

Glenda Wiles

From: Jeff Lonm <jefflonn@hotmail.com>
Sent: Tuesday, October 30, 2018 5:20 PM
To: Glenda Wiles; Ray Hawk; Greg Chilcott; Chris A. Hoffman; Jeff Burrows; Doug Schallenberger
Subject: public comment on Oct 29 commissioners meeting
Attachments: Why is logging dying.pdf; Natural resource economics study--Oregon BLM.pdf; ravalli vs mineral county econ.pdf

Dear Ravalli County Commissioners,

Although I was unable to attend the Oct 29th commissioner's meeting on the results of the economic study, I did watch a video of the meeting and have the following comments that I would like entered in the record as public comment. I would also like the three attached reports entered into the record.

Spending \$17,000 of taxpayer money on this fantasy was inexcusable. Surely this money could have been better spent trying to solve real, everyday problems that Ravalli County residents face. This study was incomplete, inaccurate, and biased:

The study assumed, incorrectly, that there would have been no economic costs to continuing the unsustainable levels of logging of the 1980s; there would only be economic benefits. But the recreation opportunities and amenities that bring visitors, tourists, and retirees are now very important to the Ravalli County economy. If logging had continued at 1980s levels, would this part of the economy have grown so much? A study from Oregon (attached: *Natural Resource economics study—Oregon BLM*) says otherwise. It found that increased logging there would have net negative economic effects, including lower per capita income, decreased property values, and a less stable economy. This same study cites 30 other references documenting the importance of protected public land to local economies. Your commissioned study was remiss in not researching any of these.

Perhaps a better way to examine the commissioners' question would be to use Headwaters Economics data to compare the economies of Mineral County, where the timber industry is still important, to Ravalli County, where it is not (report attached: *Ravalli vs Mineral Co*). Mineral County has higher unemployment (7.4% vs 4.5%), lower per job earnings (\$27,793 vs \$31,672), and lower per capita income (\$34,323 vs \$39,247). Both counties have similar percentages of federally owned land, but Mineral County supports a timber mill as the report suggests Ravalli County could have done.

Your study also assumed that the only reason for the decrease in timber production was the decrease in allowable harvest from Bitterroot National Forest. But wasn't it really market forces that caused the decline of the timber industry? An attached article (*Why Logging is Dying*) discusses an identical decline of the timber

industry in Maine, where most timber production is on private land. There, it is clear that the market, not federal policy, was the real cause of the timber decline, just as it was in the Bitterroot Valley.

Your study also did not take into account the decrease in the price of timber during the decline. Would those imagined jobs really have paid the same as when timber prices were high? Would there have even been any jobs? The demise of Darby Lumber while they still had a large inventory suggests not.

Finally, the study does not address the fact that every single timber “sale” since the at least the 1980s has been subsidized by the U.S. taxpayer. Shouldn’t this be included as a cost? That Ravalli County continues to benefit from these federal subsidies makes me wonder why you, the Ravalli County Commissioners, are so opposed to the federal government owning land and making decisions in Ravalli County.

As cited above, many and much more comprehensive studies have already been done on these issues, and you could have obtained all of them free of charge. I can only guess that none of them reached the conclusions you desired, so you paid for one that was strongly biased in favor of increased logging.

Sincerely,

Jeff Lonn

Hamilton, MT

High Country News

FOR PEOPLE WHO CARE ABOUT THE WEST

Why is logging dying? Blame the market.

Environmental regulations and endangered species protections are not at fault for Western logging's decline.

George Wuerthner | OPINION | June 15, 2016 | *Web Exclusive*

Critics of public lands like to say that timber jobs declined and mills closed over the last 20 years because environmental protections such as the Endangered Species Act and other laws made the cost of logging skyrocket. This complaint is repeated so often it is usually stated as unqualified truth.

If you believe the rhetoric, the way federal lands are managed has been the problem. If only there were more private owners of the land, local economies would prosper, and there would be stable, long-term stewardship.

If only that were true. But if you compare the mostly private wood-products industry in the state of Maine to the West's experiences on public land, you find that environmental regulations had little to do with the demise of logging.

Ninety percent of Maine is forested, and more than 93 percent of the state's land is privately owned, mostly by large timber companies that sell trees to the wood-products industry. If private lands lead to prosperity and healthy landscapes, Maine should be the poster child for the country. And unlike the West, Maine, imposes minimal regulations on private landowners. There are also almost no listed endangered species in Maine to harry the timber industry.

Yet today, the forest-products industry in Maine is a shadow of its former self. In 1980, there were 25 pulp and paper mills in the state. Today, two-thirds of those mills are gone. Since 1990, the state has lost 13,000 of its approximately 17,000 paper-industry

jobs, including more than 2,300 in the past five years. The decline continues. Associated wood products companies in Maine have also seen a decline – everything from wood furniture, wood flooring and clothespin producers have closed up shop.

The decline in both employment and production in Maine was caused by the same forces that drastically cut forest industry jobs in the West: foreign competition, which brought in cheaper wood products, technological advances and new automation that allowed computers instead of people to run machinery. High energy prices and labor costs also played a role as plastic and steel moved in to replace wood.

Think about the brightly colored plastic Adirondack chairs for sale at Home Depot now replacing the wooden chairs on which they are modeled. Instead of wood rafters, steel-beam has replaced two-by-fours in some construction, and so forth. The decline in newspapers and print materials has also dramatically altered demand for pulp production. All of these factors are affecting the West's wood industry as much as they affect Maine.

These days, most of the new sawmills and pulp mills built in the United States are in the South. Trees grow faster there, and unlike the Western United States, they can reach harvestable age in a decade or two. To the timber industry, the longer you have to wait to cut trees, the higher the risk. Your trees might die in a forest fire, a beetle outbreak or some other natural event. So locating your mills in places where you can grow a tree to merchantable size quickly is a smart business practice.

Furthermore, most of the Southern timberlands are flat and accessible year-round. In the steep mountains of the West, road construction costs are far greater, and snow limits seasonal access.

So that's the picture: The decline of the Western wood products industry – like that in Maine – occurred because of economic realities that favor other regions of the globe. Blaming environmentalists, endangered species protection, or environmental regulations is easy. But blame fails to explain a changing world, or help us understand its nuances.

Unlike Maine, the West has an alternative. Its abundant public lands – in particular its wilderness areas, national parks and monuments – provides the foundation for another future for the region. While not all the changes that come with the “new” economy are

welcome – take sprawl and increased impacts from recreational users – they can be managed if we make intelligent choices.

The West boasts iconic wildlands like Grand Canyon and Yellowstone national parks, the Owyhee Canyonlands and the Gila Wilderness. In the end, federal ownership and protection of wildlands and open spaces is far superior to the Maine model of private ownership and maximized profits. Our model gives us the chance to manage forests sensibly, and it offers at least some potential for a more sustainable future for Western communities.



George Wuerthner is a contributor to Writers on the Range, the opinion service of High Country News. He lives in Bend, Oregon, and is an ecologist who has published 38 books about Western environmental issues.

Note: the opinions expressed in this column are those of the writer and do not necessarily reflect those of High Country News, its board or staff. If you'd like to share an opinion piece of your own, please write Betsy Marston at betsym@hcn.org (<mailto:betsym@hcn.org>).

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Points for Supplement to Protest of:

**BLM's Proposed Resource Management Plan/Final Environmental Impact Statement:
Western Oregon**

**The BLM's Failure to Describe the Negative Economic Impacts of
Logging**

May 2016

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These issues raised in this report were prepared by Ernie Niemi of Natural Resource Economics, Inc., which is solely responsible for their content.

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I. INTRODUCTION

My name is Ernest G. Niemi. I am an economist and president of Natural Resource Economics, a consulting firm that provides analysis of economic issues associated with the management of forests, rivers, and other natural resources. I received a Master of City and Regional Planning from Harvard University. My professional experience includes analyzing the economic consequences of resource-management decisions in northern California and elsewhere, and teaching courses on economic development and benefit-cost analysis at the University of Oregon.

I am familiar with the regional and subregional economies of the Pacific Northwest, including western Oregon, the structure of those economies, the forces affecting them, and the changes occurring in them. For more than three decades I have devoted considerable time and attention to reviewing and understanding the economic effects of various proposals and options for managing the region's publicly owned forests. This work includes serving as a member of the Independent Review Panel chartered by the U.S. Secretary of Agriculture to review the large-cost wildfires of 2008.

My work also includes directing research on the forest-economy relationship, such as:

- *The Ecosystem-Economy Relationship: Insights from Six Forested Long-Term Ecological Research Sites* (National Science Foundation)
- *Assessing Economic Trade-Offs in Forest Management* (for the U.S. Forest Service (Pacific Northwest (PNW) Research Station)
- "Economic and Social Implications of Managing the Federal Douglas-Fir Forests on Longer Rotation" (PNW Research Station)
- *The Sky Did NOT Fall: The Pacific Northwest's Response to Logging Reductions* (Earthlife Canada Foundation and Sierra Club of British Columbia)
- "The Sky Will Not Fall" (American Fisheries Society)
- *Seeing Forests for Their Green* (Sierra Club)
- "Economic Reflections on the Northwest Forest Plan." (PNW Research Station)
- "Economic Issues Underlying Proposals to Conduct Salvage Logging in Areas Burned by the Biscuit Fire" (Wyss Foundation).
- *An Overview of Potential Economic Costs to Oregon of a Business-As-Usual Approach to Climate Change* (University of Oregon, Climate Leadership Initiative)

I prepared the points in this paper to evaluate the economic reasoning the Oregon State Office of the Bureau of Land Management (BLM) has used to justify the Proposed Resource Management Plan (PRMP) it revealed with the April, 2016 publication of *Proposed Resource Management Plan/Final Environmental Impact Statement: Western Oregon (PRMP/FEIS)*.

In preparing this paper, I drew on the education and experience I describe above, my general knowledge of the economy of the Pacific Northwest, and my review of information in the PRMP/FEIS and other sources. As I explain below, these other sources are assessments, widely known and readily available to the BLM and the general public, of the economic importance of goods and services produced on public lands in the Pacific Northwest.

II. EXECUTIVE SUMMARY

The FEIS provides a seriously incomplete and inaccurate description of the PRMP's potential impacts on the economy of western Oregon and its communities that is biased in favor of logging. This conclusion reflects numerous analytical and communication errors of omission and commission as the PRMP/FEIS:

- Ignores more than 30 peer-reviewed research articles that describe the ability of unlogged forests – through their scenic vistas and other natural resource amenities – to generate growth in population, jobs, incomes, and economic activity in nearby communities. As a consequence, the PRMP/FEIS never describes what the research indicates to be powerful opportunities for resource-management activities that forgo logging and enhance these amenities to strengthen local economies and the capacity and community resilience of local communities.
- Fails to describe and quantify the potential negative economic impacts of logging, which would materialize as logging degrades or destroys the positive impacts from forests that otherwise would remain unlogged. As a consequence, the PRMP/FEIS never describes that decreases in jobs, incomes, private-property values likely to result from the proposed logging.
- Fails to show that the available research and data indicate the PRMP's negative impacts likely would outweigh its positive impacts. For example, a peer-reviewed study indicates that, for each 10,000 acres the BLM logs rather than affording the land protections similar to those associated with Wildlife Management Areas or Areas of Critical Environmental Concern, residents of the affected county would experience a net reduction in annual per capita income over the next 10-15 years of \$350 or more. As a consequence, the PRMP/FEIS never describes the likelihood that the proposed logging will yield a net decrease in income and other indicators of economic wellbeing in western Oregon.
- Ignores a review of research, specific to BLM-administered lands and other lands covered by the Northwest Forest Plan,¹ that concludes increased logging correlates with negative socioeconomic indicators, such as drug abuse, domestic abuse, and unstable employment. As a consequence, the PRMP/FEIS never describes the likelihood that the proposed logging will degrade, rather than strengthen the stability of communities in western Oregon.

¹ National Research Council, Committee on Environmental Issues in Pacific Northwest Forest Management. 2000. *Environmental issues in Pacific Northwest forest management*. National Academies Press.

III. ISSUES IN DETAIL

Guidance from the BLM, cited in the PRMP/FEIS as USDI BLM 2013a,² “describes when and how to use economic methods to estimate nonmarket environmental values when preparing National Environmental Policy Act (NEPA) analyses for the Bureau of Land Management’s (BLM) resource management planning and other decision-making.”

USDI BLM 2013a [p. 1-3] identifies two types of economic analysis – “impact analysis” and “benefit-cost analysis” – and states: “**Both types of economic analysis should contribute to the BLM’s decision-making.**” [Bold emphasis added.] It then gives this explanation:

“Impact analysis provides estimates of the direct, indirect, and cumulative economic activity that a given management decision is expected to create within a specified geographic area. This activity is typically expressed as projected changes in employment, personal income, or economic output.” [Italics emphasis in original.]

The PRMP/FEIS includes an impact analysis that describes the potential positive impacts of recreational activity and logging on BLM-administered lands. The description of logging’s impacts is incomplete and inaccurate, describing only the potential positive impacts but not the much larger negative impacts. As a result, the description is strongly biased in favor of logging. By totally ignoring the negative impacts of logging, the PRMP/FEIS demonstrates that the BLM did not make a good faith effort at studying, analyzing, and expressing the socioeconomic issues, nor did it take a hard look at the socioeconomic consequences of the PRMP.

The following paragraphs describe the errors and biases in the PRMP/FEIS that arise from the BLM’s failure to use readily available research showing:

- A. Natural resource amenities on public lands have the ability to generate robust economic growth.
- B. Amenities on BLM-administered forestlands protected from logging can generate increases in income, population, the value of private property, and related characteristics of economic growth.
- C. The negative economic impacts of logging likely would outweigh the positive impacts.
- D. Increased logging likely would decrease rather than increase the economic stability of local communities and industries.

A. The BLM failed to use research showing the ability of natural resource amenities to generate economic growth

Based on its impact analysis, the PRMP/FEIS concludes [p. 676] that, “Changes in timber harvest, recreation visits, and BLM expenditures are the primary influences on projected future BLM-based employment and earnings in local economies in the planning area.” It recognizes that scenic and other natural resource amenities might have impacts on jobs, incomes, and economic activity, reporting [p. 592] that, “Several comments on the Draft RMP/EIS reflected the belief that non-market resources do contribute to economic well-being in planning area communities, by retaining residents, attracting new residents including retirees and

² Guidance on Estimating Nonmarket Economic Values. And Attachment 1 – Economic methods for estimating nonmarket environmental values. BLM Socioeconomics Program Guidance. Assistant Director, Renewable Resources and Planning. Instruction Memorandum No. 2013-131, Change 1. September 12, 2013.

entrepreneurs who bring human and financial capital, and through other mechanisms.” It even acknowledges that there is an empirical foundation for this belief, observing that, “These beliefs have been supported by research showing how scenic amenities, open space, healthy watersheds, public lands and protected areas, and other non-market resources contribute to local economic development (e.g., Rasker *et al.* 2013).”

Nowhere, however, does the PRMP/FEIS demonstrate that it examined this research. Nor does it demonstrate that the BLM conducted any impact analysis that examined the direct, indirect, and cumulative economic activity resulting from the scenic amenities, open space, healthy watersheds, protected areas, and other non-market resources on BLM-administered lands. Its failure to do so is remarkable, because the research on the relationship between natural resource amenities and economic development is extensive. If the BLM had Googled “economic impact of scenic amenities,” for example, it would have found more than 400,000 results. Near the top it would have found a link to a bibliography that describes the 30 peer-reviewed studies of this issue listed in Figure 1.

Figure 1. 30 Peer-reviewed studies that document the importance of amenities on public lands to local economies.

1.	Beyers, W. B. and D.P Lindahl. 1996. “Lone Eagles and High Fliers in Rural Producer Services.” <i>Rural Development Perspectives</i> . 11(3): 2-10
2.	Booth, D.E. 1999. “Spatial Patterns in the Economic Development of the Mountain West.” <i>Growth and Change</i> . 30(3): 384-405
3.	Chamley, S., R. J. McLain, and E. M. Donoghue. 2008. “Forest Management Policy, Amenity Migration, and Community Well-Being in the American West: Reflections from the Northwest Forest Plan.” <i>Human Ecology</i> . 36: 743-761
4.	Cromartie, J.B. and J.M. Wardwell. 1999. “Migrants Settling Far and Wide in the Rural West.” <i>Rural Development Perspectives</i> . 14(2): 2-8
5.	Deller, S. C., T.-H. Tsai, et al. 2001. The Role of Amenities and Quality of Life in Rural Economic Growth. <i>American Journal of Agricultural Economics</i> . 83(2): 352-365
6.	Duffy-Deno, K. 1998. The Effect of Federal Wilderness on County Growth in the Intermountain Western United States. <i>Journal of Regional Science</i> . 38(1): 109-136
7.	Migration, and Public Land Policy: Evidence from the Northwest Forest Plan.” <i>Journal of Agricultural and Resource Economics</i> . 35(2): 316-333
8.	Fuguitt, G.V. and C.L. Beale. 1996. “Recent Trends in Nonmetropolitan Migration: toward a New Turnaround?” <i>Growth and Change</i> . 27: 156-174
9.	Gude, P.H., Hansen, A.J., Rasker, R., Maxwell, B. 2006. “Rates and Drivers of Rural Residential Development in the Greater Yellowstone.” <i>Landscape and Urban Planning</i> . 77: 131-151
10.	Hansen, A.J, R. Rasker, B., Maxwell, J.L. Rotella, J.D. Johnson, A. Wright Parmenter, U. Langer, W. B. Cohen, R. L. Lawrence, and M. P.V. Kraska. 2002. “Ecological Causes and Consequences of Demographic Change in the New West.” <i>Bioscience</i> . 52(2): 151-162
11.	Holmes, P. and W. Hecox. 2002. “Does Wilderness Impoverish Rural Areas?” <i>International Journal of Wilderness</i> . 10(3): 34-39
12.	Johnson, J.D. and R. Rasker. 1995. “The Role of Economic and Quality of Life Values in Rural Business Location.” <i>Journal of Rural Studies</i> . 11(4): 405-416

Figure 1. 30 Peer-reviewed studies that document the importance of amenities on public lands to local economies, cont.

13.	Knapp, T. A. and P. E. Graves. 1989. "On the Role of Amenities in Models of Migration and Regional Development." <i>Journal of Regional Science</i> . 29(1): 71-87
14.	Lewis, D. J., G. L. Hunt and A. J. Plantinga. 2002. "Public Land Conservation and Employment Growth in the Northern Forest Region." <i>Land Economics</i> . 78(2): 245-259
15.	Lorah, P. and R. Southwick. 2003. "Environmental Protection, Population Change, and Economic Development in the Rural Western United States." <i>Population and the Environment</i> . 24 (3): 255-272
16.	Lewis, D.J., G.L. Hunt and A. J. Plantinga. 2003. "Does Public Lands Policy Affect Local Wage Growth?" <i>Growth and Change</i> . 34(1): 64-8
17.	McGranahan, D.A. 1999. "Natural Amenities Drive Population Change." Food and Rural Economics Division, Economic Research Service, U.S. Department of Agriculture. Report 781, 1- 24
18.	Nelson, P.B. 1999. "Quality of Life, Nontraditional Income, and Economic Growth: New Development Opportunities for the Rural West." <i>Rural Development Perspectives</i> . 14(2): 32-3
19.	Power, T. M. 1991. "Ecosystem Preservation and the Economy of the Greater Yellowstone Area." <i>Conservation Biology</i> . 5(3): 395-404
20.	Rasker, R. and D. Glick. 1994. "Footloose Entrepreneurs: Pioneers of the New West?" <i>Illiahee</i> . 10(1): 34-43
21.	Rasker, R. 1993. "Rural Development, Conservation, and Public Policy in the Greater Yellowstone Ecosystem." <i>Society and Natural Resources</i> . 6:109-126
22.	Rasker, R. 1994. "A New Look at Old Vistas: the Economic Role of Environmental Quality in Western Public Lands." <i>University of Colorado Law Review</i> . 65(2): 369-399
23.	Rasker, R. and A. Hackman. 1996. "Economic Development and the Conservation of Large Carnivores." <i>Conservation Biology</i> . 10(4): 991-1002
24.	Rasker R. and A. Hansen. 2000. "Natural Amenities and Population Growth in the Greater Yellowstone Region." <i>Human Ecology Review</i> . 7(2): 30-40
25.	Rasker, R. 2005. "Wilderness for Its Own Sake or as Economic Asset?" <i>Journal of Land, Resources, and Environmental Law</i> . 25(1): 15-2
26.	Rasker, R., P.H. Gude, J.A. Gude, J. van den Noort. 2009. "The Economic Importance of Air Travel in High-Amenity Rural Areas." <i>Journal of Rural Studies</i> . 25: 343-353
27.	Rasker, R., P.H. Gude, M. Delorey. 2013. "The Effect of Protected Federal Lands on Economic Prosperity in the Non-Metropolitan West." <i>Journal of Regional Analysis and Policy</i>
28.	Rudzitis, G. and H.E. Johansen. 1989. "Migration into Western Wilderness Counties: Causes and Consequences." <i>Western Wildlands</i> . Spring, Pages 19-23; Rudzitis, G. and H.E. Johansen. 1991. "How Important is Wilderness? Results from a United States Survey." <i>Environmental Management</i> . Vol. 15.; 227-233and; Rudzitis, G. 1993. "Nonmetropolitan Geography: Migration, Sense of Place, and the American West." <i>Urban Geography</i> . Vol. 14(6): 574-585
29.	Shumway J.M. and S.M. Otterstrom. 2001. "Spatial Patterns of Migration and Income Change in the Mountain West: The Dominance of Service-Based, Amenity-Rich Counties." <i>Professional Geographer</i> . 53(4): 492-502
30.	Snepenger, D.J., J.D. Johnson and R. Rasker. 1995. Travel-stimulated entrepreneurial migration. <i>Journal of Travel Research</i> . 34(1): 40-44

Source: Headwaters Economics. 2013. "Annotated Bibliography: Studies on the Economic Value of Public Lands and Protected Public Lands that have Appeared in the Peer-Reviewed Academic Literature." http://headwaterseconomics.org/wphw/wp-content/uploads/Annotated_Bib_Value_Public_Lands.pdf.

The PRMP/FEIS shows that the BLM looked at only one of these studies, Rasker et al. (2013), which it then ignored. Had it given even this one paper reasonable attention and analysis, the BLM would have found that it quantifies the positive relationship, between the protection of federal lands and waters and economic growth in nearby communities, that applies in most rural counties of the western states. The analysis looked both at the years between the early 1990s to the mid-2000s, when the national economy and amenity-related migration grew rapidly, and during the Great Recession, when both contracted. The authors considered a broad set of protected lands:

- Wilderness Areas
- National Parks and Preserves
- National Conservation Areas
- National Monuments
- National Recreation Areas
- National Wild and Scenic Rivers
- Waterfowl Production Areas
- Wildlife Management Areas
- Research Natural Areas
- Areas of Critical Environmental Concern
- National Wildlife Refuges

After controlling for other factors that influence local economies, counties with 10,000 additional acres of protected public land, on average, exhibited these characteristics:

1. Per capita income in 2010 was higher by \$436.
2. Per capita income growth, 1990-2010, was higher by \$237.
3. Investment income growth, 1990-2000, was higher by \$175 per county resident.
(Investment income includes dividends, interest, and rent earned from investments.)

These numbers, which represent the average relationship between protected acreage and income, do not prove that more of the former causes more of the latter. They do, however, indicate that, in most western counties and over more than two decades, the positive effects of protecting public lands and rivers from logging and other industrial activities outweigh the negative.

The BLM did not incorporate this research into the PRMP/FEIS' analysis of socioeconomic consequences. In fact, it did not even acknowledge its existence. This failure totally erodes the credibility of the BLM's analysis of the PRMP's socioeconomic consequences. It also substantiates my conclusion that the BLM did not make a good faith effort at studying, analyzing, and expressing the socioeconomic issues, nor did it take a hard look at the socioeconomic consequences of the PRMP.

B. The BLM failed to use research showing the positive economic impacts of forestlands protected from logging

Research specific to BLM-administered and other lands within the Northwest Forest Plan (NWFP) reinforce the findings of Rasker et al (2013). Bruce Weber and colleagues at Oregon State University have for many years examined the NWFP's economic impacts and concluded that, since 2000, communities within 10 miles of land designated in the NWFP for species protection "experienced higher growth in

The BLM did not incorporate this research into the PRMP/FEIS' analysis of socioeconomic consequences. In fact, it did not even acknowledge its existence. This failure totally erodes the credibility of the BLM's analysis of the PRMP's socioeconomic consequences.

community wealth than communities more than 10 miles from NWFP-protected land, even among those that were dependent upon logging.”³

Other research findings regarding the impact of federal forest policy on the economic wealth and vitality of communities include:⁴

- “[T]he NWFP dramatically reduced the supply of logs available to Oregon mills. ... In retrospect, while the NWFP imposes direct employment pressures on timber-dependent communities, it also opens new opportunities for a change in these timber-related communities and other communities close to NWFP. Through adjustments in economic structure and investment, communities can redirect their local economy onto a more environmentally sustainable path by attracting migrants with higher incomes. Through entrepreneurship and technology, they can add additional impetus to the local economy.”
- “Natural capital clearly plays a key role in rural wealth creation and rural well-being in the Western United States. And because a very significant share of natural capital is owned by the Federal government, Federal decisions about the use of natural capital are critical to rural wealth creation in this region and to the distribution of income and wealth in rural places.”
- “Our results suggest that the impacts on local economic well-being of Federal land management are not trivial [and a] key implication of our study is that government has a central role to play in rural wealth creation.”
- “Because capital (in our case, natural capital) has multiple attributes that value different uses differently, decisions about the uses of natural capital can lead to very different outcomes and different sets of winners and losers.”

Natural capital clearly plays a key role in rural wealth creation and rural well-being in the Western United States. And because a very significant share of natural capital is owned by the Federal government, Federal decisions about the use of natural capital are critical to rural wealth creation in this region and to the distribution of income and wealth in rural places.

The impacts on local economic well-being of Federal land management are not trivial.

More recent research quantifies the “positive amenity impacts on the growth in median income, population and property values for small communities close to NWFP land protected from logging, as compared to communities far from the NWFP.”⁵ The research suggests that, for communities of 100–2,500 residents, the amenities from protected, unlogged lands within five miles increase:

³ Weber, Bruce, and Yong Chen. 2012. “Federal forest policy and community prosperity in the Pacific Northwest.” *Choices*. 27(1). <http://www.choicesmagazine.org/choices-magazine/theme-articles/rural-wealth-creation/federal-forest-policy-and-community-prosperity-in-the-pacific-northwest->

⁴ Chen, Yong, and Bruce A. Weber. 2014. “Natural capital and rural wealth creation: a case study of Federal forest policy and community vitality in the Pacific Northwest.” In John L. Pender, Bruce A. Weber, Thomas G. Johnson, and J. Matthew Fannin (eds). *Rural Wealth Creation*. <http://www.amazon.com/Routledge-Textbooks-Environmental-Agricultural-Economics-ebook/dp/B00KT8WJQ6>.

⁵ Chen, Yong, David J. Lewis, and Bruce Weber. Forthcoming. “Conservation land amenities and regional economies: A post-matching difference-in-differences analysis of the Northwest Forest Plan.” *Journal of Regional Science*. http://www.science.oregonstate.edu/~lewisda/JRS_Chen_EtAl_2015_OA.pdf.

- Median income by \$1,133–\$2,964, or 3–8%.
- Population by 57–170, or 5–17%.
- Mean value of property within the community by \$18–\$63 million, or 29–100%.

These numbers constitute but one set of many that the BLM could have developed, evaluated, and integrated into its analysis of the PRMP's socioeconomic impacts. They strongly suggest that the impacts on income, population, and property value from proximity to land protected from logging can far outweigh the impacts from logging the land. Determining the exact impact would require further analysis, commensurate to the effort the BLM put into describing the impact of the proposed logging.

The BLM did not use this research to describe the PRMP's socioeconomic consequences. It did not even show it was aware of the research. This failure totally erodes the credibility of its socioeconomic analysis. It also substantiates my conclusion that the BLM did not make a good faith effort at studying, analyzing, and expressing the socioeconomic issues, nor did it take a hard look at the socioeconomic consequences of the PRMP.

For communities 100–2,500 residents, the amenities from protected, unlogged lands within five miles increase

- Median income by 3–8%.
- Population by 5–17%.
- Property value by 29–100%.

The BLM did not use this research to describe the PRMP's socioeconomic consequences. It did not even show it was aware of the research. This failure totally erodes the credibility of its socioeconomic analysis.

C. The BLM failed to use research showing that the negative economic impacts of logging likely would outweigh the positive impacts

The research described above demonstrates unlogged lands have positive impacts on jobs, incomes, property values, and economic activity in nearby communities. The BLM's proposal to log these lands will reverse these impacts. The research also indicates that these negative impacts will outweigh any positive impacts from logging.

Consider, for example, the potential impact of managing lands for their wildlife, scenic, or other amenities, rather than to produce timber. As described above, Rasker et al. (2013) suggests that, if the BLM protected rather than logged 10,000 acres, the unlogged land would increase per capita income in the county by \$436. If this land were logged, instead, this income would be lost.

Under the PRMP logging would occur on 469,215 acres in the timber harvest land base [p. 82] and produce timber-related annual earnings of \$87.8 million [p. 683], or \$187 per acre. Hence, logging 10,000 acres would produce annual income of \$1.9 million. If this acreage were located in Lane County, with population 351,715, [p. 588] the logging would yield annual per capita income of \$5.40.

In other words, logging rather than protecting 10,000 acres in Lane County would increase per capita income by \$5.40 and decrease per capita income by \$436, for a net impact being a decrease of \$430.

The net impact would be similar for other counties. For example, if the 10,000 acres were located in Douglas County, with population 107,667, logging would have a positive impact of \$18, a negative impact of \$436, and a net reduction of \$418 in per capita income. If they were located in Curry County, which has the smallest population, 22,364, logging would have a positive impact of \$85, a negative impact of \$436, and a net reduction of \$350 in per capita income.

These numbers suggest that logging will have a net negative impact on per capita income and, hence, on jobs, property values, and other indicators of socioeconomic wellbeing. Accounting for the negative impacts suggests that the overall decrease in income will be about $(\$350 \div \$18 =)$ 19 times the increase projected by the BLM. Thus, instead of increasing income by \$87.8 million, as projected by the BLM, the PRMP could decrease it by \$1.7 billion or more.

My calculation of these numbers illustrates how the BLM could have used this research to describe the potential negative impacts of proposed logging, and the importance of doing so. It shows that suitable research was easily available to the BLM for it to quantify the negative and net socioeconomic impacts of logging. The level of effort required to develop more refined calculations likely would have been commensurate with the level of effort the BLM exerted to estimate logging's positive impacts. Refinement of the calculation might alter its results somewhat, but I expect the fundamental conclusion would remain unchanged: the logging proposed under the PRMP would reduce incomes in western Oregon.

These numbers suggest that logging will have a net negative impact on per capita income and, hence, on jobs, property values, and other indicators of socioeconomic wellbeing. Logging could reduce income in the surrounding county by at least \$350 per person. Thus, instead of increasing income by \$87.8 million, as projected by the BLM, the PRMP could decrease it by \$1.7 billion or more.

D. The BLM failed to use research showing that increased logging likely would decrease rather than increase the economic stability of local communities and industries

The PRMP/FEIS asserts [p. 6] that, "The O&C Act requires that the [O&C lands] be managed 'for permanent forest production, and the timber thereon shall be sold, cut, and removed ... for the purpose of ... contributing to the economic stability of local communities and industries, and providing recreational facilities'" (43 U.S.C. 1181a). [Bold emphasis added.] The calculations in the preceding section demonstrate that the logging proposed in the PRMP/FEIS likely would destroy more income, jobs, property value, etc. than it would create. These impacts, alone, support the conclusion that increased logging likely would decrease rather than increase the economic stability of local communities and industries.

Other aspects of the timber industry would compound the negative impact on stability. These include the industry's negative influence on social wellbeing. Adoption of the NWFP triggered extensive research into the impacts of changes in logging levels on social wellbeing in communities in which the timber industry had a large presence. A review of this research concluded that, "In most cases, timber dependency seemed to hurt rather than help

communities.”⁶ Specifically, communities in which the timber industry played a greater role exhibited:

- Higher unemployment.
- Lower levels of education.
- Older, lower-value housing.
- Higher death rates.
- Lower income.
- More poverty.
- Higher infant mortality.
- Poorer health care.
- More arrests.

The research and data presented above show conclusively that less logging, not more, will likely yield greater economic stability. The PRMP/FEIS, however, presents none of this research and data. As a result, one can reasonably conclude only that the PRMP/FEIS is incomplete, inaccurate, and strongly biased to favor increased logging.

Additional negative impacts on community and industry stability come from within the timber industry itself. Figure 2 shows that the number of timber manufacturing workers per unit of timber.⁷ Wages for timber workers also have been declining and their jobs are far more volatile than jobs in other industries.⁸

E. Conclusions

The preceding sections demonstrate that the socioeconomic portion of the RMP/FEIS is deeply flawed. It purports to represent a hard look at the PRMP’s socioeconomic consequences but, in reality, it is nothing less than a deceptive promotional brochure for increased logging. This conclusion stems from the evidence I present above, which demonstrates the BLM ignored a large body of readily available, peer-reviewed research and data that indicates unlogged lands can generate far greater positive impacts on the economy of western Oregon and its communities than would result from logging the lands. For some variables, the negative economic impacts from logging would be at least 19 times greater than the positive impacts.

The PRMP/FEIS totally ignores this information. Instead, it describes the only the positive economic impacts – increases in timber jobs, etc. – of logging. It leaves the reader unaware that the amenities produced by unlogged lands can generate more jobs, etc. than the lands would produce if logged. It does not describe the loss of these jobs, etc. – the negative impacts of logging. The PRMP/FEIS lacks this description of the negative impacts of logging even though the BLM had easy access to the relevant, supporting information. This discrepancy in its treatment of the positive and negative impacts demonstrates that the BLM did not make a good faith effort at studying, analyzing, and expressing the socioeconomic issues, nor did it take a hard look at the

The research and data presented above show conclusively that less logging, not more, will likely yield greater economic stability. The PRMP/FEIS, however, presents none of this research and data. As a result, one can reasonably conclude only that the PRMP/FEIS is incomplete, inaccurate, and strongly biased to favor increased logging.

⁶ National Research Council, Committee on Environmental Issues in Pacific Northwest Forest Management. 2000. *Environmental issues in Pacific Northwest forest management*. National Academies Press. p. 163.

⁷ Beleicks, Nick. 2014. “Jobs per board feet of timber harvests in Oregon.” <https://www.qualityinfo.org/-/jobs-per-board-feet-of-timber-harvests-in-oregon>.

⁸ Lehner, Josh. 2012. “Historical look at Oregon’s wood products industry.” <https://oregoneconomicanalysis.files.wordpress.com/2012/01/woodproducts1.pdf>.

socioeconomic consequences of the PRMP. The discrepancy also produces a description of economic impacts that is strongly biased in favor of logging.

Its failure to provide a credible, balanced assessment of both the negative and the positive impacts of logging leaves this element of the PRMP/FEIS incomplete, and unreliable. No decision-maker or member of the public can have any confidence whatsoever that the PRMP/FEIS presents a reasonable description of the PRMP's impacts on population, jobs, income, property value, economic activity, or community capacity.

Figure 2. Core characteristics of the timber industry will cause increases in logging to decrease, not increase, economic stability of local communities and industries

The number of timber manufacturing workers per unit of timber is declining



Average wages per worker in the timber industry is declining



Jobs in the timber industry are far more volatile than jobs in other industries

