

Phil Ruder's comments on Item 3 of the Oregon Board of Forestry Public meeting
June 3, 2009

My name is Phil Ruder. I am a professor of economics at Pacific University in Forest Grove, Oregon. In 2003, with Tom Power of the University of Montana, I authored a study of an alternative management plan for the Tillamook and Clatsop State Forests (Power and Ruder 2003).

In order to best promote the economic well being of citizens of Northwest Oregon, I urge the Board to reject current proposals to increase harvest levels in the Tillamook and Clatsop State Forests. I base this recommendation in large part on the fact that multiple-use management plans of public forests contribute a great deal to the economic vitality of adjacent regions. Moreover, the economic benefits of increasing harvests in these state forests have been greatly exaggerated by ODF and county analysts.

Even though the effects are difficult to measure, many economists have succeeded in documenting the economic benefits to surrounding regions of managing public lands to maximize ecosystem services and recreation. For example, Tom Power (2001) found that over the last 30 years counties containing National Parks and Monuments have experienced population growth four times greater and job growth three times greater than the national average. Joe Cortright (2002) found that the high quality of life in Washington County, including easy access to outdoor recreation and areas of high environmental quality, has been a critical driver of my home county's economic success. Increased recreation opportunities and older forest structures in the Tillamook and Clatsop State Forests will contribute to the growing coastal businesses oriented toward tourism and retirees.

The economic benefits of increased timber harvests in the Tillamook and Clatsop State Forests have been greatly exaggerated by ODF and county analysts. For example, ODF's evaluation of the economic impact of the policy change under consideration today asserts that increasing harvests by 50 million board feet annually will yield 256 new jobs in lumber, plywood, and other wood products and 365 additional jobs in other sectors (ODF 2009). There is simply no sound theoretical or empirical evidence to support this assertion. For just one of many examples, consider the fact that as timber harvests in Tillamook and Clatsop Counties more than doubled from 160 million board feet in 1990 to 351 million board feet in 2006 at the peak of the housing boom, jobs in lumber, plywood, and other wood products in the counties grew from 1,240 in 1990 to 1,268 in 2006 (Oregon Employment Department 2009). The models ODF uses to predict the employment effects of increased harvests would have predicted an increase of 1,000 jobs where in fact an increase of just 28 jobs occurred.

My last point concerns the very important services at stake in Tillamook and Clatsop Counties. It is a terrible shame that through accident of history the harvest of timber on state lands funnels so much revenue directly to county coffers where the vastly greater economic activity in other sectors does not. This is a particular problem given the fact that Oregonians have severely limited the ability of county governments to raise money through other means. Managing more of the state forests as natural areas would yield enormous economic benefits both to the local counties and to the state. It would serve the economic interests of the citizens of the state to compensate the local counties for the reduced timber revenues resulting from increasing environmental and recreational amenities in the state forests.

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