

The Sky Did Not Fall The Pacific Northwest Response to Logging Reductions

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On May 29, 1991, Federal District Judge William Dwyer, ruling on

a law suit filed by environmental groups seeking to prevent the extinction of the northern spotted owl, banned new timber sales on 24 million acres in 17 national forests in Oregon, Washington, and Northern California. Numerous earlier attempts to limit logging had been dodged by the White House, Congress, and forest managers. This time, the decision could not be sidestepped. The injunction and its ripple effects reduced timber harvests in Oregon and Washington from a peak level of 15.7 billion board feet in 1988 to 8.3 bbf in 1996.

This reduction in logging triggered widespread fear of economic catastrophe. Some predicted that as many as 150,000 workers would lose their timber-related jobs, hundreds of communities would become economic wastelands, and the region as a whole would fall into a depression that would take years, if not decades, to reverse. These dire predictions, however, did not materialize. Instead of collapsing, the region's economy expanded. Both Oregon and Washington consistently outperformed the national economy throughout the 1990s.

Between 1988 and 1996, timber harvests fell 86 percent on federal lands and 47 percent overall. Employment in the lumber and wood-products industry, which makes up the bulk of the timber industry in the region, fell 22 percent. Yet total employment rose 27 percent. Why was the total impact of the logging



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ban so much less than predicted? Because logging's influence on the economy had already decreased, and because unlogged forests had become much more important.

Logging Plays a Smaller Role in the Regional Economy

Once the king of industries in the Pacific Northwest, by 1991, the timber industry had lost its crown. After cutting jobs and wages in the 1980s, the industry employed only a small percentage of the region's workforce. The number of jobs had been steadily decreasing long before the listing of the spotted owl as a threatened species. Timber employment declined by more than 27,000 between 1979 and 1989. Although logging has been crucial to the development of the Pacific Northwest's economy over the past century, lumber and wood-products jobs represented only 1.9 percent of total employment in 1996.

As it responded to Judge Dwyer's ruling, the timber industry found that it did not have to log massive amounts of acreage to prosper. Prior to the 1991 injunction, the industry exported more than three billion board feet of logs annually, or about one-fourth of all logs cut in the region. By 1996, log exports had dropped in half. After exporting millions of logs to Asia during the previous decade, companies discovered that they could make money by sending logs to domestic mills. Some mills also imported logs from other states and countries. Consultants inside the industry reported that during 1994 and 1995 mills in Oregon obtained logs from 13 states as well as from Chile and

other South American countries, Mexico, and New Zealand. (Ehinger and Associates 1995). The industry adjusted so that the reduction in logging did not lead to a commensurate reduction in employment.

Although most trees grow in rural areas, the bulk of the lumber and wood-products industry is located in or near metropolitan areas, where most displaced workers can find other jobs. More than 80 percent of the jobs in Lane County's lumber and wood-products mills, for example, are in or adjacent to the urban center of Eugene-Springfield (Niemi and Whitelaw 1994). Almost half of Washington's timber jobs are in the Puget Sound area (Conway et al. 1991), and many of the rest are within commuting distance of Olympia and Vancouver. The spotted-owl region, concentrated west of the Cascades, contains 38 counties and nine metropolitan areas. Several of these areas have experienced declines in employment since 1990, but only two counties (containing a small percentage of the region's overall employment) had fewer jobs in 1996 than in 1990, the year before Judge Dwyer's ruling.

The Value of Unlogged Forests

While the timber industry's importance to the Northwest economy has diminished, the economy has not lost its connection to the forest. The vitality of the region's economy now depends more on forests that are left intact.

Forests can boost the economy in two ways: by providing commodities (logs) or services (recreational opportunities, clean water etc.). As the timber industry shrinks and non-timber industries grow,

the services become more important. In the past, regional economies grew largely because of their ability to exploit natural resources, yet in today's economy it is more important to have a productive workforce. Increasingly, the prosperity of the region and its communities depends on the ability to attract and retain skilled workers. Many firms choose the Pacific Northwest because of its good workforce, and many workers are here because they cherish the quality of life that healthy forests help provide.

In addition, residents of the region have become increasingly aware of the high costs associated with the timber industry. These costs include subsidies and environmental repairs. At the end of the 1980s, critics of logging on federal lands began to document the costs which logging imposes on taxpayers. They took these steps after finding that the agencies administering federal lands did not provide a full accounting of their costs. Direct subsidies occur when federal agencies sell timber at low prices. One study found that the national forests of Oregon and Washington lost nearly \$178 million in fiscal year 1995 (Wilderness Society 1997). When timber companies fail to pay premiums covering the full cost of unemployment insurance, workers and business owners in other industries have to make up the difference. In Oregon alone, this subsidy amounted to \$192 million for the years 1980-90 (Niemi and Whitelaw 1995).

Another form of subsidy is the cost of solving the environmental problems that emerge after forests are logged. This has become clear as the region faces the threat of extinction of owls, salmon, marbled murrelets, bull trout, and other species. Logging is not the sole cause of these threats, but it is a major contributor. In addition, the negative impact of logging on fish populations threatens jobs in the commercial and recreational fishing industries. An analysis early in the decade estimated that as many as 60,000 fishing-related jobs were at risk (Oregon Rivers Council 1991). The public's recognition that logging can have a negative impact on jobs has changed its response to logging reductions.

Initially, it seemed that Judge Dwyer's ruling protected owls but threatened jobs. Now people have started to realize that the issues are more complex. To some extent, the region has prospered in spite of the logging reductions, simply because the timber industry constitutes only a small portion of the regional



economy. More importantly, the evidence indicates that the region has prospered, in part, because of the logging reductions. Reductions in logging have helped the economy by preserving the region's environmental assets, while also reducing subsidies and other logging-related costs.

Reflections

It has now been almost ten years since Judge Dwyer shut down the timber sale program in national forests with spotted-owl habitat. Contrary to expectations, job losses following Judge Dwyer's ban on new timber sales occurred in only a few places and, with the exception of an even smaller number of places, for only a short time. It has become clear that the timber industry no longer drives the regional economy. As a result, citizens of the Pacific Northwest have learned not to fear logging reductions.

The debate over how much forest to log and how to log it is not over. Some landowners, workers, communities, and political leaders who have invested heavily in timber will con-

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tinue to resist change. But the growth in consumers' demand for services from the region's forests will exert ever more economic pressure to reduce logging. Most Northwesters have come to appreciate the importance of healthy, standing forests that provide clean water, a diverse mix of species, recreational opportunities, and countless other services. The availability of these services contributes to the overall standard of living. A high quality of life attracts skilled workers to the region, reinforcing its competitive edge in an era of growing global competition.