



August 17<sup>th</sup>, 2015

Jerome E. Perez, State Director  
Washington/Oregon  
Bureau of Land Management  
P.O. Box 2965  
Portland, Oregon 97208

ATTN: Sarah Levy, Public Affairs Specialist  
Submitted via Email: <BLM OR RMPs WesternOregon@blm.gov>

**RE: Comments on the proposed Resource Management Plan and  
Draft Environmental Impact Statement for Western Oregon**

Dear Director Perez:

Please accept the following comments from Center for Sustainable Economy on the proposed Resource Management Plan (RMP) and Draft Environmental Impact Statement (DEIS) for western Oregon BLM lands. CSE and our members have a keen interest in ensuring that BLM makes a positive contribution to the economy of western Oregon and helps lead the way on sustainable management of our forests and the ecosystem services they supply. As discussed at length in our comments, we believe that eliminating the commercial timber sale program and instituting a major program of landscape level restoration is the only way for BLM to fulfill its statutory mandates at this time and achieve these purposes.

In addition to the comments attached, CSE will also be providing comments on other sections of the RMP and DEIS in association with a coalition of community organizations. Thank you for your time and consideration of the issues we have raised.

Sincerely,

A handwritten signature in black ink, appearing to read "H. John Talberth", is positioned above the typed name and title.

H. John Talberth, President and Senior Economist  
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Center for Sustainable Economy  
Comments on Socio-Economic Analysis  
Western Oregon BLM Draft RMP and DEIS  
8/17/15

**The draft RMP and DEIS are based on flawed economic reasoning and analysis that attempt to justify an expanded timber sale program that creates more economic harm than good.**

The most significant economic and social effects of the preferred RMP alternative (Alternative B) will be associated with a 60% increase in timber harvests over current levels at a time when markets are severely distorted by negative externalities and logging subsidies and affected communities are evolving away from an unhealthy dependence on the timber industry.<sup>1</sup> The DEIS fails to provide an explanation of why the increase in logging proposed under alternatives A, B, and C is economically justified and why the no harvest and natural selection alternatives were rejected when they represent the only alternatives that can fulfill statutory sideboards that specify under what conditions BLM timber should be offered for sale.

1. BLM's legal mandate to provide timber does not require a timber sale program that is economically irrational.

The BLM has misconstrued its legal mandate as one that requires an increase in logging. While there are dozens of statutes, regulations, and executive orders that have bearing on management of western Oregon BLM lands the controlling authority with respect to timber supply is the Oregon and California Railroad and Coos Bay Wagon Road Grant Lands Act (O&C Act; 43 U.S.C. 1181a et seq.).

In pertinent part, the O&C Act requires that western Oregon O&C lands be managed “for permanent forest production, and the timber thereon shall be sold, cut, and removed in conformity with the princip[le] of sustained yield for the purpose of providing a permanent source of timber supply, protecting watersheds, regulating stream flow, and contributing to the economic stability of local communities and industries, and providing recreational facilities.”<sup>2</sup> The O&C Act also provides that “timber from said lands in an amount not less than . . . the annual sustained yield capacity . . . shall be sold annually, or so much thereof as can be sold at reasonable prices on a normal market.”<sup>3</sup>

BLM has invoked this legal mandate as the primary purpose and need for the RMP revision process. In particular, the driving force behind the RMP revision and the proposed increase in timber harvest is to respond to what the agency has determined to be a “substantial, long-term departure from the timber management outcomes predicted under the 1995 RMPs.” The 1995 RMP estimated that a sustained yield allowable sale quantity. Current harvest levels are roughly 1/3 of that. However, there is nothing in the O&C Act that requires the BLM to actually sell that amount of timber each year. Indeed, the O&C Act puts significant conditions on BLM's timber

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<sup>1</sup> The timber harvest baseline in the DEIS is 144.3 million board feet (mmbf) in 2012. Alternative B, the

<sup>2</sup> 43 U.S.C. § 1181a.

<sup>3</sup> Id.

sale program: (1) it must be offered at reasonable prices; (2) under normal market conditions, and (3) to achieve a variety of purposes, including community stability. If none of these conditions can be met, then no timber sale program much less an expanded one need be implemented. Against this backdrop, it is clear that the proposed increase in logging cannot be justified.

a. Reasonable prices preclude any additional timber sales during this planning cycle.

In developing the RMP and DEIS, the BLM has not discussed the process the agency intends to use to ensure that when offered for sale, its timber receives reasonable prices. While current practice is to offer timber for sale at or below a fair market value based on current market prices for comparable timber,<sup>4</sup> there is nothing to suggest that this price setting method is reasonable, especially when the agency has at its disposal other methods for determining fair market value that are designed to cover all costs of production from the seller's (BLM) perspective. The issue of sales below fair market value from the seller's perspective is an issue that has plagued the agency for decades, and one that could be remedied in this planning cycle. As stated succinctly in 1997 in a PEER white paper on the subject, "[b]ecause no seller would perpetually sell a product for less than its cost, this suggests that Congress intended that BLM appraisals insure cost-recovery when the fair market value of timber is estimated."<sup>5</sup>

For a private entity a reasonable price that covers the costs of production includes direct material costs, labor costs, sale and administration costs, and provisions for markup to achieve a desired internal rate of return on investment plus markup for profits. This is simply known as full cost pricing. But the BLM is not a private firm. It also bears responsibility for the economic, social and environmental costs it may pass on to society – negative externalities. OMB Circular A-94 ("General Principles" Section 5) is explicit in this requirement for federal programs:

Analyses should include comprehensive estimates of the expected benefits and costs to *society* based on established definitions and practices for program and policy evaluation. Social net benefits, and not the benefits and costs to the Federal Government, should be the basis for evaluating government programs or policies that have effects on private citizens or other levels of government. Social benefits and costs can differ from private benefits and costs as measured in the marketplace because of imperfections arising from: (i) *external economies or diseconomies* where actions by one party impose benefits or costs on other groups that are not compensated in the market place; (ii) monopoly power that distorts the relationship between marginal costs and market prices; and (iii) taxes or subsidies (emphasis in original).<sup>6</sup>

The Department of Interior (DOI) has fully embraced OMB's mandate to consider negative externalities in planning decisions:

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<sup>4</sup> DEIS at 479.

<sup>5</sup> Public Employees for Environmental Responsibility (PEER). 1997. Land of No Return\$. Bankruptcy of the BLM Public Domain Forestry Program. White Paper Number 13. Hood River, OR: PEER.

<sup>6</sup> The full text of Circular A-94 is available online at:  
[https://www.whitehouse.gov/omb/circulars\\_a094#6](https://www.whitehouse.gov/omb/circulars_a094#6).

In many cases the benefits provided by the raw materials and products that flow from DOI managed lands, as well as the production, distribution and use of these products, also may cause adverse effects on the environment, economy, or society. Economists typically characterize these adverse effects as *negative externalities*.... The ability to evaluate these negative externalities is an important component to strengthening the set of information available to decision makers” (emphasis in original).<sup>7</sup>

To correct for the presence of negative externalities, the DOI has stated its commitment to full cost accounting to “help promote more cost-effective investments on public lands.”<sup>8</sup> The BLM has further reinforced this mandate through an agency-wide directive to account for all of the market and non-market values affected by management activities with a strong preference for quantitative methods when certain criteria are met: (a) when significant non-market values are at risk; (b) when alternatives present a strong contrast between extractive and non-extractive uses of the land, and; (c) when the magnitude of the proposed change in management is large.<sup>9</sup> The draft RMP meets each of these.

In the draft RMP, there are no provisions for or even discussion of how the BLM intends to go about offsetting both the federal financial costs and negative externalities of an increased timber sale program. The range of negative externalities associated with BLM timber sales includes a wide array of costs associated with diminished recreational and commercial fish landings, sediment removal, increased flooding, loss of water quality, increased habitat restoration costs, loss of tourism revenues, and social costs of carbon emissions, to name a few.<sup>10</sup> The most logical way to account for these and one most consistent with market principles, DOI commitments, and BLM guidance is to incorporate these costs into minimum bid prices. The methods and sources of information needed to meet the reasonable price standard and set minimum bid prices that reflect all agency and social costs are well established, and have been for decades. To illustrate, consider the negative externalities associated with lost recreation value and carbon emissions and what they imply for reasonable prices of BLM timber.

The value of recreation on BLM and other public lands is typically expressed in terms of consumer surplus – or the amount people are willing to pay over and above the costs of travel, supplies, lodging, fees, and other financial outlays they make in association with particular recreation experiences. For all BLM administered lands in western Oregon, the DEIS estimates consumer surplus associated with outdoor recreation to be \$222,872,000 per year (\$232,676,040

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<sup>7</sup> US Department of Interior (DOI). 2012. The Department of The Interior’s Economic Contributions. Fiscal Year 2011, Chapter 7 – The Externalities of DOI Activities: Moving Towards Full Cost Accounting. Washington, DC: US DOI.

<sup>8</sup> Id.

<sup>9</sup> Bureau of Land Management. 2013. Instruction Memorandum 2013-131, Change 1, attachment 1, “Economic Methods for Estimating Nonmarket Environmental Values. Accessible online at: [http://www.blm.gov/wo/st/en/info/regulations/Instruction\\_Memos\\_and\\_Bulletins/national\\_instruction/2013/IM\\_2013-131\\_Ch1.print.html](http://www.blm.gov/wo/st/en/info/regulations/Instruction_Memos_and_Bulletins/national_instruction/2013/IM_2013-131_Ch1.print.html).

<sup>10</sup> See, e.g. Niemi, Ernie and Ed Whitelaw. 1999. Assessing Tradeoffs in Forest Management. General Technical Report PNW-GTR-403. Portland, OR: USDA Forest Service, Pacific Northwest Research Station; Talberth, John and Karyn Moskowitz. The Economic Case Against National Forest Logging. Santa Fe, NM: Forest Conservation Council and Forest Guardians.

in 2015 dollars).<sup>11</sup> Although a significant portion of this value is generated on lands allocated to Recreation Management Areas (RMA), recreation use is widely dispersed because many of those who participate in recreation activities seek access to the secluded sites and old growth forests provided by even small and isolated patches of BLM lands in an otherwise heavily logged landscape for uses such as wildlife viewing, camping, hunting, and nature study.<sup>12</sup> So recreation value is spread out on all BLM lands, included those allocated to timber management.

The BLM administers roughly 2.5 million acres of land. This implies that an average acre yields \$93.07 in recreation related consumer surplus benefits each year. Clearcutting mature and old growth forests as planned under all action alternatives destroys this recreation value since clearcut areas are in abundance while mature and old growth forests are increasingly scarce and so substitute sites are already in short order. This is especially true because the greatest scarcities in the western Oregon region are for camping, trails, and other recreation opportunities that bring people closest to nature and provide solitude.<sup>13</sup> The most suitable sites for expansion of camping opportunities and trail use are in these unmanaged forests. Assuming this value is destroyed for all future years (50) in the analysis period yields an average present value cost to recreation of \$2,395 per acre at a 3% discount rate. This is a cost of providing federal timber that must be factored into the BLM's determination of reasonable price, or minimum bid.

Historically, minimum bids are set close to current appraised values – roughly \$300 per thousand board feet (mbf) anticipated under this RMP. An average acre of mature forest in the suitable timberland base on BLM lands in western Oregon yields roughly 46.2 mbf and so minimum bids will probably be close to \$13,860 per acre.<sup>14</sup> Adding the recreation externality to this would boost the minimum bid needed to cover costs to \$16,255 per acre or \$351/mbf – an increase of 17.3%.

As another example, consider the social costs of carbon dioxide emissions (SCC) associated with logging activities. A typical acre of mature or old growth forest in the Pacific Northwest stores roughly 500 metric tons of carbon per acre.<sup>15</sup> The DEIS estimates 150 metric tons per acre on western Oregon BLM lands – a figure that includes clearcuts, plantations, and natural forests.<sup>16</sup> When logged, about half of this is released as a carbon dioxide CO<sub>2</sub> pollutant after accounting for the amount temporarily stored in wood products before they decay.<sup>17</sup> The emissions associated with a typical mature or old growth logging unit thus generates 917.5 metric tons of

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<sup>11</sup> DEIS at 494, Table 3-150.

<sup>12</sup> DS Consulting. 2013. Summary and Key Findings for the Bureau of Land Management Recreation Outreach and Public Participation of the Resource Management Plans for Western Oregon. Portland, OR: DS Consulting, Prepared for the Oregon BLM.

<sup>13</sup> ECONorthwest. 2015. Outdoor Recreation Scarcity and Abundance in Western Oregon: A Spatial Analysis. Portland, OR: ECONorthwest.

<sup>14</sup> Department of Interior. 1992. Report of the Secretary of the Interior to the Endangered Species Committee. Related to the Application by the Bureau of Land Management for Exemption from the Requirements of Section 7(a)2 of the Endangered Species Act.

<sup>15</sup> DellaSala, Dominick. 2015. Comments on Revised Draft CEQ Guidelines on Greenhouse Gas (GHGs) Emissions and Climate Change NEPA analysis. Ashland, OR: Geos Institute.

<sup>16</sup> Calculated by multiplying the teragrams carbon figure from DEIS Table 3-23 (373.02) x 1,000,000 (metric tons per teragram) divided by the 2.5 million acres of western Oregon BLM lands.

<sup>17</sup> DellaSala. 2015. Note 6.

carbon dioxide equivalent (CO<sup>2</sup>-e) per acre.<sup>18</sup> The social cost of these carbon dioxide emissions (SCC) have been well studied, and incorporated into federal agency decision making as the BLM notes in the DEIS.<sup>19</sup> At a SCC price of \$42.77 per metric ton CO<sup>2</sup>-e<sup>20</sup>, this means \$39,241 per acre in social costs. If the BLM minimum bid price is adjusted to offset both the social costs of carbon dioxide and the cost to recreation values it would thus have to be set at \$55,496 per acre or \$1,201/mbf – an increase of 400% over present minimum bid levels.

Another approach for internalizing negative externalities of logging into minimum bid requirements would be to incorporate the growing body of literature on ecosystem service values and studies on how logging affects them. This is the “lost services” approach and may present a more tractable alternative to estimating negative externalities on a case-by-case basis. For example Niemi (2015) quantified the annual ecosystem service benefits associated with provision of biological diversity (northern spotted owl habitat), water quantity, water quality, and carbon storage and then estimated the effects of an increase in industrial logging activities proposed on western Oregon BLM lands. He found that “[t]he value of these lost services likely would average at least \$50,000 per acre and perhaps more than \$100,000 per acre, especially on lands with large trees.”<sup>21</sup> By the same methods used above, this would translate into minimum bid prices between 1,382/mbf and \$2,465/mbf needed to offset these negative externalities.

Regardless of which approach is used – lost services or case-by-case estimation of the negative externalities associated with logging – the BLM has an obligation to incorporate this information into the design of its timber sale program so that minimum bids received reflect the true social cost of providing timber from federal land and thus reflect a reasonable price. But offering BLM timber sales at minimum bid prices of \$1,200/mbf or more would be prohibitive for buyers now purchasing logs on the open market at roughly half this amount, at best. But this is a reasonable outcome, by law, since the O&C Act sets conditions on whether or not (reasonable prices and normal markets) BLM timber must be offered for sale at all. Thus, by the reasonable price standard alone, the BLM should adopt the no-harvest alternative. The DEIS and draft RMP must be revised to consider this outcome.

b. Normal timber market conditions do not exist.

The second condition Congress set on the offering of timber from O&C lands is the condition that BLM only participate in “normal” markets. The concept of normal markets is a precise term for economists. It means markets that are not distorted by one or more market failures that take the form of externalities, public goods, missing markets, subsidies, monopoly power, barriers to

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<sup>18</sup> Converting carbon to carbon dioxide equivalent (CO<sup>2</sup>-e) units requires multiplication by an adjustment factor of 3.67. The 500 metric tons carbon thus represents 1,835 metric tons of CO<sup>2</sup>-e. If half of this is lost to logging it thus represents a per acre emission factor of 917.5.

<sup>19</sup> DEIS at 483.

<sup>20</sup> This is the 2007 average social cost of carbon figure of \$37 per metric ton CO<sup>2</sup>-e (DEIS at xx) converted into current (2015) dollars.

<sup>21</sup> Niemi, Ernie. 2013. *Economic Value of Goods and Services Produced by the O&C Lands With and Without Industrial Logging*. Eugene, OR: Natural Resource Economics.

competition, and asymmetrical information.<sup>22</sup> Markets for BLM timber are severely distorted by many of these market failures. The presence of negative externalities has been discussed above. In particular, each acre of BLM timber offered for sale may generate negative externalities of up to \$100,000.<sup>23</sup>

Timber subsidies also abound. These subsidies take the form of numerous federal, state, and local government programs and policies that result in more timber being cut than would be in the absence of such programs and policies. The BLM and US Forest Service, for example, help supply timber from private lands through right of way and log haul permits that grant private logging companies unlimited use of federal roads to bring their logs to markets. The State of Oregon offers tremendous tax breaks to logging companies. In 1999, former Governor Kitzhaber rescinded the timber harvest privilege tax, which has now led to a \$60 million a year shortfall in school funding. Timber companies do not have to pay property taxes at the rate most landowners pay. Instead, they pay based on what is known as “current use valuation” that translates into property taxes of just 10% of what other private landowners pay.

Another major subsidy takes the form of unemployment insurance paid by other businesses to compensate for the timber industry’s failure to maintain community stability by overcutting its lands, exporting wood, and engaging in other practices harmful to labor. As noted by Niemi and Whitelaw (1999):

The amount of benefits paid to workers in the lumber and wood products industry often has exceeded the industry’s premiums. Between 1980 and 1991, for example, the unemployment-insurance benefits paid to workers laid off from Oregon’s lumber and wood products industry exceeded the total premiums paid by more than \$221 million (1992 dollars).<sup>24</sup> Business owners in other industries, and their workers, bore the burden of making up this difference.

The problem of missing markets is, perhaps, the greatest market failure in play with respect to BLM timber sales. While clean water, carbon storage, recreation, pollination, scenery, and biological diversity are public goods with vastly more value than timber they are not paid for because they are non-exclusive and non-rivalrous.<sup>25</sup> The typical results are:

...underprovision of a good, service, or amenity relative to the efficient level of provision;  
excessive levels of discommodities and disamenities, relative to the efficient level;  
overexploitation of a resource, relative to the efficient level of exploitation; and

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<sup>22</sup> Various forms of market failure are discussed in depth in most intermediate level macroeconomics courses. But a more accessible list has been compiled by Economics Online at: [http://www.economicsonline.co.uk/Market\\_failures/Types\\_of\\_market\\_failure.html](http://www.economicsonline.co.uk/Market_failures/Types_of_market_failure.html).

<sup>23</sup> Niemi, 2013, Note 21.

<sup>24</sup> ECONorthwest with data provided by the Oregon Employment Division. Data on file with: ECONorthwest, 99 W. Tenth, Suite 400, Eugene, OR 97401.

<sup>25</sup> This is also known as the public goods market failure. Public goods are goods that are non-exclusive (meaning no one can be excluded from enjoying them) and non-rivalrous (meaning one person’s use does not diminish the next). Because of these characteristics, private markets cannot supply them. The outcome is that they are under-provided. For a useful synopsis, see: <http://www.pitt.edu/~upjecon/MCG/MICRO/GOVT/Pubgood.html>.

underinvestment in the management, conservation, and productive capacity of a resource.<sup>26</sup>

This is an accurate portrayal of what is occurring on Oregon's federal, state, and private timberlands. While development of missing markets in the form of payments for ecosystem services (PES) is forthcoming, the lack of PES markets at this time is one of the key explanatory factors in the dramatic overcutting of Oregon's state and private timberlands (see below) and use of techniques such as short rotation clearcutting that are so damaging to soils, watersheds, long term forest productivity, wildlife, scenery, biological diversity.<sup>27</sup> Adding more BLM timber to the mix in this context of missing markets is unjustified. Despite Congress's unambiguous language, the draft RMP and DEIS are silent on the entire concept of normal markets, these market failures, and how the proposed increase in logging is justified in the presence of them.

c. Additional timber sales will not meet the purpose of protecting watersheds, regulating stream flow, and contributing to economic stability.

Congress also put constraints on BLM's timber sale program in the form of a set of purposes that a sustained yield supply of timber is supposed to serve alongside the purpose of a permanent source of timber supply. These include "protecting watersheds, regulating stream flow, and contributing to the economic stability of local communities and industries, and providing recreational facilities."<sup>28</sup> But the proposed increase in logging of 60% and 688 new miles of road<sup>29</sup> (Alternative B) runs counter to these purposes.

As demonstrated elsewhere in the administrative record and public comments, all remaining tracts of mature and old growth forest need protection because they are key landscape components for regulating stream flow, water quality, and water temperature and for responding to increasing scarcities of campsites, trails, and other recreation needs that depend on unlogged forests. Putting more of these stands on the chopping block is thus inconsistent with O&C Act requirements. So is the plan to build new logging roads. It is remarkable that the BLM is proposing new road construction when, in fact, forest roads in western Oregon already represent an extreme disruption of healthy watershed function.<sup>30</sup> The dominant effects of these high road densities on stream and riparian networks are well known and involve "alteration of routing of water, water-born chemicals, sediment, and mass movements to and through native stream networks."<sup>31</sup>

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<sup>26</sup> Randall, Alan. 1981. *Resource Economics: An Economic Approach to Natural Resource and Environmental Policy*. Columbus, OH: Grid Publishing.

<sup>27</sup> Zwick, Steve. 2010. *Oregon Company Taps California Protocol to Earn More by Logging Less*. Published online at Ecosystem Marketplace:

[http://www.ecosystemmarketplace.com/pages/dynamic/article.page.php?page\\_id=7520&section=home](http://www.ecosystemmarketplace.com/pages/dynamic/article.page.php?page_id=7520&section=home)

<sup>28</sup> 43 U.S.C. § 1181a.

<sup>29</sup> DEIS at 648.

<sup>30</sup> See, e.g. Oregon Department of Forestry (ODF). 2000. *Report of the Ad Hoc Forest Practices Advisory Committee on Salmon and Watersheds to the Oregon Board of Forestry*. Section B: Forest Roads. Salem, OR: ODF.

<sup>31</sup> Swanson, Fred, Julia Jones, Beverly Wemple and Kai Snyder. 1999. "Roads in Forest Watersheds – Assessing Effect from a Landscape Perspective." Published in *Proceedings of the Seventh Biennial Watershed Management Conference*, Charles W Slaughter, editor. Water Resources Center Report No. 98. Davis, CA: University of California.



With respect to community stability, even the DEIS concedes that additional BLM timber supplies make no sense: “[b]ecause the timber industry has a long, national history of high volatility, alternatives with harvest volumes that exceed current levels are likely to introduce greater instability into local economies, based on past business cycles.”<sup>32</sup> Thus, not a single one of the criteria Congress cited as purposes of a timber sale program on lands managed under the proposed RMP can be met through an increase in logging over current levels.

## 2. Overcutting on private lands demands a reduction, not increase, in BLM timber sales.

To the extent that BLM timber sales are offered during this planning cycle, Congress requires the timber sale program to be consistent with permanent forest production and the principle of sustained yield. In making this consistency determination, it is essential for the BLM to account for logging on non-BLM ownerships and consider how the pattern of logging on those lands relates to the demand and supply of goods and services provided by BLM lands. This duty is amplified by NEPA’s requirement to take connected actions and cumulative effects into account.<sup>33</sup> Moreover, there is nothing in the O&C Act that limits the concepts of forest production and sustained yield to timber only. Indeed, as noted by DellaSala et al. (2005) “the O&C term ‘forest production’ interpreted in today’s climate means more than timber volume and includes multiple natural resource objectives related to watershed health, carbon sequestration, fish and wildlife habitat, recreation, endangered species, and other values inherent to BLM lands that also contribute to community stability.”<sup>34</sup>

In light of this, if the rate of harvest on private timberlands is unsustainable then BLM must adjust its allowable sale quantities (ASQ) calculations downward to ensure that the overall supply of timber and other goods and services from all Oregon’s forestlands comes closer to a level that is commensurate with maintaining permanent forest production and the principle of sustained yield. If BLM fails to do this, then it will be exacerbating rather than countering the effects of overharvesting on lands outside its jurisdiction.

Unsustainable logging is indeed the situation in Oregon on state and private forestlands within the western Oregon BLM ownership matrix. Using a GIS dataset provided through World Resources Institute’s Global Forest Watch Program<sup>35</sup> CSE conducted a watershed-by-watershed analysis of the rate of forest cover loss versus forest cover gain during 2000-2013.<sup>36</sup> Net forest cover change is a more important indicator of sustainability than volume-based measures such as growth versus removal since it is forest cover that determines the overall ability to provide a suite of ecosystem goods and services. The results indicate a significant overcutting on state and

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<sup>32</sup> DEIS at 568.

<sup>33</sup> Connected actions include private timber harvests facilitated by BLM’s programs such as road right of way and log haul permits (40 CFR § 1508.25(a)1) Cumulative impacts analysis requires consideration of non-federal actions affecting the planning area (40 CFR § 1508.7).

<sup>34</sup> DellaSala, Dominick, Nancy Staus and Erik Fernandez. 2005. Importance of Western Oregon BLM Lands and Reserves to Fish and Wildlife Conservation. Ashland, OR: World Wildlife Fund.

<sup>35</sup> Available online at [www.globalforestwatch.org](http://www.globalforestwatch.org).

<sup>36</sup> Talberth, John and Erik Fernandez. 2015. Deforestation, Oregon Style. Lake Oswego, OR: Center for Sustainable Economy. Available online at:

private forestlands. In particular, as compared with 2000, there are 452,364 fewer acres that meet minimum definitions (30% canopy closure of trees 5 meters in height). This is a result of forest loss (1,476,209 acres) exceeding acres of forest cover gain (1,023,845 acres). If sustained yield is measured by sustained forest cover (forest gain = forest loss) than this implies an overall rate of overcutting of 42%. In some watersheds the rate overcutting is much worse. In the McKenzie River's Quartz Creek drainage, since 2001, nearly 7,200 acres (2,913 ha) of forest cover have been lost to extensive clearcutting while only 2,576 acres (1,043 ha) have been gained through natural afforestation or reforestation – an overcutting rate of 279%.<sup>37</sup>

Federal timber sale planners have often adjusted ASQ to compensate for overcutting on private lands, as they should. For example, in 1991 the Lolo National Forest had to adjust its ASQ downward to compensate for “higher than anticipated” rates of logging on private industrial timberlands within its checkerboard ownership pattern.<sup>38</sup> The BLM should follow suit and revise the ASQ during this planning cycle to compensate for dramatic overcutting on Oregon's state and private forestlands. To compensate adequately, the ASQ should be set close to zero.

### **The BLM arbitrarily rejected analysis of the no-harvest and natural selection alternatives when they represent the only economically rationale choices.**

As the foregoing suggests, neither a continuation of nor an increase in BLM's timber sale program can be economically justified during this planning cycle. A reasonable price for BLM timber that offsets agency costs and internalizes the negative externalities of logging would too high at current market prices to attract timber sale purchasers. But the law, DOI policy, and BLM guidance all require such a reasonable price. Nor can the BLM justify its timber sale program in the face of markets that are not normal but severely distorted by negative externalities, subsidies, missing markets, and other well-known sources of market failure. Nor can the BLM demonstrate that its timber sale program meets Congressionally imposed sideboards designed to ensure that the timber sale program protects watersheds, water flow, economic stability, and recreation. Because of this, BLM's decision to reject the no harvest and natural selection alternatives is groundless.<sup>39</sup> Overcutting on adjacent state and private lands underscores not only the need to consider in detail, but need to select one of these reasonable alternatives.

### **Remedies that must appear in the Final Environmental Impact Statement and Final Resource Management Plan**

To remedy these deficiencies in the DEIS's socioeconomic analysis, we request that the following:

1. A detailed explanation of the process the agency intends to use to ensure that when offered for sale, its timber receives reasonable prices that compensate for all agency costs and negative externalities.

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<sup>37</sup> Talberth, John and Catherine Koehn. 2015. The Liquidation of Forests in McKenzie's Quartz Creek, Oregon. Lake Oswego, OR: Center for Sustainable Economy. Available online at: <http://sustainable-economy.org/forest-liquidation-in-quartz-creek/>.

<sup>38</sup> Hirt, Paul W. 1994. A Conspiracy of Optimism. Management of the National Forests Since World War Two. Omaha, NE: University of Nebraska Press.

<sup>39</sup> DEIS at 77, 79.

2. A detailed assessment of the negative externalities generated by timber sales under each action alternative. As discussed above, the methods and sources of information are readily available.
3. A detailed assessment of the ecosystem service values generated by BLM forestlands in their natural state. Again, the agency has at its disposal both the methods and sources of information to do so.
4. A detailed assessment of externalities, subsidies, missing markets and other timber market failures in the planning area that distort normal market conditions. In light of these market failures, the FEIS should discuss how the final RMP offers corrections.
5. A detailed assessment of the rate of harvest on adjacent state and private forestlands and the implications this has for the relative value of goods and services from BLM lands. As part of this analysis, the BLM should discuss adjustments needed to its long term allowable sale quantity estimates (ASQ) needed to compensate for unsustainable timber harvesting on these lands and meet the goal of sustainable forest cover.
6. A detailed consideration of both the no-harvest and natural selection alternatives.