Summary: While reviewing 1958 government concern over timber sales in national forests, Wolf reviews forest budgets, forest service budgeting processes and timber sales in the 1950s before moving forward to a brief discussion of timber sales in 1990.

Hall: This is Tuesday, November 27, we are in the Archives at the Mansfield Library. This is Dan Hall and we’re talking with Bob Wolf. This morning’s topic of conversation is going to be the 1958 recession and the National Forest Timber Sales. Okay, Bob, where would you like to start on this topic?

Wolf: Well in the mid-1950s the Senate Interior Committee, in conjunction with the House Government Operations Committee, held the first joint House-Senate hearings actually ever held, as far as I know, on federal timber sale policy. It was the increasing demands on the national forests that were leading to lots of controversy over timber sales, and the Northwestern Senators decided that they wanted to look at this situation. And there had been hearings that started in Redding, California, and went north through Oregon and Washington, and came out to Spokane, and the Spokane hearings covered the Montana/Idaho area. And then there had been a supplemental report from the Forest Service on the results of that hearing and from the Interior because they had some land in Western Oregon. But there continued to be two kinds of
problems - two or three kinds of problems that were surfacing. One that was lurking, sort of hadn't really gotten to boiling, was the wilderness issue. Senator [Hubert H.] Humphrey had introduced the Wilderness Bill, and then reintroduced it and that was moving forward, and it hadn't reached a high state of boiling yet. The forest road issues, which we've discussed in another session, and the timber sales program per se. The Forest Service had been using an application system for timber sales, which companies that wanted to buy timber, a Forest Service timber sale, would apply for it. They didn't have a regularly scheduled sale. In the [19]50s they began to do this on their own motion to make timber sales. Trying to make them at places they thought would help develop a forest. And they were making announcements about timber sale plans but then these plans very often wouldn't come to pass. One of the main reasons was that they were operating on the face of a lot of drainages where there was interlocked holdings with large private companies, and the Forest Service interpreted their authority erroneously under the 1897 act as limiting their ability to secure roads across these lands.

Hall: The 1897 act?

Wolf: The 1897 Forest Organic Act. It created the timber sale program, the operating programs, it was considered the basic charter of the national forests. Anyhow, the Northwestern Senators decided that there ought to be another review of the timber sale program, and so I was selected to conduct it. I did it along with a Forest Service person by the name of Bennett Hughes [assistant chief, Division of Timber Management], who was in their timber management division. And we covered Montana, Idaho, Washington, Southern Idaho, as well as northern Oregon and Washington and Northern California - four regions of the Forest Service that
accounted for about 75 percent of the allowable cut potential. We went through a number of forests, as I recall. We went to the Lolo, the Flathead, the Kootenai in Montana, the Kaniksu, and the Boise in Idaho, the Gifford Pinchot and the Mount Baker-Snoqualmie and a couple of others in Washington, and several in Oregon, the Mount Hood, as I recall, the Willamette, the Umpqua, the Siskiyou, and in California, we went, as I recall to the Eldorado, the Shasta-Trinity, and the Klamath. And we looked at the timber program on each of these forests - what was planned, what was happening, what the outcome was. And that lead to a report that was entitled "The Review of National Forest Timber Sales in Three Western Regions= that was issued by the Senate Interior Committee in 1958 by Senator [James E.] Murray who was, of course, then the chairman of the committee. He was from Montana. And in the memorandum that he used to transmit it, he used something of Senator [Henry M.] Jackson of Washington that said that promises can't be sawed in a saw mill and chipped in a pulp plant and peeled in veneer mills. And what he was referring to was that forest, the Forest Service, if it had a program, should try to adhere to it reasonably, with some reasonable cohesion to what it had planned, unless there were some significant reasons why they should depart from it.

At that point they did not have a published timber sale plan in reality. It was really more of a wishbone thing, and it was. And the budget, what we discovered in the review was, that the local budgets were not constructed based upon the kinds of sales they were going to make, they just sort of put them together. And, that they weren't well justified budgets. Some forests would plan sales of one sort, and do another. And the ones they did would be more costly than the ones that they had planned, or would appear to be. And so they didn't have enough money to do what they theoretically had planned to do. And the thrust of this was that the Forest Service should improve its budgeting planning, and that was what this report was all about. It dealt with
management plans, cutting budgets, business reports, how you discovered what the job loads ought to be, what the timber sale activities were - pre-sale and post-sale. You know, what was involved in the management of a program, so that you build it up from the ground up and you could follow it then back down and see that it was functioning as it had been proposed. There were several case histories that were put into the report to show how the program was functioning and then a series of recommendations were made. This was a fairly substantial effort by the Senate Interior Committee to convince the Forest Service that they needed to improve the effectiveness of their budgetary development for program purposes. And it was not so much as review as to whether they should sell more timber or less timber and why. It was more the nuts and bolts of programming, planning and budgeting.

Hall: What was the Forest Service reaction to this?

Wolf: Well, they responded that they were going to improve, [laughter] which is the normal response that you get.

Hall: But how did they feel about having the Interior Committee come in and start running their business?

Wolf: Well, the Interior Committee wasn't running their business. We were examining their business. I would say, well the interesting thing to me - operating at the staff level, and doing the review in the field, with an experienced Forest Service person, who was a first rate executive - was that when we started the review, at first he was critical of my questioning, and I'd had
experience doing the work, I also had experience as a budget examiner, and I knew something about budgeting, at least I was presumed to. So I was asking some pretty hard and tough questions, and when I wasn’t getting answers, I was asking the second question. After, I think it was about the second or third day, or maybe the second forest we hit, at the end of the day, Ben Hughes said to me that things were far worse than he expected they were. And so for the balance of the interviews when we went from forest to forest our roles almost reversed. Using the good cop-bad cop type of approach, I became the good cop and he became the bad cop. He would get furious with these foresters when I would start asking questions and get these fuzzy answers, or answers that demonstrated that they didn’t know what they had budgeted and why they were budgeting, and how their planning was relating to their budgeting and didn’t give a damn. He would be furious. And so he would spend most of his time reading the riot act to these guys about their failure to develop good operating plans at the field level and adhere to them.

So it turned out, in terms of our relationship, that lasted until his untimely recent death at the grand age of 85, that Ben Hughes quickly recognized that the Washington office was being conned, in effect, by the inability and the unwillingness of local foresters to put together constructive budgets. And so I would say internally, it led to a reform which I don’t think lasted, because reforms tend not to last - you have to go back and do them over and over again. But it did cause the Forest Service to decide they needed to improve their internal budget mechanisms in terms of delivery on the ground.

They had two major problems. One was they were making the transition from the application to the planning, programming, budgeting concept. Which they were going to be out in front. And secondly, they were, at the local level on many of these forests, they were severely
hampered by this arcane access policy which continued to hamper them even after the attorney
general's decision in 1962 because of their inability to have good control of the access and good
management of a road system. And as I said in another interview, now that the conservation
organizations are expressing great concern about the ecological and financial effects of timber
sales, if the Forest Service had coupled the problems they had then with financial analysis, they
may well have tapered down their timber programs, instead of charging ahead with it. Because
the timber program is developed on a biological basis, how much timber they thought they could
cut without regard to cost, rather than on a financial basis. And so that was one of the aspects of

Then, Senator Murray and Senator Mansfield, also as I recall, in September, early
September, that year, had arranged for a small group from Region One, two employees from
Region One, and I am trying to think of the name of the fella at timber management. It was a
Norwegian name, this little town in Norway that was named for him. Tall redheaded fella. He
was their timber management guy, and myself and some lumber men who were interested, they
were mainly from Oregon and Washington, but they were interested in moving to Montana to
develop plants. We all went to Sweden to look at the Swedish forest industries. We spent two
weeks in Sweden looking at both their forests and at pulp mills, plywood mills, veneer mills, and
sawmills, and looking at Swedish equipment. And the Swedes had some really highly advanced
equipment, and in many respects they were, their forest situation was similar to Montana's
climatically. And so that was a rather interesting thing, and that, and then Senator Murray and
Senator Mansfield had been instrumental earlier, in a prelude to that, in having the regional
forester prepare a document on the development of, the title "Full Use and Development of
Montana's Timber Resources, Senate document number nine of the 86th Congress, first session.
Which was for, was related to developing the potential of forest resources in Montana, not just for timber but for recreation, and so forth. And that was issued by the, in January of >59. It had been prepared earlier, and Charlie Tebbe, the regional forester did that. Actually there had been a forerunner for this, in 1952 Senator [Joseph C.] Mahoney of Wyoming had a similar thing prepared for the Wyoming National Forests. And then after Senator Murray and Senator Mansfield had this done, in 1960, late 1960, Senator Gale McGee had the Forest Service update the Mahoney one, and do it, and then it went for Wyoming. And that was at the same time, ah, Senator Philip Hart of Michigan had one done in 1961 for the upper peninsula of Michigan which was a broader one in terms of looking at the private resources which were much more significant.

But returning to the earlier issue, Senator Murray had also had the comptroller general prepare a report which he issued in June of [19]58, just entitled "Full Development of Public Resources, which is a committee print of the Interior Committee on the need for planning, budgeting and reporting on economic potential. So there was quite an effort underway in the Intermountain West in particular to look at how planning and programming and budgeting should be used to develop long-term goals and objectives.

And so here we are in 1990, and the Forest Service just last year, again being pushed by the House Appropriations Committee and then by the Senate Appropriations Committee to develop their timber sale program information reporting system, which they call TSPIRS, which stems from a response that Mac Peterson gave the chairman of the House Appropriations Committee in, I believe 1984, when asked what does it cost to sell timber, said, "We don't know [laughter]. So these things kind of go around like a circle, you know, you come back and here they are reinventing the wheel. And TSPIRS, in my view at least, has turned out to be a
monstrosity that has no utility for budgeting and planning. It is simply developed as a technique to justify making timber sales even when they lose money by pretending that they make money. So there is a whole cycle to efforts in planning and budgeting and programming. In fact, in a piece I did in the November 1989 issue of the University of Colorado Law Review on, titled "You Must Manage a Forest to Make it Pay, I point out how [that] in 1906, Gifford Pinchot claimed he knew the cost of doing everything operating a national forest, and it was a model of government efficiency when he just started his business and didn't have the foggiest notion, really, of what things really cost. So there's a whole history of planning and budgeting and promises, and so anyone who is looking at an effort, as a result of listening to this tape ought to go back and look at the earlier efforts to see that these reforms are apparently fairly short-lived. Because the problems persist of how do you plan, how do you budget, what does it really cost to do things. Why do you do what you do?

Hall: This may sound like a strange question, but how does the recession in the late 1950s, what kind of role did that play in this process of budgeting?

Wolf: It didn't play any significant role. And I say that because, back then as I saw things, there was this classic response to a downturn in the economy of increased federal spending for public works, that there was two schools of thought: one was that you didn't do anything about it, a recession, you just let it work itself out; the other was the solution for a down-turned economy was federal pump priming through public works, building the infrastructure of the country. The word infrastructure wasn't used then, but building roads, public buildings, dams, things like that. So it became more of a rationale for doing what was going to be done eventually, just speeding it
up. And I am not sure that it always led to the wisest expenditures, either. You know, but that was the kind of response that you got from, I would say, the middle sector of the Democratic and Republican parties. The so-called anti-spenders, you know, they were against spending it for any occasion. And then there was another group on the other end that was for spending for any occasion. And I am not labeling them liberal or conservative, because they weren’t. They were ... it depended on ... they were either anti-spenders or pro-spenders, but the great middle sector believed that spending, that governmental spending, was a useful way to deal with an economic recession. You didn't just let the private sector work its way out of it or deeper into it, and that the infrastructure of roads, airports, dams, schools, you know public buildings and so forth, these were part of maintaining a healthy vibrant nation. I think that would be the way, it seemed to me. And particularly as I look back on it, you know. Are there any other questions?

Hall: I think that's it for me. Is that going to wrap up this tape?

Wolf: That should wrap up that, reasonably.

[End tape]