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In his September 14, 1992 address to employees and families at the Vaagan Brothers Lumber Company in Colville, Washington, President Bush said:

" . . . not far from here is a timber town called Forks. And like Colville, Forks supported a mill and the mill supported a community. And because of a lack of timber the mill had to close, and today unemployment in Forks is at 20 percent. And the car dealership is closed, the clothing store gone, movie theater shut down, domestic violence complaints have doubled in just the past year.

And Forks is in crisis for a simple reason. The balance [between jobs and owls] that I was talking about, that balance has been lost. And I've come here because we must restore the balance."

Sounds like a fairy tale. A small community in the woods, living in harmony with its peaceful surroundings. Then, one day, the spotted owl flew into town. And the owl destroyed the community -- no cars, no clothes, no movies, no jobs. And now, the Republican Party will restore "balance," bringing back the jobs, the stores, and the movies.

The truth is that the last sawmill and "shakemill" (which processes cedar shingles) in Forks were auctioned off on May 15, 1990 and May 31, 1990, respectively. They were not the victims of the spotted owl. The spotted owl was not even listed as "threatened" until June 1990. In fact, there were no restrictions on the cutting of timber from federal lands in the Washington old growth forests on account of the owl until May 1991, when Judge Dwyer (a Reagan appointee) of the District Court of Washington issued an injunction against the Forest Service for failure to comply with the National Environmental Policy Act.

[NOTE: Prior to Dwyer's decision, there were injunctions in place for NEPA violations which had the effect of preventing the sale of timber from some national forests in Washington. But at the time, there was in excess of 2-years supply of timber already sold but not yet cut (which therefore could be cut at any time, in spite of the

injunction), so the effect was that there was no shortage of timber available to the forest products industry.]

Rather than the Endangered Species Act, the timber industry in Forks fell victim to a one-two punch delivered by (1) log exports to Japan and Korea, which put the logs out of the reach of local processors, and (2) the recession, with its attendant fall in

housing starts, which dramatically decreased demand for construction wood. In addition, the shakemill fell victim to competition from Canadian mills, which had the advantage of subsidies, a favorable exchange rate, and more abundant resources. A 1986 MOU between the U.S. and Canada effectively raised Canadian prices to offset the subsidies on softwood products (including shakes), but the exchange rate and resource abundance advantages remained.

It certainly wasn't the fault of the spotted owl.

Three key components of this issue are discussed and analyzed in what follows (with attachments providing further details).

I. Relocation of the Timber Industry to the Southeast United States. The timber industry has been systematically withdrawing from the Pacific Northwest as a result of the business decisions of the major timber companies.

Competition among those companies, which have access to timber supplies in all key North American regions (the Pacific Northwest, the Southeast, and Canada), has caused each to concentrate in the region where the costs of production are lowest. Production costs are highest in the Pacific Northwest, and lowest in the Southeast.

This regional shift has allowed the industry to take advantage of lower production costs through increased efficiency. Today, fewer mills produce more volume with fewer workers, and their wages are lower than they were a decade ago. While wages in the Southeast remained constant (in real terms) over the decade, wages in the Pacific Northwest declined by 17%. (Specific information is

¹There is an analogy: There are seven major timber companies: Boise-Cascade, Champion International, Georgia-Pacific, Louisiana-Pacific, Weyerhaeuser, Willamette Industries, International Paper. Their situation in the timber market -- owning resources in all regions -- is analogous to the situation in the international oil market once enjoyed by the Seven Sisters. In both cases, the majors were able to shift production to the lowest-cost region, while smaller producers restricted to the higher-production-cost region (sawmills in the Pacific Northwest; oil fields in Texas) saw a decline in their competitive position. In both cases, the small producers therefore took the lead in lobbying for protection (through an oil import fee; through subsidies for harvesting timber from federal lands). The majors, however, simply shifted their locus of production (from the U.S. Gulf of Mexico to the Persian Gulf;

from the Pacific Northwest to the Southeast.) For more on the oil industry story, see the recent book by Daniel Yergin, The Prize, available from the State of Oregon's Employment Division, c: Jeff Hannum.)

During the 10-year period from 1979-89, the Pacific Northwest saw an increase in timber harvests from federal lands, an increase in production of lumber and wood products, an increase in exports of raw logs, a decline in real wages of workers in the timber industry, and an overall decline in employment in the industry. At the same time, there was a decline in the region's mill capacity (see p. 43): industry employers in the region paid its workers less to produce more from fewer mills.

Between 1979 and 1989, 26,000 direct timber jobs were lost in Washington and Oregon. During that same period, lumber and plywood production rose 19%. In effect,, this means that what took 4.5 forest products industry workers in 1979, required only 3 workers by 1989. And this transition occurred against the backdrop of increasingly record-setting harvest levels in the Pacific Northwest. Harvests from federal lands in Washington and Oregon rose 11% during that period. As timber supplies increased, unit prices dropped accordingly.

Furthermore, when President Bush has had the opportunity to provide relief to Pacific Northwest timber

workers suffering from the economic conditions in the industry, he has refused. (See the articles from The Oregonian.)

During that same period, exports of raw logs from the Pacific Northwest also increased to record levels, rising from 2.5 billion board feet in 1979, to 3.6 billion board feet in 1989. When raw logs are exported, American workers (like workers in many developing countries whose economies rely on commodity exports) lose opportunities for higher-wage jobs in timber processing. The role of Japanese non-tariff trade barriers play in exacerbating this situation is discussed in section III.

Timber resources in the Southeast tend to be privately owned, while those in the Pacific Northwest tend to be publicly owned. As a result, measures to preserve the ancient forests will have the effect of raising the value of the privately held Southeast timber resources.

For further background on the industry's transition, see the stories from the LAT by Michael Parrish, and the WP by John Berry. See also statement of Jeffrey Olson before U.S. District Court for the Western District of Washington. See also Wilderness Society compilation of excerpts from the Eugene Register-Guard. See also Judge Dwyer's decision, especially the remarks highlighted in Section V, paragraphs 11, 12, 13, and 15, and in Section VI. Judge Dwyer was appointed by President Reagan.

II. Logging Road Subsidies. Most logging roads in the Pacific Northwest are subsidized by the taxpayer (PNW forests occur mostly on public lands), while most logging roads in the Southeast are not subsidized (SE forests occur mostly on private lands). If this subsidy was removed, then the relative costs of production in the Pacific Northwest would be even higher.

Even though the timber industry is receiving this subsidy, however, it is still leaving the Pacific Northwest for the Southeast, abandoning logging communities. On the other hand, the subsidy works to disadvantage timber industry workers in the Southeast, because it keeps their

wages lower than would be the case if the market alone decided timber prices.

III. Japanese Non-Tariff Trade Barriers. Japanese non-tariff trade barriers specifically impede imports of manufactured timber products from the U.S., but allow raw logs from the U.S. to enter relatively unobstructed. (We do not know whether the issue has been raised in the context of the U.S.-Japan SII talks.) The Japanese import 60%-70% of the raw logs shipped from the U.S. , with most of those originating from Pacific Northwest forests. The net effect is that jobs in the finished timber products industry are lost in the U.S., and replaced with similar jobs in Japan. (See material from the National Forest Products Association.)

The U.S. government fails to counter this trade practice. In fact, the Foreign Sales Corporation Tax Credit is available to companies which export anything, including raw logs (from private lands) and finished products. (See the material from Rep. Stark.) A differential credit might be considered as a means to offset Japanese NTBS, but Japan might protest such a credit as inconsistent with the GATT, and slap a countervailing duty on finished timber products from the U.S. in order to protect its own industry. That's the beauty of NTBS, of course -- they are a more discrete form of protection.

For some export numbers, see Section V, finding 42, in Judge Dwyer's decision.

Some former timber communities in the Pacific Northwest have addressed the regional problems in their industry by seeking to diversify their economies. See the report "Rural Northwest: Exploring Common Ground," for some of these success stories.

Finally, we would note that this action on the part of the Bush campaign is consistent with the Administration's overall campaign against the Endangered Species Act. Most recently, the Administration -- specifically, the Competitiveness Council -- sought to ensure that the U.S. would not sign the Biodiversity Convention in Rio, out of

fear that its implementing legislation would lead to a strengthened ESA. (See the accompanying article from Bio/Technology; Administration officials close to the negotiations have confirmed the accuracy of this account.)

FAX

From: Pamela Eakes
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Date: 7/27/92

Time: 10:10 am PDT

TO: BOY NEBE OR ENVIRONMENTAL ISSUES STAFF

FAX PHONE # _____

NUMBER OF PAGES SENT INCLUDING THIS SHEET: _____

COMMENTS: FYI - IF YOU ARE LOOKING FOR
YOUTH INVOLVED IN ENVIRONMENTAL ISSUES
IN THE WEST/NORTHWEST - SEE ATTACHED
ARTICLE WRITTEN BY JENNY SCROOGS UPON HER
RETURN FROM RIO. I KNOW THIS 15 year old
IF YOU NEED ANYTHING.

I know you are in Little Rock! Hope
this is past ~~heard~~ on for any future RE.

Pam

MERCER ISLAND, WASHINGTON

Wednesday, July 22, 1992

View from Rio: Summit successes were grassroots, person-to-person

by Jenny Scroggs
Special to the Reporter

From June 6-14, 1992, I participated in an event with youth from all over the United States and the rest of the world. The United Nations Conference on Environment and Development (UNCED), also known as the Earth Summit and ECO 92, provided an incredible opportunity for further involvement and education concerning ecological problems and solutions.

After months of preparation and fundraising, I left school early and flew to Rio de Janeiro, Brazil, the site of ECO 92. I traveled with a group of 18 high school students and five adults from Earth Action Corps, a YMCA youth environmental leadership program headquartered in Seattle. The main goals of our journey were to gain personal understanding of the conference and later, of the ecology of Brazil, and also to let more people know about the YMCA program and how to get involved with Earth Action Corps. The entire length of my trip to Brazil was six weeks, beginning with participation in the events surrounding the UNCED.

The public perception of the Earth Summit and ECO 92 does not match my interpretation of the conference and the Global Forum, the huge environmental fair in the city of Rio. The Global Forum brought hundreds of ecological groups as well as many speakers and educational opportunities to Rio, so there was a huge diversity of ordinary people in the city that went almost unnoticed by the press.

POLITICAL ANALYSTS and top environmentalists called the Summit a failure, largely due to the fact that only a few of the larger treaties received publicity. It was reported, for instance, that U.S. President George Bush, as predicted, didn't sign anything binding the United States to an environmental commitment. Most of the treaties, such as biodiversity and deforestation,



Jenny Scroggs

were not signed by the United States and if they were, had been renegotiated and watered down.

What the press didn't report was that there were many successes at the Rio conference, engineered by non-government organizations representing the efforts of thousands of people working for environmental causes.

One group that did not receive much publicity was the youth from around the world attending the conference. On the second day after our group arrived in Rio, we joined up with 20 or so other students from around the United States. Some of the youth organizers had asked the U.S. Senate Delegation to UNCED for a chance to meet with the politicians representing us at the Summit. This meeting would be a rare opportunity to talk with politicians — some active in environmental issues, some not — and discuss issues that concerned youth in the United States.

The students divided up into groups, each choosing a senator and coming up with questions to ask on issues like environmental education in the U.S. or what the senator had done or hoped to do for the environment in the future. I was in a group of four designated to prepare for Senator Al Gore of Tennessee, the leader of the Senate delegation to UNCED and now the Democratic

Mercer Island forum

Vice Presidential candidate.

No press were allowed into the meeting; no one wanted a media blitz. We just wanted to be heard. I'm not sure the politicians were interested in media attending, either. They seemed a little nervous at first, not really certain of what we were going to do with them.

AS YOUTH, we offered a fresh and different perspective that we wanted the leaders of America to hear. When the Senators arrived at the meeting room, they were informed that for the first part of our discussion, they would be listening, not talking.

It was important to us that we be heard, not evaded or talked to, and this seemed the most direct approach. We hear their opinions fairly often, but how often do they have the opportunity to speak with 50 young people concerned and aware of ecological crises?

The meeting went well. Most of the time the senators responded sincerely and I do think they listened to us. Senator Gore particularly, I felt, was direct and knowledgeable about the issues. They appreciated what we had to say and thanked us for our concern and commitment.

At the end of the discussion, (we had decided in advance to end on a friendly note), 50 students and eight senators had a Group Hug. I think everyone left feeling a little better about the future of the earth.

This meeting is just one of the many things I saw in Rio last month that inspired me to keep pursuing world change. It sounds cheesy, group hugs and all, but I think everyone who attended ECO 92 would agree that a few more of those wouldn't have hurt anybody. The responsibility of the planet's welfare now lies in the hands of another generation. Today's youth must begin now in preparation for the battle ahead of us.

Dr. Martin Luther King, Jr. used these words to describe the

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urgency of the civil rights movement: "We are now faced with the fact that tomorrow is today. We are confronted with the fierce urgency of now. In this unfolding conundrum of life and history there is such a thing as being too late. Over the bleached bones and jumbled residues of numerous civilizations are written the pathetic words: 'Too late.'" I believe King's words are no less fitting for the change in the world environment.

We can no longer rely on political leaders or anyone else to create the ecological change we need. The Earth Summit we saw on T.V. disappointed and disillusioned the public about what was accomplished. But real victory over environmental degradation began with the thousands of people who came to learn about other non-governmental groups and took new information and enthusiasm back to their communities all over the world.

I would like to recognize the support and encouragement I received from so many in our community, especially: The Mercer Island Rotary, Mercer Island Lions Club, The Mercer Island City Council, Mercer Island Baskin-Robbins (for giving me a job!), Mercer Island High School's Committee to Save the Earth, my grandparents, Jim and Dorothy Scroggs, and my family. Without the support of the community of Mercer Island, this trip would not have been possible.