

An Analysis of the Sustained Yield Problem
on the O & C Lands in
Western Oregon


by

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PREFACE

Every person in Western Oregon who is in any way connected with any phase of the lumber industry should take it upon himself to become acquainted with current developments in the field of sustained yield forestry. Since the largest single holder of timberland in Western Oregon is the federal government, attention is focused upon the two agencies handling the bulk of government timber in Oregon--namely the Forest Service and the O & C Revested Land Administration under the Bureau of Land Management.

This paper deals with the activities of the latter agency because the O & C lands present a situation found only in Western Oregon and because 29.9% of the major timber ownership in the grant area and 16% of the merchantable saw timber in Western Oregon is involved. This timber and land gives the government a weapon to promote its ideas on sustained yield operations, and something is being done about it at the present time.

To date publications concerning the sustained yield policies developed by the O & C Administration have been of three types: government publications explaining those policies, arguments upholding the policies presented, and arguments against them. The aim of this paper is to combine the three types of writing into one article, a condensed presentation of the problem to date. It is hoped that the

paper will give the reader a clear concept of the problem with a minimum of time and effort in reading.

Corvallis, Oregon

Ray Crane

May 14, 1948

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INTRODUCTION

Now, more than ever before, the interest in placing our remaining forests on a sustained yield basis--the maintenance of a reasonable balance between the volume of tree-cutting and tree-growing--is running high. This interest has increased as more and more people come to the realization that our forests are a vastly important natural resource, one which places this country in a very advantageous position in the world, and that our forests are in danger of such a depletion as has occurred in the old-world countries.

The lumber industry has found that the supply of available private stumpage is becoming increasingly short, and that a good deal of the remaining saw-timber, especially in the Northwest, is government owned.

The government, through acts of Congress, has indicated its interest in sustained yield forestry and its willingness to negotiate a plan involving the use of government-owned lands to set up some of the nation's remaining sawtimber on a sustained yield basis.

In western Oregon a great deal of such government-owned land would be the O & C and CBWR Lands.¹ A legal obligation was placed on the government concerning these lands by the Act of August 28, 1937 (50 Stat. 874), which requires that the

1. Revested Oregon and California Railroad and Reconveyed Coos Bay Wagon Road Grant Lands.

"timber thereon shall be sold, cut, and removed in conformity with the principle 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."

Furthermore it is provided that

"The Secretary of Interior is authorized, in his discretion, to make cooperative agreements with other Federal or State forest administrative agencies or with private forest owners or operators for the coordinated administration, with respect to time, rate, method of cutting, and sustained yield, of forest units comprising parts of revested or reconveyed lands, together with lands in private ownership or under the administration of other public agencies, when by such agreements he may be aided in accomplishing the purpose hereinbefore mentioned."¹

Section five of the Act places the responsibility of regulation and policy formulation in the hands of the Secretary of the Interior.

1. "Public Law Number 405", 75th Congress, Chapter 876, First Session, H. R. 7618.

HISTORY OF O & C LANDS

Land Grants

In 1866, the government made a land grant to the Oregon and California Railroad company to assist it in financing construction of a line from Portland to the California-Oregon border. The lands granted were public domain, and were to be all odd-numbered sections, non-mineral in character, in a place strip extending 20 miles on each side of the railroad right of way. However, some of this land had already passed into private ownership and in lieu of this land the railroad was granted all odd numbered sections in an additional strip extending ten miles on each side of the previous grant. When the grant was finally settled the acreage which changed hands amounted to 3,728,000 acres.¹

In 1869 a similar grant was made to the state of Oregon to aid in financing a military wagon road from Roseburg to Coos Bay. The provisions of the grant paralleled the previous one but were of a lesser scale, amounting to 105,240² acres in a strip 12 miles wide by about 50 miles long. This grant was later transferred from the State to the Southern Oregon Company.

Grant Provisions

The grant recipients were required by the terms of the grants to sell the lands for funds to be used in constructing

1. "Forever Timber", General Land Office, United States Department of the Interior, p. 5.

2. op.cit., "Forever Timber", p. 4.

the proposed lines and providing for their initial maintenance. Sales were to be made to settlers, not speculators. They were to be limited to 160 acres per person, and no sale was to bring over \$2.50 per acre.

The Oregon & California R.R. floundered in the sea of financial difficulties in 1887, when it went into receivership and fell into the hands of the Southern Pacific R. R.

Grant Violations and Cancellation

Both the Southern Pacific Company and the Southern Oregon Company eventually violated all provisions under which the grants were made.

In 1903, citizens of western Oregon were moved to ask Congress to cancel these grants when an announcement was made that no more timber lands would be sold by the Southern Pacific Company, and that the Company intended to retain them for personal use.

Congressional investigation followed, and the U. S. Attorney was instructed to lay claim to all unsold O & C lands. In 1913 the Oregon District Court ruled that all the unsold lands were forfeited to the government, but the railroad appealed the case and took it to the Supreme Court. In 1915 the Supreme Court reversed the District Court decision, stopped the railroad from further sales by injunction, and requested Congress to determine the disposition of the unsold lands. Also the court ruled that in any case the government should pay \$2.50 an acre for the entire original acreage to the Southern Pacific Company minus that money already received by them

for previous land sales.

In 1916 Congress passed the Chamberlain-Ferris Revestment Act which returned the unsold O & C grant lands to the government. These lands, amounting to 2,891,000 acres, were placed in the custody of the Department of the Interior.

In 1919 The Coos Bay Wagon Road lands were reconveyed to government ownership in much the same manner as the O & C lands were taken from the Southern Pacific Company. The provisions of this action also paralleled those of the former.

Interim Administration

The period from 1916 to 1926 saw a policy of liquidation followed. Homesteading on 1,086,994,270 acres of land classed as agricultural land by the Department of the Interior was to be allowed, and the timber from timbered lands (those having over 300,000 board feet per 40 acres) was to be sold as soon as possible. When the timber was removed, the land was to be opened for homesteading at \$2.50 per acre.

From 1916 to 1926 the counties in which O & C lands were located took a heavy financial beating as no adequate tax provisions had been made for the land. As a result an appeal was made to Congress for financial aid. The Stanfield Act of 1926 was the result, and it contained the following provisions:

1. An appropriation of \$7,135,283.36 was made to the O & C land grant counties, in lieu of taxes for the eleven year period from 1916 to 1926 inclusive,

with provisions for eventual reimbursement of the Federal Treasury out of anticipated income from land and timber sales.

2. It provided for continuation of payments in lieu of taxes in the future--but failed to appropriate definite funds for such payments, apparently assuming that increased O & C land and timber sales eventually¹ would meet the payment requirements.

Another decade passed in which income was insufficient to fully satisfy county tax claims. By 1937 the government had become delinquent in county tax claim payments by the amount of \$2,067,423.77.

By 1936 it was obvious that no appreciable progress was being made toward putting O & C lands in private hands, and that the timber liquidation policy followed by the Department of the Interior was not in the best interests of the public. Therefore advice was sought in public hearings held in Oregon, advice which would be a foundation for legislation that would bring O & C policy into line. The aforementioned law of August 28, 1937 was that legislation.

The year 1936 marks the beginning of present-day O & C policy, so it is fitting at this point that we pause to consider the present nature and extent of the O & C lands.

1. op.cit., "Forever Timber", p. 10.

PRESENT O & C LAND POLICIES

Scope of Present O & C Lands

The O & C lands form a strip through 18 counties in western Oregon 60 miles wide and 300 miles long, extending from the California line to the Columbia River. They contain 2,590,000 acres of land in plots ranging in size from 40 acres to 640 acres. The timber on these lands, amounting to approximately 50 billion board feet, represents 16% of the merchantable saw timber in western Oregon and 3% of the nation's total.

The ownership pattern within the limits of the grants are 52% private and county, 33% O & C, CBWR, and public domain, 14% National forest, and 1% State owned. The tree species found thereon are Douglas fir (85%), Pine (6%), and hemlock, cedars, and true firs (3% each).¹

New Administrative Agency

A new administrative organization was set up in 1938 to handle the O & C lands under the 1937 Act. It was named the O & C Revested Lands Administration and set up its main office in Portland, with administrative district offices in Salem, Eugene, Roseburg, Coos Bay, and Medford. Officially the O & C Administration is a division of the Bureau of Land Management of the Department of the Interior.

1. "General Facts and Figures Regarding the O & C Lands", United States Department of the Interior.

The organization is headed by a chief forester (currently Walter H. Horning) and contains a forest management division, a special use, protection, and development division, and business management division. Each of the five field offices is headed by a district forester who administers all phases of forest management in his district.

An advisory committee was also appointed with representatives from the O & C Administration, the lumber industry, state forestry, forestry education, land grant counties, grazing interests, and the general public. The committee was formed to help coordinate all activities of the new organization.

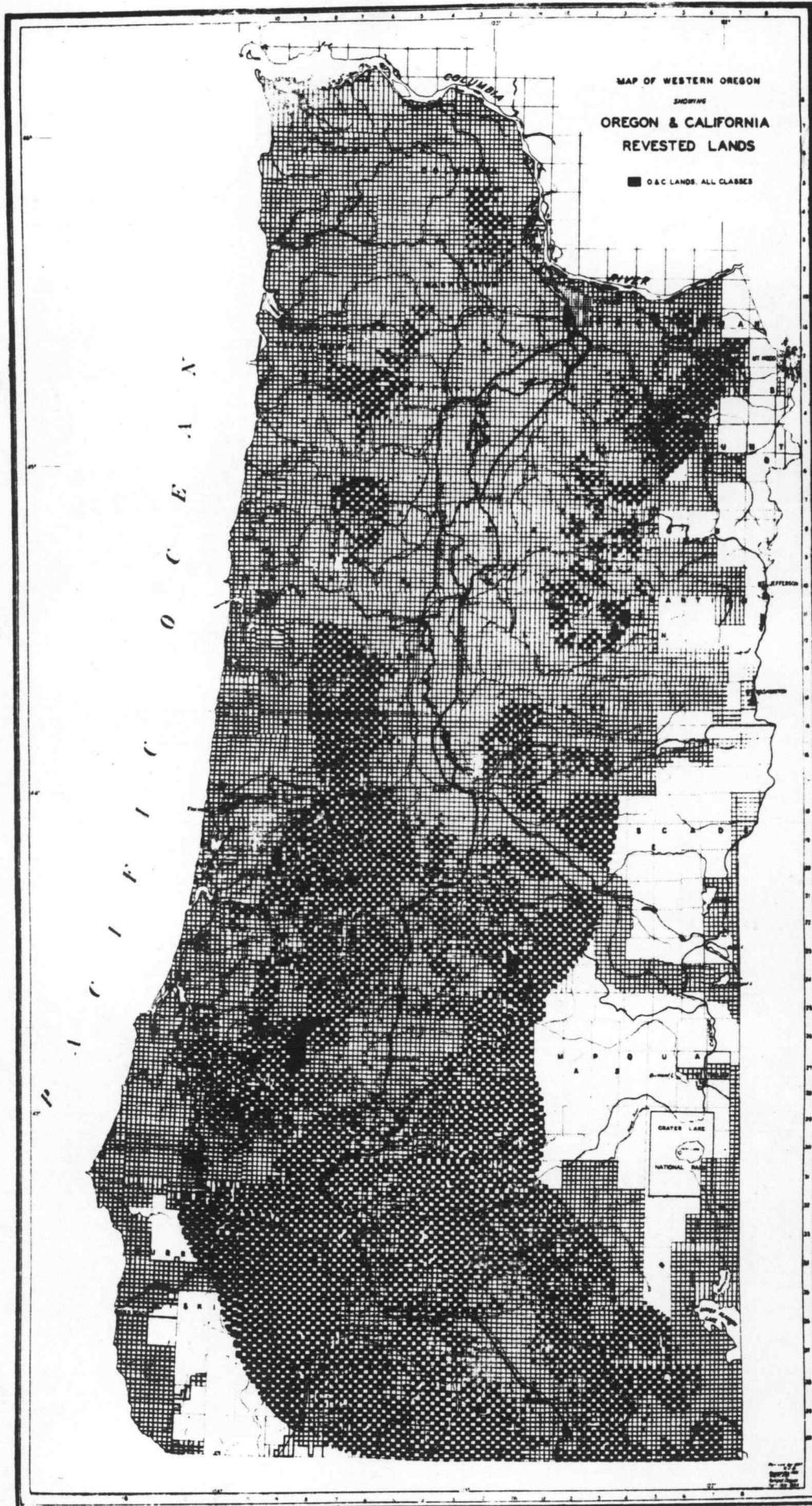
Activities of O & C Revested Lands Administration

The new administration set out in 1938 to accomplish its first big assignment, to determine the allowable annual cut on the lands, in accordance with a sustained yield policy. The results of this inventory show the following classifications of timber on O & C lands:

	acres
Mature and Large 2nd-growth Douglas fir	1,381,000
Small 2nd-growth Douglas fir	300,000
Douglas fir reproduction	131,000
Ponderosa pine	239,000

On the basis of these inventories the allowable cut for the lands on a sustained yield basis has recently been set at 640 MM per year, in contrast to the 500 MM per year as estimated in 1937.¹

¹ op.cit "Forever Timber", p. 17.



The Administration also undertook to reclassify the lands to determine the extent of agricultural land with following results:

	acres
True forest land	2,446,000
Non commercial forest land	125,000
Agricultural scenic and recreational land	19,000

To obtain a basis for administration and to insure the timber supply which would normally flow to certain natural markets in western Oregon, twelve master units were designated. Also, 110 sustained yield forest units were set up within the boundaries of the master units. These units serve as the smallest administrative base for the Administration. They were set up on natural division lines of sufficient size to support an average size sawmill on a permanent basis.¹

Current Timber Sales.

At the present time timber on the O & C lands may be obtained for lumber production through advertised sales, held at regularly scheduled timber sale dates. Original applications to the O & C Administration are made through the medium of the district forester in charge of the district in which the timber is located.

Any sales made must of course be within the allowable sustained yield cut set up for the lands, and any firm obtaining O & C timber must be a well established operation

¹ op.cit., "Forever Timber", p. 17.

in need of the timber for sustained yield operation to qualify as an applicant. The contract of sale requires the timber to be processed locally and the cutting of the timber is subject to supervision by district office personnel. Sales are made on the basis of standing timber estimation, and the price paid must equal a minimum set price. The minimum price is determined so as to theoretically bring a normal profit to an efficient operator under currently prevailing conditions.

Land Exchanges

The Secretary of the Interior has been authorized by Congress to exchange O & C controlled lands for private, state, or county lands of approximate equal value. Authorization for exchanges was given in the Act of August 28, 1937 (50 Stat. 874), but exchange regulations were not officially approved until July 31, 1939. The purposes of the exchanges follow:

1. To simplify administration, improvement and protection of such lands.
2. To develop a better balanced distribution of age classes of timber in connection with sustained yield management.
3. To facilitate the establishment of natural cooperative sustained yield management units.
4. To enable more effective administration of such units.

5. To aid in adjusting land use conflicts such as the conflict between grazing and forestry.
6. To protect recreational and other values against¹ impairment or destruction.

Cooperative Agreements

To participate in cooperative sustained yield agreements, authorized by the Act of 1937, an applicant must be, if not the state or a county, a citizen of the United States, an association of such citizens, or a corporation organized under the laws of the United States or any State, territory, or district thereof, authorized by charter to deal in real property and to do business in Oregon. Such an applicant must also either own commercial timber land or productive cutover land, or have sufficient timber rights within the particular sustained yield unit concerned by the exchange.

Such cooperative agreements are to be made on a 100 year basis, and the provisions of the agreements can be roughly listed as follows:

1. The timber both privately and federally owned within the area covered by a cooperative sustained yield contract must be cut in accordance with plans formulated by the O & C Administration.
2. The time, rate, and method of cutting the timber is also governed by the Administration.
3. The terms and conditions of future sales within the unit are agreed upon by parties to the agreement.

¹ op.cit., "Forever Timber", p. 23.

4. Also an agreement is made on the terms and conditions of possible land or party additions to the agreement in the course of the life of the contract.
5. Included in the contract are such protective provisions as the O & C Administration deems necessary for:
 - a. other operators in the unit
 - b. workers affected by the agreement
 - c. dependent communities
6. By the time the agreements are made up, miscellaneous matters which arise may also be included at the discretion of the Secretary of the Interior.¹

Such proposed cooperative agreements have not met with complete public approval, and forces of some weight have waged verbal warfare against such agreements.

Objections to Cooperative Agreements

Many contend that they would give the government too much control over the nation's timber supply. The claim is heard that the possibilities of private enterprise in forest products industries would be curtailed, perhaps eventually cut off as private timber becomes more and more scarce.

Proponents of unlimited private enterprise are quick to argue against such government control as these agreements would bring. They feel also that political pressure might easily

¹. op.cit., "Forever Timber", pp. 1-30.

be brought to play in administering the lands.

Another suggested disadvantage to such agreements is that the plan favors the big operator. The contention is that operators with available capital have been buying up all available land which might be classed as timber land in the hopes that they might include such lands in a cooperative agreement with the O & C lands. This, they say, works to the disadvantage of the small operators, comparatively new operators, and those in general who, for a diversity of reasons, do not have the capital to compete for these lands with the moneyed interests.

Opponents of the present plans also comment that the agreements will interfere with competitive timber markets. Since the elimination of nearby mills and the operation of the road system once it is built would tend to force minority owners of timber in and near a sustained yield unit to sell to the government-approved operator in the district at a price set by that operator.

That the agreements will eliminate opportunities for new operators is also claimed. Dissenters point out that once the industry becomes one which is dominated by government-approved operators, and in which the majority of the raw material supply is reserved for these operators, there will be small chance for a businessman, regardless of capabilities or ambitions, to become a businessman in the forest products field.

A reduction in the flexibility of forest products industries is also claimed. They say the logging plan of a sustained-yield unit would not provide for harvesting of timber to meet current market demands, be it for sawmill, pulp, or veneer logs. The production facilities and logging plan of a unit could not be shifted to meet the varying demands for different types and species of logs and subsequent finished products.

Opponents to the plan state that total production facilities of a region are ignored when sustained yield units are set up. In many places within the state the present cut is exceeding the allowable cut under a sustained yield program. They admit this but state that when cooperative agreements are set up and large stands of timber are allocated to certain saw capacities, no provisions in the program will prevent the remaining saw capacity from speeding up the cut on privately owned timber outside the unit. As a matter of fact it is held that the system will encourage accelerated cutting of private timber, since any mill not selected to share in the cutting of unit timber will tend to cut out available timber as quickly as possible and invest their money elsewhere since they have no future in the sawmill business. If such were the case, they claim that cooperative units might become mere islands of regulated forests in a desert of slaughtered timberland, which result would be contrary to the intention of the originators of the plan.

On the other side of the question proponents of the plan feel that existing mills will improve their utilization practices and logging methods to prove to the O & C Administration their fitness as cooperators in future agreements, but opponents of the plan maintain that the initial gain along this line would be more than offset by a retrogression in production methods after a contract had been sealed. Cooperating mills would not always prove to be the best operators in the region and would relax their efforts to improve their methods when the contract was signed. Meanwhile excluded operators would have much less to gain by being progressive than previously, and would relax efforts to improve methods of utilization and create general progress.

Another avenue of attack of opponents to the O & C plan is the claim that there are no provisions made for harvesting over-ripe timber. They contend that many of the stands in the O & C fold contain such over-ripe timber which is decreasing in value every year rather than increasing, and that this timber should be removed as soon as possible before the trees die or become valueless due to insect damage or rot. Opponents claim that this consideration has not been taken into account to date by regulations set up by the O & C Administration.

Active opposition to the O & C Administration's plans has been carried most actively by the Western Forest Industries Association. This organization is made up of mill owners, wholesalers, and other people connected with the

lumber business, and their plan of attack is carried on mainly through meetings held in Western Oregon communities.

Replies to Objections

Statements of opposition have not been without rebuttal. One of these is the contention that communities and labor depending on forest industries need protection. Records of timber booms in the East and South, where the timber was exhausted by sawmills which merely moved on afterwards, are cited. If such a performance is repeated on the West Coast the results will be even more disastrous than in the East and South, since there is no place left to move into new timber stands. Not only will towns be abandoned because of the loss of the industry, but labor dependent upon forest industries will have no place to turn for employment. Counties will be left with staggering burdens of tax delinquent and abandoned land, farms, and cities. Proponents of the sustained yield program maintain that the program is the best means of preventing such disaster from occurring in Western Oregon.

The O & C Administration points out that although opposition to existing plans has been loud and long, no better plan has been presented. An open hearing was held in Eugene on January 21, 1948, for the purpose of giving full information to the public and to provide an opportunity for all interested persons to present testimony concerning the establishment of the proposed Mohawk River Sustained Yield Unit. Assistant Secretary of the Interior, C. Girard David-

son, emphasized then that the Interior Department had not settled on any one definite method of setting up the individual units and that the Department was open for suggestions.

The O & C Administration also offers the sustained yield units as a happy medium between public ownership and private ownership. Private ownership, they say, has not been successful in the past in working toward the preservation of our forest resources as a public asset. To force private owners to practice desirable forestry practices, drastic government controls would be necessary--controls which would be unpopular with the people. They point out that compulsory forest regulations as set down in the Hook Bill as proposed to the 79th Congress would be very distasteful to mill owners and loggers.

Complete public ownership of forest lands is held to be undesirable also, since this would break down the free enterprise system so cherished by the American people and would be unwarranted in spite of the fact that it might preserve our forests to a greater degree.

W. H. Horning presents the plan formulated by the O & C Administration for sustained yield units as "a middle course which will provide the necessary degree of stability for dependent communities and at the same time retain the advantages of free enterprise and opportunity for private ownership." ¹ Such a plan would supposedly eliminate the need for

1. Horning, W. H., "The Promised Land of Managed Forests", Journal of Forestry, vol.45, number 10, (October, 1947), p. 742.

drastic controls, and at the same time leave a majority of the timber land in private hands.

In further support of their plan, the O & C Administration points out that there is still enough timber left in Western Oregon to provide permanency of operation for a majority of the mills now in operation and the accompanied permanency of their dependent communities, but that the trend in many of these communities is toward too fast an annual cut to provide permanency of operation. They argue that some policy of management must be imposed on the remaining forests to insure the adjustment of the annual cut, and that the proposed plan is the best method to check the trend toward overdeveloped liquidation of private stumpage. Supposedly enough private stumpage will be brought into various cooperative agreements to achieve this end.

The O & C Administration points out that in setting up a plan of sustained yield units, something entirely new in the industry, a smooth working plan cannot be developed in the first few drafts of contracts. The contention is that lesser problems can and will be worked out in time once the basically sound policy of sustained yield units is set up. It is said, "The plan has been designed for gradual adjustments and adaptability to fit local conditions."¹

1. "O & C Management Plan", Circular number 191, April, 1942, United States Department of the Interior, p. 19.

Speaking in support of the plan Davit T. Mason states that opposition to it comes from the operators least likely to be accepted as cooperators because of their lack of forest land, poor financial condition, instability, and lack of equipment for intensive utilization and refinement of forest products.¹

In presenting the effect of the plan on a tax basis I will quote W. H. Horning, Chief Forester of the O & C Revested Lands Administration:

"The counties enjoy one unusual advantage in the plan under which O & C income is distributed. Each county containing O & C land gets a fixed share of the money each year, regardless of whether any O & C timber is cut within its boundaries. That plan imparts a large measure of stability to the flow of income received by the counties. Sustained yield control over the cutting of O & C timber means a sustained yield income from these lands for the counties. The O & C counties are fortunate in having an arrangement under which this important part of their tax base cannot be cut out from under them."²

It is held that private land in a sustained yield unit will not be allowed to become tax delinquent after harvesting the timber from it as has been the case very often in the past. Terms of the contract will necessitate retention of the land, which of course will be of more value in some cases due to imposed cutting restrictions.

1. Mason, David T., "The Cooperative Sustained Yield Unit Situation, February 8, 1946, p. 1.
2. Horning, W. H., "Sustained Yield Program of the O & C Lands", Oregon Business Review, vol. 5, number 4, (April, 1946), p. 2.

PROPOSED MOHAWK RIVER SUSTAINED YIELD UNIT

General Information

The only actual cooperative agreement for a sustained yield unit proposed to date has been the Mohawk River Unit. This agreement would involve the Fischer Lumber Company, of Marcola, Oregon, and the Unit would be included in the Upper Willamette Master Unit in Linn and Lane Counties. Maps outlining the two areas will be found on the next two pages.

Data concerning the proposed unit is as follows:

The Fischer Lumber Company operates a mill with a band headrig, resaw, dry kilns, under-cover storage sheds, and planing facilities. It is stated that good utilization practices are followed by the company, and that as a cooperator in the agreement they would adopt better utilization practices as they are developed. Based on an annual production of 20 million board feet and present utilization practices, the company would employ 50 men in the woods and 123¹ men in the manufacturing operation directly. Ownerships in the proposed unit are as presented on page 24.

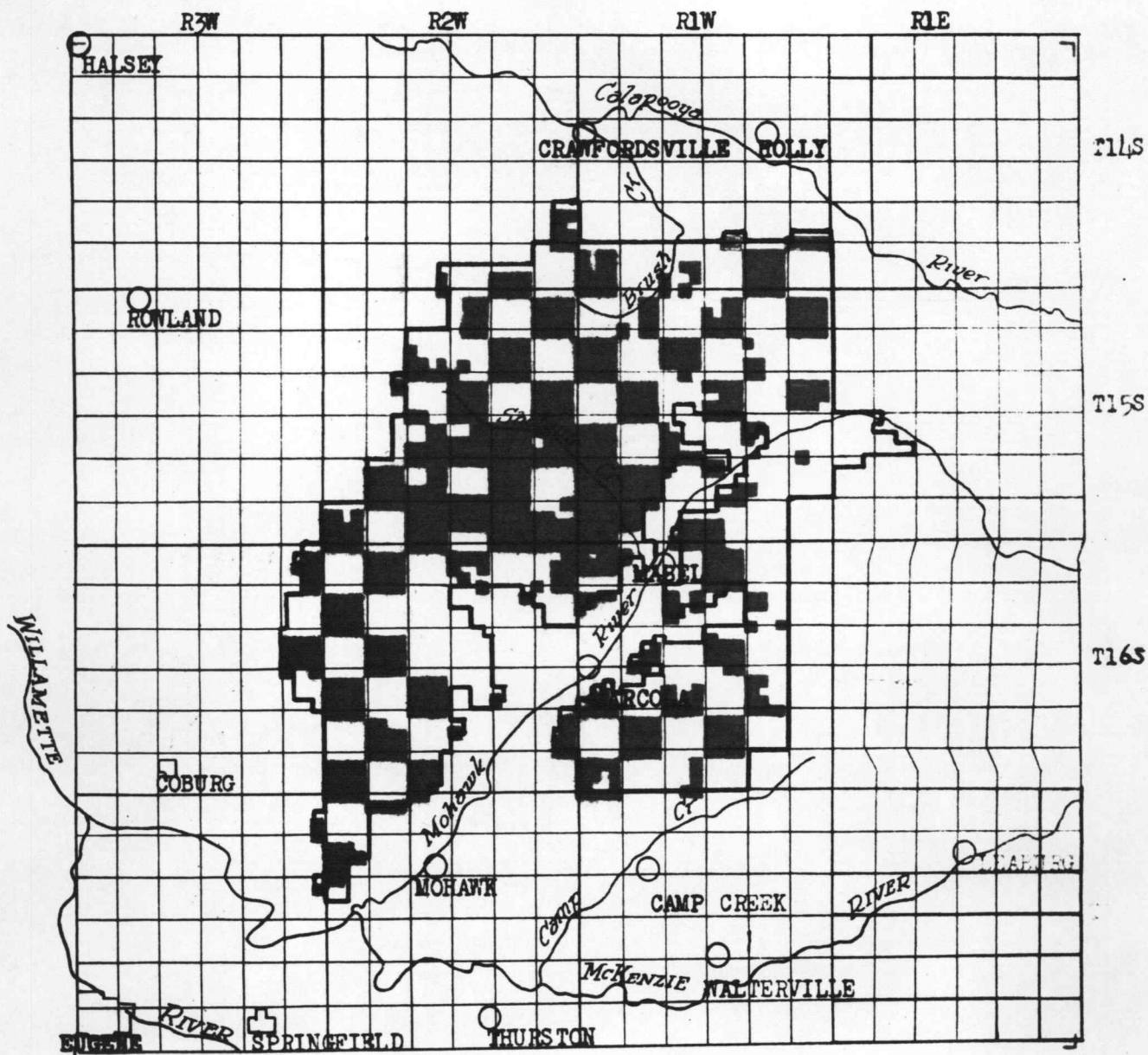
1. "Information Concerning the Proposed Mohawk River Sustained Yield Forest Unit and Cooperative Agreement", United States Department of the Interior, p. 3.

U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

EXHIBIT A

MOHAWK RIVER SUSTAINED-YIELD FOREST UNIT

■ O. AND C. LANDS



SUSTAINED YIELD FOREST UNITS

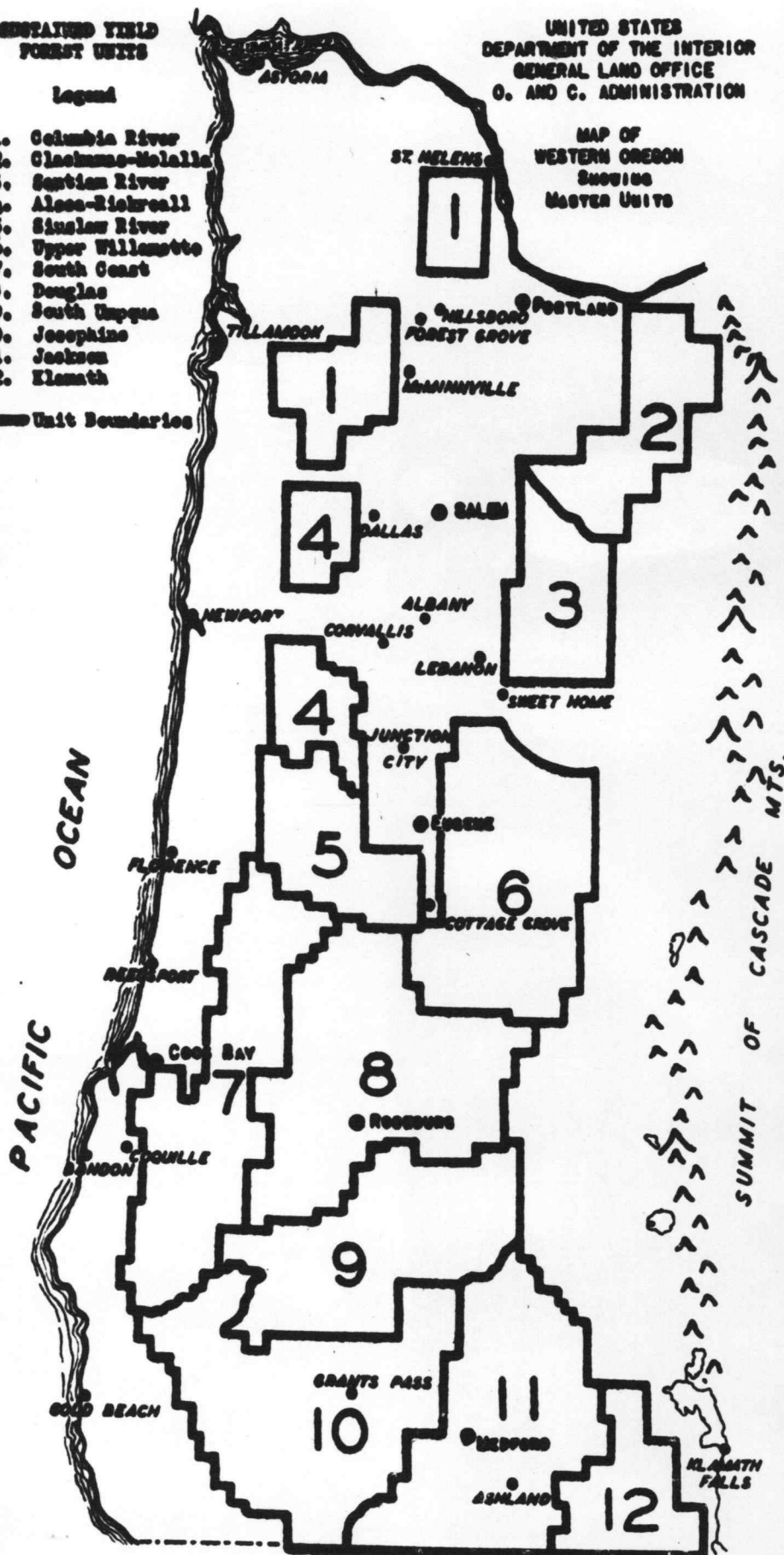
Legend

1. Columbia River
2. Clackamas-Molalla
3. Santiam River
4. Alsea-Richwell
5. Siuslaw River
6. Upper Willamette
7. South Coast
8. Douglas
9. South Umpqua
10. Josephine
11. Jackson
12. Klamath

--- Unit Boundaries

UNITED STATES
DEPARTMENT OF THE INTERIOR
GENERAL LAND OFFICE
O. AND C. ADMINISTRATION

MAP OF
WESTERN OREGON
SHOWING
MASTER UNITS



The following basic data concerns the proposed unit.

Acreage by ownership & counties

Owner-class	Linn Co.	Lane Co.	Total	% of Total
O & C	13,073.28	21,431.76*	34,505.04	65
Fischer Lbr. Co.	6,164.44	12,213.56	18,378.00	35
Totals	19,237.72	33,645.32	52,883.04	100

*Includes 160 acres of public domain.

Acreage by timber types

Type	O & C Pub.Dom.	Fischer Lbr.Co.	Totals	% of Forest
Merchantable(100 yrs)	15,489	4,171	19,660	37
Second growth(40-90 yrs)	1,767	1,728	3,495	7
Reproduction(5-30 yrs)	5,745	3,651	9,396	18
Reforestation(0-5 yrs)	11,044	8,612	19,656	38
Hardwoods(Alder & Maple)	10	150	160	--
Totals-forest	34,055	18,312	52,367	100
Non-forest cover	450	66	516	
Grand Total	34,505	18,378	52,883	

Merchantable timber volume by ownership

O & C and Public Domain	464,670	MBM (Scribner Dec.D Rule)
Fischer Lbr. Co.	125,130	

Total 589,800

Note: Principally Douglas fir

In addition to the above acreage of O & C and Fischer Lumber Company lands, 10,452.63 acres of forest lands are either expected to be committed as a result of exchange with the Department of the Interior under the Act of July 31, 1939 (53 Stat. 1144), or are on option for purchase by the Fischer Lumber Company. The forest management program and initial allowable cut are based on the premise that these additional lands will be committed to the agreement within 5 years.¹

1. op.cit., "Information Concerning the Proposed Mohawk River Sustained Yield Forest Unit and Cooperative Agreement", p. 2.

Tentative Agreement

Before discussing the tentative agreement a definition of several terms is required. A COOPERATOR refers to any party to the agreement other than the federal government. A PRODUCER is any cooperator who has certain additional rights and duties because at the time of the signing of the agreement he was actively engaged in the operation of a saw-mill or other primary wood-processing plant which is located within the marketing area for the unit and dependent for a major portion of its timber supply on the lands within the forest unit. A PRODUCER may also be a cooperator actively engaged in logging lands within the forest unit as part of an integrated operation with such a plant as above, although there may be several cooperators and producers in one agreement. The Fischer Lumber Company is the only party which has officially expressed intention of being included in the Mohawk River Unit.

The basic fundamentals of the tentative draft of the cooperative agreement are as follows:

STATEMENT OF POLICY The intermingled federal and non federal lands in the unit are to be cooperatively managed under the sustained yield principle to establish a permanent source of timber, to contribute to the economic stability of the area, and to protect watersheds and regulate stream flow.

TERM OF AGREEMENT This is set at 100 years.

FOREST UNIT AND MARKETING AREA This section of the

agreement describes the boundaries of the unit and at the time of signing would contain figures on the acreage involved in the agreement.

COMMITMENT OF SUBSEQUENTLY ACQUIRED FOREST LANDS Forest land and timber acquired within the unit by any participant in the agreement subsequent to the signing of the agreement will be considered entered into it unless otherwise provided by a written agreement between the contracting parties.

RIGHTS OF COOPERATORS A cooperator has the right to dispose of timber grown on his land and not purchased by any producer in the agreement. This must be done according to provisions set up in the agreement, however.

Any cooperator has the right to use any part of the road system of the unit.

A cooperator may sell his lands to the producers in the agreement in advance if any part of his committed forest lands will not be logged in ten years according to the logging plan set up for the unit.

A producer in the agreement may purchase timber from lands which other cooperators have committed to the agreement. If more than one producer desires to purchase the timber, purchase rights will be allocated in proportion to the timber producing capacity of the timber lands committed by each producer.

OBLIGATIONS OF COOPERATORS Each cooperator must devote his committed lands exclusively to production of timber.

Each cooperator must give producers in the agreement prior purchase rights to the timber on his land.

A producer may obtain timber required for operation of his mill from land not committed to the agreement only after he has fulfilled his cutting obligations as set up in the agreement.

A producer must permit any cooperator to use his road system in the unit.

A producer must permit other producers access to any committed forest lands if such access is for the purpose of fulfilling a requirement of the agreement.

SUBSEQUENT ADMISSION OF ADDITIONAL COOPERATORS Any one with control or ownership of forest property within the unit, with the approval of the Secretary of the Interior, may become a full cooperator in the agreement by filing a written application with the Regional Administrator and executing a copy of the agreement.

ALLOWABLE AND REQUIRED TIMBER CUT FOR LANDS COMMITTED TO THE AGREEMENT This section states that, "The area cut over in any year shall not be more than one eighth nor less than one twentieth of the area permitted to be cut over for the ten year period except that any deficiency in area cut over in a preceding ten year period may be removed at any time." Approximately 6640 acres may be logged in the first ten year period, and approximately 4680 acres in ten year periods following.

"The timber which shall be removed annually will be apportioned by the Regional Administrator among the forest properties committed to this agreement as nearly as possible in the ratio of the area of merchantable timber type thereon." This is provided economic and topographic conditions allow.

FOREST MANAGEMENT AND OPERATING PLANS Forest management and operating plans for each ten year period must be submitted to the Regional Administrator for approval after preparation by the producers.

APPRAISAL AND SALE OF TIMBER FROM THE FOREST UNIT

Contracts between parties to the agreement for the sale of committed timber (except for provision previously noted for optional sale of land if not to be logged in ten years) must not cover a period of more than three years, and then at a price determined by appraisal.

FOREST PRACTICES The Regional Administrator and the producers annually and jointly plan the cutting practices, fire protection, slash disposal, insect and disease control and planting methods to be used, with minimum practices governed by existing laws or by the Regional Administrator.

MARKETING OF FOREST PRODUCTS Primary processing of all timber taken from committed lands must be done in plants located in the marketing area shown in the map on the next page. Exceptions to this would occur if special equipment not found in the area were required for

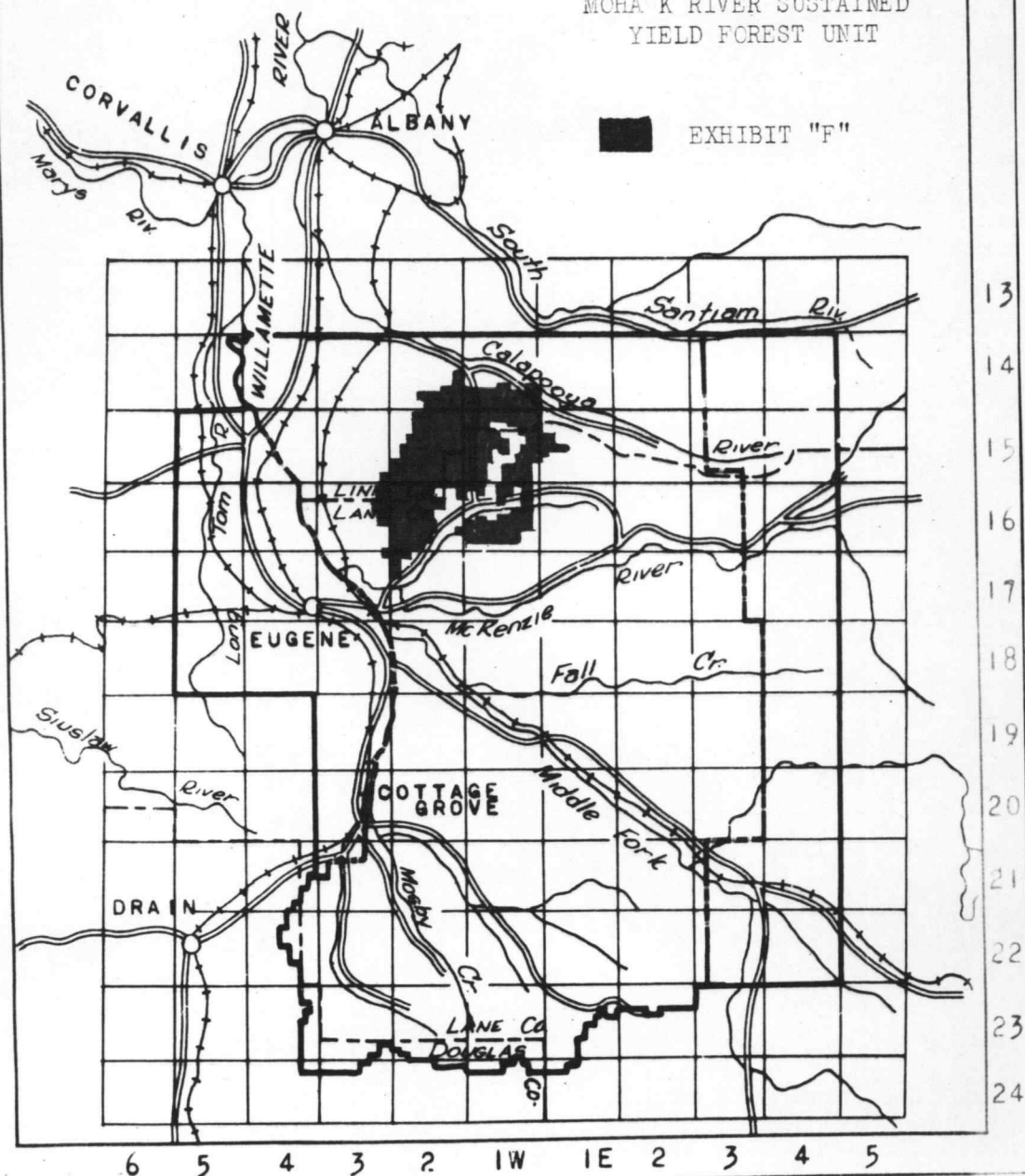
UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

UPPER WILLAMETTE MASTER UNIT & MARKETING AREA

----- MASTER UNIT
===== MARKETING AREA

MOHAWK RIVER SUSTAINED
YIELD FOREST UNIT

EXHIBIT "F"



processing, or if manufacturing capacity were not available in the area.

RECORDS AND REPORTS All records of a cooperator relating to the unit must be available to the Regional Administrator on request.

TRANSPORTATION SYSTEM The system must conform in grade and location to a cooperatively formed plan.

DEPARTMENTAL INSPECTION Any authorized officer of the Department of the Interior must be allowed at any reasonable time to inspect any lands or facilities involved in the agreement.

PROHIBITION AGAINST ASSIGNMENT No cooperator can assign any part of his rights or interests in this agreement without the Secretary of the Interior's written consent.

RULES AND REGULATIONS Cooperators must abide by and conform to any and all of the Secretary of the Interior's reasonable regulations now or in the future applying to lands under his jurisdiction.

TAXES Cooperators must pay all taxes on land or property involved in the agreement.

EMPLOYMENT AND WAGE PRACTICE Cooperators must prefer local labor, hire indiscriminately of race, creed, color, or nationality, and provide safe working conditions while paying wages at least twice each month.

MINOR FOREST PRODUCTS Such minor items as Christmas trees, ferns, berries, etc., may be disposed of at will if the Regional Administrator deems such a practice

consistent with the aims of the agreement.

REVISIONS: RELEASE OF COOPERATOR The agreement may be revised upon the mutual consent of the producers and the Secretary of the Interior, providing 30 days notice is given to cooperators to submit protests or data on the matter. If the revision is granted, a dissenting cooperator may apply for release from the agreement to the Secretary of the Interior.

SURRENDER BY MUTUAL CONSENT Upon consent of the Secretary of the Interior and the producers in writing, any cooperator may surrender and terminate his interest in the agreement upon payment of all obligations to the government and workmen, but the requirements pursuant to the agreement for the conservation and protection of lands owned by the U. S. must be complied with before the termination is effective.

CANCELLATION UPON REQUEST BY A PRODUCER A producer may apply for cancellation of the agreement if he can show by financial statements that for a ten year period (or for any five year period for the preceding fifteen year period) the total operating returns have been insufficient to cover costs of doing business and interest on capital investments at the prevailing rate for investments legal for trustees.

Such an application must be made at least one year, but not less than two years, prior to the expiration of any ten year period from the date of the agreement,

or at the end of the first five years in any ten year period except the first one.

CANCELLATION UPON DEFAULT If a cooperator shall not observe any of the terms or stipulations of the agreement, fail to comply with the act's provisions, or peril the sustained yield program, the Regional Administrator will notify the offender and stipulate remedial action, provided that in the Secretary of the Interior's discretion, amendment of the agreement may be substituted when default results from unfavorable economic conditions; and also provided that approval of such an amendment may not be effective until all cooperators shall have 30 days notice to submit data on the matter. If the cooperator fails to proceed with the stipulated action within 60 days of the original notice, his interests may be cancelled. In the case of cancellation, the government may apply for an order to restrain and enjoin the violator from further default and compel compliance with the terms and conditions of the agreement. After cancellation the land shall be managed in a manner described in the following section.

CONTINUED OBLIGATIONS OF COOPERATOR AFTER TERMINATION OF HIS INTEREST IN AGREEMENT In the event of an order of cancellation, a cooperator may not remove during the unexpired term of the agreement timber from committed land in excess of the total allowable area of not less

than one twentieth or more than one eighth of the area permitted to be cut over for any 10 year period. This area and the total volume will be computed by the Regional Administrator based on inventory data available at the time of default. The allowable area cut over and volume removed may also be varied by the Regional Administrator to meet situations of national emergency or to salvage timber.

Any cooperator who fails his obligation under this section may be given 30 day notice by the Secretary of the Interior requiring him to sell all his timber, land, and plants committed to the agreement within three years after receipt of the notice. If the operator fails to do this in the allotted time or further fails to fulfill his agreement obligations, the government may force sale by court order at an appraised value.

USE OF ROADS AFTER TERMINATION The government may use all the roads owned or controlled by the defaulted cooperator at the time of termination and which are used in connection with the unit area.

APPEALS A channel of reviews from decisions of the Regional Administrator extends to the Director of the Bureau of Land Management, then to the Secretary of the Interior, and if necessary to the Federal District Court.

HEIRS AND SUCCESSORS IN INTEREST Obligations and benefits of an agreement extend to heirs, executors, administrators, successors, or assigns of any cooperator. If a

cooperator should lose control or title of any lands committed to the agreement because of encumbrance or lien, such lands remain subject to the agreement's provisions.

UNLAWFUL INTERESTS Participation in any share or part of the agreement, or derivation of any benefit therefrom is denied all members or delegates to Congress, and any Resident Commissioner, after his election or appointment, either before or after he has qualified, and during his continuance in office. Likewise they are denied to any agent, officer, or employee of the¹ Department of the Interior.

Opposition to Proposed Unit

This proposed cooperative agreement was the subject of discussion at the previously mentioned open hearing in Eugene on January 21, 1948, under the auspices of the Department of the Interior and the guidance of Assistant Secretary of the Interior C. Girard Davidson.

A great deal of opposition was voiced at the meeting by a number of people representing various interests. Judge Leif Erickson of Montana, representing the Western Forest Products Industries Association could easily have been called the spearhead of the opposition.

1. "Cooperative Agreement for the Management of the Mohawk River Sustained Yield Forest Unit", (Tentative Draft #3), December 17, 1947, United States Department of the Interior, pp. 1-27, (with alternate forms of Sections 27, 28, and 29).

Monopoly was the charge most often flung at the proposed agreement. Opponents felt that the agreement as proposed would tend to force out of business other efficient operators elsewhere in the area who relied on the lands included in the unit for their timber. The agreement was held as a discriminatory guarantee to the Fischer Lumber Company, since they seemed to be the only cooperators ready to enter the agreement, of 100 years of continuous operation at the expense of neighboring operators and the communities that depended on the mills for their existence.

An official from Linn County questioned the location of the unit boundary, pointing out that the northernmost part of the unit hung over a divide into the watershed of the Calapooya River and the timber thereon could most economically be removed northward rather than across the mountains to Marcola. The logging engineer of the Fischer Lumber Company stated that it was entirely feasible to put a good logging road to the northern part of the unit, but he failed to provide figures or sketches to prove his statement.

An O & C spokesman stated that the unit boundaries were located as they were on the north of the unit because the overhanging O & C land there would fit in with no other unit.

During the course of the hearing fear was also expressed that assigning so much timber to one operator might have an adverse effect on forest lands around the unit which would partially destroy any good done by the agreement. It was stated that mills which could no longer hope to purchase

more timber in the area of the unit would speed up production to liquidate the last stick of available timber while the market is good in order that they might then pull out and seek business opportunities in other fields.

Objection was also voiced to the proportion of the timber land and merchantable timber furnished by the O & C Administration and the Fischer Lumber Company. It was stated that the amount furnished by the government was too large in proportion to the Fischer controlled lands brought under sustained yield management. (For figures on the ownership pattern see page 24.)

Throughout the hearing Davidson reminded the audience that the agreement was merely tentative, and that the Fischer Lumber Company didn't even agree to several of the terms in the tentative draft. He feels that a number of changes will be required in the agreement presented at the hearing.

SUMMARY

In the preceding pages an attempt has been made to present the proposed plan to manage O & C lands on a sustained yield basis as developed by the Department of the Interior and the O & C Revested Lands Administration. Arguments pro and con have been brought out, not in the hope of forming opinions, but rather in the hope of enlightening the reader who had doubts about some phase of the problem.

It has been stated that the importance of the problem to citizens of the United States cannot be overstressed. The problem is not limited to Western Oregon, it is nationwide because of the large scope of our lumber industry and because the advent of a concrete sustained yield system would mark a new era in forestry. Good or bad features of the system would undoubtedly magnify themselves greatly during the 100 year span of a single agreement, and our own livelihood might be affected as well as the future of the nation and of our own personal heirs. The problem has not received the attention it has deserved to date, and it is hoped that the reader's increased interest in the situation has been accompanied by a similar rise in interests of others elsewhere in the country, and that this paper may help someone to a better understanding of developments to date.

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