Summary: Bob Wolf discusses the General Accounting Law including background material such as deficiencies of the public timber program 1954-1955, 1955-56 hearings in the West, the Al Serena mining claim and the role of the 1872 mining law, BIA, Indian termination policy, monopolies, David Mason, and specific timber companies in Montana, Oregon, and Washington.

Hall: This is November 13, 1989. I'm in the Mansfield Library Archives talking with Bob Wolf about the General Accounting Office [GAO] Report. Okay, Bob, why don't you start out? [Dr. Arnold Bolle comes in shortly.]

Wolf: In 1953 I was working for what was then the Bureau of the Budget in the Eisenhower Administration. I had just joined them. President Eisenhower had directed the heads of all the agencies of government to cooperate with the GAO in improving the efficiency of government. They were going to try to implement as many of the prior Hoover Managing Commission recommendations as possible and balance the budget. That was the target, and that was the goal. GAO, the General Accounting Office, had a small office of investigations under the immediate supervision of the comptroller run by William Ellis, and they had conducted an extensive investigation of federal timber sales. I was not with GAO and I recall Clifford Groth was the principal investigator and Jim Demaris was the assistant chief of the division and the principal supervisor of the report.
I don't recall what caused GAO to do it, but they went throughout the West examining timber sales on national forest and O and C lands [Oregon and California Railroad] managed by the BLM. They reached a number of conclusions about the deficiencies of the timber program. They looked at long-term timber sale contracts, which were then still in existence, pointing out that the Forest Service would reappraise these contracts and not come near getting what the company itself believed it could and should pay. One facet of the report dealt with capital gains. As I recall, a firm in Arizona or New Mexico (they operated on the Cocanino and Sitgrave), but it wasn't the -- it was the Kaibab Lumber Company. GAO had access to treasury data, and they went there and discovered that Kaibab had told the Forest Service that the timber was worth, say, (and it's in the report and you can find it) $5 a thousand, and they were telling IRS for tax purposes it was worth $15 a thousand. You're getting capital gains on federal timber sale contracts. That was one example of one of the things that they found. [chuckle] They completed their report and then issued it. It was Report Number I-17338, "Report of Investigation of Federal Timber Sales". They issued that report in 1953. The Bureau of the Budget staff met with GAO to go over the report and examine their recommendations and discuss their findings.

Then at the Bureau of the Budget we began to question the Forest Service and the BLM on possible changes in their approach to doing business as a result of the recommendations in that report. I must say the agencies were quite resistant to any change. They thought that the GAO was wrong on several points though they had no evidence to support it. In fact, the GAO had not only ample evidence in their report, but additional evidence in their files that more than supported their report.

In early '54 I was invited over to have lunch with the comptroller general and his assistant
[Campbell], Frank Weitzel and Bill Ellis, head of investigations, invited me over, I thought, for further discussion on their report since I was a budget examiner handling these things. They offered me a job. They had decided that they were going to have a cadre of people with professional training on their staff, so that when they examined things that a federal agency did they'd be on sound footing, and the agency wouldn't be able to say that the accountants and the lawyers didn't know what they were looking at, that what they needed was an engineer or a forester or a scientist or a marine biologist or something like that. So they were going to hire a small cadre of people with technical expertise. They had been approached by the House Government Operations Committee, which was chaired then by Clare Hoffman of Michigan, a Republican (that was a Republican Congress, as the record will show), about an investigation and a hearing on federal timber sale policy.

For reasons that I don't know, the 83rd Congress didn't get it under way. The 84th Congress came along and a fellow from Philadelphia, Congressman Earl Chudoff (and incidentally Hoffman's first name, Clare, is C-L-A-R-E) Chudoff became the chairman and Hoffman became the ranking Republican. They decided that they would conduct an investigation of federal timber sales, and they contacted the GAO, and Bill Ellis and I went up and met with, as I recall, Mr. Chudoff, and then with Mr. Dawson, who was the chairman of the full committee, a black congressman from Chicago the first black chairman of a committee, a genuine old-style Chicago politician, I might say. Color had nothing to do with it. [chuckle] Anyhow, we met with them and Chudoff decided that they were going to go ahead with an investigation and Dawson authorized it. I was assigned to work with the committee staff. GAO under the law lent staff people to Congressional committees on request, and so I was assigned to work with the committee. That would be late '54, perhaps early '55. I can't fix the
In a collateral situation, we'd lived in Oregon. I'd worked for the Forest Service and the BLM. When we lived in Portland, where my wife was a nurse for a physician, she was active in the League of Women Voters and she'd gotten to know another woman by the name of Maurine Neuberger. And as you recall, later Dick Neuberger became a Senator, and he had come to Washington as a Senator and we'd visited with them. And I mentioned to Dick that the House Government Operations Committee had done a lot of exploratory work, and I mentioned to him that they were going to conduct this hearing on federal timber sale policy in the West. Neuberger was extremely interested. He knew Chudoff slightly, I don't know how, and he considered him somewhat wild and reckless and so he decided that the appropriate thing to do would be to have a joint House-Senate hearing because, as Dick said to me, he didn't want "that wild man, Chudoff, in Oregon untended." [chuckles]. Dick went to Jim Murray, who was chairman of the Senate Interior Committee, and discussed it with him and said that what he wanted to do was to arrange a joint hearing. That had never been done before. [The Iran-Contra people said that theirs was the first joint House hearing. This was really the first one.] Neuberger put it together.

Jim Murray [Montana], as I recall the events, called Dawson, the chairman of the House committee, explained the interest of the Senate Interior Committee, said he was appointing Senator Neuberger to hold the hearings on federal timber sale policy, that he didn't think it would be desirable for the two committees to work in competition, that they ought to work together. And he was proposing a joint investigation and hearing with the House taking the lead.

Hall: Let me break in just a minute. We just had a sort of a special occasion, the opening of Jim
Murray's papers, which are in the library here, and they were closed until just a short time ago.

Wolf: Some of that ought to be in the Murray papers. Some of it was handled over the phone. Some of it may have been handled by memorandum.

Bolle: What was Murray's connection here again?

Wolf: He was the chairman of the Senate Interior Committee.

Bolle: Okay.

Wolf: And as such, had jurisdiction over national forest created for the public domain, and it was on that basis that the Senate committee was exerting its influence on this. The House Government Operations Committee has the authority to investigate anything the government does. [It] has a series of subcommittees that do that. That was the way they organized. Dawson agreed and I was sent out with a fellow by the name of [Art] Perlman can't think of his first name right now it's in the record, in any event. He was the principal staff investigator. The counsel for the House committee was James Lanigan, who had been on the solicitor's staff of Interior. The counsel for the Senate committee was William Coburn, who was a Montanan and a close friend of Murray's. He was a labor lawyer by training. Bill Coburn and I, Jim Lanigan and Perlman, were the four staff people who were involved. We made a preliminary run: the staff people had visited around and talked with people in California -- starting at Redding -- Oregon, Washington, Spokane, was to include Montana and the people from Montana came over
to Spokane to testify.

We came into Montana, as I recall, interviewed some people. Then the hearings began in the fall of '55. A joint House-Senate report was issued in early '56 on federal timber sale policy and had two parts. It had the committee recommendations (this was the way Coburn organized it), the committee findings and recommendations, and there was a raft of them. We had them lettered. I think they went from A to O and covered everything under the sun, even including transferring the O and C lands to the Department of Agriculture and reorganizing in that matter, and they also covered Indians, Indian forestry. Then there was a staff report of several hundred pages that substantiated what had occurred in the hearings of the recommendations that were made, and it was a rather voluminous report. There were two volumes of hearings that led to a lot of recommendations, most of which the departments of Agriculture and Interior resisted and included things such as steel bidding; approving the appraised price of timber; correcting the inadequate access to the national forest (which ultimately was done under a decision by the Attorney General of '62, which I've already, I think, described in an earlier interview), repeal of the 1944 Sustained Yield Act, which provided for allocating timber to companies and communities, [and] improved personnel management procedures. Then in 1958, there was a follow up report, which is available, in which the agencies were asked to respond to what they had done on each of the recommendations, and that's a published report. It at least was published as a committee print as I recall. It started out in the Senate that Dick Neuberger was going to chair it, and then Murray made Kerr Scott [North Carolina, a member of the committee] the chair of the hearings. Kerr Scott was just about the last of the old tobacco-chewing senators, and everywhere he went we had to carry a spittoon for him. [chuckle]
Questioner: How active was he?

Wolf: Very active. He was a former governor of North Carolina and he was a very able guy, really. He had that old country boy approach, but he was a pretty sharp guy. But we held these hearings. The hearings involved three things, [among them] federal timber sale policy. The second thing that was on the agenda of Senator Neuberger was reversal of the termination policy for Indians, particularly for the Klamaths, which were to be terminated.

Bolle: Yes.

Wolf: So the hearings in Klamath Falls paved the way for that. I must say Dick Neuberger was a pretty good tactician on these things. And the third thing was the Al Sarena mining claim in Oregon. Al Sarena was a mining claim on the Rogue River National Forest, which had been in existence for years as a mining claim, and every time there was a change in administration, the holders of the claim [who] were from Alabama would importune the new secretary of Interior to grant a mining patent.

They came into the Eisenhower Administration, to Doug McKay, through [Cong Ellsworth], who was a Congressman from the Roseberg, Southern Oregon area, and insisted that their patent should be granted. Clarence Davis was the solicitor of the Department of Interior, and he decided he would show the bureaucrats how you do things. [You] don't fiddle around and masticate these things and chew them like a cud for years, you make a decision. And so he decided that the patents would be issued. Lyle Watts had been the chief of the Forest Service and had retired and was a close associate of Dick Neuberger's worked in his campaign and
Lyle had followed Al Sarena very carefully. Neuberger wasn't in the Senate then. As soon as those patents were issued, Al Sarena became the cry of the conservationists.

Bolle: Why did they do this?

Wolf: Some people thought he was a guy who'd done something immoral; they didn't know it was a mining claim.

Bolle: They thought he was a gangster?

Wolf: Yeah, sounded like Al Capone to some people, but Neuberger and other democrats campaigned on Al Sarena. Dick used it in his campaign and all the others used it for six years. Every year Dick Neuberger would get up on the floor of the Senate -- you can find these little inserts from '57 on. Under Oregon law you have to file a cutting permit to cut timber on private land, showing how much timber had been cut from these claims, and then Neuberger would say, "And not one cupful of ore has been removed." Al Sarena was a fraudulent mining claim.

I was called over to the comptroller's office before we started hearings to chat with them about what was transpiring, and I told them what the different events were that were under consideration and what I understood, and I remember Mr. Campbell said to me, "Robert, that Al Sarena mining business sounds highly political. I want you to stay away from that unless I have some specific letter requesting you that you do something that this office can justify. What I would hope is that if it's going to come up in the hearings, or if there's any discussion of it, you just stay away from it. We don't want to get into politics." And I said to him, "All right, Sir. I'll
do that.” I told Bill Coburn and others about it, and when we got to Eugene, and Al Sarena was going to come up, Bill Coburn looked over at me and sort of nodded his head and I walked to the back of the hearing room and out the door. I stood there in the back of the room, though, during the hearings, and didn't stay up there on the platform with the members because that was my instructions. My input or output in terms of Al Sarena was very small -- like zero. But Lyle Watts, in the background, had provided Dick Neuberger with everything that he needed to know about Al Sarena, because the people in the Forest Service were giving Lyle everything.

Bolle: This was a mining claim that had some very valuable timber, but no ore, but was filed on the basis of a mining claim. What was more valuable? What would the value of those trees have been?

Wolf: Those stands ran probably close to 50,000 board feet to the acre.

Bolle: How many acres?

Wolf: I think there were something like about 300 acres, a combination 20-acre claim, in those claims. The tragic thing from solicitor Clarence Davis's standpoint was, that there was a contest over some of the claims, but the Forest Service had agreed to certain of them -- to the minor number, I think. There were something like out of 12 or 16 claims. The Forest Service had agreed to about six of them. Under the loose standards of the mining law, Davis could have granted those, because the Forest Service wasn't appealing them, and held up the others and settled the matter in a way in which the Forest Service couldn't object. But no. He grants all of
the claims. The good, the lousy, and the terrible.

But here we are, it's almost 1990 and the 1872 mining law is still on the books. We've had minor amendments to the mining law involving so-called "common varieties" but ...

Bolle: I always remember Senator Wellker of Idaho who was defending the old mining law one time, said, "It's the only way the ordinary citizen can get a hold of Forest Service land."

[laughter]

Wolf: But those hearings are available and the reports are available -- that '56 thing. The other thing that came up in that hearing that was Indian-related was the affairs of the Quinault Indian Reservation. And that's of some interest because Professor McQuillan here has been involved in litigation that stems from that.

Bolle: This has been settled.

Wolf: It has?

Bolle: They're now deciding how the money should be divided up.

Wolf: They've agreed to a settlement?

Bolle: Yeah.
Wolf: I hadn't realized ... I had understood that they were getting ready or trying to do it. I didn't know whether that would be the result. That was interesting also. Before the hearings started, I was called over to Senator Jackson's office one day. I had an office in the Senate Interior Committee and one over in the House Government Operations Committee, both places I was working on preparing for these hearings. I was called over to Senator Jackson's office one day to meet with a colonel, as I recall, whose name was Pettit. He had a chest full of ribbons from the Korean War and World War II, an infantry colonel. He told Senator Jackson that without describing what each of these medals meant, which he didn't need to do, that he was incompetent in the eyes of the BIA. And he was very disturbed because they had sent him a release form when he was in Korea to sell this timber on the Quinault Reservation (where he was an enrolled member of the tribe) and he had done so. When he got home, he said it looked worse than any battlefield in Korea [chuckles] after the timber was cut, and he was very disturbed about that, and he said he could get no satisfaction out of the BIA. He was a guy used to commanding battalions and regiments -- of some ability and competence -- and he was thoroughly mad. He said that they not only wrecked the land, but he got a pittance for his timber. So Jackson asked that that be included in the investigation of the timber sales. That's how we got into looking at things on the Quinault Reservation. There was a whole section in the report, and I gather from McQuillan that the stuff that I did investigate (the early investigation between '55 and '56 of the Quinault situation) played a significant role in subsequent events.

Bolle: Great.

Wolf: We found that the price of the timber on those long-term contracts that either were held
by Rayonier and Aloha Timber Company had adjustment clauses in them and every couple of years the prices would be adjusted. This had been drastically changed. Not only were the prices low but, when the Indians were asked to sign up, they were told that they would get 50 percent of their money within the first six years of the long 30-year contracts. They'd get a payment of 25 percent, 15 percent and 10 percent B 25 percent when the contract was signed, 15 percent, I think, a couple of years later, and 10 percent. Then when their timber was cut they'd get the balance. The companies knew this. This was part of the prospectus. They'd have to make this payment up front. Now, you've got to remember that the estimated value of the timber was very low and the estimate of the volume was very poor. In fact I found that the annual reports from Rayonier showed they believed that there was twice as much timber in the contracts as the Indians said there was.

Lynn Forrest of Rayonier had proposed to Percy Melis, BIA, that in the renegotiated price in 1955, the price should be reduced because the companies had to pay interest on the money they had to borrow to make these advanced payments to the Indians. Since that was the condition precedent to the contract whether they borrowed the money or didn't borrow the money was beside the point. [BIA shouldn't have reduced] the price of the timber because of it.

In addition, then, the BIA, in computing the interest, had done it in a very, very bizarre way. While I make no claim to being a mathematician, I went through interest calculations as I understood them, and I couldn't come close to this result.

Well, I had a friend in treasury who was the guy who handled calculations of the national debt, so I thought maybe he knows more about interest than anybody in the world, so I called him and told him what my problem was and asked if I could send him this BIA material and he could tell me where I was wrong. So I did. And I remember he called me back a day or two
later and he said he'd be glad to get together on it, and I said, "Why don't you come up sometime in the early afternoon and go over it," and he said, "No, I can't do that. I can't do it on government time."

I said, "Why not?" He said, "What I have to say, well, [laughter] I can't say that here." He said, "I've never seen a calculation like this." He said, "This isn't an interest calculation. I don't know how the heck they did it." He said, "It's absolutely zany. But," he said, "What they're doing is milking these poor people. It certainly isn't an interest calculation."

That was what I had concluded, but I couldn't believe my eyes. Interest is not that complicated. It wasn't simple interest, it wasn't compound interest. It was compounded interest.

I called Percy Melis in the BIA and asked him if he could provide me with the calculations that he had done, and Melis responded he couldn't. I said, "Well, why can't you? You must have basic calculations." He said, "Well, I did it" -- these are his exact words -- "I did it on the back of an envelope as Forrest and I drove over the reservation." [laughter] It sounded like that old Lincoln story about having written the Gettysburg Address. That was one of the things that we brought up in the hearing. We sent that issue back to the comptroller general because it required a determination, and he determined that the BIA had mismanaged in that financial regard and Interior contested it. [chuckle] The GAO finally ruled that they had to make supplemental payments to the Indians.

But it was the damndest thing! The assistant secretary for administration, a guy by the name of Beasley, was the guy who signed the protest letters, protested that the GAO was wrong. By that time it was over in the hands of GAO accounts and their lawyers, and I - anyway, that was another story.
Bolle: Let me ask you, I wanted to ask what effect was -- I didn't want to go through the whole exercise and the Agency's issue of statements of instructions -- but going back to business as usual and you don't see that ...

Wolf: I would say that the hearings led to the creation of the Winema National Forest and termination of the termination policy for Indians. It led to some, but not a great deal of, reform in the Quinault situation, as you know, that preceded the BIA. The BIA, unfortunately, seemed to be massively unable to deal with both the social and the economic aspects of managing Indian resources. It has minimal changes on federal timber sale policy in the Forest Service and the BLM. Both resisted changes. It did lead to the 1962 attorney general's decision on access to the national forest. Up until then the Forest Service was interpreting the old 1897 act as saying that the lumber company was an actual settler residing in the national forest and was entitled to a right of access. There was probably, Arnie [Bolle], more timber tied up by lack of access, more national forest timber tied up by timber companies, because the Forest Service could not use roads built in part on national forest land, these checkerboards, more timber tied up than the Wilderness Society in its fondest dreams could ever, has ever, come close to tying up. That earlier policy led to cutting off the face in all sorts of drainages. The Forest Service didn't have the flexibility, leaving aside whether the timber should be cut financially or not, didn't have the flexibility to lay out his timber program in a rational silvicultural manner, even if it was not financially sound.
Bolle: Up here at Libby there was what was known as the J. Neils National Forest. They bought up railroad lands and their roads were the only ones in access. And the Potlatch Company over here in Idaho had the same situation. They had it all controlled. It was great for them, but it was a sure point of controversy. Still is, to some extent.

Wolf: But Jim Lanigan, who is the counsel for the House Government Operations Committee, was familiar with the BLM road regulations, and he was the guy who pointed out to me in the 1897 act, where it said "actual settler residing," that an actual settler was a particular type of individual. He was Arnold Bolle and wife, immigrant who had applied for citizenship or citizen who had filed a homestead entry and was living on it [the land] trying to reduce 1/8 of it to cultivation. It was not Arnold Bolle and wife who had just gotten a patent. There was a process of doing it. And a lumber company was no more an actual settler than was anyone else, and the Forest Service was misinterpreting the law.

Bolle: That's an interesting development.

Wolf: That would just about get us through the joint hearings. One other point there was, when we got to the State of Washington, Seattle -- Cedar River -- Senator Jackson was well acquainted with people like Bill Reed president of the Simpson Timber Company. I remember visiting with Bill Reed and he was telling me about the Simpson sustained yield unit. The way he related it, the Gray's Harbor federal unit was set up as a sop to that community, to assure them that the Simpson promise not to come over and get timber out of Gray's Harbor also would not be violated if Simpson got a company unit. In between this Simpson unit and Gray's Harbor was a
Shaefer Logging Contract. Shaefer had a large, long-term contract and their mills were in Gray's Harbor. That was sort of a no-man's land. It wasn't put in the Gray's Harbor Unit; and it wasn't put into Simpson Units because the contract was still running, and ran, I think, until about '57 or 8. Later, Simpson bought that contract out just before the end of it and it was added to the Simpson Unit, and the national forest lands were added to the Shelton Unit. Shaefer owned no timber land as I recall.

Bill Reed told me two interesting things. One was he said that when he was a young fellow about to assume managerial control, his father took him out to the woods one day and they were roaming around and got to this place where they could look out over where Shaefer was logging. He said that his dad said to him, "Son, that's Shaefer country." What that meant was they weren't acting as a combination in restraint of trade. His father was simply telling him, "If you want to get into a bidding war, you go over there and bid. If you don't want to get into a bidding war, stay on this side of the drainage." It was what could be called a gentleman's agreement.

The other thing that Bill Reed told me was that the day that they signed the sustained unit agreement in Seattle, afterwards they were on their way into the Rainier Club for lunch with some Forest Service people, (the regional forester was "Hoss" Andrews) and Walt Lund and some other people. I don't recall which Weyerhaeuser was then president of Weyerhaeuser, but anyway they ran into him in the lobby and Weyerhaeuser said to the Reeds that what they had done was nothing but socialism. [Laughter] The thing that made that most interesting was that 10 years later in Cedar River, when by then politically sustained yield units were dead, Weyerhaeuser and Scott Paper Company were trying to get a company sustained yield unit.
Bolle: I remember reading that the proceedings had some very strong language about what turned out to be a monopoly that was not to be discouraged by government interference.

Wolf: One of the principal leaders in the battle over this was a fellow from Montana, Leif Erickson. I remember that Bill Hagenstein used to say that Erickson was a "Commie." I never knew what Erickson was, but I do think that anyone named Leif Erickson would be pretty far from it. [Chuckle]

Bolle: He's a successful lawyer. He's still active.

Wolf: Is he still alive?

Bolle: He has a place up on Swan Lake. I saw him awhile ago.

Wolf: He was a real firebrand. When word got around in the late '40s -- when I was there working as a forester for the BLM, when people said Leif Ericson was coming, by God, you know you'd think "Eric the Red" was on his way. [laughter] It would strike fear into the hearts of the timber industry.

Bolle: Oh, yes, he was very strong, very effective.

Wolf: Yeah.
Hall: What were his objections to all of this?

Wolf: He believed that awarding government timber, a noncompetitive matter, to a private company, was a form of socialism. He believed in letting the free market operate.

Bolle: State-protected monopoly, which it was.

Wolf: A company would get the timber and not have to bid for it. Nobody else could bid against it.

Bolle: That was called fascism in Italy and Nazism in Germany.

Wolf: Yeah. The most remarkable thing about that whole concept (the law is still on the books, I might say) is that this concept is an idea developed by David T. Mason, a consulting forester who earlier worked for the Forest Service, who came out of the original Pinchot -Greely-Graves era.

Bolle: And once was a professor at the Forestry School ...

Wolf: Yes. Taught at the University of Montana here.

Bolle: Yup. He was very proud of that idea. That was going to solve sustained yield.
Wolf: There's a book, *Forest for the Future, the Diaries of David T. Mason*, published by the Minnesota Historical Foundation (which was the forerunner to what is now the Forest History Society), in which Mason describes his ideas in great detail.

Hall: And he makes them sound very good, considering from the sustained yield standpoint why this was it, both on public and private land.

Wolf: The debate during that era was Pinchot had swung around to where he believed the only real solution to the destruction of the forests by private mills cutting private timber and leaving an area, there were only two solutions really. One was acquisition of land by the federal government and two, regulation of private cutting. He had given up on education. Greeley, his associate, took a somewhat different position. He believed in acquisition by the federal government. But he supported education rather than regulation, and they split over that and became quite bitter enemies over it. Greeley went on to become chief of the Forest Service, and they put into effect the Clark McNary Act and got it enacted, which set up a whole series of aids to education, soft subsidies, and so forth, for forestry.

Bolle: Working through state foresters and providing technical assistance.

Wolf: Yes. Free trees and subsidies for fire control and insect protection and so forth. Mason by then had left the Forest Service. Mason thought he had the real answer. Mason saw the end of the South as a force they were going to cut out, which would push the production of timber to the West. The opening of the Panama Canal had assured that Western timber could go to the
East Coast relatively cheaply. We had an extensive rail network, [and] the intermountain timber could move to the markets in the East. Mason decided that there was a better way. There was checker-boarded federal ownership with large companies around the West ... 

Bolle: As a result of the railroad land grants ...

Wolf: ... and there were fluctuating lumber prices where they went up and down all over the place, boom and bust. And so he said, "There's a much better way. We will allocate federal timber to companies that have their lands intermingled with the national forests, and it just so happens that they're mainly large companies. That will mean that the timber will be in the hands of large, stable, well-intentioned companies and not these short-range guys that are 'cut out and get out.' That will stabilize the price of lumber because the production will be stabilized. They won't have to have a "Gary" agreement because we will limit their cutting to the combined sustained yield capacity of these lands. Since that will be the bulk of the timber, we will get regulation in the forestry sense without getting it in the pejorative regulatory sense. And everybody will live happily ever after because the supply in timber will meet the demand and the price will be stable, and the land will be well-managed." And so he went around with this and in his book he describes it. "Talked to Weyerhaeuser today about 'birth control.' Talked to Long about 'birth control.'" The idea being that the "birth control" was that you were going to limit the number of mills. If you limited the number of mills, you'd limit the production. Now Mason was convinced it was sound. The 1937 O and C Act, which he had a big hand in formulating in Oregon, (that's another subject in a way) but that act mentions these units in a very subdued way. You can't tell it's there unless you know it. But it authorizes cooperation, which is the key word.
That's the euphemistic phrase.

Then in 1944, in the midst of World War II, Mason convinced McNary of Oregon to introduce a bill that was called the Sustained Yield Act of 1944. By then the Forest Service had agreed to it. It went whipping through. McNary had close relationships with Roosevelt; Roosevelt would do it for McNary even though McNary was a republican -- do anything for McNary. The thing went whipping through it, got on the books, and after six community units were set up -- Gray's Harbor, Lakeview in Oregon, Big Valley in California, Vallecitas in New Mexico, Flagstaff in Arizona -- five units it was. And Simpson's company unit was set up. By 1948 the idea was dead because of people like Leif Ericsson and others who said, "Wait. If we start allocating this timber around, what's going to happen to these companies that have mills and don't own timberland?"

Bolle: What's the organization of little companies that got together up there in Oregon?

Wolf: The West Coast Lumbermen's Association was a key group in grading lumber. But it also was a political arm to the extent that the timber industry had one then. There was also the Western Pine Association. Reginald Titus, who was a graduate of the College of Forestry in Syracuse, was with the West Coast Lumbermen's Association. But there was dissention in the ranks of the association over their position supporting the large landowning operators on a lot of things that had adversely affected the smaller non-landowning mills. A group of West Coast Lumbermen's Association operators got Reginald Titus to organize the Western Forest Industries Association and to be the executive director. They were organized to fight sustained yield units originally. A number of people in Oregon used to call this Reginald Titus a communist too. He
was really a very conservative Republican [laughs] who came from upstate New York.

They led the battle over there in Oregon against it and then went on to other things, but that was what caused the WFIA to form. In fact, buried in the Department of Interior records on the O and C lands are the series of hearings that were held, administrative hearings that were held in '45 and '46 by Walter Horning, who was the Regional Administrator for the O and C lands to set up the marketing areas. That was another thing we went to in the hearings, the marketing areas on O and C lands, if you bought O and C timber, you had to cut it within the confines of these marketing areas. They had administrative units underneath that that were geographic and the marketing areas were five, one for each O and C district. Horning was holding these hearings, and it's my recollection, having read them, that at a hearing in Salem, he was asked by a lumber operator, "What will happen to those of us who don't have timber land, who have sawmills but don't have timber land?" Horning, with characteristic frankness, said, "I guess you'll be out of business."

That response was the one that triggered the formation of WFIA because the guy who asked the question later was a principal in WFIA. His name was Joe Crahane. When he heard that he said, "My God, you're going to allocate that timber to all the guys in that timber land."

In those days, when you bought Federal timber, you went in and you made an application for it. The government didn't put it up of its own free will, the company would come in and apply for it. On the O and C lands they had these subunits as I said, and when I went to work there, they all had geographic names. I can't remember their geographic names. We used to call them "the Fisher Unit". "Where are you going today?" "Well, I'm going up and look at some sales on the Fisher Unit, and then I'm going over to the Hult Unit." We used company names to describe them. We didn't think there was anything improper about it. That was the way they
were called.

Bolle: That's the way they would be if they'd kept that act on.

Wolf: Every one of those companies was an applicant for a sustained yield unit. And when you looked around the Eugene District, we had everything apportioned out to accompany ... theoretically, except two parts which we called "miscellaneous units" where there was just a little scattered O and C land. But every bit of the rest of it was allocated.

Bolle: The Neils area near Libby was the same kind of thing. It was right on line. Practically everything was ready to go when the thing fell apart. But that was the case where the company owned all the roads, all the road system, all the alternate sections, nobody could get in there and bid anyhow. So this was going to be just ideal. But after this, then the government bought the main road system. So it had access, and now it could compete though they were somewhat at a disadvantage, but that was very close.

Wolf: I guess that pretty well summarizes it, but on the point that you raised about that access, I remember a little rump hearing that Senator Magnuson held, it must have been in 1960. On the Lewis River in Gifford Pinchot National Forest, timber was all tied up there and there was a lot of dying timber and a lot of operators were anxious to have that timber put up for sale.

The company there was blocking access to the timber. That was before the attorney general had changed the policy. Warren Magnuson was a man about 5'8", weighed about 200 pounds -- very solid type of individual -- and he smoked cigars. His nickname was Maggie; he
was a great guy. He was a real inside power in the Senate. He held an appropriation hearing because he was on that committee. Senator Hayden let him hold that hearing himself. He had Ed Cliff there, and a couple of other people from the Forest Service, and he told them he wanted them to get access to Lewis River, and Cliff was trying to explain why they couldn't do it.

Maggie leaned across the table with his cigar pointed at Cliff and he said, "Well, we're going to put a million dollars in the appropriation bill and you're going to condemn that road. And then you'll have the access." [laughter] Cliff said, "The timber companies won't like that." Maggie said, "I didn't ask about that." He said, "I'm telling you what you're going to do. If there's any complaint, tell them to come see me. I know those guys." [chuckle]

Bolle: There are a lot of complaints from the public who are not allowed on those company roads. The Potlatch, for example, has a horrible thing. The whole countryside was in an uprising over it because the Potlatch wouldn't let you get in anywhere for hunting or fishing.

Wolf: See, there were two parts to it. One was the locking up of the timber. I remember Ed Stamm of Crown Zellerbach used to say he wouldn't mind letting Weyerhaeuser or Long Bell use his roads if they wanted to use them. But my God, you know, have you ever seen a road after all those gyppos pulled their trucks down your road? My God! They can wreck a road in a day! So what they said was, if we're going to make our roads available, we have to charge out a large road use fee and we have to have a bond. We can't just let anybody use a road. Well, the road use fee would be enough to keep you from bidding on the timber. And then they kept the public out, because you couldn't let the public in because we had that idiot Bolle on our road a couple of weeks ago; he was up there hunting. He had this little light pickup and he got stuck and he
churned up our roads. He must have done a thousand dollars' worth of damage. We can't let people like that up there.

Bolle: And he might steal the gasoline from our loader!

Wolf: We won't even talk about that. [chuckle] And so here we are, all these years later, talking about roads as a multiple use that the timber industry didn't want ... and often with good reason didn't want ... indiscriminate travel on these roads. It did interfere with their operation. But it was public land and, like it or not, the public, people, like to hunt. This isn't much of an area for various types of recreation except hunting, but people who like to hunt want to be able to range over this national forest land and they ought to be able to.

Dan Hall: I have one question in closing. Do you have any idea of the Forest Service reaction to this investigation into their policies? How do they feel about that?

Wolf: Well, they felt it was unjustified and unfair at the time.

Questioner: Did they have an official policy that they took?

Wolf: I'm not positive. There may be in the files of the comptroller general an official response by Interior and Agriculture by the Forest Service and the BLM to I17-338. That would be in the comptroller general's files. My view would be, based on my experience, that the Forest Service would have said it was a very interesting report. It will certainly prove very useful to us, but
unfortunately it has a number of shortcomings. This is the typical kind of response you get to those situations. You don't like the report, but you sort of make a bow to say, "Well, they tried their best, but they missed the target. [They] didn't really understand."

Dan Hall: OK, thank you.

Wolf: The GAO hired me because their experience must have led them to conclude that they needed some people with technical expertise.

But let me just add one other thing to this tape. The Hines Lumber Company had an operation in Eastern Oregon and a few other places, but they were very much concerned about changes that might affect them. And Charles Hines, the president of the company, and Joe Fitzgerald, his counsel, were so concerned that they arranged to have a meeting with the comptroller general to discuss the misinformation and lack of knowledge that the comptroller had. I was in that meeting. Bob Keller, the general counsel, was there; Frank Weitzel, the assistant comptroller general, was there; Bill Ellis, the head of investigations, was there; and Mr. Campbell (the comptroller general) said that we will certainly listen most respectfully to everything they have to say. He told us beforehand that he hoped we would keep our questions to the minimum [chuckle]. And so Hines and Fitzgerald came in and spent an hour describing how good the Forest Service was, but how bad they were also because they weren't helping the company, and they (the company) were on the verge of losing money constantly because of the Forest Service [and the] terrible things they were doing to the company [in its various areas.] At the end of the meeting, Mr. Campbell said that they had made a very impressive presentation and how much he appreciated their coming in, and then he sort of casually turned to Mr. Hines and
he said, "You know, my son is in the lumber business. He tells me he's had the best year he's ever had! It's been delightful to see you." [laughter]

But this was a classic example. Campbell was the comptroller general and people tend to think these guys have no knowledge of anything. The funny thing is that Hines didn't realize what Campbell was saying to him. [laughter]

[End tape]