timber Tax Division. Timber production statistics for 1980 to 1990.
Statistical Services Bureau, State of California. *Public Welfare in California*, Statistical Series PA 3-368, for May of each year 1980-1990. Sacramento.

Plumas County, CA Timber Harvest & No. of AFDC Recipients



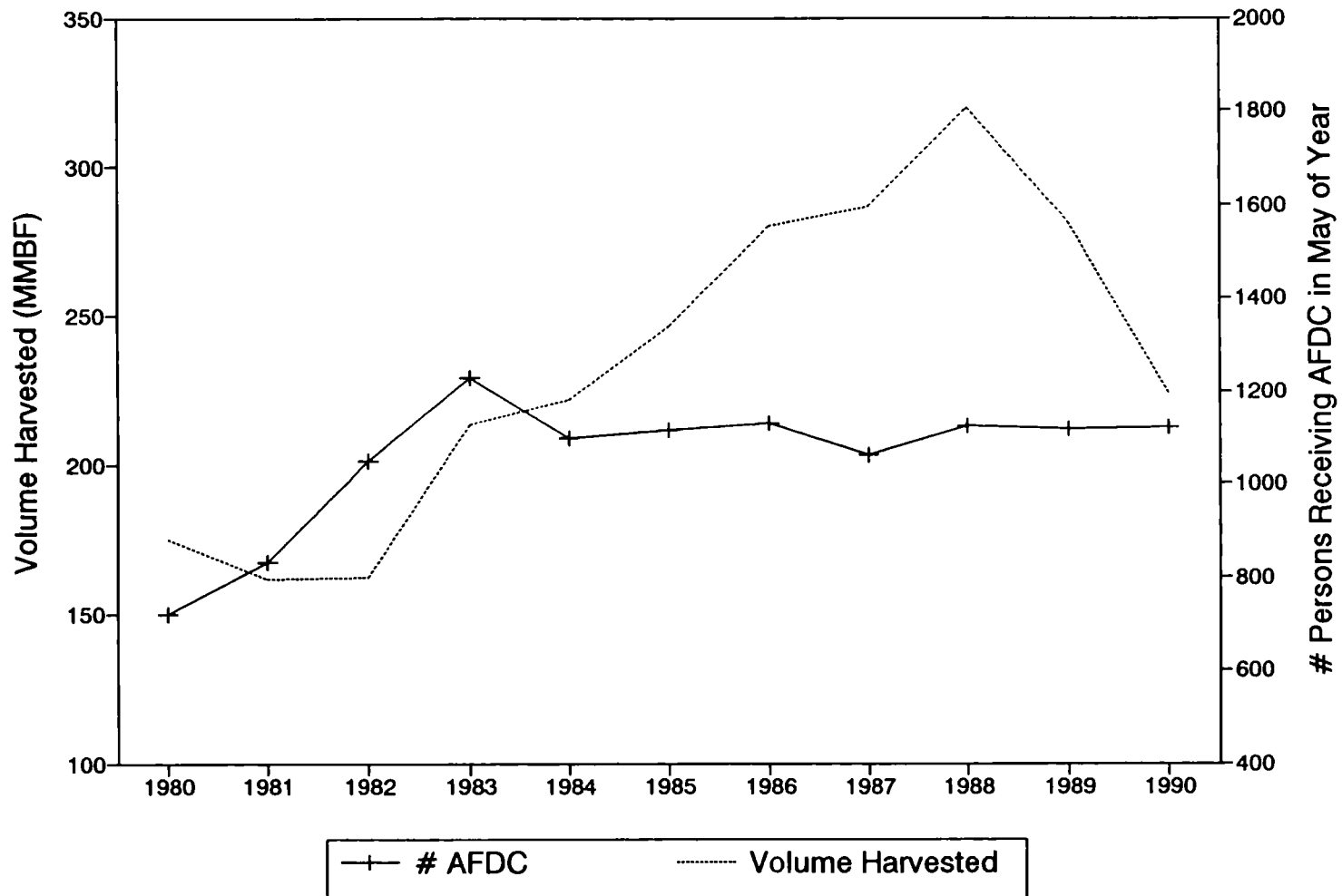
Sources: California State Board of Equalization, Timber Tax Division. Timber production statistics for 1980 to 1990.
Statistical Services Bureau, State of California. *Public Welfare in California*, Statistical Series PA 3-368, for May of each year 1980-1990. Sacramento.

Siskiyou County, CA Timber Harvest & No. of AFDC Recipients

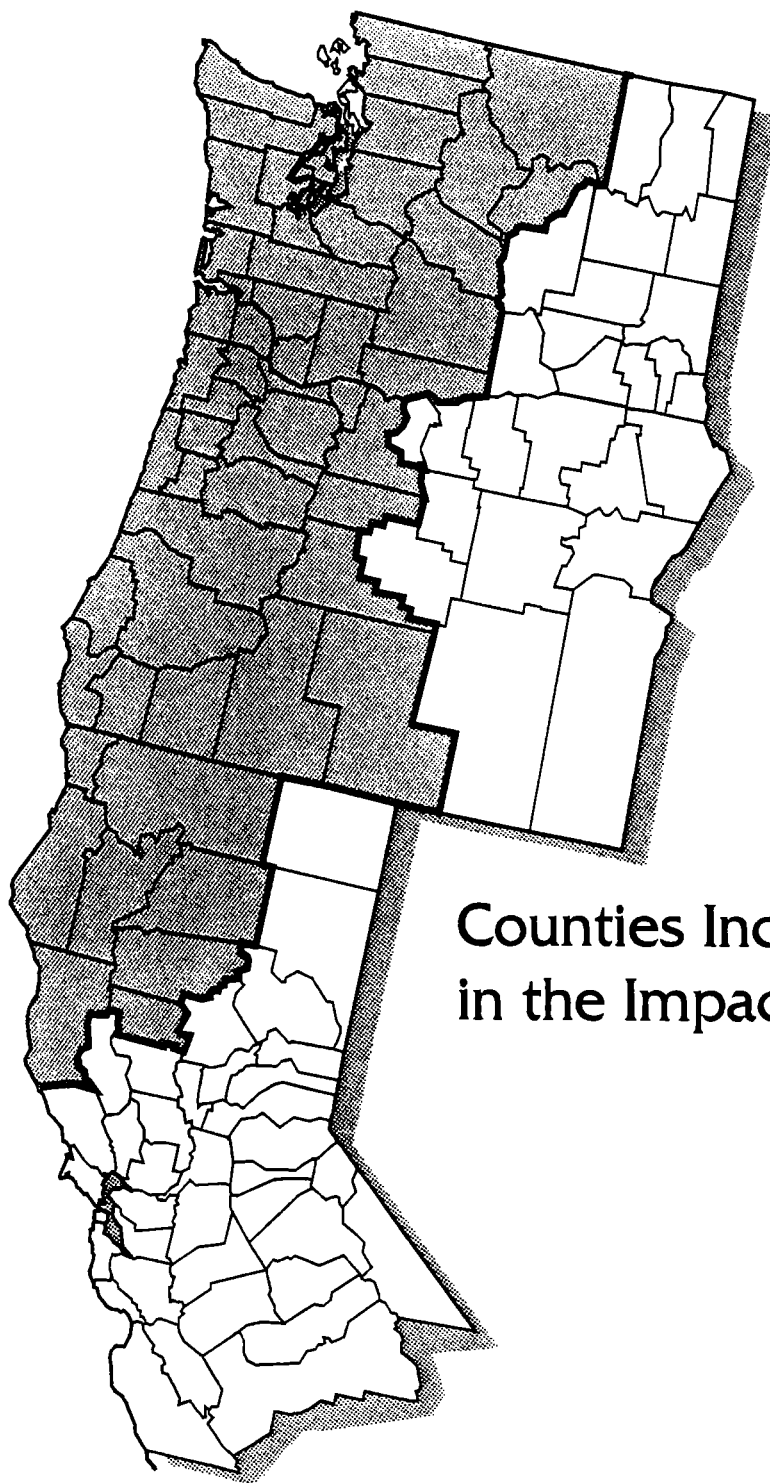


Sources: California State Board of Equalization, Timber Tax Division. Timber production statistics for 1980 to 1990.
Statistical Services Bureau, State of California. *Public Welfare in California*, Statistical Series PA 3-368, for May of each year 1980-1990. Sacramento.

Trinity County, CA Timber Harvest & No. of AFDC Recipients

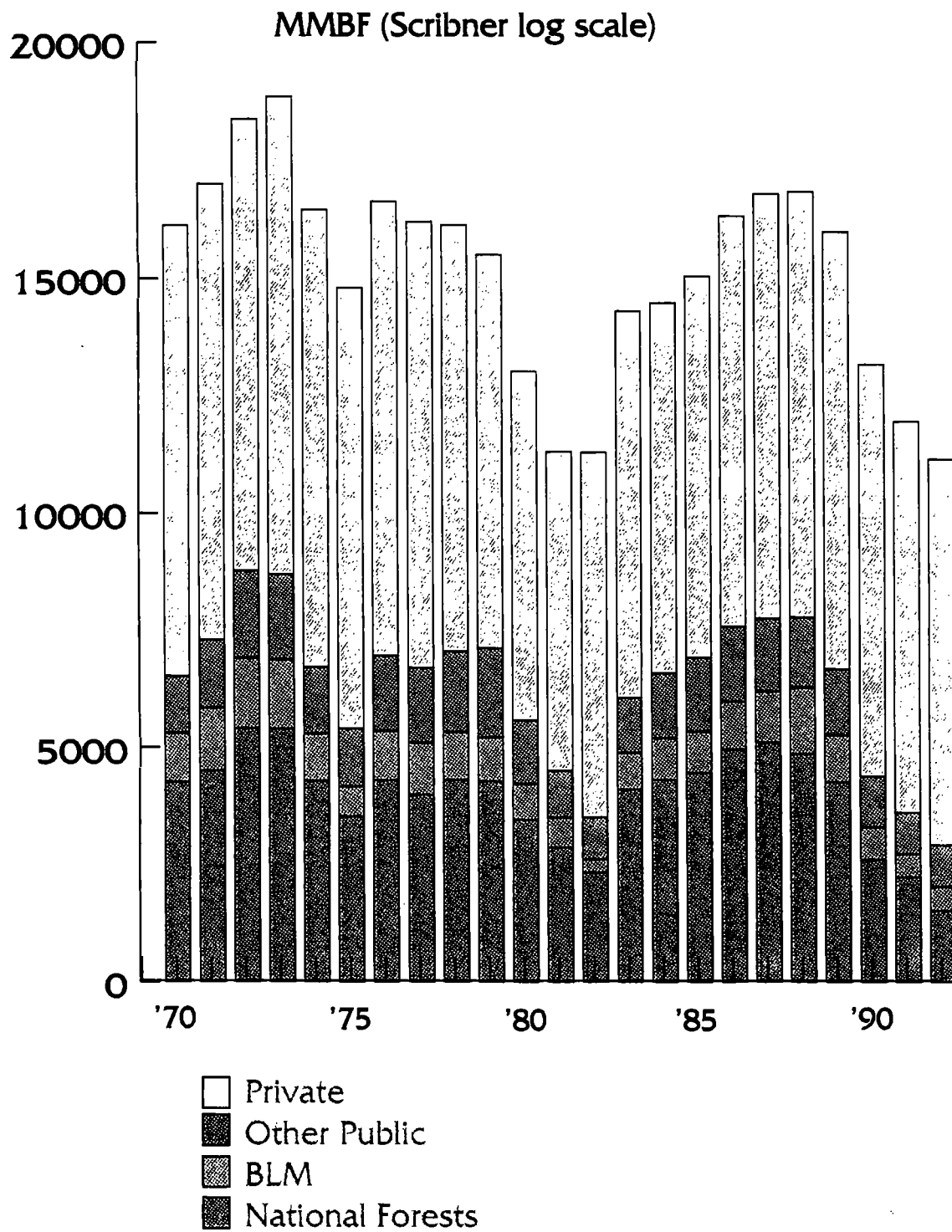


Sources: California State Board of Equalization, Timber Tax Division. Timber production statistics for 1980 to 1990.
Statistical Services Bureau, State of California. *Public Welfare in California*, Statistical Series PA 3-368, for May of each year 1980-1990. Sacramento.

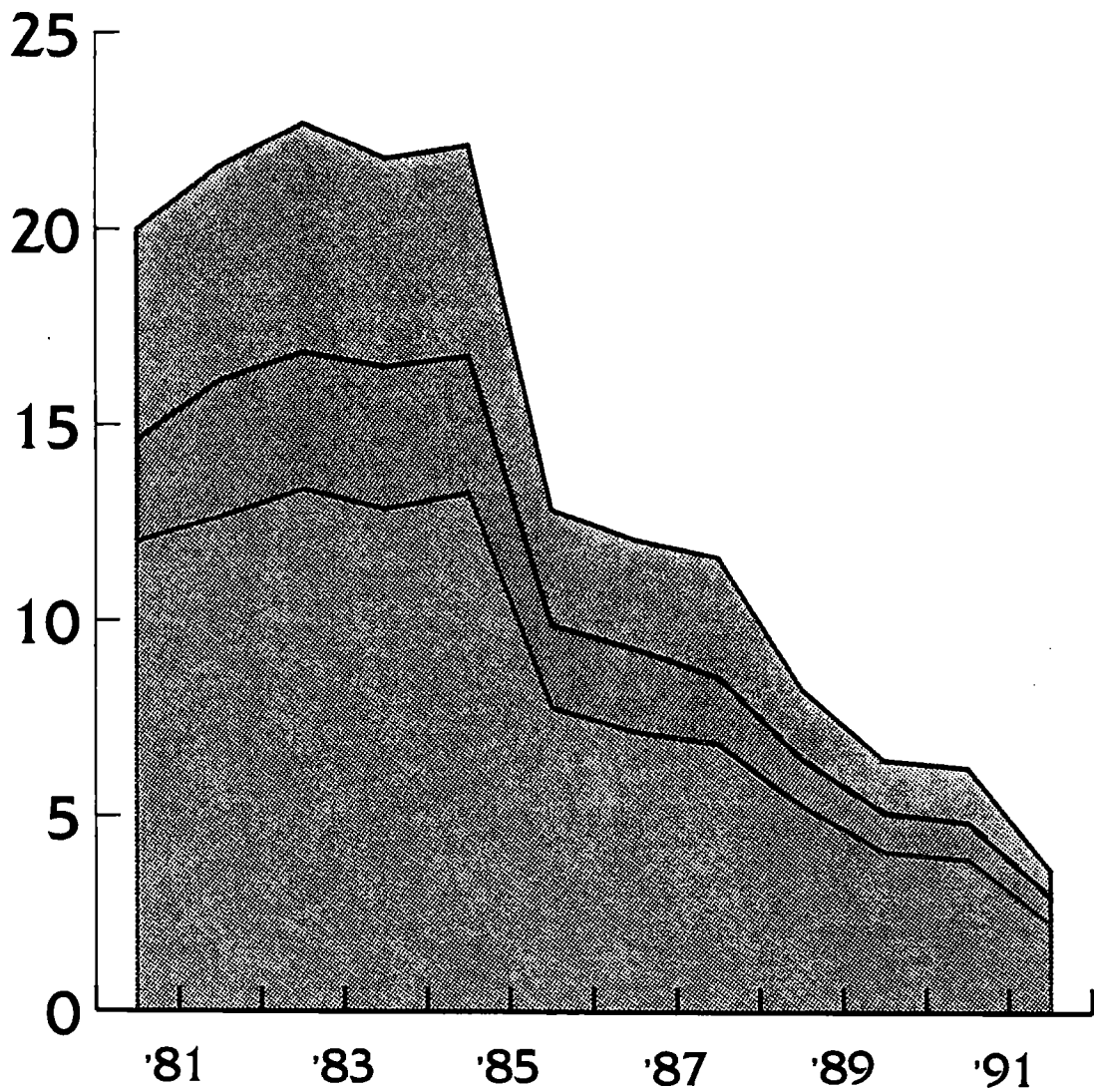


Counties Included
in the Impact Region

Timber Harvests in the Impact Region

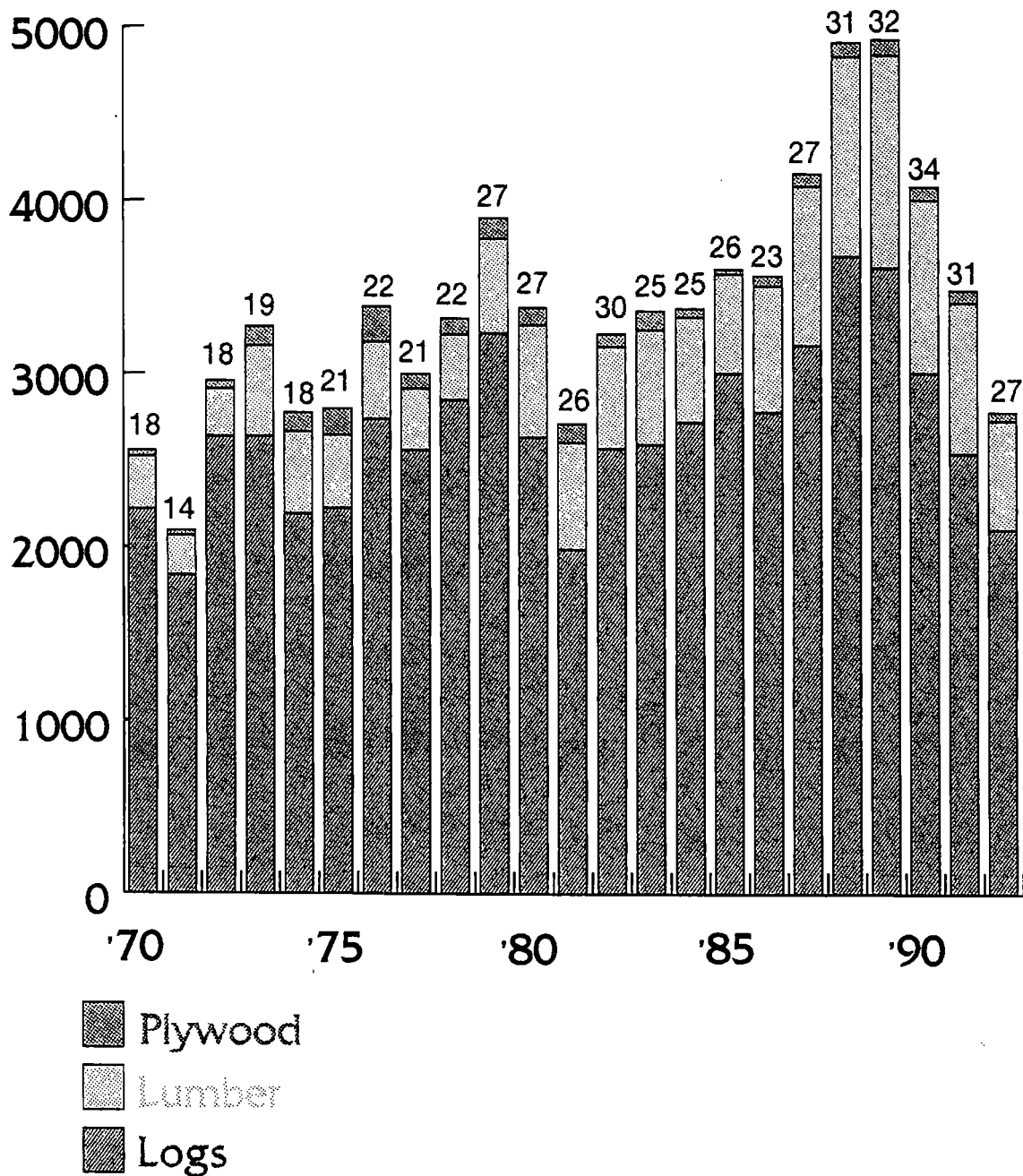


OREGON, WASHINGTON
Uncut Volume Under Contract
Billion Board Feet, Whole State

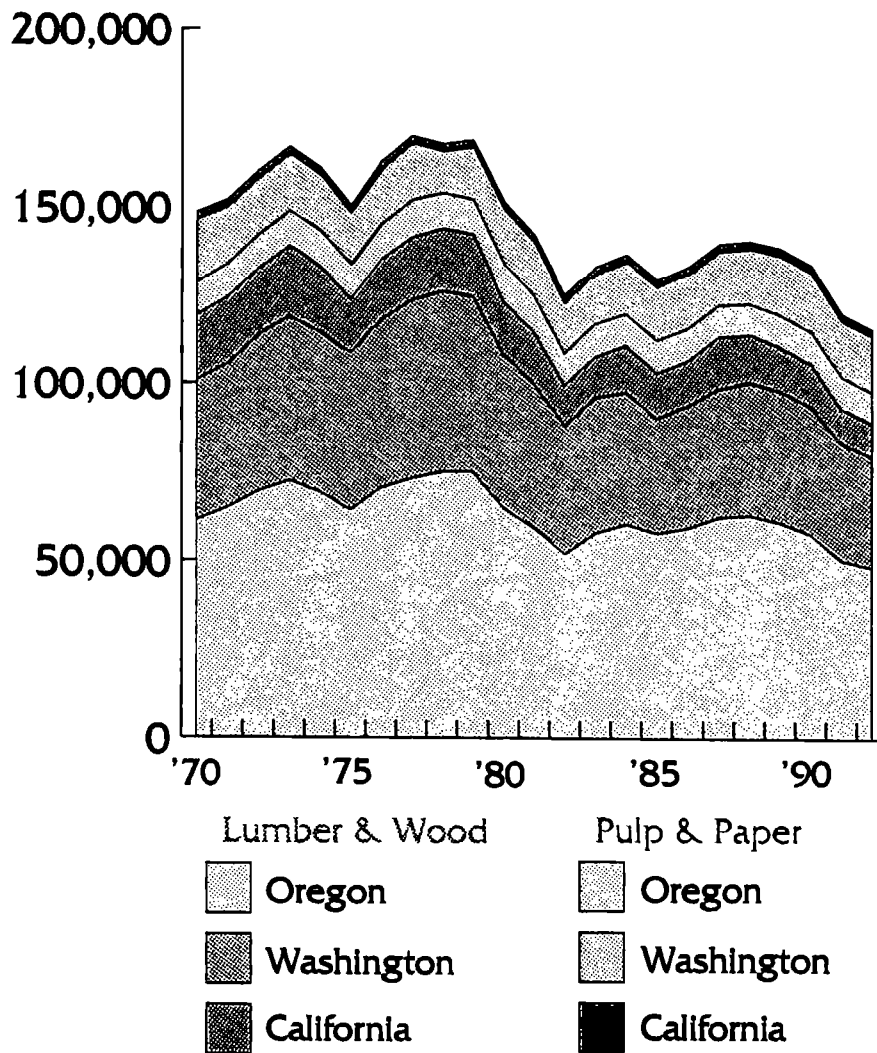


- Washington-National Forests
- Oregon-BLM
- Oregon-National Forests

WASHINGTON & OREGON Forest Product Exports % of Harvest Total MMBF (Scribner Log Scale)



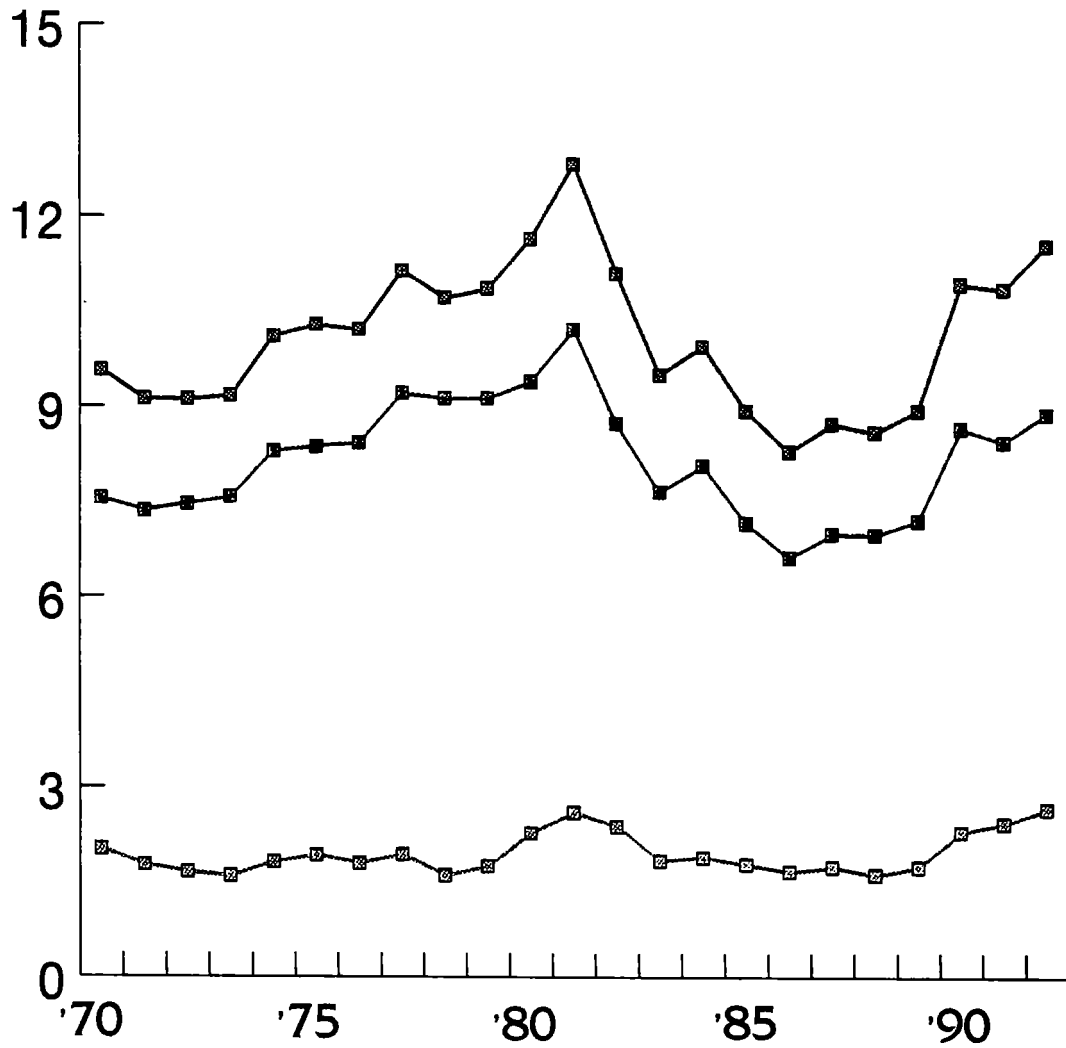
Wage & Salary Employment in Impact Region by State Number of Employees



WASHINGTON & OREGON

Timber Industry Jobs

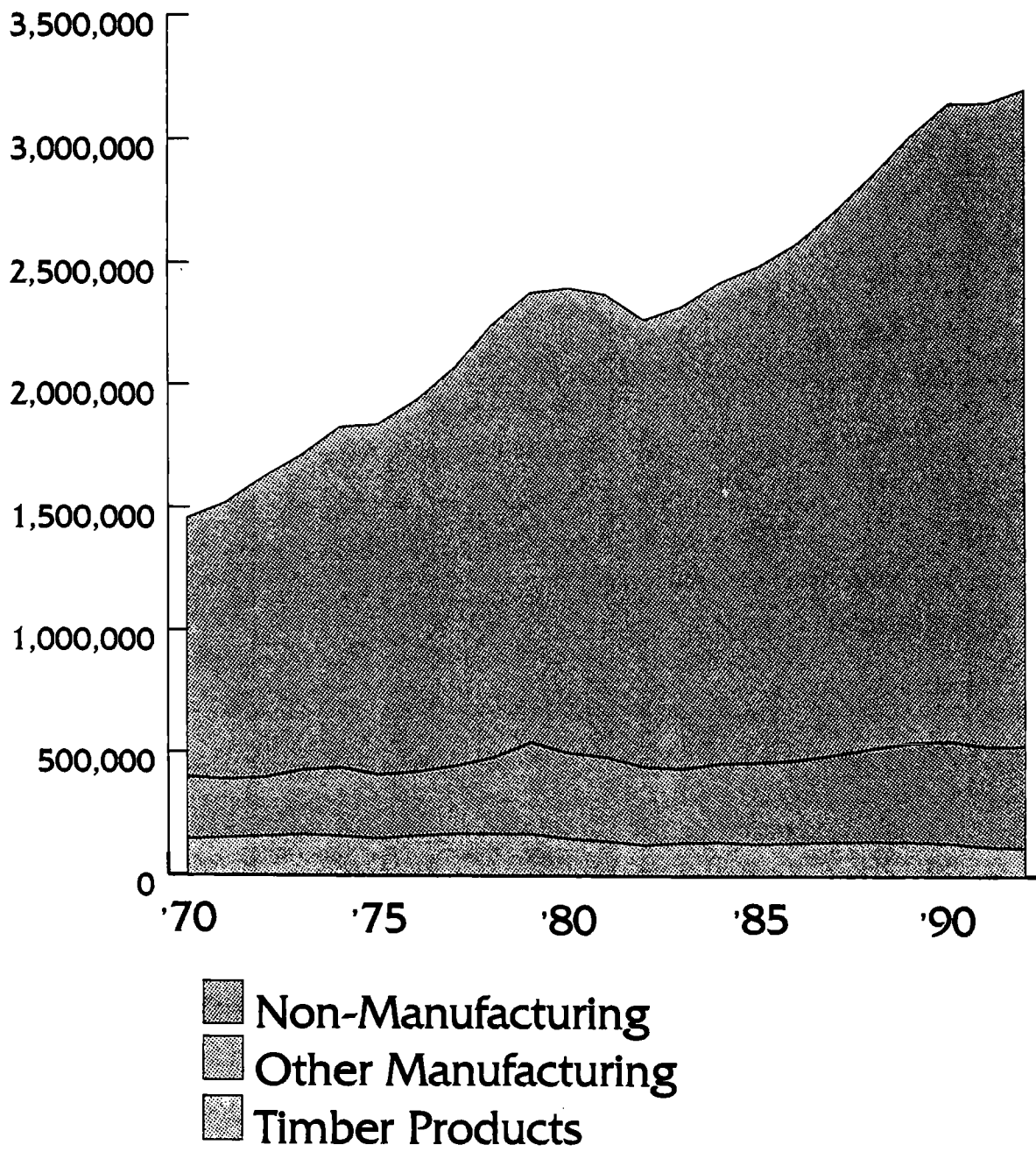
*Jobs/MMBF of Timber Harvested



- All Timber
- Lumber & Wood
- Pulp & Paper

*Avg. Number of Jobs

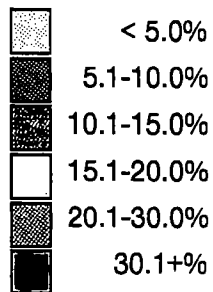
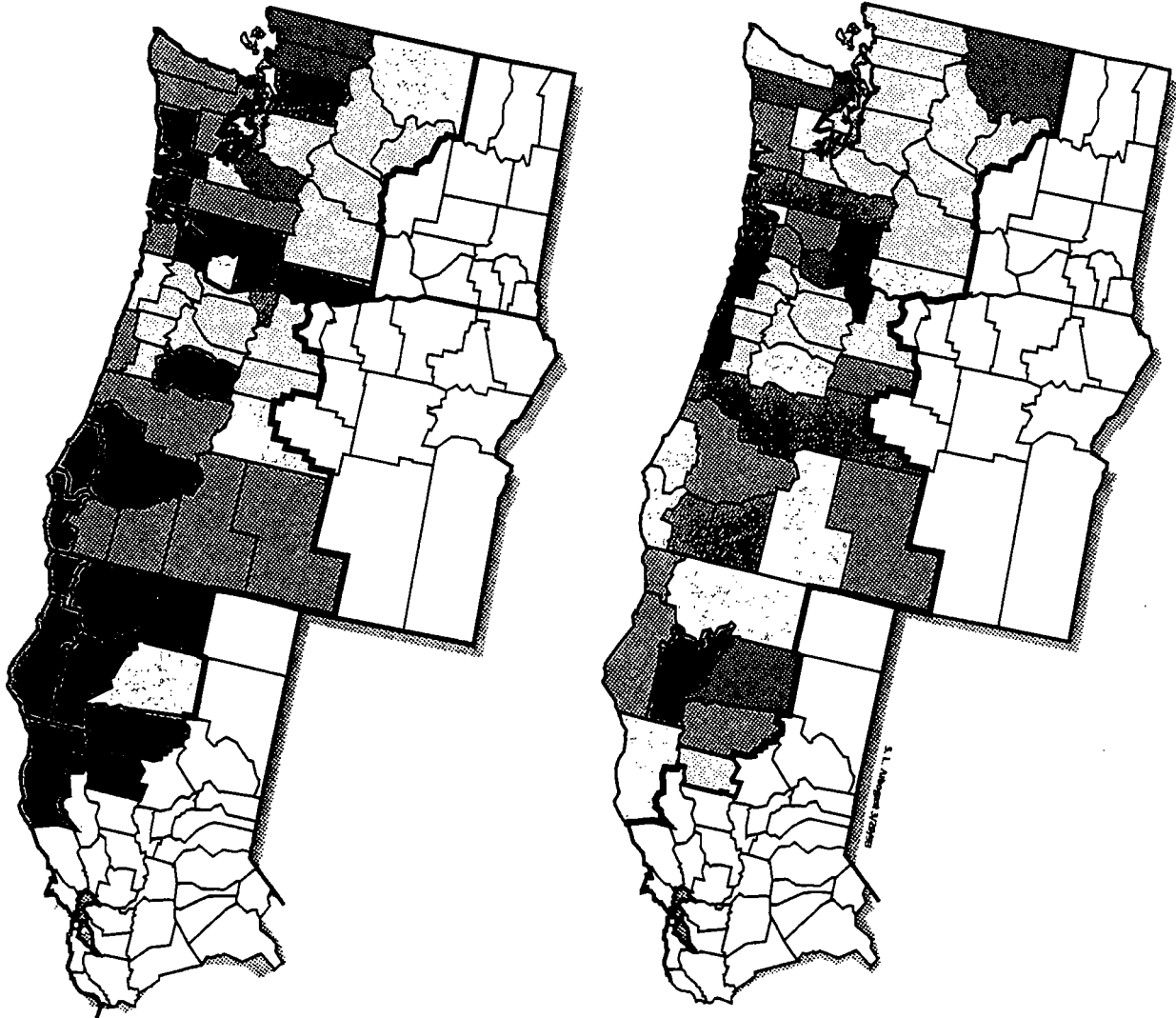
OREGON, WASHINGTON, & CALIFORNIA
Wage & Salary Employment
All Industries in Impact Region
Number of Employees



Timber Industry Employment Owl Impact Region

1970-1974

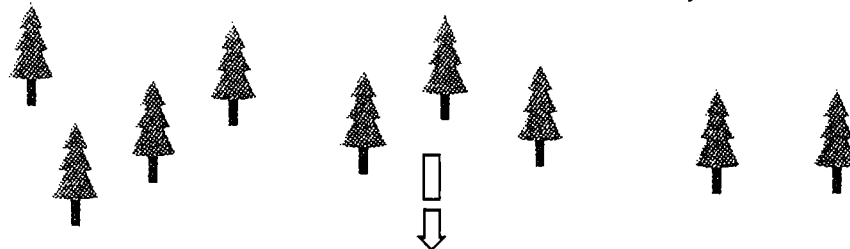
1985-1989



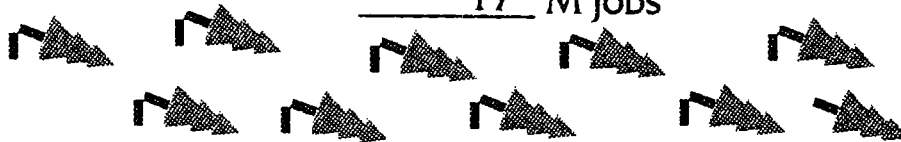
Timber Industries employment as a percentage of total wage and salary employment. The owl impact counties for California, Oregon, and Washington.

1991 Impact Region Forestry Related Employment

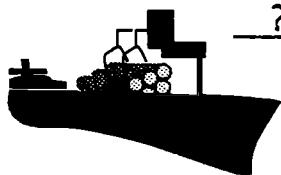
Private Forestry Services: 6 M Jobs



Harvesting: 11970 MMBF
17 M Jobs



Exports: 2581 MMBF
? Jobs



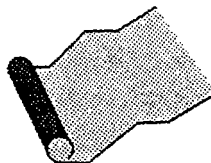
Miscellaneous: 80 MMBF
3 M Jobs



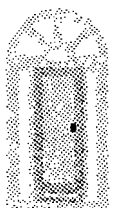
Sawmills: 6950 MMBF
32 M Jobs



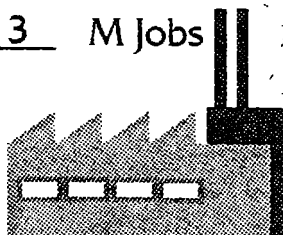
Veneer & Plywood Mills: 1940 MMBF
13 M Jobs



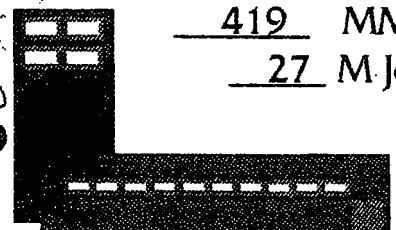
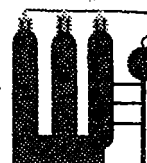
Secondary Wood Products: 25 M Jobs



Particleboard Mills: 3 M Jobs



Pulp & Paper Mills: 419 MMBF
27 M Jobs



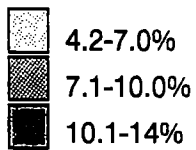
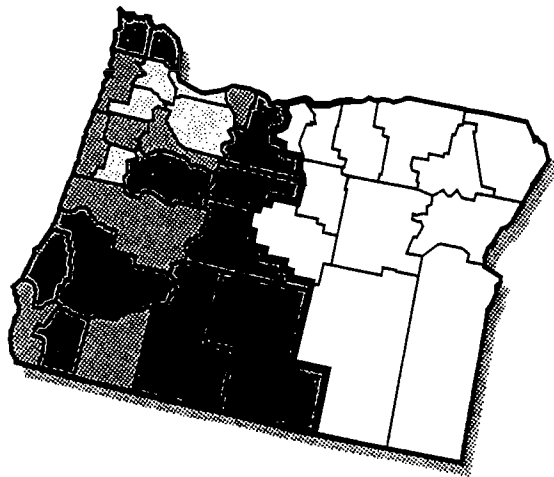
Oregon
Wage and Salary Employment
and Income Multipliers

Economic Variable	Range of Multipliers/MMBF
Timber Jobs	5.1 - 5.9
Other Manufacturing Jobs	1.8 - 4.0
Non-Manufacturing Jobs	1.9 - 4.6
Total Jobs	10.7 - 13.6
Income (Thousands 1988 dollars)	340 - 640

OREGON

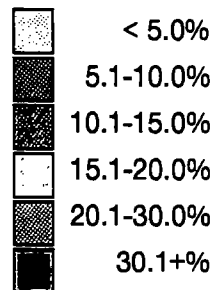
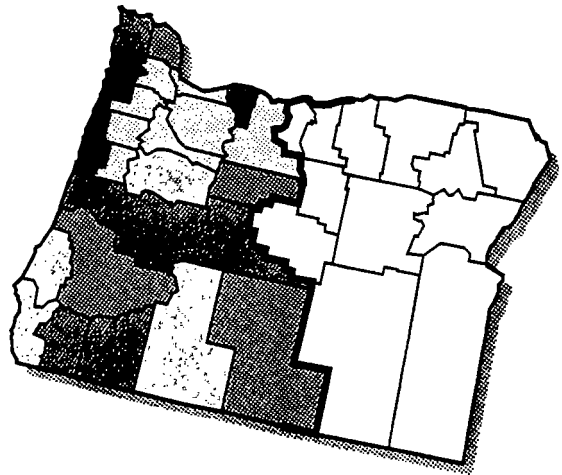
Unemployment Owl Impact Region

1993

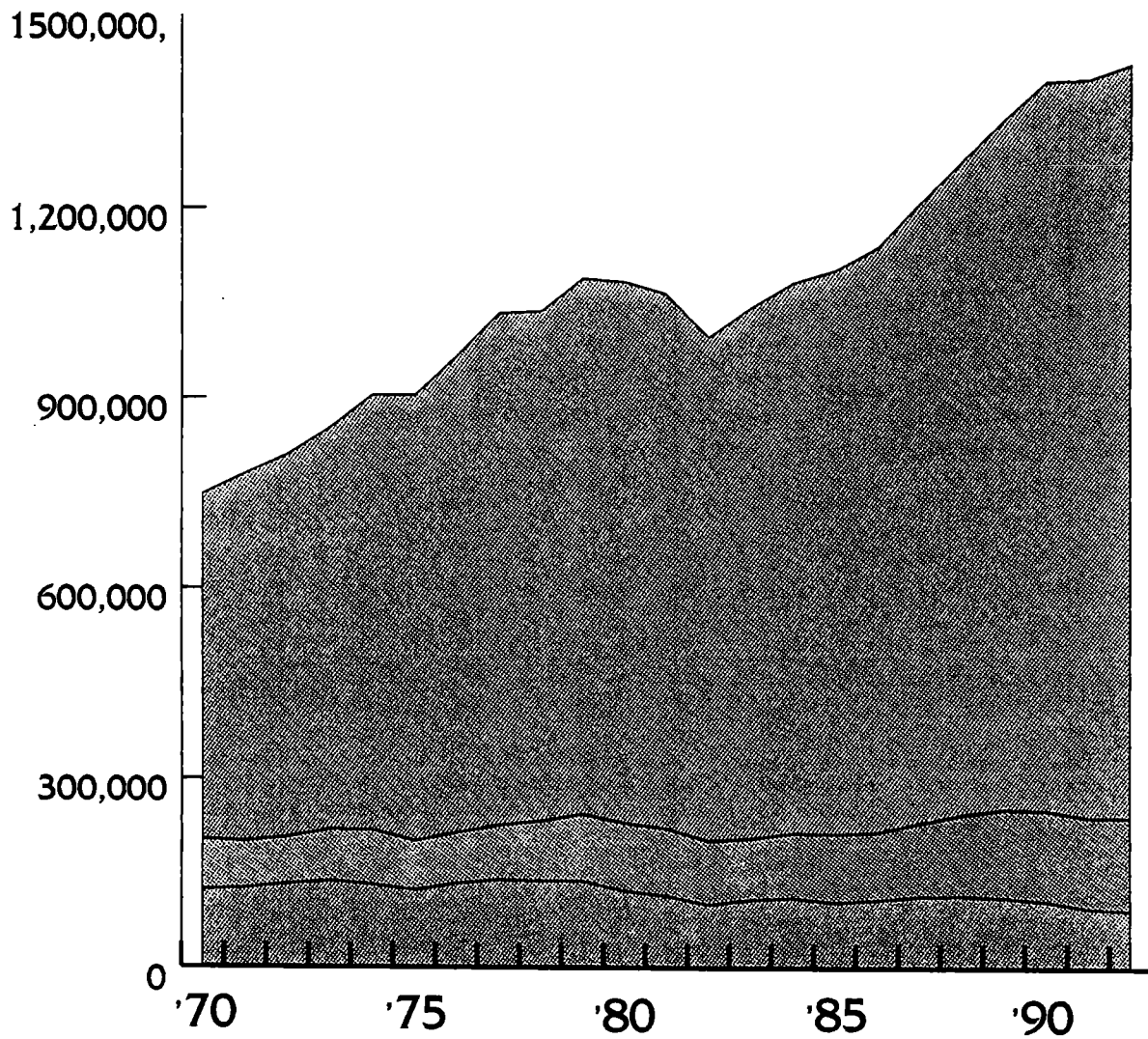


Timber Industry Employment Owl Impact Region

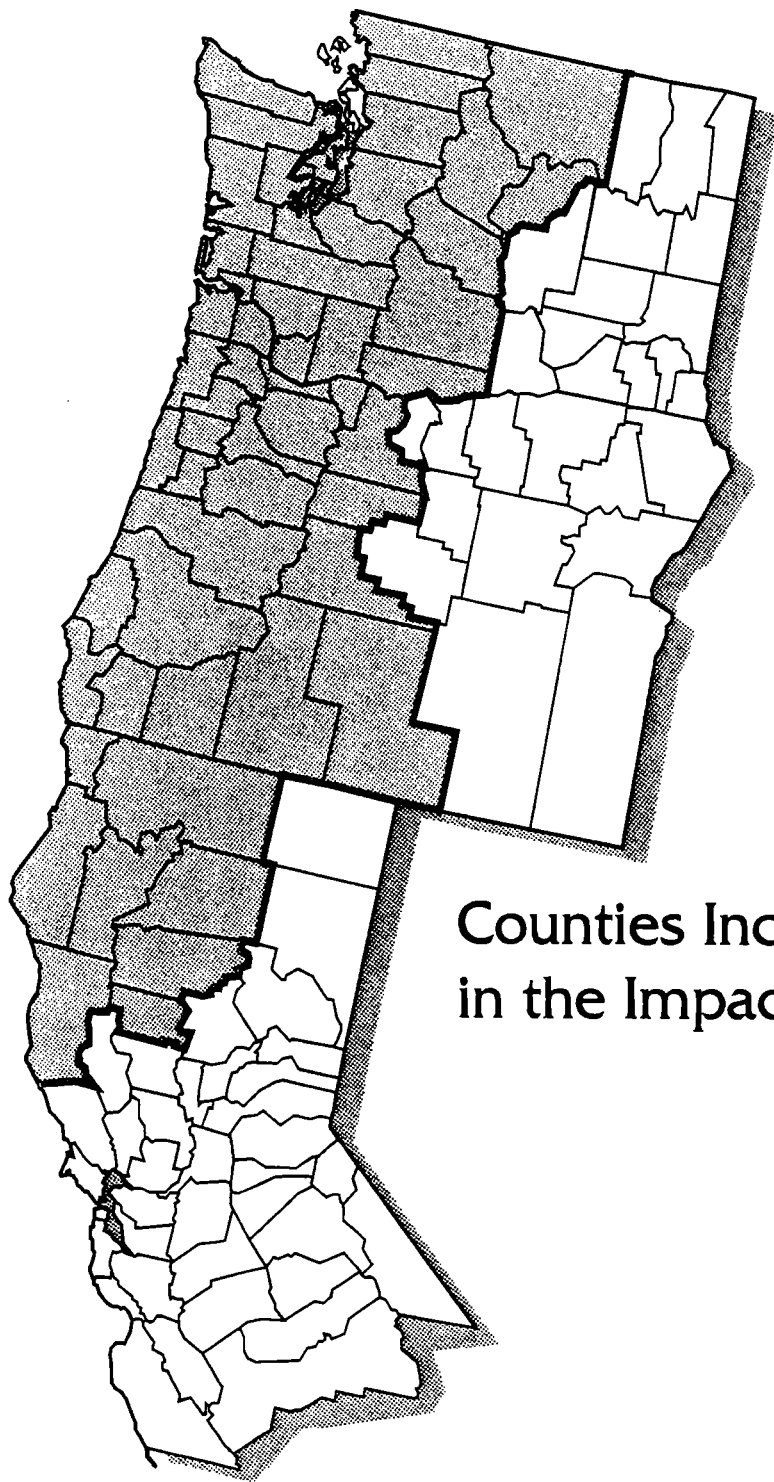
1985-1989



OREGON, WASHINGTON, & CALIFORNIA
Wage & Salary Employment
All Industries in Non-Metro Impact Region
Number of Employees

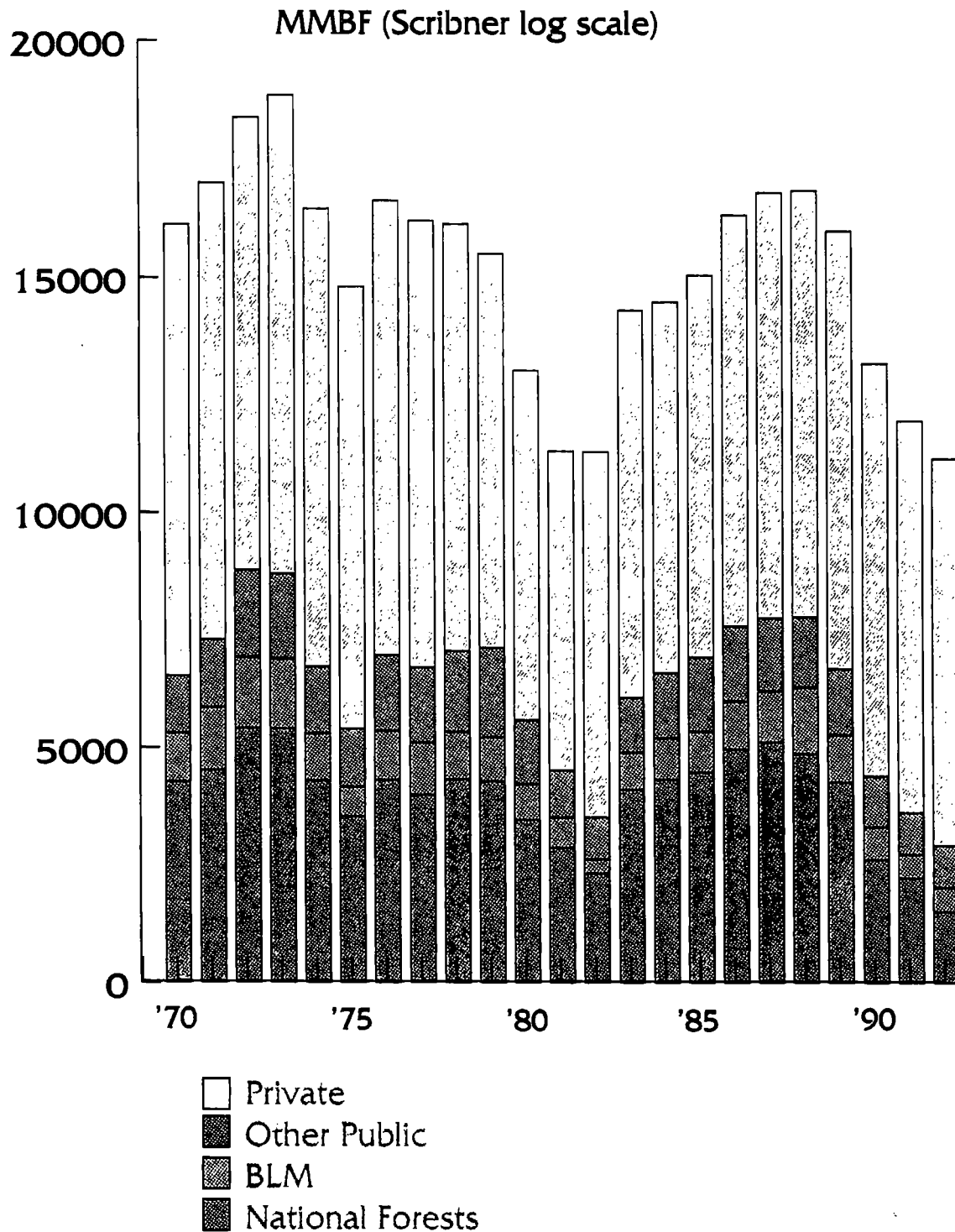


- Non-Manufacturing
- Other Manufacturing
- Timber Products

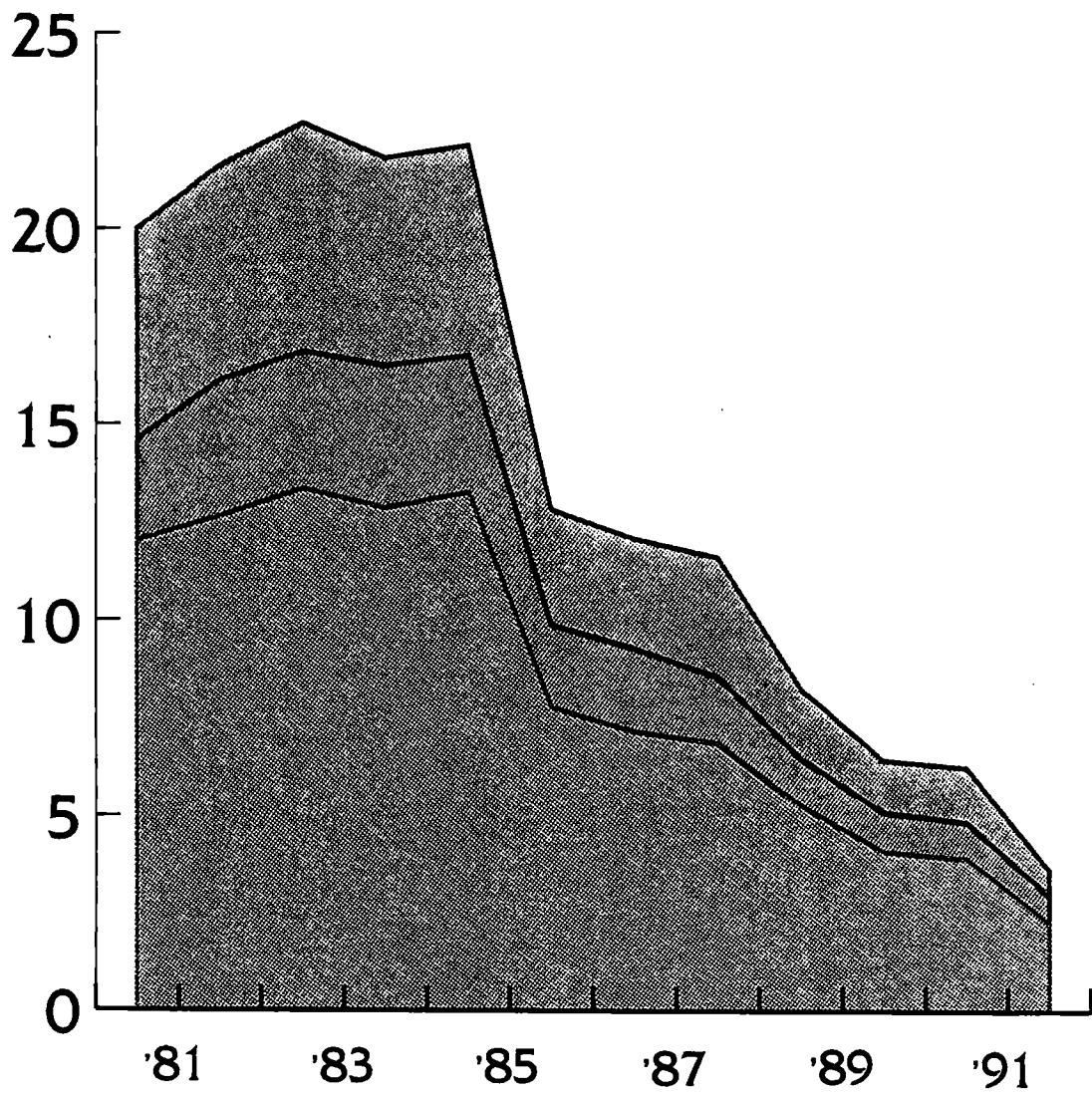


Counties Included
in the Impact Region

Timber Harvests in the Impact Region

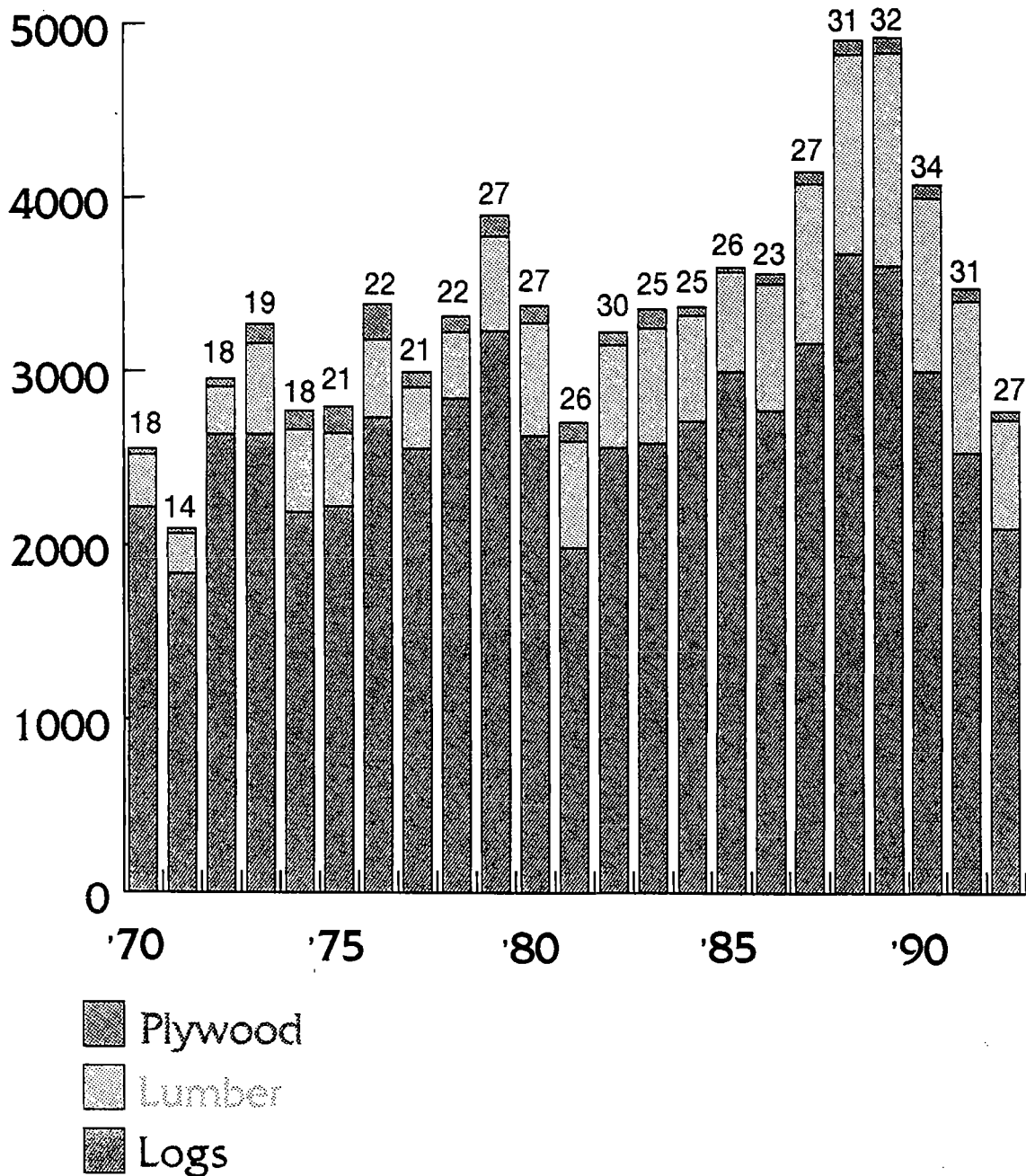


OREGON, WASHINGTON
Uncut Volume Under Contract
Billion Board Feet, Whole State

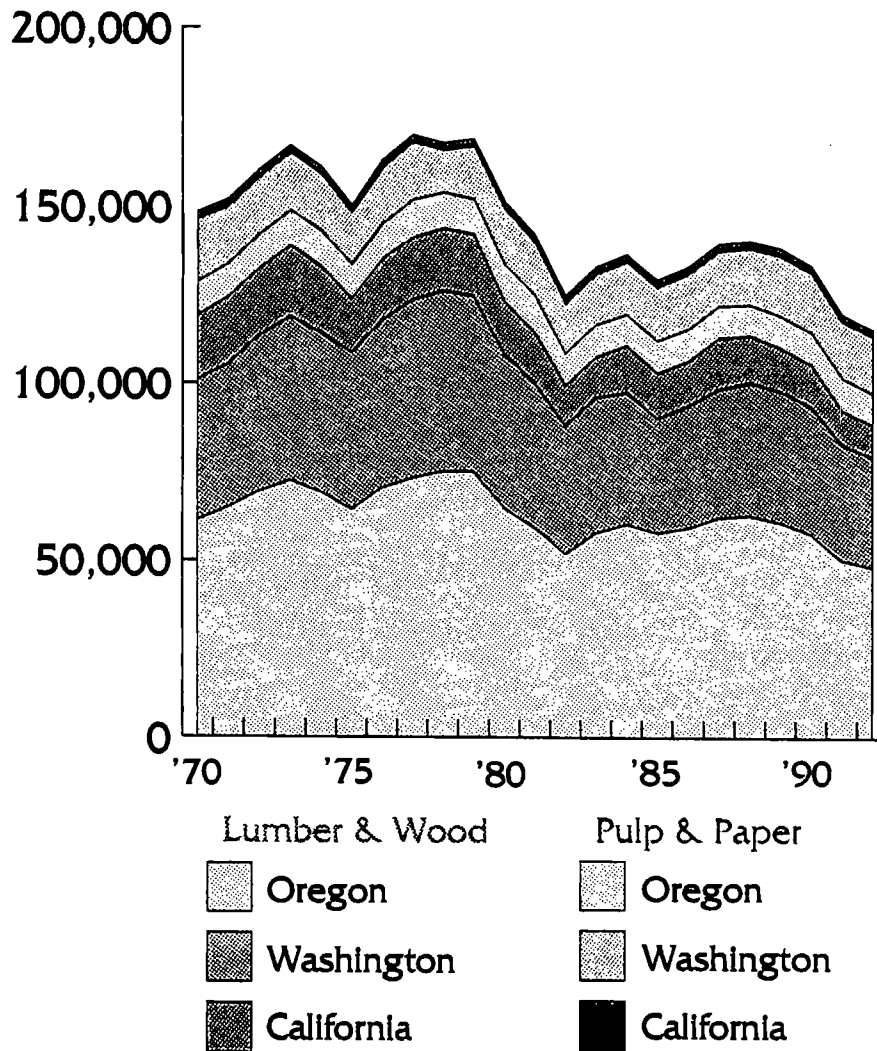


-  Washington-National Forests
-  Oregon-BLM
-  Oregon-National Forests

WASHINGTON & OREGON
Forest Product Exports
% of Harvest Total
MMBF (Scribner Log Scale)



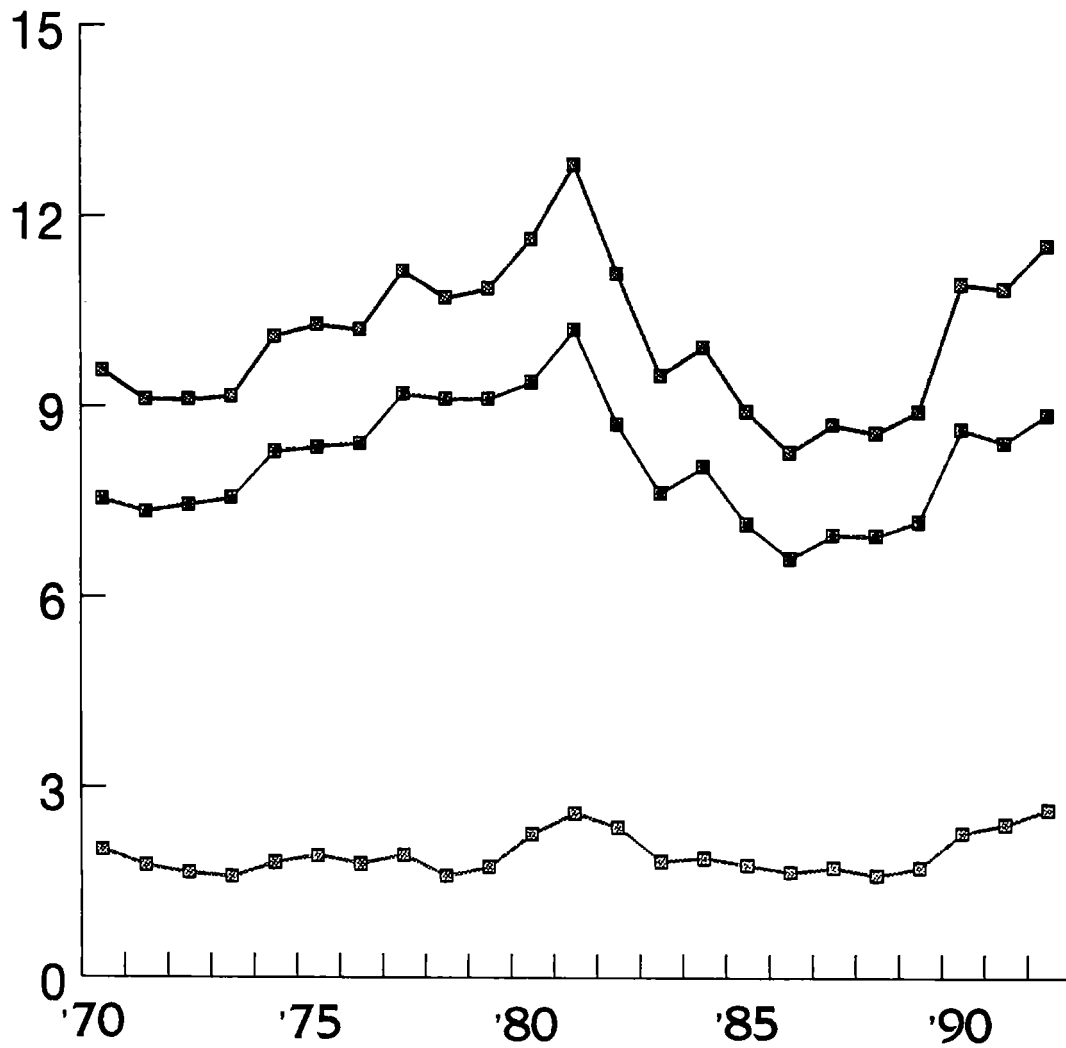
Wage & Salary Employment in Impact Region by State Number of Employees



WASHINGTON & OREGON

Timber Industry Jobs

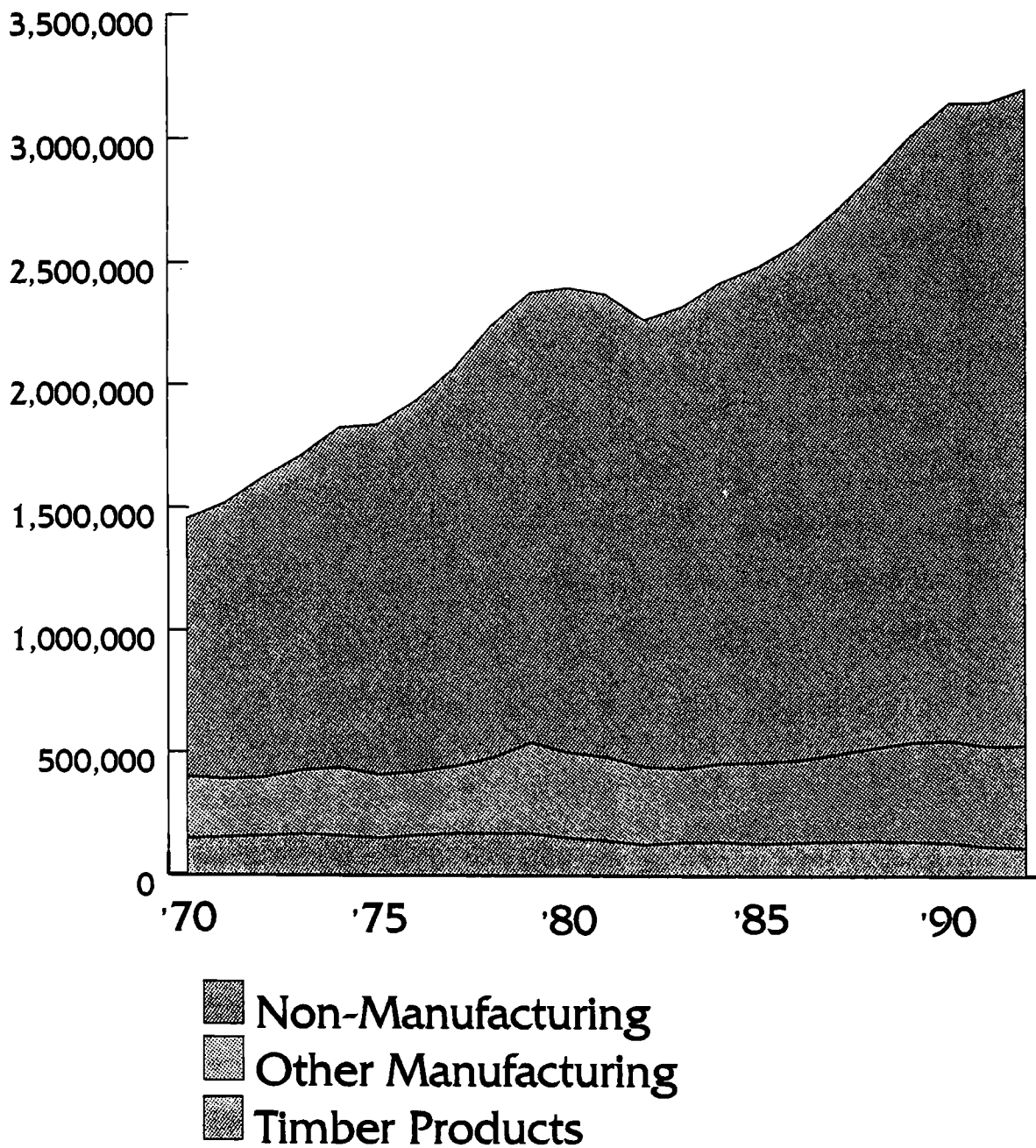
*Jobs/MMBF of Timber Harvested



- All Timber
- Lumber & Wood
- Pulp & Paper

*Avg. Number of Jobs

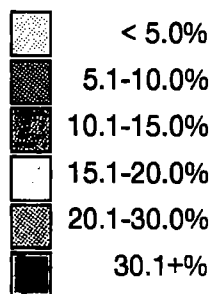
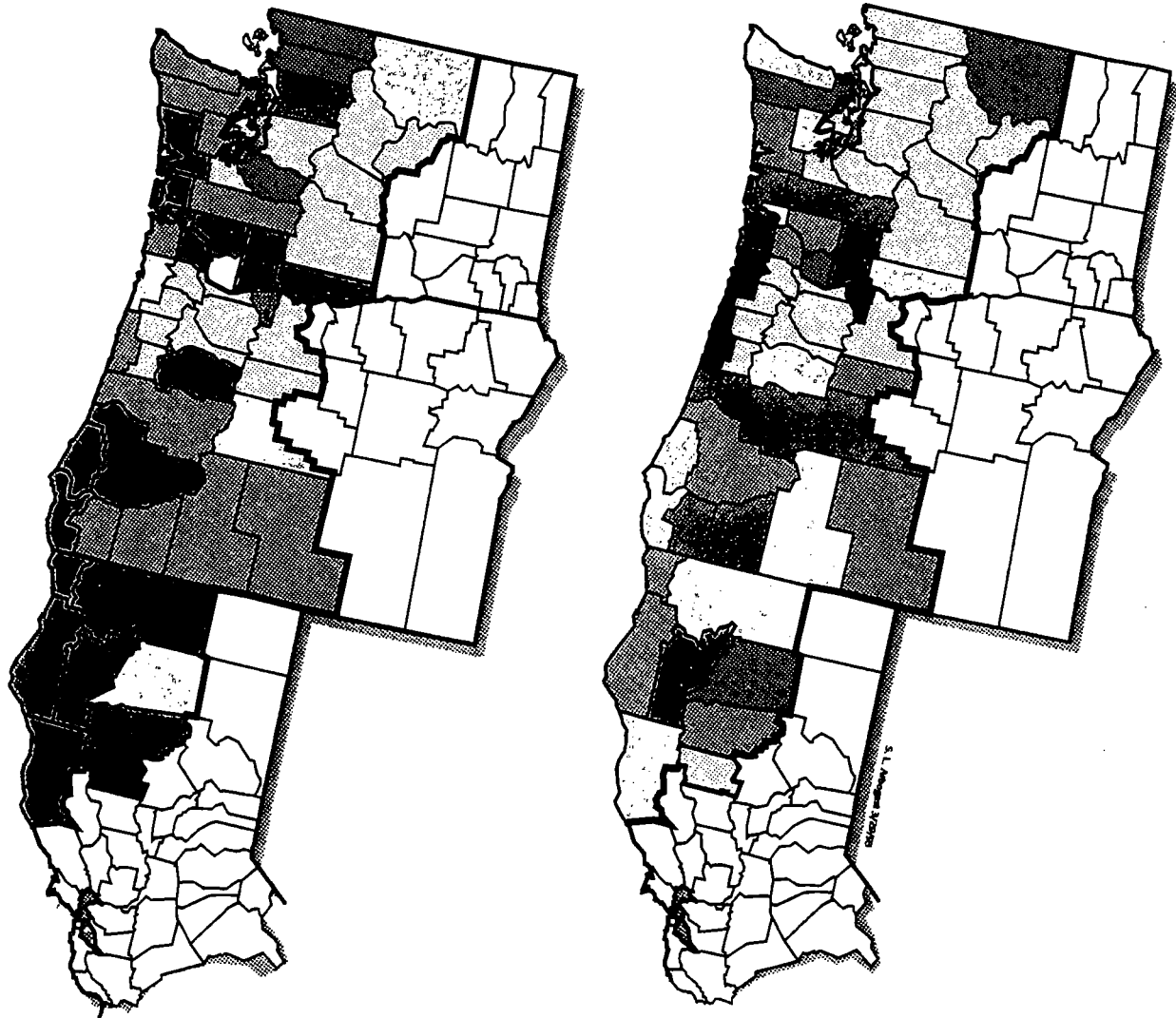
OREGON, WASHINGTON, & CALIFORNIA
Wage & Salary Employment
All Industries in Impact Region
Number of Employees



Timber Industry Employment Owl Impact Region

1970-1974

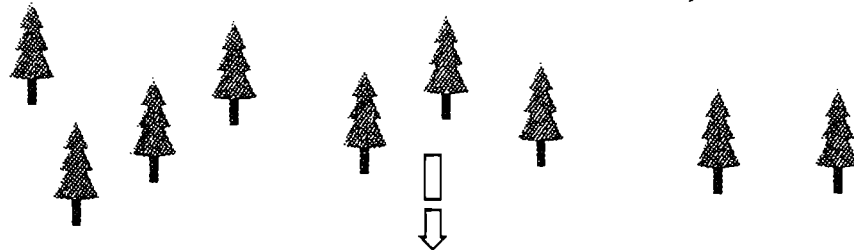
1985-1989



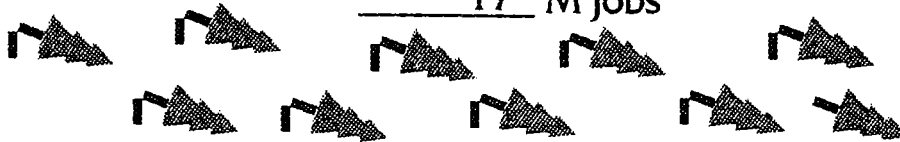
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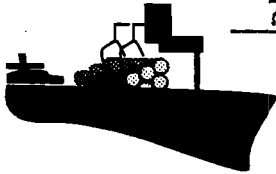
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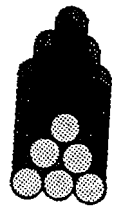
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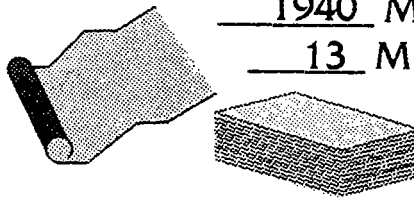
Exports: 2581 MMBF
? Jobs



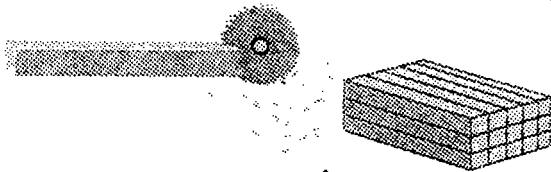
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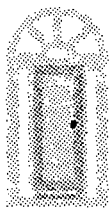
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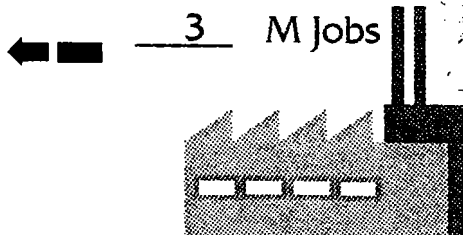
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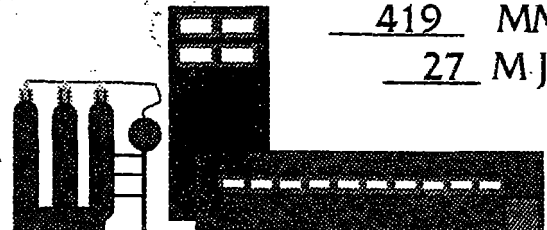
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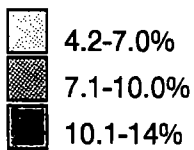
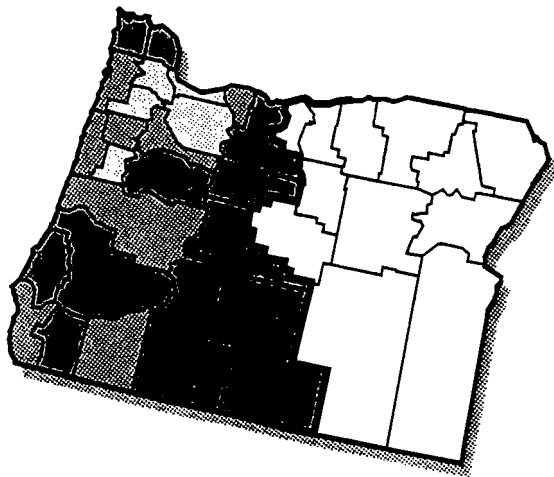
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OREGON

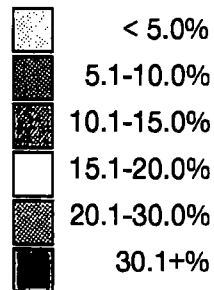
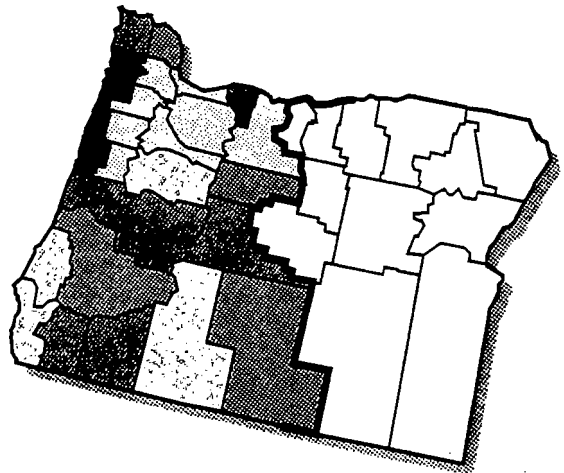
Unemployment Owl Impact Region

1993

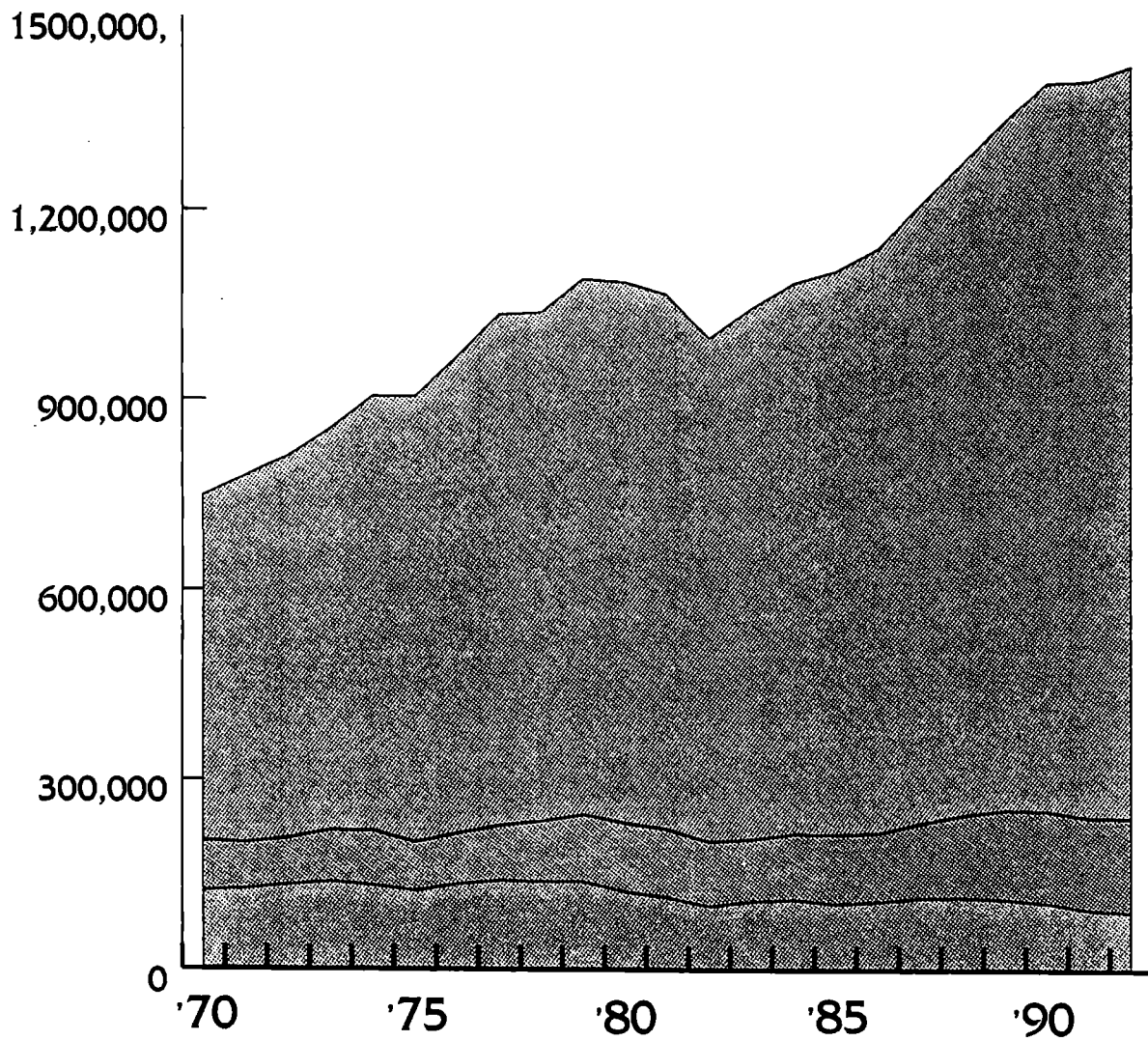


Timber Industry Employment Owl Impact Region

1985-1989



OREGON, WASHINGTON, & CALIFORNIA
Wage & Salary Employment
All Industries in Non-Metro Impact Region
Number of Employees



- Non-Manufacturing
- Other Manufacturing
- Timber Products

FAX

FROM JOHN C. GORDON
86 Cottage St., New Haven, CT 06511
Fax 203/624-4505
Phone 203/865-4687

Date: 3/28/93

Pages:

To: Mr. David Cottingham

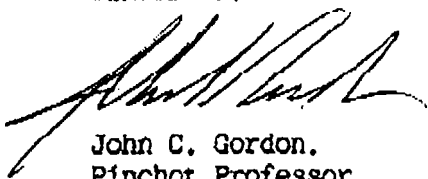
Re: Forest Conference

Message: I wish to confirm my fax of 3/27/93 indicating that I accept with pleasure the President's invitation to participate in the Forest Conference at Portland, Oregon, April 2, 1993, at the Portland Conference Center.

I also enclose a revised draft of my proposed comments, which supercedes the rough draft I sent yesterday. My talk will be accompanied by 35 mm slides. I look forward to making the presentation, and to the pre-meeting you mentioned on the afternoon of April 1. I plan to arrive in Portland late on the evening of March 31, and I will be staying at the Inn at the Convention Center, from which it will be easy for me to "hobble over" to the Center.

If questions of growth and yield are likely to arise at the Conference, I still suggest having Norm Johnson from Oregon State at hand.

Sincerely,



John C. Gordon.
Pinchot Professor

FORESTS OF THE PACIFIC SLOPE: NOW AND TOMORROW

John C. Gordon

Yale School of Forestry and Environmental Studies

New Haven, CT 06511

Ph 203/865-4687

Fax 203/624-4505

INTRODUCTION

I am John Gordon, Pinchot Professor of Forestry at Yale University. I chaired the first task force on old growth forests in the Pacific Northwest for the Society of American Foresters over 10 years ago and was a member of the Scientific Panel on Late Successional Ecosystems (Cang of Four) in 1991.

I have been asked to describe the STATE OF THE WEST SIDE FORESTS OF THE PACIFIC NORTHWEST (the most spectacular of the "FORESTS OF THE PACIFIC SLOPE" ala Sudworth) and three related topics that are critical to their: RESEARCH, RESTORATION AND VISION. Each currently has a deficit, just like the federal budget. Each presents a long-term opportunity to resolve conflicts and to make the Northwest a better place to live and work, and to make our federal forests more effective in meeting the needs of their owners, the people of the United States. I will attempt to describe the state of the forest and these "forestry deficits" and say how they might be remedied to the advantage of all in the Northwest, the United States and, indeed, the world.

THE STATE OF THE FOREST

Most of the remaining ~~old-growth~~ ecosystems of the Northwest Pacific slope, about 6 million acres, are on public lands. Half of this, or about 3 million acres, is not formally protected from harvest. Past harvesting patterns on both public and private lands have greatly reduced old-growth or late-successional stands and wildlife habitat in the region, leading to concern about both future timber supply and the preservation of biological diversity, rhetorically the northern spotted owl and salmon, but in reality several hundred species and fish stocks linked to late-successional ecosystems which may come under scrutiny as threatened or endangered species.

Remedying this deficit of old-growth/late-successional ecosystems is the central issue to be resolved in moving beyond the controversy over timber production and biological diversity.

Ecosystem management has been proposed as the proper approach to the management of federal forests here as we attempt to meet concerns about timber supply and biodiversity (Robertson, 1992). I think that is correct.

Ecosystem management is the phrase that describes management based on sound, integrated knowledge, that allows us to do several things at one time, rather than attempting to optimize individual resources. It focuses on maintaining the health and productivity of the entire forest asset, rather than on isolated parts or processes. But it will probably not, anywhere, result in the optimization of the yield of any single resource.

commodity or species.

Much exciting thought and work is underway that will define and implement ecosystem management techniques, but its basic ingredients are clear, and simple to say, if not to do:

1. **Manage where you are.**

Because ecosystem management requires both the recognition and transcendence of real boundaries, it applies to a specific "site". Although the notion of "site specificity" is old in forestry, the realization of EM will require even greater emphasis on the specific properties of the place to be managed and the objectives for which it is managed. Many of the examples of "poor" past practice are results of moving "best practices" out of their effective domain defined by places and objectives.

2. **Manage with people in mind**

All Earth ecosystems are subject to human influence, known and unknown, overt and accidental. Management itself implies strong human purpose. Indeed, some of the most difficult tasks proposed for EM revolve around the notion of excluding human use and influence from specific systems. Thus, EM begins with a careful evaluation of human desires, influences and responsibilities. Every system definable in biological and physical terms connects to and interacts with a network of human values, uses, institutions and other social structures.

3. **Manage across boundaries**

EM tracks transactions across defined system boundaries and moves the boundaries themselves when necessary. At the most elementary

level. this requires that "neighbor" influences be recognized and managed. This often must be done without extending fee ownership, and through a complex process of joint goal-setting, compromise, regulation and incentives.

4. Manage based on understanding rather than "rules of thumb"

Knowledge of the specific processes and interactions responsible for system activities and outputs is the key to continuously-improving EM. Landscape-based systems are so complex that they can rarely be managed by enumeration and tracking of all components. Detailed knowledge of why things occur as they do is thus the only path to prediction of system behavior and output. This requires reliance on sampling, and on knowledge gained elsewhere but tested and adapted in the system at hand.

Integrated planning for the preservation of forest productivity and diversity is the key to successfully using the ecosystem management approach. A highly relevant example here is the leadership of Governor Roberts in her forest restoration program.

To illustrate, I will use a recent study done for Congress, in which we analyzed the state of the west side forests and proposed a range of alternatives to consider as ecosystem management is implemented. These were proposed as interim possibilities while the information and discussion necessary to a lasting solution took place. Nevertheless, we think we showed

that there are options available that protect biological diversity while sustaining site productivity and substantial, though reduced, timber harvests, forever, or at least for a long time (Figure 1). At our present state of knowledge we can increase the probability of survival markedly by reducing harvest in the remaining high-quality old-growth and late-successional forests on public land. This strategy uses the federal lands as a backbone containing a preserved and enhanced set of late-successional forests, managed on long rotations, thereby allowing private land to be managed differently, but in a coordinated way, without unacceptable biodiversity loss. Much work remains to be done, but it is clear, just as there is no free lunch, that there is also hope for a substantial, sustained timber harvest and retention of wildlife and old-growth values.

THE RESTORATION DEFICIT

Ecosystem management can't be most effectively implemented until we restore our forests to a healthy condition. As research develops new information, we will continually be able to better define and achieve forest health. Right now, the most urgent restoration need is a better idea of exactly what forest conditions are, particularly at a fine-grained, local level. The first rule of forest restoration is the same as that of surgery: in the first instance, do no harm.

We can proceed with restoration activities and be sure of doing no harm only on the basis of sound inventory of current forest conditions, and more careful monitoring of the

consequences of past management decisions and practices.

Obviously, inventory must include sampling of all forest contents and attributes, not just the trees. Creative ideas for employing people who live near the National Forests and other federal forests in carrying out this large inventory and monitoring task are being formulated, and should begin as soon as they are complete.

But we know some of what we need to know to launch restoration activities, and because delay is particularly damaging in these instances, we should proceed immediately to restore the forest road network, and to thin stands of trees where this will have a positive effect on forest growth and health.

Roads urgently need attention on many of our forests to reduce danger to threatened fish stocks. For example, our study (mentioned previously) identified 137 key watersheds. They should receive restoration attention immediately. Some roads can be eliminated and returned to other functions, some need to be moved, and some need to be brought to modern standards.

Similarly, many forests would be healthier and more rapid producers of value if they were less dense. We know much more about how and when to thin stands to produce desired forest characteristics than we did only a few years ago; thinning can not only produce useable wood now, it can create a healthier and more valuable forest in the future by providing more space, water and soil nutrients for individual trees.



**PRESENTATION BY
LORIN L. HICKS, Ph.D
PLUM CREEK TIMBER COMPANY
SEATTLE, WASHINGTON**

ABSTRACT

Plum Creek owns 1.2 million acres of forestland in Montana, Idaho and Washington. Most of Plum Creek's land is in a checkerboard ownership pattern with the U.S. Forest Service. Because of this ownership pattern and the increasing numbers of owls being detected on and near our land, we are significantly impacted by both the spotted owl issue and any possible solutions developed for federal land.

We feel the solution is to develop a new way of doing business. To do this, public and private landowners need to assess the affected resources in a professional manner. Spotted owl research and management projects by Plum Creek will be described, including 3-dimensional computer-assisted mapping projects which are beginning to relate spotted owl use to landscape features. This project holds promise in developing management strategies that relate to landownership and benefit other wildlife species.

Plum Creek is also working to develop alternative harvest techniques that are more compatible with spotted owl habitat needs. One such project I will describe uses New Forestry concepts to address spotted owl habitat objectives. Another New Forestry project uses a "contoured patch" design that provides wildlife habitat benefits at an affordable operational cost. University research sponsored by Plum Creek suggests that New Forestry can benefit a wide variety of wildlife species which are not usually accommodated in traditional forestry practices. Applied on a landscape scale, New Forestry can be used in combination with traditional intensive forestry and federally reserved areas to provide an integrated approach to ecosystem management.

We propose a strategy for federal and private lands which identifies common goals but different roles. Federal lands can provide reserves and managed forests. Private lands can supplement habitat protection and provide areas for experimentation to develop viable management techniques that can be applied to federal lands.



OREGON
STATE
UNIVERSITY

Department of
Fisheries and Wildlife

Nash Hall 104
Corvallis, Oregon
97331-3803

Telephone
503-737-4531

Fax
503-737-3590

March 29, 1993

TO: David Cottingham
FROM: E. Charles Meslow
SUBJECT: Forest Conference

This confirms my participation in the Forest Conference as per our telephone conversation Sunday 28 March 1993. Short biography attached. Rough text of my remarks regarding status of westside forest wildlife attached. I can be contacted this week c/o Regional Forester (John Lowe) USDA Forest Service, Portland (503)326-3625, FAX (503)326-5044.

E. Charles Meslow is a US Fish and Wildlife Service Research Biologist serving as the Leader of the Oregon Cooperative Wildlife Research Unit and as Professor of Wildlife Ecology at Oregon State University. He holds advanced degrees from the Universities of Minnesota (M.S.) and Wisconsin (Ph.D.). He is known for his research on northern spotted owls and has coauthored A Conservation Strategy for the Northern Spotted Owl-- "The Thomas Report". He has served as President of The Wildlife Society and has won several of the Society's coveted awards for professionalism.

COMMENTS OF CHUCK MESLOW — Panel 2

2

I want to illustrate for you the pattern and extent of timber cutting that has taken place in the Northwest and call attention to two threatened species that are the focus of much of the current debate. I will close with a suggestion for part of a path out of our current dilemma.

(Slide of patchwork clearcuts Mt Hood in background)

This photo of Mt. Hood illustrates what has been considered "good" forest management up through the 1980's. In reality we were fragmenting a previously more intact old-forest and replacing the old forest with tree farms. It is true that we will never grow out of trees in the Northwest -- but we were rapidly eliminating the last of our old-growth forests.

(Slide - high altitude photo of fragmented forest)

This photo illustrates how intensive our harvest of the forest has been -- even on public forest land -- here a portion of the Willamette National Forest.

(Slide spotted owl and range)

The Northern Spotted Owl (range in blue) has been a focus of the old-forest wildlife issue. The owl demonstrates a remarkably close association - dependency - with old-forests throughout the bulk of its range. It is because each pair seems to require about 4 square miles or more of old-forest to

make a living that providing for a viable population of owls - distributed throughout their range - leads to conflicts with continued cutting of old forests.

(Slide juvenile marbled murrelet)

This is a photo of a nearly full grown juvenile marbled murrelet on its nest high in the canopy of an old-growth tree. The marbled murrelet is about the size of a robin. Unlike its closest relatives, which nest on oceanside cliffs, this murrelet nests on limbs of large old-growth trees as far as 40 miles inland from the Pacific. The marbled murrelet was designated a threatened species in September 1992.

(Slide list of taxonomic groups associated with old forests)

This slide illustrates that the spotted owl, marbled murrelet and bald eagle -- currently listed as threatened species are likely only the tip of the iceberg. Some 482 species of animals and plants were identified during the spotted owl recovery planning process as being importantly associated with old forests. In addition there are some 800 at risk fish stocks in the range of the owl. Jim Sedell on the panel is prepared to speak to the fish component of the issue.

What many ecologists and fish and wildlife biologists are recommending is.

an ecosystem approach to management of all old-forest resources. We need to develop a strategy focusing mostly on public lands that reserves significant tracts of old-growth -- ancient forest -- and manage the intervening public lands with a gentler touch. Such a strategy has as its goal maintaining the full diversity of species associated with our forest system. We believe we have the expertise to attempt such an ecosystem approach.

FAX

To: David Cottingham
White House Forest Conference Staff

At Fax #: 202-456-2710

From: Brian Greber
Oregon State University

At Fax #: 503-737-2668

Following is the abstract you requested. If you have questions, call me at home (503) 753-8226. If you have trouble reaching me, try the secretary at (503) 753-4951. I'm hiding from the press, so be sure to identify yourself to her.

Timber Supply and The Economy of the Pacific Northwest

Brian Greber
College of Forestry
Oregon State University
Corvallis, OR 97331

Introduction

The forests of the Pacific Northwest have been and will continue to be a resource vital to the economy of the region. The forests provide timber to the wood-using industries of the region, as well as provide for a highly desired quality of life. The role of the resource in the economy of the region has evolved through time with changes in the characteristics of the resource, the technologies in the resource using industries, the national and international supply and demand of wood products, and the level of economic activity in non-timber related sectors of the economy of the region.

This presentation will provide background on the relationship among timber supply, timber industries, communities, and economies of the Pacific Northwest counties that are directly impacted by decisions related to the management of federal forests in the Cascades and Coastal mountain ranges in central and western Washington and Oregon, and in Northern California. Included will be a brief overview of the various components of the region's timber industry and a discussion of the trends in (a) harvests by landowner group, (b) log exports, (c) forest industry employment, (d) technological change, (e) regional economic growth and diversification, and (f) sub-regional differences in timber dependence. Key factors shaping timber availability and the timber economy in the year ahead will also be discussed.

David Cottingham: Here is the outline of my presentation per your request. I can also fax the speaking text and the full written text for submission if you want them. I will be arriving in Portland around 1:40 on Thursday. Cheers! Louise Fortmann

Outline: Statement of Louise Fortmann
Department of Forestry and Resource Management
University of California at Berkeley

1. Introduction of self and research in northern California forest-dependent communities
2. I will address poverty, outside influences, and the need for locally-based planning and management processes.
3. High poverty rates in California forest counties including counties with large timber harvests
 - a: Lesson-large timber harvests will not automatically reduce poverty especially when profits are not reinvested in the community or the county to any significant extent.
4. Local people complain about outside influence: timber corporations, USFS, urban-based national environmental organizations
 - a. outsiders not personally affected when local conditions turn sour.
 - b. outsiders lack detailed knowledge of the local ecosystem and well-being of local people
 - c. Outsiders think in terms of uniform policy and regulations rather than meeting local ecological and social diversity with diverse policy and action.
5. A remedy:
 - locally-based planning processes that will allow local people to influence the development of diverse policies that take into account the social and ecological diversity of their own communities.
6. need local planning and management units that make ecological and social sense
7. Locally-based management will involve gathering scientific evidence about local social conditions and local ecosystems.
8. Locally-based management will also involve community members and others meeting to establish priorities and to plan and implement action to achieve community goals.
9. Four examples of successful locally-based planning, management and job creation in California

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19 March 1993

TRANSMITTED VIA FAX

TO: Joe Stiglitz
Council of Economic Advisors
Executive Office of the President
17th Pennsylvania Ave. NW, Room 315
Washington, D.C., 20500

FROM: Ed Whitelaw and Ernie Niemi

SUBJECT: PACIFIC NORTHWEST FOREST CONFERENCE

Here are some briefing notes for the forest conference. Specifically, here is a quick outline of our view of the economics of the controversy and a brief discussion of the alternatives available to the president. If you have any questions or want any additional information, call either of us or one of our associates, Carl Batten.

The short version of the memo is:

The timber crisis can be traced to the timber industry, which has abused the forest resource and the forest-management agencies, which have violated the law. The environmental-legal constraints on expanding the timber industry extend far beyond the spotted owl and the Endangered Species Act. The issue is not jobs *vs.* the environment, but jobs *vs.* jobs: much of the growth in the region's non-timber sectors stems from its natural amenities, which are diminished by high timber harvests. The choice is among alternative economic futures for the region.

The president's response to the apparent crisis should embrace many issues and groups, including:

- Ensuring that federal timber-related payments to counties are used consistent with the president's investment strategy.
- Eliminating the domestic and foreign factors that encourage the export of raw logs and discourage the export of finished wood products.
- Stimulating the national economy and creating job opportunities.
- Creating job opportunities, and avoiding future forest-policy crises by investing in restoration of watersheds.
- Directing federal agencies to work with local communities to diversify their productive use of forest resources other than timber.
- Investing in research and development to produce housing alternatives that lower the pressure for logging of the national forests

I. A QUICK DIAGNOSIS OF THE ECONOMICS OF THE CONTROVERSY

A. The Timber Industry, Once a Major Element of the Economy of the Pacific Northwest, Now Is a Minor Element.

1. The non-timber sectors of the economy have grown, independent of the timber industry. For example, between 1979 and 1989 (each is the year preceding the initiation of a recession), employment in the industry declined 24,500 (18%), while population increased 944,000 (14%), and total employment increased by 751,000 (26%).
2. The timber industry concurrently has eliminated large numbers of jobs by investing heavily in labor-saving capital and has effected major reductions in the wages of the remaining workers. For example, in Oregon between 1979 and 1989, real payroll per million board foot of harvest declined by \$85.98, or 35%. For Oregon and Washington, employment per million board foot of harvest declined from 9.13 in 1979 to 7.19 in 1989..
3. The industry's memory of its role in the region's economy far exceeds its true, current role. For example, an industry economist, Con Schallau, argued before the God Squad that, although timber represents less than 5% of total employment in Oregon, it supports more than 43% of the state's economy.

B. The Timber Industry, Once Widely Dispersed in Isolated, Timber-Dependent, Communities, Now Is Concentrated Near Metropolitan Areas and Interstate Highways.

1. Few timber-dependent communities remain economically isolated from the region's metropolitan labor markets and most of the economic impact from anticipated future declines in the timber industry will occur in metropolitan labor markets. For example:
 - a. In Lane County, Oregon, more than 2/3 of the mill jobs are in or near the Eugene-Springfield urban area, on I-5.
 - b. The Puget Sound (Seattle) region supplies about 1/4 of Washington's logs used by the forest-products industry, but received almost 1/2 of the industry's economic impact on the state.
2. Anticipated future declines in the timber industry are unlikely to induce Appalachian-style rural slums. Because of strong population growth emigrating timber workers are replaced by immigrants. There have been no property-value collapses.

C. Future Reduction in Timber Harvest Is Inevitable

1. The industry has cut timber at rates the land cannot sustain. For example, in Oregon:
 - a. In 1976, the so-called Beuter Report (Oregon State University) warned that harvest levels throughout most of western Oregon would have to decline by approximately 7-22 percent before the end of the century, largely because private lands could not sustain the then-current levels of harvest.
 - b. In 1989, the so-called Sessions Report (Oregon State University) found that the harvest levels experienced in the mid-1980s were not sustainable and would have to fall in the 1990s by approximately 8 percent, largely because federal lands could not continue to supply the same quantities of timber.
 - c. In 1991, the so-called Gang of Four Report revealed that the levels of sustainable harvests described in the Sessions Report are, themselves, an overstatement of actual potential harvests by about 15 percent because the Forest Service's harvest-scheduling software cannot take all standards and guidelines into account and the agency has had difficulty finding the timber on the ground that was assumed to be in inventory.
2. Competing demands for forest resources, e.g., for recreation, water, and fish, are growing faster than the demand for timber. Much, if not most, of the controversy over the region's forests stems from economics, not biology.
3. The estimated value of the environmental externalities of timber operations is growing faster than the value of timber.
 - a. True values are increasing as urban populations, and their use of the forests, grow. Estimates are increasing as scientists and economists learn more about the cumulative consequences of timber operations.
 - b. One should not see spotted owls as the sole environmental constraint on timber harvest from federal lands. Impacts on watersheds and fish are likely to outweigh impacts on owls. Externalities on the westside, Douglas-fir forests have received most of the past scrutiny; but externalities from the eastside, pine forests soon will be seen to be equally serious.

D. The Issue Is Jobs *vs.* Jobs, Not Jobs *vs.* the Environment.

A major source of economic growth is the comparative advantage the region's firms enjoy because the quality of life the region offers its residents lowers the firms' labor costs. Thus, to the extent that concessions to the timber industry degrade the reality or the perception of the region's environmental amenities, the additional timber-based jobs and incomes will come at the expense of jobs and incomes in other industries.

II. Issues for Reaching a Potential Compromise

A. Define the Appropriate Baseline: The Crisis Stems From the Industry's Abuse of the Natural Resource and the Bush Administration's Abuse of the Law.

1. Lay the blame for the apparent crisis not at the feet of spotted owls, rabid environmentalists, or the Endangered Species Act (ESA). The industry has cut more than the land can sustain; under the Bush Administration the agencies broke the law (see the transcript of the decision by Judge Dwyer).
2. Bringing the agencies back into compliance with the law offers hope: jobs and the environment. Emphasize the fact that the Bush Administration violated much more than the ESA. The history of the past decade shows that any solution short of compliance with these laws will live a short life.

B. Incorporate Many Interests in the Solution

1. Payments to counties

- a. Much of the fear stems from local counties' concerns that they will incur a dramatic reduction in timber-receipts. Counties have tended to use receipts, not to invest in income-producing assets that would replace timber, but to lower property-taxes.
- b. Ramp-down the impact on counties with incentives or regulations encouraging the counties to use the funds as part of the president's investment strategy.

2. Log exports

- a. About 25% of the region's total harvest is exported, with minimal domestic processing, primarily to Japan, Korea, and China. Some argue that importers, especially the Japanese, pay a large premium for these logs, but this seems to represent the importers' interest in higher-quality logs. Some argue that the logs being exported are not near the mills affected by the owls, fish, etc., but this argument reflects history, not the industry's current trucking patterns. Opponents to exports argue that exporters receive substantial indirect federal subsidy.
- b. Find some way to divert some logs to domestic markets without running afoul of trade agreements. Pressure the Japanese to lift import restrictions finished products.

3. Labor market

- a. Some communities, e.g., Lane County, Oregon, have good dislocated-worker programs. Although some improvement in these programs

always is possible, e.g., extend training benefits to spouses of dislocated workers, there appears to be little the president can do to improve individual labor markets.

- b. Stimulate the overall national economy, creating job opportunities. Recall, we are talking about fewer workers than those who will be dislocated by defense cutbacks.

4. Watershed restoration

- a. At least 106 populations of West Coast salmonids (salmon, steelhead, trout, and char) have been driven to extinction and more than 210 additional populations are at risk due, at least in part, to habitat destruction stemming from timber operations.
- b. Fix what we have broken. Invest in improving forest watersheds, e.g., remove roads that generate silt that kills fish, creating jobs for local residents. *See proposal from Pacific Rivers Council.*

5. Economic diversification

- a. Most timber-dependent communities have leaned on their dependency, pursuing few economic-development alternatives. Many employees of the Forest Service and the BLM have a strong paternalistic view toward protecting local communities and resist actions that appear to abandon these communities.
- b. Direct the Forest Service and the BLM to work with local communities to develop economic-development strategies based on sustained management of all forest resources.

6. Housing alternatives

- a. The housing industry, including millworkers' and carpenters' unions are arguing that the owl's impact on lumber prices inflates housing prices. Much of the current spike in lumber prices appears to reflect the fundamental, speculative behavior of lumber markets.
- b. Commit some of the president's investment strategy to an effort that tests the feasibility of new housing standards, materials, and technologies that lowers the cost of housing and reduces the pressure to log the national forests.

Sources:

Employment, income and population: Oregon Employment Division, *OR Resident Labor Force, Unemployment & Employment*; Washington State Employment Security, *Labor Force and Employment in WA*.

Price deflator for real income: Total personal consumption expenditure implicit price deflator for Gross Domestic Product, *Economic Report of the President*, 1992, Table B-3.

Harvest: Warren, Debra. *Production, Prices, Employment, and Trade in Northwest Forest Industries*. Portland, OR: U.S. Department of Agriculture, Forest Service, Pacific Northwest Research Station. Various issues.

III. THE ECONOMIC AND JOB BENEFITS OF WATERSHED RESTORATION

The first step in any realistic regional watershed and salmon habitat restoration program must be to secure the watersheds with the remaining high quality salmon habitat. The Scientific Panel on Late-Successional Forest Ecosystems identified 137 public land watersheds within the range of the Northern Spotted Owl housing critical habitat for salmonid stocks and species known to be at risk of extinction. This model provides a starting point to identify and protect key watershed refuges regionwide. Unfortunately, even if protected, the 137 watersheds would remain at risk from the cumulative effects of past logging, roadbuilding and natural events.

The following expenditures would be necessary to help "secure" those 137 watersheds identified by the Scientific Panel from catastrophe during severe winter storms. Once secured, or "stormproofed," these watersheds can serve as the anchor of a regionwide riverine and salmon restoration effort. The largest single task needed is heavy equipment work to reduce or eliminate potential landslides and sediment torrents triggered by past logging and roadbuilding.

At this time, projected cost of the program would be [draft] \$156,832,440, and would generate income for [draft] 7121 to 11054 jobs -- using wage scales and indirect employment models from Alternatives for Management of Late-Successional Forests of the Pacific Northwest, page 11 and Table 11.

More than 65% of the total budget would be direct contracts with private industry -- over \$100,000,000. [These payouts to private contractors are indicated on the graph as (pvt).] The remaining 35% of the expenditures would primarily benefit individual Forest Service Ranger Districts -- significant employers in the small communities where they are frequently located. Subsequent expansion of the program to the host of other west-side watersheds and to the east side of the region would be of substantial benefit to the entire region.

Budget Item:	Dollars:
1) Sediment plans: 9030 mi2 @ \$900.00/mi2	8,127,000
2) Mapping: 9030 mi2 @ \$500.00/mi2	4,515,000
3) Earth Moving: 10 million yds3 @ 7.50/yd3	81,270,000
4) Contract Oversight: 7.5%	7,043,225
5) Effectiveness Monitoring: 12.5%	12,619,000
6) External Review: Ongoing @	1,396,000
7) Programmatic EIS: 1@	1,500,000
8) Watershed-level Environmental Assessments: 137 @ \$25,000	3,425,000
9) General Overhead and Administration: 33%	36,937,215
Total (DRAFT)	\$156,832,440

