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WALTER H. LUND

TIMBER MANAGEMENT IN THE PACIFIC NORTHWEST REGION

1927-1965

An Interview Conducted by

Amelia R. Fry

Berkeley

1967

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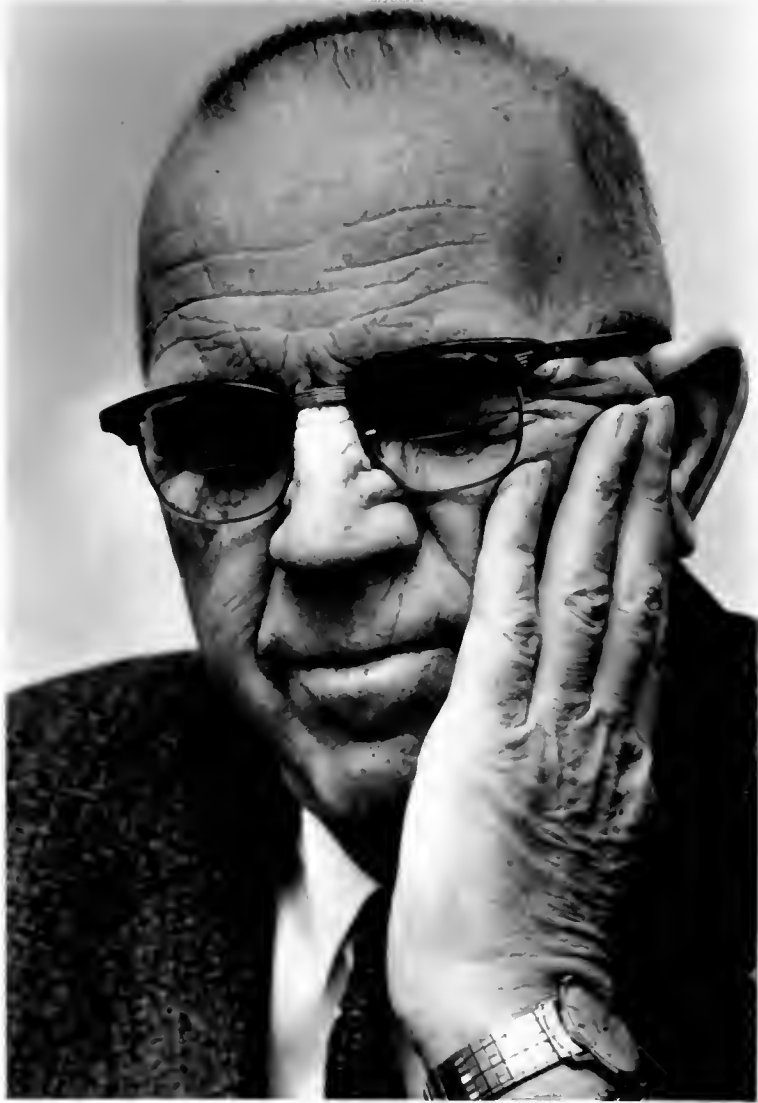
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WALTER H. LUND
(U.S. Forest Service Photo)

FOREWORD

This interview is part of a series produced by the Regional Oral History Office of Bancroft Library, University of California at Berkeley, under a grant from the Forest History Society, whose funding was made possible by the Hill Family Foundation.

Transcripts in the series consist of interviews with: DeWitt Nelson, retired head of the Department of Natural Resources, California; William R. Schofield, lobbyist for timber owners, California Legislature; Rex Black, also lobbyist for timber owners, California Legislature; Walter F. McCulloch, retired Dean of the School of Forestry, Oregon State University, Corvallis, Oregon; Thornton Munger, retired head of U.S. Forest Service Experiment Station, Pacific Northwest Region; Leo Isaac, retired, silviculture research in the Forest Service Experiment Station, Pacific Northwest Region; and Walter Lund, retired chief, Division of Timber Management, Pacific Northwest Region of the Forest Service; Richard Colgan, retired forester for Diamond Match Lumber Company; Myron Krueger, professor of forestry, emeritus, U.C. Berkeley; and Woodbridge Metcalf, retired extension forester, U.C. Berkeley. Copies of the manuscripts are on deposit in the Bancroft Library, University of California at Los Angeles; and the Forest History Society, University of California at Santa Cruz.

Interviews done for the Forest History Society under other auspices include: Emanuel Fritz, professor of forestry, University of California, Berkeley, with funding from the California Redwood Association; and a forest genetics series on the Eddy Tree Breeding Station with tapes by W.C. Cumming, A.R. Liddicoet, N.T. Mirov, Mrs. Lloyd Austin, Jack Carpender, and F.J. Righter, currently funded by the Forest History Society Oral History Program.

The Regional Oral History Office was established to tape record autobiographical interviews with persons prominent in the history of the West. The Office is under the administrative supervision of the Director of the Bancroft Library.

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INTRODUCTION

For four change-filled decades, Walter H. Lund has been the man who probably was most intimately associated with U.S. Forest Service timber management in the Pacific Northwest. His job of planning and executing sales of federal timber to private operators kept him attuned to the variations in both the market conditions and the evolving timber management practices of the Forest Service. Beginning in 1927, his period of service ranges from a whopping depression through a world war and into an era of unprecedented economic growth. This interview deals primarily with his part in the progress of the rather technical field of forest management. One of his most interesting --and unusual-- assignments was establishing and managing the Forest Service portion of the Shelton Sustained Yield Cooperative Unit, a unique system of industry/government cooperation.

Born in 1902, Lund was a farm boy who gravitated toward forestry as a chosen career after having experienced work on the farm, in a shipyard as a youngster during World War I, and, later, in a post office to put himself through the last two years of high school and part of college. He had enjoyed an economics course in high school, and one can see this interest remaining all through his training at Oregon State College and his subsequent career. In fact, one of his first tasks as a new forest assistant in the Forest Service in 1927 was to help with the Sauk River timber sale, one of the biggest timber sales in the Northwest.

Four years later Lund was moved from his timber management work on the forests into the Regional Office to help supervise all timber sales -- just as a directive was issued by President Hoover stating that federal forests were to sell no more timber. So back to the Wenatchee Forest he went, where his timber management activities grew into supervising the entire ^{SNOQUALMIE} Wenatchee Forest for a few years. This was followed by a second transfer into the Regional Office as "Principal Assistant to the Division Chief in charge of Timber Management" where he actually had as high a grade and carried most of the responsibility of a chief. Eight years later the chief retired and Lund became the head, a position he retained (under varying titles) until his retirement.

From his vantage point, the story begins at a time when the upward curve in demand for Forest Service timber was barely moving --a time of small, independent loggers, timber owners, and manufacturers-- long before anyone predicted the arrival of the large, integrated logging and milling companies which own their own lands.

Forest Service timber sales were for the most part small, except in rare cases where massive long-term agreements were hammered out in order to save the life of a lumbering community faced with too much cutover land. These were the days when companies rarely competed to buy and cut government timber, when the appraised price was not bid upward to a higher sales price. The supply of private timber in the Northwest was still too plentiful for that. Competition in bidding for government timber was further limited by the fact that the company which owned the nearest timber railroad was generally the only one that could get the timber out.

As conditions changed, the administration of the Forest Service also changed: the allowable cut, for one thing, soared from less than 2 billion feet in 1943 to 4-1/2 billion feet when Lund retired. Here he records his running account of the continuous alterations and innovations in the government timber management process: in appraisal methods, allowable price adjustments, appeal procedures, and sales procedures. In general, the trend has been to provide more liberal conditions for industry, terms that entail less risk from fluctuating market conditions and less burdensome responsibility in the ubiquitous problem of fire damage.

Two of the most far-reaching accomplishments of Lund's administration were the development of the first co-operative road-construction agreements between private timber owners and the Forest Service --so that each could share the cost of timber operations on contiguous lands, or for long-range private operations using Forest Service timber.

The other highlight --and Lund was perhaps more responsible personally for this change-- was the vigorous acquisition of rights-of-way through private lands into Forest Service timber. As a traditional point of conflict on the level of local administration, the denial of the rights-of-way by one private owner could stall a timber sale indefinitely, and the government attitude toward invoking the right of eminent domain had usually fluctuated from cool to weak.

Perhaps his most unique contribution to both private and public timber management began at the end of World War II when the Simpson Logging Company applied to the Forest Service to form the Shelton Cooperative Sustained Yield Unit, to be composed of both Simpson and federal timberlands. Simpson president C.H. Kreienbaum, in an address commemorating the tenth anniversary of the co-operative unit, states, as does Lund in the interview, that a major reason for the initial act which made possible such government/industry co-operation was that the heretofore tentative economy of a lumber community could be stabilized through sustained timber production. Timberland ghost towns had been raising their stark silhouettes in the East for decades as timber supplies turned to stumps. Although the Simpson president points out that at the time the agreement was signed, "...nothing was said about the future of the communities should the

contract not be signed," it was common knowledge that Simpson payrolls were supporting 33.2% of the population of Eastern Grays Harbor County and 34% of the population of Mason County, Washington --with the company estimating that it had enough timber to continue operations for only ten more years.*

Kreienbaum relates how Simpson had taken the first step in reversing the area's plunge toward economic disaster when it decided to purchase the first unit of cutover lands from a soon-to-expire lumber plant. This move enabled the company to be a top contender for acceptance by the Forest Service in a long-term production program: timber from Simpson's ten-year supply could be supplemented with Forest Service timber and, later, with the potential on the thousands of acres of cutover lands purchased by Simpson. The cutting cycle and the life of the agreement were set at 100 years.

"The company's action in buying cutover land was not a philanthropic move prompted by a paternalistic attitude," the president says in his speech.** We felt strongly that if we acted constructively, it could only result in being a good business proposition, a profitable one."

The way the ensuing arrangement was worked out, and the administrative difficulties either coped with or overcome, is told in the records of the Simpson Timber Company, in the Forest Service files of the Pacific Northwest Region, and here in this interview in a cautious but candid personal appraisal by the man who ran the Forest Service end of the co-op.

The irony of the cooperative unit is that by the time it was finally formed (after the congressional hearings that dated back to the Depression) commercial feasibility of sustained yield was closer than most forest experts foresaw. The improved technology, the consolidation of the industry, and the more profitable market conditions in the post World War II boom were changing the whole picture. Shortly thereafter --in the Eisenhower administration-- the act was shelved administratively by Agriculture Secretary Ezra T. Benson, a decision that Walter Lund feels was indicated by the unforeseen change in conditions. Nevertheless, the Shelton cooperative still functions and remains an example of how business/government "free enterprise" can function when the going gets tough in a private industry.

The interview was recorded in Lund's house in Portland, Oregon, in a day-long session August 4, 1967, with only a break for a hearty lunch prepared by Mrs. Lund. The couple lives in a two-story frame house in northeastern Portland in a neighborhood where homes are

*Kreienbaum, C. H. and Bruce, Mason, The First Decade, a pamphlet probably printed by the Simpson Timber Company: 1957, 10 pp.

**ibid.

comfortable and unpretentious and gardens explode with color at passing motorists. The Lund's lawn is spacious and the beautiful flower beds could only be maintained by the work of a forester--retired--and his wife. The color outside carries through to the green of their living room, where colorful overstuffed furniture invites one to sink in and relax. The atmosphere is informal and casual, with the center of family activity being either around the large television set in the living room or at the generous table in the spacious kitchen. Mrs. Lund's hospitality was apparent in the ready supply of coffee for our pre-taping conferences, and in the arrival of the nephew who came for dinner that evening.

The recordings were made in a small ante-room just off the kitchen--probably a den and sewing room combined. On the walls were pictures of grandchildren, friends, scenic areas such as Grand Canyon, and a portrait of John F. Kennedy. We spread our outlines and notes out on a desk and a sewing machine console, and got to work.

Both Mr. Lund and this interviewer had independently raided the Regional Office files for background documents to help us with names and dates, and he gathered his thoughts on the agreed-upon topics with great care as we recorded. Later the raw transcript was sent to him, with additional questions about some passages that needed further elucidations for a possible lay reader, resulting in his writing further additions and clarifying inserts. The manuscript was then final-typed, proof-read, and indexed.

Lund is a slim, youngish-looking man, one not easily rattled, and probably throughout his career has been able to pace himself to get the job done smoothly and thoroughly. A colleague of his says that he was "the most stable" person in the Regional Office. One gets the impression that he also can consider several sides of a timber issue almost regardless of his vested interest in the Forest Service: during the interview he chose his words cautiously in his more evaluative comments on Service procedures and further refined them in the editing. He was not interested in appraising past methods in terms of vindicating or enhancing the Forest Service image. The important thing was to explain the forces that caused the changes.

Amelia R. Fry
Interviewer
February, 1969

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EARLY LIFE AND EDUCATION

Fry: Why don't we start with when you were born?

Lund: I was born in 1902, the year of the Yacolt fire, which happens to be one of the famous fires, or infamous fires, here in the Northwest.

Fry: Were you born in the Northwest?

Lund: I was born in Warren, Oregon, which is a small farming community about twenty-five miles from here [Portland]. My father and mother were both immigrants from Denmark, so I guess I'm a pureblood Dane. Mother came to America in 1885 and father in 1887. They met and were married in Portland, Oregon, in 1891.

They moved shortly after that to Warren, Oregon, where my father initially managed a farm owned by Mr. J. K. Gill, proprietor of a Portland stationery firm bearing his name. Later father bought a forty-acre tract of mostly stump land with some timber, and he gradually cleared it of trees and stumps until it was all tillable. This is the farm where I was born.

Fry: Do you know why each of your parents immigrated over here?

Lund: Not exactly. I think my mother came because her brother had immigrated. Her brother was a sailor and, as often happened in those days, when he got to Portland he jumped ship and stayed here. He liked it. Of course, he corresponded with my mother and then she came. Perhaps it's of interest that she came all alone at a young age from Denmark to this country.

Fry: Did she get a job when she came here?

Lund: Oh yes. I think she worked primarily as domestic help for a family in Portland. The name of the family was Carson.

Fry: And then your father . . . ?

Lund: He and two of his brothers came, and I don't know what the circumstances were that caused them to come, unless they had friends who received them here.

Fry: Were they a family of farmers in Denmark?

Lund: Yes, my father's father was a farmer. My father had two brothers

Lund: who followed the sea, and I recall that during the First World War one of them brought a ship over to Canada to get wheat. It made quite an impression on me because of all the submarine activity at that time.

Fry: That was a dangerous crossing then. Was there a Danish community around here?

Lund: There were other Danes. There wasn't a Danish community exactly. I'm sure that there were other Danes because I recall hearing both mother and father talk about getting together with Danish friends for parties and that sort of thing.

Warren, Oregon, where they settled and where I was born, was really a Swedish community. There were Danish families there also, but the majority of people who settled there were Swedish. The Swedish people in the community I used to think were clannish, but I suppose it was just the natural tendency of people from the same foreign land to get together. Many of them spoke their native tongue, and they taught their children to speak their native tongue. Unfortunately my folks didn't teach me to talk Danish. I often wish they had, but we were a large family and I guess they didn't have time to do it.

Fry: How many brothers and sisters did you have?

Lund: I had six brothers and one sister.

Fry: Were you the youngest?

Lund: No. I was really in about the middle. There were three brothers older and three younger.

Fry: Did the boys in your family all have their duties to perform on the farm?

Lund: Oh yes, including myself. We helped with all the farm work, including clearing the stumps out of the way so that they could have tillable land. This was right in the heart of the timber-growing land and all of the land in that vicinity grew timber at one time. There were huge stumps to be removed before you could till the soil.

Fry: This was your first taste of "timber management."

[Laughter]

Lund: Well, in a way.

A lot of the young Swedes that lived around Warren were loggers. There were logging camps not too far removed. As a matter of fact, when I was about twelve years old, a neighbor boy and I

Lund: went out to one of the logging camps. I remember that quite distinctly. There were a number of young Swedes who were living with our neighbor, and they had come over from Sweden and they were working in the camps. I guess they asked us if we wanted to come out.

We went out and found them and then came home with them. That was my first ride on a locomotive. We came in from the woods riding in the cab of the locomotive. It was quite a thrill for a youngster.

Fry: Did you have enough contact with the forests then to influence your decision later?

Lund: Not that I'm aware of. The only way this could have influenced me was that I was somewhat familiar with the woods. It could have had some influence on my decision to study forestry. Frankly, I would have to say I didn't know what I wanted to study when I decided to go to college. I thought about it a great deal and somehow forestry appealed to me. Of course, these earlier experiences could have had some influence on or have something to do with the fact that it did appeal to me.

I went to school at Warren Grade School and finished the ninth grade and had just enrolled for the tenth grade when the shipyard at St. Helen's opened. This was in 1917 and we were at war with Germany. So I became a "drop-out" to go to work in the shipyard at the age of fifteen. And I worked in the shipyard for a full year, and then with some encouragement returned to school.

Fry: You were too young to serve in World War I?

Lund: That's right. I was fifteen years old in 1917 when the war began, and I was sixteen years old when it ended.

Fry: You spent part of that time going back to high school?

Lund: Well, I worked a full year in the shipyards.

Fry: Then you went back to high school. In high school, what course did you take? Did they have college prep?

Lund: Yes, it was college prep.

Fry: Do you remember any special activities or courses or teachers in high school?

Lund: When I went back to school I went to a prep school at the YMCA [Young Men's Christian Association].

Fry: This was the high school in Portland that you went to?

Lund: Yes. It was called the YMCA College Preparatory School, and it was in the "Y" building. One of the courses that I liked particularly was economics. I also liked math. I went there one year and took two years' work in one. In my third year of actual high school I went to Washington High here in Portland. For some reason I thought I wanted to graduate from a public high school. I finished there.

I didn't have the funds to go to college, so I worked in the post office, beginning in 1920, for three years before going to college. As a matter of fact, I worked there part time on week-ends, during Christmas holidays, and during some other vacation periods while I was going to college at Oregon State University.

Fry: You were going to college in Corvallis and then you worked up here on week-ends, in Portland?

Lund: I caught the electric train about four on Friday afternoon and got to Portland about six, walked over to the post office and went to work. I worked until 1 A.M., then slept for a few hours and went to work again at seven on Saturday morning, and I worked until five. Then I worked eight hours or so on Sunday and caught the train back to Corvallis and went to school.

Fry: So you were busy on week-ends. It doesn't sound as if you had much time for a personal life.

Lund: I didn't have much time for social life at school. But I didn't do that for the full four years. I had joined a fraternity and they made me house manager towards the end of my sophomore year. So the last two years I didn't work at the post office on week-ends. I only worked there at Christmas-time and other holidays.

Fry: What fraternity were you in?

Lund: Alpha Sigma Phi.

Fry: Around what point did you have to decide on a major in college?

Lund: I decided on forestry when I first went down.

Fry: So this happened while you were working at the post office. Do you know what decided you?

Lund: It was kind of a matter of elimination. Another young fellow, who worked there also, and I did a lot of talking about going to college, and we did go to college together. We got copies of the curriculum and we debated the various courses, and we both decided to take forestry. And I suppose our background had a good deal to do with it, at least mine did. It just appealed to us.

Fry: The familiarity of it, you mean, had a lot to do with it. Did this other fellow really follow a forestry career too?

Lund: Yes, he graduated at the same time as I. His name was Ed Joy. He accepted an appointment with the Bureau of Plant Industry, blister rust work. Unfortunately he died after about fifteen years.

Fry: Were you and he very close?

Lund: Yes, we were. We were---I guess you'd call it---"buddies" all through college. We both joined the same fraternity and we traveled back and forth together. He also worked at the post office on week-ends.

Fry: In Corvallis, at Oregon State, who were your favorite professors there? Whom did you really enjoy?

Lund: At that time there weren't too many.

Fry: It was a rather small school at that time, is that right?

Lund: I think there was a total enrollment of about 125. But the two professors that I think of as probably the most prominent and most outstanding were T. J. Starker and Earl Mason. Both, I believe, were excellent instructors, but Earl Mason perhaps was my favorite. I thought him excellent because his method of teaching was such that he made his students think. He tried to develop your thinking ability. He wouldn't give you the answers; he made you dig them out for yourself. His whole method of teaching seemed to be built around that idea.

Fry: What did he teach?

Lund: He taught forest mensuration and forest administration as I recall. Starker had things like dendrology and silviculture. Those two professors taught most of the forestry classes that I had. There were a couple of student assistants, too, that helped them.

Then of course I was greatly impressed by Dean Peavey, who was head of the forestry school. He didn't do much teaching. He was quite an inspiration to all of the "Oregon Staters" during the time he was there.

Fry: What were your contacts with him if he didn't do much teaching?

Lund: He conducted a seminar for members of the senior class and taught a class in forest finance. That's the only class that I remember that he had, but we had "fern hopper meetings," we called them: forestry school meetings.

Fry: You forestry students called yourselves "fern hoppers," didn't

Fry: you? And he used to speak at those meetings?

Lund: Yes.

Fry: This was a forestry club?

Lund: That's right, yes. And of course we had a spring term field trip and he visited. He was the sort of fellow who was around school all the time. He knew all of his students by their first names. He was sort of a natural-born politician, I suppose. He had to be in that kind of a job, but he was well-liked and he was interested in his students--how they were getting along--and he was a great believer in what his school was teaching.

Fry: Did you have a great many subjects in the so-called basics, such as botany and entomology?

Lund: We had entomology and, of course, English, math, physics and chemistry, as well as the forestry subjects.

Fry: What was the orientation of the school then? Was it to produce foresters who could go to work for the U.S. Forest Service? There weren't very many slots for foresters then in private industry, were there?

Lund: There weren't too many companies that were hiring technical foresters. However, part of the school was devoted to what they called logging engineering studies, which were to develop engineers to work for industry in the logging business; and they had a course in what they called "products," which would be the milling end, as well as the logging engineering course.

But those who were taking general forestry of course didn't take much of the logging engineering. I wouldn't say that the course was designed to produce foresters for government work, but most of the opportunities to find employment were in government work. Companies like Weyerhaeuser and Crown Zellerbach even at that time hired a few foresters, but not nearly as many as they do now.

Fry: Did most of your fellow graduates take the Forest Service exam at the end of your training?

Lund: I guess it would be accurate to say most but not all of them did. For example, Charles Fox was one of my classmates. We graduated the same year and he went into private industry, not as a logging engineer, but as a forester. I don't know whether his job was actually forestry.

Fry: What company did he go with?

Lund: He worked with Evans Products Company initially, I believe, and

Lund: later he moved over with Cascades Plywood, and he ended up by being president of Cascades Plywood Company.

Fry: Did you have a lot of practical field experience? You mentioned your spring term field trip. Did you also have a summer camp or something like that?

Lund: No, we didn't have a summer camp. The spring term trip was to take the place of summer camp, but we were encouraged to work for either a private company or the Forest Service or some related activity during the summer periods. I worked for the Bureau of Plant Industry for two summers on blister rust reconnaissance.

Fry: This took the place of your post office work?

Lund: Yes. The first summer after my freshman year, I worked at the post office, but the two following summers I worked for the Bureau of Plant Industry.

Fry: And this was mapping and survey work?

Lund: It was called reconnaissance. We were looking for blister rust. Where I worked was in Idaho, mostly on the Coeur d'Alene National Forest. We were searching out and mapping the white pine stands, the location of ribes and noting the kinds of ribes, this sort of thing.

Fry: That uses the gooseberry as host . . .

Lund: That's right, gooseberries and currants.

Fry: This then was your first experience at mapping on the ground. You graduated from Oregon State in 1927, is that right?

Lund: That's right.

Fry: Did you have any other interests or activities while you were in school? You were fraternity manager, so that must have kept you pretty busy. Did you have anything else?

Lund: I sang in the glee club for three years.

Fry: Did you go on any trips with them?

Lund: Oh yes, two years we took trips. We toured Oregon giving concerts.

Fry: What kind of a glee club?

Lund: There was a men's glee club and then the girls had the same organization, and they joined forces on the tour. One year they put on the Mikado. It was a joint effort between the two. I think they called the girls' club the Madrigals.

Fry: You were in the Mikado?

Lund: Not a very big part but I was in the chorus.

Fry: Did you happen to meet your wife in college?

Lund: No, I met her after I graduated.

Fry: Were there any other activities that you were interested in, sports or anything like that?

Lund: Just intramural sports. I didn't have time, of course, for major sports. I probably wouldn't have been qualified anyway, because in high school I didn't have time to participate in sports. I played baseball in grade school but that was all; for all the years I was in grade school, I don't think they had a football.

Fry: Did you play intramural football in college?

Lund: No, I didn't. I played intramural baseball and basketball, but not football.

Fry: I'd like to get back to the point where you were actually out of school. What made you decide to go back to school?

Lund: Oh, my fellow workers at the shipyards encouraged me to finish school. There's a temptation of course for young men, particularly at that time (or perhaps at any time if he is making good money) to not want to finish school. But by September of 1918 the shipyard work was beginning to slack off, and that's when I returned to finish school.

But as I say, I didn't live with my parents any time after 1917 when I left home for the shipyards. From that time on, I was on my own and paid my own way through my last three years of high school and, of course, through college as well. So I had a minimum of help from my parents getting through.

BEGINNING WITH THE FOREST SERVICE

Timber Sales Work

Fry: So you graduated, and then what did you do?

Lund: In the spring of my senior year, I took the Junior Forester Exam and passed. Then I had an offer of employment from both the Forest Service and the Indian Service. I elected to take the Forest Service position. It was an offer in the Snoqualmie Forest.

I graduated in June and this offer required that I report for duty on July first, and from there I went to Darrington, Washington. My first duty was working on the Sauk River sale, which was one of the larger timber sales in the Region, at that time.

Fry: This was a sale to what company?

Lund: Sauk River Lumber Company, they called it. They were primarily a logging company, though Mr. Jamison, the owner, had a cedar mill at Everett. He sold all of his Douglas fir and hemlock logs to others, and then he manufactured the cedar in his own plant.

When I arrived at Darrington, I found that my immediate superior was Ira J. Mason, whom you may have heard about. (He retired just a year after I did. For the last twenty years he was head of the timber management division in Washington, D.C.) He and I have been closely associated since we first met in Darrington in 1927. Our careers have been fairly comparable, both in timber management work.

Fry: What did you have to do on this first job?

Lund: Primarily scaling--you know, scaling is measuring the logs--but I only remained at Sauk Camp until February of 1928. They needed somebody at the Olympic Forest, and they sent me over to Twin Rivers in the Olympic Forest and put me in charge of a timber sale over there.

Fry: Was this your first timber sale to be in charge of?

Lund: That's right. I was considered the sale officer in charge of the sale. Of course, I had to do the scaling as well as administer the sale.



Ed Joy on Left. Walter Lund on Right. Occasion - Spring Cruising trip to Willamette National Forest. 1924.



Walt Lund. Week-end climb to Sparks Look-out Coeur D'Alene National Forest. 1925.



Charles Fox on Left. Walt Lund on Right. Occasion - Forest School tour of Industries and forests. Location is Wind River forest nursery. 1926.

Fry: So you really got a good over-all view of what was involved in the sale, from the ground up to the paper work in the office?

Lund: Yes. Nominally, I suppose, the district ranger was responsible for the sale, but his station was quite a ways removed from the actual timber sale, and I didn't see him more than perhaps once a month.

That lasted for six months or more, and then I moved over to Lake Crescent and was assigned to a different sale there with the same responsibilities of being responsible for the administration of the sale and the scaling of the timber that was cut.

Incidentally, I lived the second winter at the Storm King Guard Station, which is on the shores of Lake Crescent, and had the distinction of having lived in the same building that Harold Ickes later spent part of his honeymoon in. By that time, it was part of the national park; a big chunk of the Olympic Forest had been transferred to the Park Service and included this guard cabin on the shores of Lake Crescent.

Fry: In those days, was the work on timber sales very different from what it became twenty or thirty years later?

Lund: Oh yes, a good deal different, chiefly in that the sales were not as precisely laid out in those days. In the first place, about the only timber that the Forest Service could sell at that time were the odd sections that an operator who was cutting private timber came upon and wanted to buy. There was so much private timber available that there was little demand for national forest timber.

This was true in most situations with a few exceptions: the Sauk sale that I mentioned first was a rather large sale and was made originally with the idea that they would encourage industry to develop in that area and to provide a return to the counties and to provide industry for the community.

There were a few other sales made with that in mind; for example, a large sale was made at West Fir, Oregon, prior to 1927, and a mill was built there, primarily to manufacture lumber from timber from the national forest. Except for these and a few other similar situations, the only demand for national forest timber was when a company cutting private timber came upon an intermingled tract of national forest.

Fry: On the Sauk sale, do you mean that the terms of the sale made it more feasible for the company to use national forest timber than their own private timber?

Lund: No, the Sauk River Lumber Company owned very little timber of

Lund: their own. They were a company whose primary business was logging, and as of that time most of the logging was done by what were considered independent logging companies. Most of the mills (Weyerhaeuser would be an exception) secured their supply of raw material by buying logs on the open market. In other words, there was a different form of lumber business at that time. The milling and the logging were largely separate, done by separate firms.

This continued until about the early 1940's or the beginning of World War II, when timber became more scarce. There weren't enough logs produced by independent loggers to supply all of the mills, and so the mills began going into the logging business themselves and buying in the timber sales from the national forests and either logging it themselves or contracting the logging to some independent logger.

So there was a rather radical change in the business. It went from independent loggers to integrated companies, you might say.

Fry: In the Twenties, the logging companies did not necessarily own timberland either, I gather.

Lund: That's correct; very few of them did. They either purchased it from private parties, or they purchased it from the Forest Service. They purchased some from Northern Pacific and other large timber owners. Weyerhaeuser even sold some timber at that time; it was purchased by logging companies and sold to others.

Fry: You mean there was a better market for selling the logs than for using it in their own mills?

Lund: Not necessarily that, but they considered that they had a surplus and, particularly during the depression years, taxes were a burden; so I think they felt they needed to dispose of more of their timber than they would utilize in their own plants.

Fry: Did many of the milling companies own their own timberland during the Depression? What was the pattern?

Lund: Some of them did, but there were a lot of investments made in timberlands in the early days by people from the East who bought and held timber and never built a sawmill themselves. They sold the timber off to others. In this Sauk River area there were some privately owned lands. Some of them were homesteads that the original homesteaders still owned or their heirs did. Part of the private land there was owned by the Great Northern Railroad Company. They had obtained land there in lieu of land they'd lost in government grants located elsewhere.

There were some logging companies, like the Merrill and Ring

- Lund: Company over on the Olympic Peninsula, who owned large tracts of timber. I don't believe they had a sawmill. They produced logs and sold them to others for milling.
- Fry: So it was a pretty well-fractionated industry in the Twenties.
- Lund: Of course, Weyerhaeuser had sawmills and they logged, too; and Polson Lumber Company over at Aberdeen had a sawmill and they produced logs. I think they produced more logs than they could consume in their own plant and they sold logs to others.
- Fry: But on the whole the logging companies were separate from the land-owning companies, and they were separate from the milling companies. So they were usually independent of each other.
- Lund: That's right. They were referred to as independent loggers. There was a bona fide log market, particularly on Puget Sound. The logging companies produced logs and put them in the Sound and rafted them. Then the mills would come around and look at the rafts and buy them. They wouldn't necessarily sell to the same mill every time. They sold to whoever needed them and who gave them the best price.
- Fry: They'd buy them right out of the water. While we're talking about buying timber, no one has ever commented to me on the "price-fixing" which went on between the large companies in the Thirties and how this affected our national forest timber purchasing. This must have been difficult to deal with, prices on private timber being more or less controlled by agreement between companies.
- Lund: I don't know what you mean by "price-fixing."
- Fry: I mean the agreement between large companies on the price of logs for a given month or a given week.
- Lund: Of course, during the Thirties with a surplus of logs and timber, prices were low. I don't know how much "price-fixing" there was. I doubt if there was any with respect to logs.
- Fry: I mean the price-fixing that went on during luncheons between buyers from large companies. Apparently, this was not looked upon as being illegal, especially in those days. I have been told how they frequently would meet at a bar or at a restaurant and more or less decide between themselves on a level of prices for that week or that month. Otherwise the competition I guess was very brutal.
- Lund: I believe what you were told about was price-fixing with respect to the sale price of lumber and other finished products. The National Recovery Act of the Thirties encouraged industry cooperation in the establishment and holding of a price line. When this

Lund: Act was declared unconstitutional, the agreements as to price became illegal and eventually led to action by the Justice Department. The West Coast Lumbermen's Association finally entered into a Consent Decree which, I understand, prohibits price-fixing agreements of any nature.

Someone more closely associated with the lumber associations of the period could give a more accurate description of what actually took place, but what I've said, I believe, is essentially correct. In any event, the price-fixing had no relationship to national forest stumpage prices.

As I said earlier, there was very little demand for national forest timber and there was virtually no competition for it. Firms would apply for it as they came to it or as they needed it.

In many cases there was only the one company that had access to it: much of the logging was done by railroad and of course the logging company owned their own railroad. No one else had a right to use it, so there was virtually no opportunity for competition in most situations.

A few attempts were made to alter this by writing into timber sale agreements a provision that purchasers would be required to allow others to use their railroad. But this as a practical matter never worked out anywhere that I can think of. This sort of provision was in a timber sales agreement that the Polson Lumber Company had. No one that I'm aware of wanted to use the railroad, but perhaps this was due to the fact that nothing in the contract provided that others could use Polson's log dump. If they used the railroad, they'd have to have a right to use the dump as well, including Polson's rafting grounds. This was a distinct oversight by somebody. [laughter]

So as a practical matter before World War II, there was virtually no opportunity for competition, and even if there had been there wasn't enough demand to create much competition. Virtually all the timber was purchased at the appraised price at that time with one or two exceptions.

The Schafer Brothers Logging Company were successful bidders for a large sale on the Olympic Peninsula. I think the advertised price was four dollars for Douglas fir, and it was high quality Douglas fir. They bid \$6.50. This was unheard of at the time. A lot of people, I recall, predicted that if they paid that price they'd go broke. Of course, the Depression came along and they weren't able to operate except at a very slow rate. They didn't go broke; the Forest Service granted them many extensions and they eventually came out all right.

Timber Price Adjustments During the Depression

Fry: I thought there were adjustments that were made, in view of changing economic conditions, to logging prices.

Lund: No, there were never any reductions made in contracted stumpage prices because of the Depression. Congress passed legislation which, for one year's time only, permitted any company who wished to, to have its contract terminated without damage. Without that legislation, if a company wished to have its sale contract terminated before completion of cutting, the Forest Service would have been required to make a damage appraisal.

Damages generally are determined by comparing the appraised current value or price with the price established in the contract, and, since values decreased drastically during the Depression years, damage payments to the government most certainly would have been indicated in every case. Actually, few companies elected to have their sales contracts terminated. They sought contract extensions instead.

Congress refused to enact legislation which would allow a company to retain their contract and get a reduction in price. The only relief they were willing to grant was to allow them to have their contract terminated without damage. They couldn't have their cake and eat it too.

Fry: And all of this was determined at the Congressional level?

Lund: That's right.

Fry: That doesn't give you a lot of wiggle room.

Lund: That's right. An administrative officer of the government has no authority to change a contract. And this, over the years, has been a source of ill-will, you might say, between industry and the Forest Service.

Many of the problems that have arisen over the years have been because industry thought that they were entitled to relief on various occasions, and they came to me, for example, an assistant regional forester, and asked if they couldn't have relief. We weren't able to give them any form of relief because of the basic rule that an administrative officer can't change or reform a contract to the disadvantage of the government.

Fry: Is this true in all government agencies?

Lund: That's right.

Fry: It's not just a Forest Service quirk.

Lund: That's right. It's sound, of course, because if an administrative officer did have the authority to change a contract, it would open the doors wide open for all kinds of favoritism.

Fry: I can see how it would lead to corruption, but it doesn't allow for flexibility in an economic system where we have a great deal of flexibility during the course of a year.

Lund: That's right; two private companies can enter into a contract and they can mutually agree to change it. That's not true if you have a contract with the government, i.e., if the change meant a lessening of benefit to the government. That's why they had to go to Congress for relief. Congress was the only one that could grant them relief.

Fry: All of these conditions that you've been talking about more or less held steady--the lack of demand for timber and so forth--through the Twenties and the first half of the Thirties, the bad years of the Depression?

Lund: Well, it really was worse during the Great Depression.

During the late Twenties, there had begun to develop a pretty good demand for national forest timber--not nearly the demand that exists now, of course, but good for those days. Then the Depression came along and it just about disappeared. As a matter of fact, President Hoover issued a directive to the Forest Service to not sell timber except in those situations where a company had no other source of supply. And this was at the request of industry. They were instrumental in getting the administration to do this. I've forgotten the exact year that this occurred in; it must have been about 1931. As a matter of fact, it did have some effect on my career.

DIVISION OF TIMBER MANAGEMENT--REGIONAL OFFICE

Lund: In January of 1931, I was transferred to Portland's Regional Office in the Division of Timber Management to do appraisal work. I was only there one year when as a result of this directive and the continuance of the Depression, business fell off so that there wasn't enough work for me to stay in Portland, and I went back to Seattle to the Snoqualmie Forest again.

There was very little demand for sales through '32 and '33 and '34 and then, of course, it started building up a little more, probably from about 1935 on. But it didn't really pick up to any great extent until the Second World War years of 1942 through 1945.

Fry: According to my notes, you went back into the Regional Office in about 1936. This time you stayed a little longer?

Lund: That's right.

Fry: So then your advent into the Regional Office coincided with this gradual increase in demand in national forest timber, which required more and more intensive management.

Lund: That's correct.

Fry: In that period--up to this 1935 point that we can nail down--is there anything else relating to use of species or technological changes which affected national forest management?

Lund: I don't believe so, in that period. The sales in that period were almost entirely to companies who had built up a dependence on national forest timber, companies like Westfir Lumber Company; I mentioned earlier that they had built a plant solely to process timber cut from the national forest.

Another situation of course was the Edward Hines Lumber Company at Burns, Oregon, where again a large sale had been made in the late Twenties for the purpose of providing an industry for the community of Burns and to utilize the timber from that particular forest, the Malheur. Incidentally, this latter sale caused the extension of the Union Pacific railroad to the towns of Burns and Hines, Oregon.

Fry: This was a sale made to Edward Hines, yes.

Lund: The original proposed purchaser, who was not Edward Hines--the

Lund: man who originally purchased it--went broke and couldn't complete his contract. Then the sale had to be resold and Edward Hines came out from Chicago and purchased it.

Fry: And that's another big story right there, isn't it?

Lund: That's right. The company was required by the conditions of the sale to construct a plant at or near Burns, Oregon. They elected to build it about two miles outside the city limits; they have a separate incorporated town there called Hines.

But this was an example of the policy in the early days: not only trying to develop the forests but to utilize them to provide employment, to benefit the communities adjacent to the forests, and provide lumber for the needs of the state and the nation.

That's all changed now, insofar as the making of large sales and the required construction of a sawmill is concerned. Timber has now become rather scarce and there's a great demand--there has been in the last twenty years--for national forest timber.

Fry: You went to the Regional Office from the Olympic Forest?

Lund: I was only on the Olympic for '28 and '29, two years, and then I went to Seattle as a staff assistant in the supervisor's office. I was on the Snoqualmie Forest when I first transferred to Portland at the beginning of '31. I went back to the Snoqualmie in the first part of '32 and remained there until about the beginning of '37 or the end of '36, when I came back to Portland.

When I went back to Seattle in '32 and '33, I was staff assistant again. I was responsible for timber sales, timber management activities primarily. So practically my whole career has been closely related to timber. About the only time I was not directly related to timber was the two years I was supervisor at the Wenatchee National Forest.

Fry: And that was later, wasn't it?

Lund: In '40 and '41.

Fry: When you first came to the Portland office, in what capacity did you come?

Lund: I came as working staff in the Division of Timber Management. My primary responsibility was for appraisal work.

Fry: I think the U.S. Forest Service sheet here, which I got from the Regional Office, is a little confusing. It says that on December 1, 1939, you were assigned to "Associate Logging Engineer and Logging Engineer, Timber Management." But you were connected with

Fry: timber sales?

Lund: Logging engineer was only a title, a working title. Logging engineering work in the Forest Service was essentially appraisal work.

Fry: It didn't have too much to do with getting logs to the mill or anything like that.

Lund: No, it's not the same as a logging engineer employed by a logging company because the Forest Service did no logging of their own. That was a working title, but actually my primary job was making appraisals.

Fry: Then after your stint in '39 at Wenatchee, you were reassigned as Principal Assistant to the Division Chief in Timber Management in the Regional Office.

Lund: That's correct.

Fry: Then in 1947 you were promoted "in place." That means what--the next rung up?

Lund: Yes. When I came back at the end of '41 or the beginning of '42, I was made the Principal Assistant and my immediate superior delegated the responsibility so completely to me that I guess my superior decided I should have a promotion. This was rather unheard of: they put me in the same grade as my boss. So when I was promoted there in '47, I was given the same grade as my immediate superior.

Fry: Was that C. J. Buck?

Lund: No, that was Oliver Erikson. He was Division Chief until '49, when he retired. C. J. Buck was Regional Forester.

Fry: And you stayed in that capacity?

Lund: Until Mr. Erikson retired and I took his position as Division Chief in 1949.

Fry: In charge of Timber Management. And then in '57 you were Assistant and Regional Forester and the Divisional Chief of Timber Management. Was that different?

Lund: No, it's the same.

Fry: Just a change in title, apparently.

Lund: There might have been a slight change but essentially there was no change. I may have been given a grade promotion there. I was

Lund: probably upgraded at that time.

Fry: That gives us a pretty good summary of what your level and experience was in the years from 1936 to your retirement in 1965.

CHANGES IN TIMBER APPRAISALS AND CONTRACTS

Fry: Maybe the first thing that would be interesting would be for you to comment on changes in sales contracts that developed from '36 on.

Lund: I notice in your outline you have "Changes in policy." Changes in over-all policy were rather minor, that is, such things as sales policies. Policies to dispose of timber remained essentially the same. Perhaps the principal changes occurred in the methods, and included in the methods I would include the form of the timber sale contract. There were quite a few changes in the timber sale contract itself, and they reflect policy to a considerable extent, of course.

One of the early changes occurred in the late Thirties, you might say as a direct result of the Depression. We were talking earlier about the fact that an administrative officer of the government could not reform a contract and that this prevented the granting of price reductions during the Depression. This experience caused the Forest Service to consider contract language for use in new contracts which would permit price reductions when justified, without contract reformation.

The first result of this consideration was a contract provision for periodic reappraisal and price adjustment in long term sales (sales of three years or longer duration). This provision was helpful but it did not solve the problem completely because reductions in price could be given only if there had been a rise in the original appraised stumpage price as a result of bidding or a reappraisal.

This was because the law provides that timber may not be sold for less than its appraised price, which was held to be the price determined at the time of advertisement or sale offering. Obviously this provision offered no relief in a situation such as prevailed during the Great Depression, because most contract prices were the same as the original appraised price.

Finally, the Forest Service developed an idea that permitted us to write into the contract a reappraisal provision that would allow a reduction of the price to a base rate. This took a little ingenious thinking on somebody's part and I don't know who to give credit for the original idea. It was probably several people who conceived the idea.

Our legal counsel approved a plan for two appraisals: one

Lund: appraisal to give the value of the timber based on the current market, and the other, the value based on a long-term period. Generally the long-term-period appraisal would produce a lower rate, which would be called the base rate. Then the contract would provide that at reappraisal time, as specified by the contract, the stumpage could be reduced to the base rate but not below the base rate. And this gave extra leeway then for making adjustments if we had another depression or recession.

This was one of the first major changes in the contract policy and was, of course, as you see, designed to make the contract more equitable.

Fry: This happened on the Regional level?

Lund: No, this was largely at the national level.

Fry: Was it instigated here?

Lund: It's hard to say where it was instigated. It was the direct result of our experience during the Depression of not being able to make adjustments in a number of cases. Most of the cases where there was need for that sort of thing, of course, were in this Region. This Region was the one that had a large volume of timber sales.

Fry: This would allow you to adjust the stumpage price downward.

Lund: It was necessary, of course, to include a provision for reappraisal and price change in the contract. Such provision was generally included in long-term contracts only. However, as I explained before, there was no provision of the contract that permitted reduction below the original appraised price.

Fry: And that was what you had bid most of the time.

Lund: That's right, and that was the reason for this dual appraisal concept of long-term price and short-term price.

While there have been numerous changes of the contract form, the first major revision subsequent to what I related that I can think of occurred in about '55. At that time the Forest Service sat down with people from industry. The committee that was solicited, or appointed, made a complete review of the contract, and there were a number of changes agreed upon. Part of the changes made were designed merely for clarification, but others were designed to reduce risk to the purchaser.

I think that if the truth be said that most of the changes that have been made over the years have been in the direction of making the contracts less burdensome, eliminating some of the risks.

Lund: For example, the reappraisal provision was to eliminate some of the risk, market risk of having another recession or depression.

The contracts subsequent to '55 were less burdensome from the standpoint of the amount of liability that a purchaser had with respect to accidental fires. Prior to that time the thinking was that a purchaser should carry about the same fire liability as he would if he owned the timber that he purchased. So if he had a fire that was caused by his operation--in other words, a spark from his equipment, or one of his men careless with smoking--any such fire that could be shown to have been caused by him or his employees or his machinery, he'd have to stand the full cost.

In '55, it was decided that this could be too burdensome since a catastrophe could result from a fire of this nature which would bankrupt even the biggest and best of the companies. So the amount of liability was reduced markedly by stating in the contract the amount of money that the purchaser would need to spend on that kind of a fire and that any additional cost would be borne by the government. A little later there were a number of other changes.

A change of significance I think was in the provision for payment bonds. Many companies, with the advent of high stumpage prices, had rather burdensome payments to make because the contract had always provided that timber be paid for before it could be cut. In other words, before they could go out and fell a tree there had to be money on deposit to cover it.

Particularly in the Douglas fir region, most companies fell several million feet of timber in advance of actual removal by logging. Douglas fir timber doesn't spoil quickly after it's severed from the stump, so most loggers like quite a little timber cut in advance. If they had ten million feet cut in advance and they were paying \$40 a thousand for it, you can see that that would amount to a considerable sum.

So the idea was advanced (by both members of industry and the Forest Service) that a bond guaranteeing payment take the place of a cash payment for timber which had been felled but not yet removed. As finally adopted, the bond could be one furnished by surety or one calling for the deposit of negotiable government securities. Also, it was permitted to cover not only the value of all the timber that was felled but all the timber that was in transit, up to the point of scaling, plus the amount of one month's scale.

The contract provided that the Forest Service would bill the purchaser monthly for timber scaled and that cash payment would be made in the amount of the billing by the fifteenth of the following month. The payment bond then covered the value of all cut

Lund: timber up to that point. This meant a great saving to some companies because it meant they needed less working capital and they could get along with less cash.

Fry: Did this enable more of the smaller companies to bid on contracts?

Lund: That's correct, but it didn't always work that way because the smaller companies, some of them, had difficulty in getting payment bonds. Surety companies looked at it from their own risks, and they would have to be satisfied that the applicant for a payment bond was a good risk.

So the smallest of the companies sometimes had difficulties in getting payment bonds, particularly if they did not have an established reputation. I think in some cases the surety companies demanded collateral, particularly from the smaller companies. So it was sort of a mixed blessing. It probably favored the large companies more than it did the small.

Fry: I've understood from other people I've talked to that there was a general policy that if you had to make a decision between large companies or smaller companies, that Forest Service policy was to try to help the smaller companies. Is this your impression?

Lund: I don't know that I'd make it that strong. I think the policy was to not favor either, actually, but to recognize that we needed both kinds of companies. Of course, it was not appropriate for the Forest Service to say whether the big company or the little company should survive. I'm not aware that it favored either one.

In one respect we've always attempted, where it was physically possible or feasible, to dispose of the timber in sales of various sizes so that small companies would have an opportunity to bid for timber with the larger companies, but not to favor the small companies especially.

Of course, the Congress a few years ago enacted the Small Business Act, which provides that under certain circumstances, timber be set aside for small business. On that type of sale, the small company is definitely favored because a large company is not allowed to bid on those sales. But this was not the Forest Service's doing, this was not the Forest Service policy; this was Small Business policy, as developed by the Congress.

Fry: I think that that came along a little later than the time that I'm talking about.

Lund: But in this Region, and I think in others, policy has always been not to play favorites and to attempt wherever possible to plan the sales to fit the needs of all of the industries. In a given area, if all of the companies were small, then all the sales would be

Lund: small. But if there was a mixture of large and small companies, there would probably be a mixture of small and large sales. And this was particularly true in the earlier days when very little of appropriated funds was available for building roads, so that some of the sales necessarily had to be large in order to finance the road building.

Fry: And to large companies, I guess.

Lund: Yes. In more recent years with more road development, more appropriated monies for building access roads, there's been a trend toward smaller sales. There hasn't been a need for large sales, as there was earlier, because of the access problem.

Timber Sales Procedure Revisions

Lund: Of other changes that came along, I can't think of any that are significant until fairly recently. In about 1962, the lumber industry in general again was having problems. There had been some poor markets for several years, and there was what you might call an uprising. They were all demanding that the Forest Service do something to give them relief. Again, they were asking for things we had no authority to grant.

There was no way that we could give relief that wasn't permitted by the contract or by statute. And so they went eventually to the Secretary of Agriculture with their problems, and they had what they termed a four-point program, number one of which was asking that the Forest Service sell the full allowable cut each year and that they make new inventories to insure that the allowable cuts were as high as they possibly could be.

The second, as I recall, was that the Forest Service change their appraisal methods. They wanted an appraisal system that would give a lower price, this in spite of the fact that the record of bidding showed that they were bidding thirty percent to sixty percent more than the appraised price already.

The third point of the four-point program they were asking for was a change in the appeal procedure. And the fourth was that they wanted a major revision of the contract.

As a result of this fourth request, the Secretary and the Forest Service agreed that industry members should participate in the review and the rewriting of the contract. This took a couple of years' time at least. The result was that the contract was completely rewritten and the new contract has now been in use for

Lund: about a year and a half. Again, most of the changes were in the direction of eliminating risks. One of the problems that industry is concerned with is the cost of building roads. Building roads is a fixed cost, so the cost per thousand varies with the amount of timber which develops. In a number of cases, the purchasers of timber suffered loss of profit because they had large road building costs and less timber developed than either they or the Forest Service had expected.

Fry: Less timber?

Lund: Yes. As an example, a sale might have been estimated to yield twenty million board feet and actually cut only fifteen million board feet. If the purchaser had roads that cost \$200,000, then instead of the roads costing \$10 per thousand, as expected, they would cost \$13.34 per thousand (\$200,000 divided by 15 M instead of \$200,000 divided by 20 M feet). The higher cost per thousand would mean a lower profit earning.

The new contract attempts to solve this problem by treating completed road construction as though it were a cash payment. The effect of this treatment is that the purchaser is assured of credit for the full amount of estimated cost for all roads constructed by him.

For example, when the Forest Service now makes a sale and they estimate that the needed roads are going to cost \$200,000, that estimate is broken down into segments. As soon as the purchaser has completed a segment--say, it's estimated to cost \$20,000--he is given credit just as though he had paid cash in the amount of \$20,000.

On the other hand, the timber is appraised higher because it's appraised as though the roads were already built, so the government is protected too. The appraised prices are higher to begin with, and the bid prices are higher of course; but there's almost the guarantee that the purchaser will get his expenditures for roads back.

There were other changes along the same order, most of which are in the direction of giving greater assurance to the purchaser. His expenses for road building and that sort of thing will be recaptured.

So all this demand for change came to a final head along in '62. Up until that time it was sort of an intermittent or spasmodic thing, but in '62 so many of industry were hurting financially that somehow they all got together and called on the Secretary seeking some form of relief.

The major result was that industry and the Forest Service

Lund: got together and changed the contract. I think there's a goodly segment of industry who questioned the desirability of changing the contract. I'm not sure that they're all happy with the changes that were made. It makes the contract more complicated, I believe.

Of course, it creates much greater work on the part of the government, preparing these estimates. They not only have to get qualified people to make the estimates, but now the contract also provides that if unexpected things develop in road building, for example, that under certain conditions they'll make new estimates. This all calls for a large forestry engineering staff with the capabilities of making these estimates. Also, it opens the way for appeals, I think, to a greater extent.

The contract changes clearly continue the trend away from the historic relationships of buyer and seller. They make the seller share, at least, the consequences (increased costs) of timber not cutting out as estimated. Likewise the seller must share the burden of increased cost when unforeseen factors increase road costs substantially. In the early days the logger or the buyer assumed all those risks whether he was buying from the government or anybody else.

Fry: Does this ever put the government in the position of losing money?

Lund: Not necessarily. It might mean that they would get less than they would under the old system. On the other hand, they might get more because if there's more timber, the government of course gets paid more. Also, if changes in the road system are made which cost less money, the stumpage price is increased.

Take the example I gave where the estimated road cost was \$200,000: say they made changes and it was estimated to cost \$150,000. The purchaser would only get credit for \$150,000. So they automatically pay the other \$50,000 in stumpage.

Fry: Who were the leaders in industry's 1962 appeal to the Secretary of Agriculture?

Lund: I don't know that I can say who the individual leaders were. The National Lumber Manufacturers Association through its officers and staff appeared to take the lead. All of the trade associations participated and all were represented in later negotiations. It was the first time that I'm aware of that all the associations got together in a common cause.

Fry: It's pretty unusual. [laughter] Were they mainly represented by their executive secretaries?

Lund: Both by the officers of the associations and by individual

Lund: Lumbermen (members) who went back to Washington.

Fry: And I guess a large portion of these were from the Pacific Northwest.

Lund: That's right, and I think they did get the Association of Southern Lumbermen to join with them. But it was primarily the West, including California and the other Western Regions.

Land Use in National Forests

Fry: Did you in your timber management of this Region ever have to consider other land uses such as wildlife, or certain aspects of soil conservation, as well as logging and recreation uses? Was this a part of your concern?

Lund: Yes.

As long as I can remember and I guess for all time, as long as there's been a Forest Service, there have been two cardinal principles of management of the national forest: one of them is sustained yield and the other is multiple use. You may be aware that Congress enacted the Multiple Use Law a few years ago, but this merely confirmed the policy that had been in existence for a long time. The national forests have always been administered under the principle of multiple use.

So in all of our timber management work we had to be pretty much aware of other values. For example, in the outline for the report which the field officers would make when they were preparing a timber sale, they would be required to discuss the effect of that particular sale on other uses. And in our sale planning and in our contract writing, a special concern was had for other land uses and values.

The contract contains a number of provisions which require the purchaser to take precautions to safeguard recreational values, and to not cause erosion or muddy streams. For example, the contract prohibits the dragging of logs through a stream or the running of equipment through a stream. Loggers are not permitted to build skid roads that go straight down a steep slope, since to do so might result later in severe erosion.

It's impossible, of course, to operate heavy logging equipment without making tracks and doing some damage; but when this unavoidable damage is substantial or serious, the contract requires that the damage be repaired.

Lund: So I'd have to say that in all of our planning and in all of our timber management activities, we were very much aware of the other values and safeguarded them to the extent possible.

WORLD WAR II

- Fry: We haven't talked any of World War II, which stepped up the demands considerably on Forest Service timber. At the beginning of World War II, there was still interest in spruce for airplane production, wasn't there?
- Lund: Yes. Most of the spruce in this Region had been used. There wasn't too much available. Most of the spruce that was used in World War II was brought down from Alaska.
- Fry: Isn't it mostly spruce on the Olympic Peninsula?
- Lund: Not mostly. There are some spruce stands on the west side of the Peninsula, but it's a minor proportion of the stand. Originally there were some wonderful stands of spruce there, but they were at the lower elevations and a good deal of it on private land, actually. The better stands of spruce are long gone. Some fine specimens remain but are largely located within the Olympic National Park.
- Fry: You were talking about other changes that might have been made by wartime conditions. The most dramatic one and spectacular one that I have picked up in talking to other people was the fact that there was a lot of concern about fire balloons being sent over on the tradewinds from Japan to land in the Pacific forests. This never became a major hazard, or at least not to any degree that could have been definitely documented, but it was still a major concern at the time.
- Lund: That's right; there was a lot of concern about that. Two of them landed, one on the Siskiyou Forest and one on the Fremont Forest. These were bombs, I guess, or fire bombs. But neither one of them started a fire. Maybe that one on the Siskiyou exploded a little bit but the weather was favorable and it didn't do anything. I couldn't say that that had any influence on timber sale activities.
- And I can't think of any effect of the War on our timber sale activities other than those we've mentioned--creating a greater demand and more urgency for the greater volume of timber sold. Of course, it affected our abilities because of manpower shortages.
- Fry: And then you got better congressional appropriations, although slowly.

Lund: Yes, slowly.

Fry: How did World War II change the activities in your office?

Lund: Well, the War stepped up timber sale activities, of course. It brought a greater demand for national forest timber. At the same time, it made manpower relatively scarce. It took some of our key people. We were hard pressed to increase our cut, although we did increase.

There's been a gradual increase starting with about the beginning of World War II. Of course, there'd been some increase between '32 and '42, also. But it began to increase more rapidly with the advent of World War II.

I don't want to make excuses, but it takes time to increase your work force and train people, and you have to get larger appropriations. We were often criticized for not increasing our cut more rapidly. The only thing I can say is, I think we did pretty well, considering the unwillingness of Congress to adequately increase our appropriations, either for sales work or for access road construction.

Fry: You mean Congress did not make an increase in your road funds?

Lund: There had been some gradual increases over the years, but most of the major increases in road monies occurred in the last ten or twelve years.

Oddly enough, for many years the timber industry, through their associations, opposed increases in Forest Service appropriations, both for administration and for road construction. It's sort of a paradox, that the timber industry wanted more timber sold and opposed the increases needed to do the job.

This was the sort of thing that made people like me, who were trying to get work done, unhappy. I think some of the reasons for the opposition to appropriation increases in the early days was a direct result of the controversy between the Forest Service and industry on the regulation issue. I don't know whether you have any testimony on the regulation issue or not. It was quite an issue in the earlier days.

Fry: Yes, this was Earle Clapp's idea for federal regulation for the industry, wasn't it?

Lund: Yes. Oh well, that had been proposed even before Clapp's time. But he was the last Chief Forester that really pushed it, I guess. People like myself never participated; we had no occasion to. But the industry organizations were fighting it, and I guess they felt they had to fight us on everything, including appropriation increases.

Lund: The National Lumber Manufacturers Association had their people appear before Congress. I remember one year specifically--I've forgotten what year it was--they testified that the Forest Service already was getting more money than they needed for both roads and for administrative purposes. Actually they were cutting their own throats. This is why I say it was kind of a paradox.

We've had many battles with Western Forest Industries, which originated as a representative of small industry. They now represent quite a few of the larger industries too. One thing I would have to say for them: they were probably a greater factor in getting increases in our appropriations than any other of the organizations. Of course, it was in their interest to get more money because their members were largely dependent on government timber supplies, and it was in their interest to have the Forest Service build roads because many of their members didn't have the means to build roads.

Fry: Yes, because they're made up of a number of smaller companies, is that right?

Lund: That's right. Many of their members have grown considerably, but initially they were largely representing the small independent operator who had no large amount of timber supply of his own.

In recent years, of course, all of industry has been pretty much behind the Forest Service's requests for funds. In fact, they've gone before Congress in recent years and urged that they appropriate even more than we asked for because they wanted the Forest Service to sell larger quantities of timber. They know that in the budgetary process the budget doesn't always include all that the field people might have asked for.

There are limitations on how much you can get into the budget. The administration has, in recent years particularly, put a limit on how much an administrative agency could ask for. The timber industry representatives in recent years would try to get Congress to increase the funds that were asked for in the budget.

Fry: I wondered if trade associations like the NLMA perhaps had come more to have the western viewpoint, where there is more dependency on federal timber?

Lund: They do what their members ask them to do.

Fry: Has their membership become more oriented toward the West, or do you know?

Lund: Yes, I think so. Western men have been at the head of it in recent years. As timber has become more scarce nationwide, I

Lund: suppose even the people in other Regions would be in favor of increased appropriations. In the early days much of industry here thought they should build all the roads themselves. They didn't see any need for the Forest Service to build roads.

This of course would be perhaps a natural viewpoint of the larger operator versus the small operator. The small operator with lesser means has always favored government building the roads. This is just a natural thing. But in recent years I think the opposition to government building, at least the main roads, has disappeared almost completely.

RIGHTS-OF-WAY AND ROAD-BUILDING AGREEMENTS

Fry: I understand that the problem of access has been a fairly complex question, particularly where roads to a proposed federal timber cut went through private lands. Before the legal basis for right-of-way rights and reciprocity was determined, weren't there cases in which one company actually couldn't bid on Forest Service timber because an adjoining company happened to own the land in between? The company that wanted to bid couldn't get a road through to the Forest Service timber.

Lund: I don't know of a specific case in recent years, but that has happened in years past. I recall one case, and this was during the Second World War, where a private company wanted to buy timber and tried to get an easement from a second party and they refused to grant it. They went to court to obtain a right-of-way, but it took about three years for them to get it and of course this is too time consuming to meet the needs of the timber purchaser.

So the only good answer was for the government to get the rights-of-way before they sold the timber. We realized this all the time and this was what we attempted to do from about 1942 on.

Fry: You mentioned a while ago, rights-of-way. Has there been an ongoing problem about that, one company owning the rights-of-way that smaller companies might have to go across in order to get to its federal timber?

Lund: This is one of the things that was discussed at the Chudoff* hearings and there was quite a little to-do about it. Probably there was more criticism with respect to rights-of-way of the Bureau of Land Management's policy than there was of the Forest Service

*Joint Hearings before a Special Committee on the Legislative Oversight Function of the U.S. Senate Committee on Interior and Insular Affairs, and the House Sub-committee on Public Works and Resources of the Government Operations Committee, Eighty-fourth Congress (Hearing record printed in two volumes, part 1 and part 2. A third volume contains a report to the Senate Committee on Interior and Insular Affairs by its Subcommittee on the Legislative Oversight Function). Hearings were held November 14-30, 1955, at Redding, California; Klamath Falls, Medford, Roseburg, Eugene and Portland, Oregon; Aberdeen, Seattle and Spokane, Washington; and February 21 and 22, 1956, Washington, D.C.

Lund: policy, although there was criticism of both. In earlier years the Bureau of Land Management made quite a few road agreements where a road user other than the road builder had to negotiate with the builder (owner) to determine the charge for use of the road, and these agreements sometimes prevented competition on timber that had to go over such roads.

Blocking of access by private ownership existed to some extent for Forest Service timber, but I don't think to as great an extent, for one reason because the Forest Service had less intermingled land than the Bureau of Land Management. Their land originally was nearly all in a checkerboard pattern.

The Bureau of Land Management right-of-way policy required that before they would grant a right-of-way to a private party, the private party had to grant the government the right to cross his land. For years, the Forest Service had nothing of that sort.

In fact, our legal counsel had told us that we were required by the Act of 1897 to grant rights-of-way to anybody who had a legitimate need. That Act provided that settlers would have the right of ingress and egress to their lands across national forest lands. Our legal counsel's interpretation was that the word "settlers" included all owners of land located within the national forests.

Consequently, for many years, we had a guiding rule or policy that required us to grant a right-of-way to any company who wished to gain access to their timber, without a condition that they grant the Forest Service a right-of-way or a right to use their road. This is one of the things that we were criticized for at various times, including when the Chudoff hearings were held in Portland, Oregon, on November 21 and 22, 1955.

A number of years later (August 2, 1961), and largely at the insistence of Western Forest Industry people and members of Congress, the Attorney General was asked by the Secretary of Agriculture to interpret the ingress and egress provisions of the 1897 Act. His opinion, dated February 2, 1962, ruled that such provisions pertained to actual settlers only and not to all owners of timber. So that policy was changed.

Fry: On the insistence of the independent operators?

Lund: Yes. Their (Western Forest Industry Association) attorney didn't agree with our attorney, and he was instrumental in getting it brought to the attention of Congress and in getting the United States Attorney General's Office--the Department of Justice--to study the matter and to make a ruling. They reversed our legal counsel.



Left to right: (Seated) Congressman Jimmy Lind of Pennsylvania, Committee Admin. Asst. John Heimburger.
(Standing) Walter Lund, Asst. Reg. Forester, Region 6, Forest Service, Congressman Hoeven of Iowa, Congressman Bill Hill of Colorado, Congressman Walt Murma of Pennsylvania, J. Herbert Stone, Regional Forester, Region 6, Forest Service, Herb Peet, Dept. of Agriculture Rep., Portland, Oregon.

Sub-committee of House Agriculture Committee on tour of portion of Region 6 forests - August 1952. Multnomah Falls in background. Multnomah Falls is located on the Multnomah River Highway east of Portland but is also on the Mt. Hood National Forest.

Fry: So that reciprocity had to be granted by the landowner too?

Lund: Well, this opened the way for reciprocity. Following that ruling, of course, immediately we abandoned the old policy and we had to establish some new policies. There were a series of proposals made and they were submitted to industry for comment. It took considerable time before anything could be worked out, because industry didn't like what was proposed.

I've forgotten the exact time when the new policy providing for reciprocity was issued. And I would have to review what finally came out as policy in order to state it accurately. There's a measure of reciprocity now in the regulation, but nothing as severe as the Bureau of Land Management originally had.

Fry: The advantage to WFIA members in this was that the smaller companies would also have access to these roads, which were granted to the Forest Service, is that right, when they used Forest Service timber?

Lund: That's right. Their interest, of course, was to have all roads which served a particular forest available for use.

The thing that we were criticized most for, as I recall, at the Chudoff Hearings was the fact that we were not aggressive in condemning rights of way when we were unable to negotiate them. This, unfortunately, was true. We had an Assistant Secretary at one period who frowned on condemnations.

Fry: This was under McArdle?

Lund: This was when McArdle was Chief, but this man was the Under-secretary or Assistant Secretary to the Secretary of Agriculture.

Fry: Yes, ~~the man who came from Oregon~~ ^{from California}, J. Earl Coke.

Lund: Yes, that's right. You must have had some testimony on this before.

Fry: Yes, but not pertaining to this.

Lund: Mr. Ervin L. Peterson, who succeeded this man as Assistant Secretary, also did not favor condemnation for general use. As a result, McArdle had a policy that we would not condemn except as a very last resort. And so, as a consequence, we had several situations where we were unable to negotiate a right-of-way agreement.

The program had foundered somewhat also because we had no effective organization supporting it in our Regional Office. For a while it was the responsibility of the Division of Lands, and they had no one that was pushing it. Then the Regional Forester assigned it to the Division of Engineering for a while and they

Lund: weren't very successful.

Finally, I asked to have it transferred to my Division, and I think we made some real progress. It was while I was in charge that we began this program vigorously of trying to acquire rights-of-way everywhere.

We also wrote the first cooperative road construction agreements entered into by the Forest Service and timber owners. We wrote several in the Region. One of them, the San Marino agreement, covered a planned road development on the Rogue River National Forest. This agreement, I believe, has never been fully implemented for a variety of reasons. Numerous other agreements, such as one with U. S. Plywood on the Siskiyou Forest and one with Pope and Talbot on the Willamette Forest, have been eminently successful.

We agreed in most cases that the company would build the roads and we would share the cost. Of course we had no funds to pay our share at the time, but we wrote the agreement so that as we sold the timber, the contracts would require that the purchaser would pay two or three dollars, or whatever was appropriate, per thousand to the road building company until the government's share had been amortized. This, of course, was allowed as a cost in the appraisal, so that it was no different than had they built the road themselves. In fact, it was better for the purchaser because the road was already built.

Take the example of the Siskiyou Forest, where the U.S. Plywood Company owned timber intermingled and adjacent with the National Forest: the company had to have a road to get their timber out, and the Forest Service had to have a road to get Forest Service timber out. Only one road was needed, so we negotiated an agreement that U.S. Plywood would build the road but the Forest Service would share fifty percent of the cost. Since we had no cash to pay them immediately, we provided that we'd pay for it as we cut the timber. Each purchaser of national forest timber would pay a certain sum per thousand until the road building company had been paid our full fifty percent of the share of the cost.

And we were able to get a number of roads built by this means. The roads were too expensive for an individual purchaser to build unless we made a huge sale. We had no appropriated funds to do it with. In every instance, a private party needed the road as much as we did, and so we shared the cost.

In the case of the U.S. Plywood agreement, the ratio of cost sharing was fifty percent each. In other situations, it was a different percentage. Generally it would be based on the ratio of timber to be hauled over the road. If a company had only forty percent of the total volume of timber to move over the road, they

- Lund: would pay forty percent and the government would pay sixty percent. One of the companies that entered into a road agreement was Pope and Talbot down at Oak Ridge. In that case, as I recall, the government paid approximately sixty-five percent, or maybe it was seventy percent. This was based on the ratio of timber to be hauled over the road.
- Fry: This was worked out in the late Fifties, I gather; is that right?
- Lund: Not necessarily in the late Fifties, probably in the early Fifties and through the Fifties.
- Fry: Then this went on during the time when condemnation proceedings were instituted only as a last resort.
- Lund: That's right.
- Fry: Did this constitute a change in the sales contract, without actually being counted as that?
- Lund: This was not part of the timber sale contract. This was a separate agreement. This was a road agreement which was negotiated separately. The subsequent timber sales would make reference to this and they would provide for the purchaser of subsequent sales to make payments to the road builder, as they hauled over the road.
- Fry: And that was an agreement between the company logging and the company which built the road?
- Lund: Well, no, it was a part of our purchaser's timber sale contract. So I guess you could say that this was a change in the specific contract. They were required, under the terms of their timber sale contract when they purchased timber subsequent to the road being built, to make these payments to the road builder, if they used the road, until such time as the total sum had been paid. When that occurred then of course their payments, instead of being paid to the road builder, would be added to stumpage.
- Fry: At any rate, congressional approval was not required for a contract policy change.
- Lund: This was during the period when we had problems of getting access, and we had problems of getting enough appropriated funds to build roads. We made large quantities of national forest timber accessible by this means. It was an entirely equitable means.

In most of those agreements we didn't pay interest, even though the company put up all the money in the beginning. In some cases, the Polk and Talbot agreement, for example, we agreed to pay interest after a certain period of years had gone by--

Lund: I think that was five years. If there was a remaining unpaid balance as of a certain date, it began to accumulate interest.

So in many respects these were very favorable agreements so far as the United States was concerned. Of course, it was favorable to the private parties too because they had to have a road and they obtained it at less cost than if they built it alone.

Of course, generally when we built a joint road--built it jointly or financed it jointly, under one of these agreements--we would build a better road than the private party would have built if they were to build a road by themselves. This had some benefits to them also. It costs less to haul over a higher standard road than it does over a low standard road.

But it was a good deal all around. It was a good deal for the Forest Service, a good deal for the individual, and a good deal for the public in general.

Fry: Was the maintenance for these roads handled entirely by the Forest Service?

Lund: Generally this was handled jointly also. The companies shared in the maintenance and still do on most roads that are used jointly.

PRIVATE VS. FOREST SERVICE TIMBER MANAGEMENT

Fry: I guess you're aware of the statements made by some industry proponents that industry has done or is doing intensive forest management on a profit-making basis, while the Forest Service has never broken even on its timber management for any given forest. The statement has been made in a lot of publications, including Fortune Magazine.* Is it really true that the Forest Service--if you had a profit-and-loss statement on your forests at the end of each year--would show a deficit?

Lund: This would have to vary of course in different locations. As far as Region Six is concerned, the revenue or income from timber is much greater than the expense, including the expense of all the other activities involved with administration and management of the national forests. As far as the timber management costs are concerned, it's probably a good deal less than ten percent of the revenues for cost to timber management, if it's that much.

I haven't thought about that recently, but a few years ago because of statements of that nature, the Forest Service, nationally as well as regionally, made some comparisons that showed the comparison of cost with revenues; and for most Regions the income was favorable. It was highly favorable, of course, in this Region.

In a Region like California or maybe on some of the forests in California, the comparison would be less favorable. Let's take a forest like the Cleveland Forest down in southern California, or the Angeles Forest: there's hardly any timber and the primary purpose is watershed protection, keeping that brush growing on those hills, so all the soil doesn't wash down and cover the city streets and fill up the ocean. There's very little income there; it's all expense. In that kind of a forest obviously they spend more than their income. But this is still considered good business.

I am not at all familiar with the comparisons or statements you have in mind. However, I suspect the comparisons include the total appropriations to the Forest Service. If so, the comparisons are unfair and unrealistic because monies appropriated for cooperative protection of state and privately owned lands would be included. Appropriations for research, including products research at the Madison Laboratory, probably were also included.

The funds for cooperative protection are almost outright grants-in-aid and have nothing to do with administration or protection of the national forests. Research expenditures benefit national forest management, but they benefit privately owned properties and

*Emanuel Fritz, "Winning the Battle of Timber," Fortune Magazine, August, 1950, p. 63 ff.



Walter H. Lund, Portland, assistant regional forester for timber management, looks up after planting the first tree on the half-millionth acre to be reforested by the U.S. Forest Service in its Pacific Northwest Region of Oregon and Washington. Designed to restore production on logged or burned National Forest lands, the artificial regeneration program began in 1909. (U.S. Forest Service Photo - 12/63).

- Lund: the timber industry to an even greater extent. These appropriations certainly should not be included in a comparison of cost and income for the national forests. The fact that certain of the appropriations for the administrative branch of the Forest Service are for capital investment in roads and improvements should also be recognized.
- Fry: Is the fact that industry has to pay various taxes cranked into these comparisons?
- Lund: Well, it probably is. Of course the government doesn't pay taxes, but there is a revenue to the counties and the states from national forest receipts. They get twenty-five percent of our gross receipts. In addition, ten percent is returned to the Forest Service for the building of roads, so this benefits the local economy.
- Fry: I'd like to see a copy of that report. I wonder if I could find that at the Regional Office?
- Lund: I'm sure that the Division of Information and Education could find some of that for you.*
- Fry: I'd like to just keep one.
- Lund: There were two parts to your question, as I remember; one of them was the comparison of income and expense. The other was, do they do a better job of timber management? I think what is meant by this is that they practice more intensive management. This is true to an extent. But there's a good reason for it.

Take a company like Crown Zellerbach or Weyerhaeuser--they're good examples: in the first place, they have their own manufacturing plants and their own forest properties. They have the incentive to utilize it as closely as they can because it doesn't cost them anything additional for stumpage, whereas if they were to buy the same kind of material from the Forest Service they'd pay something for it. Any additional volume of wood that they can get off of their own land due to practicing close utilization is just gravy, so to speak.

They make their income from the finished products, so it's a matter of bookkeeping whether they assign any return to the land for that added material. In other words, if they break even in their timberlands department and make a profit from their sale of tissue, or some other final product, whether they return anything for stumpage is immaterial.

A further factor is that the location and characteristics of the private lands of the companies that are practicing this permit them to manage more intensively than the Forest Service.

* see appendix

Fry: This would be from practices like thinning, relogging

Lund: Thinning, relogging and closer utilization.

Most of their properties are closer to their plants. They have shorter and less expensive hauling costs, for example, for material. It costs them less. Transportation is a big factor in whether or not you can take out low value material. You rapidly reach the break-even point if you get one hundred miles away from the plant which is going to use it and much of the national forest timber is that far away from mills.

Good terrain is another factor in their favor. Most of the private land, or much of it, is not only closer to their plants, but it's on more level or gently rolling land, compared to the national forests, which is the residue of the public lands and generally located in the high steep mountains. It costs more on that rough ground to pick up the small material. It costs more to transport it to market. And it has to be sold to a third party.

So there are many things which favor the closer utilization by companies like Weyerhaeuser. I think they would readily admit that they can afford to do it on their own land, but couldn't afford to do the same thing on a major part of the national forests.

Fry: If they happened to have the same land, is that what you mean?

Lund: Even if they had the same land, they couldn't--it wouldn't be as profitable because of the distance to market and because of the roughness of terrain. But that's rapidly changing. Parts of the national forests are now reasonably close to market and in those locations are doing a pretty good job, and I think it's going to increase.

Of course, the value of the raw material makes an awful lot of difference in how much you can do in the way of intensive management. As the values increase, the degree of management which is possible increases.

TIMBER INVENTORY HEARINGS FOR REVISIONS

- Fry: That brings up another question and you tell me if you have this listed in your outline. I gathered from reading the report of the Comptroller General of the United States that they felt that more intensive timber inventory needed to be made on an on-going basis for national forests and that more current information from market conditions and utilization needed to be disseminated to the Regions for consideration in timber sales contracts.
- Lund: I can't recall which of the many Comptroller General reports that have been made during recent years contained these recommendations or what the specific situations were that caused them to be made. I do recall that the very first report received from the Comptroller General's office (1952) pointed to the need for more intensive cruising in timber sale preparation. Prior to that time, it was very common for a timber sale purchaser to cut a greater volume of timber from his sale area than had been estimated by the cruise. Part of the reason for this was the fact that many purchasers utilized the timber more closely than the cruiser assumed he would.

More intensive or accurate inventories for both sale preparation and for management planning purposes have been the concern of the Forest Service and of industry people for a long time and probably always will be. They were touched upon repeatedly in testimony before the Chudoff Committee in its hearings of '55 and '56.*

One of the principal complaints of industry witnesses at those hearings was that neither the Forest Service nor the Bureau of Land Management had up until that time sold their full allowable cut. One of the things they were asking, of course, was that the government sell more timber and also that they re-inventory their timber stands and make new management plans to be sure that the rate of cutting was as high as it could be. And it was true that many of the inventories were old. But perhaps partly as a result of these hearings, Congress was induced to increase appropriations and the Forest Service initiated a re-inventory program.

We had a program the last ten years or more before I retired of re-inventorying the whole Region at ten year intervals. We had twenty forests, and we would re-inventory two of them each year. We had a crash program a number of years ago about the time of the

*See reference, page 33.

Lund: Chudoff hearings, redoing all of our management plans; and of course, each time we'd re-inventory, we would redo the management plan and the calculation of the allowable cut.

There have been material increases, of course. I can recall in 1942 and '43, shortly after I came back to the Regional Office from the Wenatchee National Forest, that the allowable cut for Region Six was less than two billion feet, and it was almost four and one half billion feet when I retired--more than double.

Fry: This was because of the increase in timber volume on the land?

Lund: It was primarily because of re-inventories and changes of utilization. A lot of species, when the original inventories were made, were not being utilized. There are trees that no one would cut forty or even thirty years ago that of course are sought after now.

Fry: Like hemlock?

Lund: Yes. There have been changes in equipment. When the first management plans were made, loggers were using railroads for logging and they couldn't reach very high on the slopes. When the tractors and trucks came into their own, that made a lot of timber available, or potentially available, that had not been available before.

Fry: When you were having to use old inventories, I gather than some of the inventories were fifteen to thirty years old. You mean you had to use these to make your appraisals for timber sales? Did you just try to apply a correction for the added volume that might have grown on the land and technological advances?

Lund: We didn't very often use those for timber sales. We used those old inventories for management planning.

Fry: That was for your total over-all planning.

Lund: Yes. When we were going to make a specific sale, then of course we had cruises made.

Fry: You had intensive cruises.

Lund: That's correct.

Fry: So this problem then was primarily in your extensive cruise

Lund: It was primarily in connection with allowable cuts or management planning.

Fry: When you were planning for allowable cuts in your total management plan, and you didn't have the funds to make a new inventory, what

Fry: did you do?

Lund: We used the best estimates that were available, for management planning purposes, and those that were available in many cases were what we referred to as forest survey figures. A number of years ago--and this began in the mid-Thirties--Congress appropriated money to the Experiment Station to make a national inventory, and this was done and it's still being done.

They have a program also of redoing the inventories at about ten year intervals. But this is a very extensive (not intensive) estimate, based on a relatively small sample. They might run strips, a strip being a chain wide, at mile intervals or six mile intervals, and so statistically it gives for a large area a satisfactory sample, but it doesn't give a satisfactory sample for a small area.

In other words, the results that were obtained from that kind of survey might be pretty reliable for a million acres or ten million acres, but if you tried to apply that same average per acre to any given forty acres, you might be way off.

But we had to use those extensive survey figures in many instances in our early management plans. So as we got funds for making recurrent management plan inventories, the data became better, more up-to-date.

Fry: One of the other things which was recommended in this report by the Comptroller General was more accessibility to industry's profit-and-loss statements; in other words, that you get more information on costs.

Lund: I think that's right. I can't recall the specific report or situation, but I know that they often questioned the adequacy of appraised data. I believe they concluded that the data which we used for making appraisals was not necessarily reliable because our sampling was not adequate.

For years, the Forest Service has collected from purchasers a record of their cost experience for logging and for milling. This is the basis for the data that we use in the appraisals. Because we have no experience of our own, we have to rely on the experience of the purchasers. And I guess there was some evidence, some statements, that this was not an adequate sample. I think industry claimed that we didn't have an adequate sample, and therefore we didn't allow adequately for costs.

I believe that most Forest Service appraisers felt the information we used was pretty good. We realized of course--we've always realized--that it's an average and that as with any average, some companies' experience would be higher and others would be

Lund: lower. Otherwise it wouldn't be an average. So obviously, any company whose experience cost-wise was higher than the average we used thought our data was no good.

Fry: Were you directly connected with the hearings? Did you testify?

Lund: Yes, I testified both here in Portland and in Washington (before the Chudoff Committee hearings).

Fry: I was wondering what your impression was of the hearings you attended. Did you think it was a true fact-gathering investigation? Or did it seem cut-and-dried?

Lund: What I felt was, yes, they were interested in getting testimony from industry people and from the Forest Service and from the Bureau of Land Management and from the Indian Service. I think they were truly interested in knowing what the facts were. I felt there was some politics involved, a little bickering between the members of the committee, a little by-play, but it wasn't serious.

Fry: I guess I don't know what you mean by "politics."

Lund: There were both Democratic and Republican people on the hearing group. If we had time to look at these transcripts of the hearing, I could show you examples of what I mean. Representative Hoffman and some others were continually ribbing each other, but that was beside the point.

I don't know what initiated these Chudoff hearings. I presume that industry people prevailed on them or suggested they hold hearings, and they did. I always felt that perhaps the Western Forest Industries might have had considerable influence in getting the committee to hold the hearings. And I'm sure it was designed both to bring pressure on the Forest Service and on the Bureau of Land Management and the Indian Service, as well as on Congress.

They wanted to convince Congress of the need to appropriate more money, for one thing, and they wanted to get a number of things from the government agencies. They wanted to have more timber sold, for example. Well, this of course called for more appropriations, for one thing, plus a desire on the part of the agencies to actually sell more.

Fry: Do you remember industry's reaction to the preliminary report for the National Timber Resources Review in 1952-1953?

Lund: There were, of course, periodic reports on the national inventory at about ten year intervals. I don't recall anything specific about industry's reaction. That national report was something that was pretty much separate and apart from the timber sale

Lund: activities that I was concerned with. The Experiment Station, the research arm of the Forest Service, was responsible for that report. We contributed to it, since they used the inventories that the National Forest Administration made for the national forests as a part of their total estimate.

But they--the research branch--made all of the estimates for the private lands and other public lands, everything except the national forests. And they prepared the report and they made the forecasts or predictions of growth and yield and the forecasts of needs and that sort of thing. So I had very little part in that whole report.

Fry: You were about to make a statement about industry's general attitude toward timber inventories.

Lund: Well, their attitude over the years has been that the Forest Service tended to underestimate the timber resource. Of course, this is probably a result of the early day (by that I mean, Gifford Pinchot's days and later) predictions of timber famine, which did not develop. So they've always looked at these reports with sort of a jaundiced eye.

It seemed like every new report developed a little more timber, which is understandable when you know the circumstances. The same things that I mentioned earlier: closer utilization and development of new equipment which makes timber stands accessible that were not previously accessible--all those things contribute to a greater national supply, as well as to a larger local supply.

Fry: In your own work here, did you find that your trees grew more rapidly than you had expected?

Lund: Yes, I think we found that as years went by that we got new crops where we had despaired of getting one before in some situations. This is particularly true of the privately owned lands. Much of the private land in the early days was cut without regard to regeneration. Maybe they thought about it and maybe they didn't, but many owners didn't care. They let the land revert to the county anyway. (This wouldn't be true of companies like Weyerhaeuser, of course.)

And many of those early lands were burned over by fires recurrently. The seed source was far removed, and many foresters thought that it would be a long time, if ever, before the lands would restock. Many of those lands did restock, and well.

Fry: Without artificial seeding?

Lund: Some of them. And of course, there's been an increase in artificial reseeding and in planting also, both on private land and on

Lund: national forest land.

Fry: Also I guess that private smaller owners really had a problem in county taxes. After they had logged their land, they almost couldn't afford to have it lie unproductive while new timber grew on it. Is that your interpretation?

Lund: Particularly during the Thirties and the Depression years, very few people held on, except for the large companies, to their cutover lands. A lot of the land reverted to the counties. But beginning at about the time of World War II, and particularly following the enactment of the sustained yield law, both land and timber became more and more valuable. That caused people to think more highly of their cutover land and many began holding on to it and acquiring cutover land from others.

Fry: That was where some people really made a killing.

Lund: So economics is really the key to good forestry. You don't get good forest practices unless it pays.

THE BRANDSTROM REPORT*: EXPERIMENT STATION CONCLUSIONS
VS. REGIONAL ADMINISTRATION

Fry: Economic considerations I guess were the deciding factor in the Experiment Station report that was made by Brandstrom and Kirkland which suggested in the Thirties that the best type of timber management in the Douglas fir area would be selective cutting.

Lund: I think that's correct.

Fry: And that the silviculturists, on the other hand, took a dim view of this and felt that this would not contribute to a permanent forest of Douglas fir.

Lund: That's right.

Fry: You were in the Regional Office at that time. I'd like to have your comments on this, because the management policy did change eventually from selective management in the Douglas fir forests to block cutting.

Lund: That's right, and I think most of the people in the administration were skeptical of the individual tree selection system also. But not everyone.

Fry: The way I've got it, C. J. Buck, who was Regional Forester, was for following the Brandstrom Report and instituting selective cutting.

Lund: He was sold on the idea by Brandstrom and Kirkland, and he practically required that all sales be made on a tree-selection basis for a few years. They never were one hundred percent, but he wanted as much of our timber sales cutting done on a tree-selection basis as possible.

But it didn't take very long to convince those who were responsible for the cutting that it wasn't a very good system. Some of us were skeptical of it from the beginning. Running the heavy equipment through a mature stand of trees to cut single firs did much damage to the trees that were not cut. It did root damage as well as damage to the trunks. This often weakened the damaged

*Axel Brandstrom & Burt Kirkland, Selective Timber Management in the Douglas Fir Region, 1936, Washington, D.C. 122 pages.

Lund: trees to the point where they were susceptible to beetle attacks. We suffered a great deal of loss, I think, in the residual stands.

I don't know how much credit anyone can take for the change, but when I came back to the Regional Office from Wenatchee, at the beginning of 1942, I did all I could to convince Mr. Buck and Mr. Brundage that we should go back to clear cutting, and of course shortly after that we developed the unit or block cutting. It wasn't very long after that until we abandoned individual tree selection of Douglas fir entirely.

Fry: Do you remember if the Chief Forester in Washington also wanted block cutting restored?

Lund: I don't recall that Washington played much of a role in it. They accepted block cutting readily, but I'm not aware that they had any part in initiating the change.

Fry: I haven't read the Brandstrom report and the Kirkland report yet. What were their ideas?

Lund: It was largely economics. They had figures to show that the best financial return was obtained from taking the highest value trees only. They didn't advocate taking all of the plus value trees, only the best, leaving the best residual stand possible. Their plan left the lower value trees for additional growth and, in effect, stored them there until the market improved. Of course, the one factor which made it feasible at that time was that the market was poor and the logger couldn't afford to remove the lower-valued trees--hemlock, for example. So if they were going to log at all, about all they could do was to take the high values out.

It was considered a form of high grading by many, but was not intended as such. So, economically it was feasible. Some private companies, notably Tom Murray, were sold on the idea. (Tom Murray owned the West Fork Logging Company.) Brandstrom sold him on the idea of selective logging, and he practiced it for a good number of years, longer than the Forest Service did.

Fry: You mean on his own lands?

Lund: Yes.

Fry: Did Brandstrom and Kirkland come out here to the West with this idea?

Lund: Brandstrom was already in the West. He was doing forest economics and range research at the Pacific Northwest Forest Experiment Station. Kirkland was doing economics research also, but at the time of the report he was stationed in Washington, if my memory is right.

Fry: Washington State?

Lund: No, Washington, D.C.

Fry: I see. Was there any question about the seed trees that were left and what this would do to forest genetics in that area?

Lund: Well, there were questions raised about it, but I don't think that that was considered too serious. Of course, the trees that were left, Douglas fir for instance, were largely the defective trees. But research had not decided, as far as I'm aware, that the seed or the progeny of these defective trees would necessarily be less resistant to decay than the trees produced from seed from the trees that were not defective. I don't think they were able to prove one way or the other, so this was probably not too great a factor.

Actually, of course, before that time, when I first entered the Service, we had a method called the seed tree method, which was essentially clear cutting all the trees except about two or three trees per acre, which were left as seed trees.

Fry: This was Douglas fir?

Lund: Douglas fir, and they were, of course, always the defective trees.

Fry: I thought Douglas fir blew down rather easily.

Lund: They did, and this is one reason the seed tree method was abandoned. Between the winds which blew a lot of them down and the exposure which killed a lot of them, and the slash fires which killed some more, a few years after they had been left they were either all lying down or they were dead. So the seed tree method was not a very great success.

Fry: You mentioned the West Fork Logging Company had adopted selective management for a while. Are there any others that you know of that did adopt this?

Lund: Not as a general practice or to any great extent. There were some who practiced what you'd have to call "high grading," which may have resembled tree selection cutting. This was purely economics. I can think of one situation when I was on the Snoqualmie. The Snoqualmie Falls Lumber Company cut an area which happened to be adjacent to Sunset Highway, and they took only the high quality Douglas fir, leaving some of the poorer, defective Douglas fir trees in addition to most of the hemlock and white fir. The cutting plan was designed to leave a roadside strip for scenic purposes. The result was virtually the same as though they had planned an individual tree selection cut. This company had not adopted selective timber management as advocated by Kirkland and Brandstrom

Lund: so other factors were responsible.

Fry: It seems to me, looking back on this, that those who did practice this in the Thirties actually might have hit it pretty lucky, because wasn't it in the early Forties then when hemlock, which was left on selectively cut lands, suddenly became quite marketable and quite valuable?

Lund: That's right, it paid off. Probably handsomely, for Tom Murray, for example. It paid off on the Schafer sale, which is the sale that we talked about earlier on the Olympic, the Schafer brothers who bid the \$6.50 for the Douglas fir and \$2.50, as I recall it, for hemlock. They couldn't afford to cut hemlock in those depression years. And they were permitted to cut the fir on a selection basis. But later they went back and cut the remainder of the stands. So from the standpoint of economics, it was a good thing in some situations, but silviculturally, no.

OLYMPIC NATIONAL PARK CONTROVERSY--PRESIDENT ROOSEVELT'S VISIT

Fry: I have down here in my notes that, as a kind of shot in the dark, maybe you'd know something about the controversy over the transfer of part of the Olympic National Forest to the National Park system.

Lund: I know a little, a very little, about it. I had returned to the Division of Timber Management in Portland by the time the controversy reached its height. I recall that many Forest Service people were disturbed by the proposed transfer. I had the good fortune, I guess you'd say, of being a part of the party that conducted President Franklin Roosevelt on his tour around the Peninsula. I was the chauffeur for part of the group that was with him. I had a bunch of newspapermen in my car. We met the party at Port Angeles, Washington, and drove them around the Olympic Peninsula and back to Seattle. So I got to see the President at close hand.

Fry: This was about when?

Lund: I'm not positive but I believe it was 1937.

Fry: This was when he came out to look it over. Tell us about it. You must have some stories about this.

Lund: I don't have any particular stories. It was exciting for us, of course. He came over to Port Angeles on the ferry boat, I recall. We met him at the ferry and we picked up the party and drove them out to Lake Crescent, where they spent the night. A couple of the boys were given guard duty. The rest of us went to sleep and, incidentally, we slept in that same Storm King Guard Station where Ickes spent part of his honeymoon.

Fry: You mean there weren't any Secret Service men along?

Lund: Oh yes, there were some, but they wanted some Forest Service men as guards, I suppose to supplement the Secret Service people. Of course, we lesser lights didn't have any direct contact with the President. Mr. Buck was Regional Forester and he rode with him part of the time, and Ray Bruckart, who was Supervisor on the Olympic, rode with him part of the time.

There was one serious mistake made by somebody and I don't know who was responsible. On the southwest portion of the Forest, there was a good deal of land owned by Polson Logging Company and others which had been cutover. There were a few patches of Forest Service land intermingled that had been clear cut, also. All of the land was recently clear cut, so it was nothing but stumps,

Lund: and it didn't look very good, frankly.

Somebody got the idea they ought to move the forest boundary sign from where it had been, at the actual boundary, back to the nearest uncut forest, so the President wouldn't see these stumps and know they were inside the national forest boundary. Of course, ninety percent of the stumps really were on private land, or maybe more than that, maybe ninety-five percent. But apparently whoever moved the boundary sign didn't want the Forest Service tarred with the same brush as the private operators of this big expanse of cutover land, which would be pointed to as an example of forest devastation.

Incidentally if you'd go up there now, the trees have grown so high along that stretch of highway that you can't see out. It's just like driving through a tunnel, so it came back very rapidly, but it didn't look very good then.

[laughter]

Fry: No, Douglas fir really does look devastated right after a block-cutting operation.

Lund: Of course, somebody in the Park Service called attention to the fact that this boundary sign was not in the right place. I guess C. J. Buck was given a bad time over the fact that that boundary sign had been moved. I don't know who ordered it moved or who did it.

Fry: Wow! Was this in front of Roosevelt?

Lund: Well, he learned about it, yes; and he's the one who gave Buck the bad time, so I've been told. Again this is hearsay, but I know that the fact that the boundary sign had been moved is a fact. [laughter] Maybe that's a little human interest story about that trip. It shows how human beings don't always do the right thing.

Fry: My impression of this, over-all, is that there weren't very many people in the Forest Service who wanted to give the land to the National Parks. Is this true on the local level?

Lund: Oh yes, I think so. They probably wouldn't quarrel too much with having a National Park. There was already a National Monument and the National Monument was transferred to the Park Service earlier. Then they were adding this portion of the national forest.

Fry: The Forest Service wasn't too happy about that though, were they?

Lund: I don't think they were too unhappy about having the Monument transferred. That would have been a small, a relatively small, area in

Lund: the center of the Olympic Mountains, all of which was pretty much mountainous country and without too much commercial timber. But when they added all that west side of the peninsula, which included an estimated twelve billion board feet, they thought that was unnecessary and a lot of other people did also. Even today very few people penetrate that portion of the park. There is an awful lot of valuable timber left there as wilderness.

People who believe in multiple use, of course, feel that a major part of that twelve billion board feet of timber could be harvested on a carefully planned basis without destroying the area's aesthetic and recreational values, including wilderness values. So I think the opposition was mostly based on the large size of the addition to the park, rather than the park itself.

Fry: Do you have any idea how or why this was made into a National Park, when the Forest Service objected and industry was objecting too?

Lund: The only thing I can say is that the Park Service proposed it. Ickes, as you probably know, and the Forest Service had quite a few controversies. And then there were many other people, particularly in the East, who believed in preserving forests rather than in conserving them by wise use as the Forest Service generally believes. They believed, apparently, that a huge virgin forest should be preserved in its natural state.

Most of the national parks that had been set aside previously were mountainous, and while they contained some sizable amounts of commercial timber, they didn't contain anything comparable with the large volume of high grade timber that was included in the Olympic Park. I'm sure there are others who could answer your question about how and why it was made into a National Park much more accurately than I can.

DEVELOPING FIRE PROTECTION

Fry: We haven't talked anything about fire. Was fire protection a separate division?

Lund: Yes, it was a separate division, the Division of Fire Control. Of course, everybody in the Forest Service is concerned with fire, and everyone, particularly all of the field people, must be available for fire duty when needed. This often had considerable effect on the Division of Timber Management's ability to prepare sales. In a bad fire year, many of our people engaged in preparing sales would be taken away for fire duty, and that would set us back quite a bit.

It probably isn't as great a factor now because the field force is much greater. They have more people engaged in all activities so a smaller proportion of them is required for fire duty.

Fry: Just as you came into the Regional Office, the Tillamook area had its first fire, and then the second and the third fire, at seven year intervals. Did this affect you at all?

Lund: Not directly. The first fire occurred in '33, of course. There wasn't too much activity there during the depression years. The Tillamook burn produced a big volume of timber after the market started to improve and particularly after World War II started.

This fire-killed timber probably helped alleviate the shortage of timber supply. It was readily available and the improved markets made most of it recoverable. Of course, there were huge losses due to decay, but still there was a surprisingly large volume of timber saved and utilized from the area.

Fry: Was this done largely by national forest sales or . . . ?

Lund: No. There was virtually no national forest timber on the burn; it was practically all privately owned, with some Bureau of Land Management land. Much of it had reverted to the counties by that time and had been given to the state by the counties for management. So most of the burned timber was purchased from the counties or the state.

ARRANGEMENTS FOR A TIMBER SALE

Fry: How long does it usually take you to complete a timber sale? When you put it up for bidding and then . . .

Lund: Do you mean to complete the cutting or to complete the preparation?

Fry: No, to complete the agreement.

Lund: Not very long for an average sized sale. Generally it takes the summer season to do the cruising and the field work. Then they generally prepare the sample contracts and the appraisal the following winter and advertise it for thirty days in the spring. The bidding takes place at the end of advertising and the sale is awarded promptly to the high bidder.

So that's about the time it takes, approximately a year, from the very beginning to the end. Of course, an unusually large sale, or one with unusual problems, could take longer.

Fry: So if there are any access problems for a company, they don't really have time to go through the courts, do they?

Lund: No, and they can't start until they know they've been a successful bidder. So the only answer is for the government to obtain the rights of way before the sale is advertised. That is, of course, the present policy and has been for a considerable time.

Fry: Is there competition between companies to try to find out what timber is going to be advertised, to find out ahead of time possibly?

Lund: That information is not withheld. For many years now, both the Forest Service and the Bureau of Land Management have published a year in advance and distributed a notice of the sales they plan to make during the ensuing year. This practice provides advance knowledge about forthcoming sales to anybody that wants it.

Fry: In your timber management plans, do you have to take into consideration the management needs of the surrounding timber operators, who need to use some of the national forest timber to make their own management plans work out?

Lund: We have to take into consideration whether or not the area can be made accessible or not. We don't plan sales anymore--we haven't for twenty years or more--unless it will be available

Lund: to anyone. That's been the policy. This wasn't true forty years ago, when most of the logging was done by railroads. It wasn't practical or equitable to require that the government own the railroad tracks. But that is no longer a consideration, now that everyone uses trucks.

Weyerhaeuser at Klamath Falls is a good example, I think, of the situation you have in mind. They have considerable timber of their own but they need to buy some quantity from the national forest each year in order to sustain their plant. So the forest is aware of their needs and they're aware of other people's needs. They try to plan sales that both Weyerhaeuser and the others will have an opportunity to bid on. They, of course, don't try to favor one over the other, but each sale has to be available for either party or any party.

Fry: It's not a closed bid anyway.

Lund: No. All they can do is give them an opportunity. The policy is to try to give everybody as nearly equal--it isn't always equal because some operator or firm will have a natural advantage. His mill may be closer to the timber supply than the others or something of that sort. One potential buyer might have to haul the timber fifty miles to his plant and the other a hundred miles. This is an advantage that no one can erase.

Fry: Well, they can bid higher.

Lund: That's right.

Fry: Is there anything else, before we close out this section?

Lund: No, I don't believe so. Well, I have small sales here. Over the years, and we've already mentioned that, the trend has been to make smaller and smaller sales. In the early days because of the fact of road developments, it was necessary to make larger sales. Of course, some of the very early sales, like the one on the Malheur that Edward Hines initially bought, had to be large enough to justify the building of a sawmill. But this is no longer true. There's nowhere in the Region--there hasn't been for years--where there is need for construction of a new sawmill to utilize national forest timber, as was true in the Twenties.

Fry: So by making smaller sales, it's easier for the smaller companies too, I guess.

Lund: Yes.

OREGON AND CALIFORNIA RAILROAD LANDS CONTROVERSY

Fry: Why don't you give your account of the O & C controverted lands controversy?

Lund: The O & C (Oregon and California Railroad) primary grant lands that reverted to government ownership had been administered by the Bureau of Land Management since approximately 1937. Title to these lands had issued to the railroad company and they had been on the county tax rolls. When title reverted, they became known as Revested O & C Lands. They clearly were the subject of the 1937 O & C Act and of course were never in controversy.

On each side of the primary grant was a ten mile strip which had been designated as a lien selection area. Within this area, the railroad company had the right to select unreserved and unpatented odd-numbered sections to compensate for shortages of land in their primary strip.

Fry: But they had never done this?

Lund: This had never been done, and of course when the railroad company forfeited their primary lands, they no longer had the right to make lien selections. Actually they lost their right to select land within the national forests when these lands were reserved as national forests. The odd-numbered sections within the national forest boundaries had been protected and managed by the Forest Service since creation of the reserves and had been considered by everyone as national forest lands.

Actually the land office of the Department of the Interior had ruled on several occasions that they were national forest lands, not O & C lands. But due to the fact that they had originally been subject to selection, someone, perhaps the representatives of the counties or someone in the Bureau of Land Management, conceived the idea that those lands should be considered O & C revested lands and administered by the Bureau of Land Management. This then caused them to become known as controverted lands. They were in controversy as to what their true status was and who should administer them.

Eventually, to make a long story short, Senator Guy Cordon introduced legislation which in effect said that the lands were O & C lands; but they should remain as a part of the national forest and be administered by the Forest Service, and they would

Lund: remain national forest lands in all respects except that the revenues from the sale of products from these lands would go into the O & C fund, which means, of course, that seventy-five percent of the revenues from these lands go to the counties rather than twenty-five percent.

Fry: As is Forest Service policy?

Lund: Yes. The basic act governing the administration of the national forests provides that twenty-five percent of gross receipts shall be returned to the states for the benefit of county school and road funds. The O & C Act provides for the payment of seventy-five percent of receipts to the counties. Enactment of Cordon's bill, therefore, was of great benefit to the counties.

I believe it significant, however, that no one could find a sound basis for declaring the controverted lands "O & C revested lands." Congress in passing the bill in effect said, "We know the lands aren't O & C revested lands but we are willing that the Oregon counties have seventy-five percent of the receipts from them, so we will pass Senator Cordon's bill."

Subsequent to the passage of this legislation, an exchange was worked out with the Bureau of Land Management whereby consolidation was effected. The exchange didn't involve the controverted lands, only the primary lands. Its purpose was to improve the units for administration by the Bureau of Land Management and the Forest Service.

Fry: The checkerboard pattern was consolidated.

Lund: Yes. This is really a separate subject, the subject of exchange. That is all I have to say about the controverted lands.

Fry: You said to me off the tape that you didn't know whether or not it would be appropriate for you to comment on this because you weren't directly involved, since this was in a different department of the Regional Office; but you were an informed observer.

Lund: That's right, I was not directly involved in it. It was up to my Division only to handle the administration of timber sales on these lands. So I was to some extent directly involved. But I was not directly involved in the settlement of the controversy.

Fry: What is the national forest that these lands are connected to?

Lund: There were several: all of the western Oregon national forests, Mt. Hood, Rogue River, Siskiyou, Willamette, Umpqua, Siuslaw and a part of the Winema located east of the Cascade Summit.

The O & C lands ranged all the way from Portland to San

Lund: San Francisco but only the lands in Oregon reverted. The Southern Pacific still owns large sections of land in California. They probably have disposed of most of them to other firms by now.

FOREST SERVICE SUSTAINED-YIELD UNIT

Fry: We were talking about some of the automatic co-operation that goes on when private lands are near Forest Service lands, and how this is needed for intelligent management. I thought we could go right on in then to your experience in the sustained yield co-operative unit that was set up in 1946. I brought the copy of the agreement from the Regional Office. This is it, the Shelton Co-operative Unit.

Lund: I don't think you want to go into the terms of that because you have a copy of it.

Fry: That's right. I thought that we'd put this in the Appendix so it can be with the manuscript for reference, if anyone wants it. Then you can go ahead and tell about it.*

Lund: The Shelton Co-operative Sustained-Yield Unit was the one and only co-operative unit established under the March 29, 1944 Sustained-Yield Forest Management Act.** It was the first unit of any kind established after the enactment of the legislation which permitted it. The Act also permitted the creation of sustained-yield units that were not co-operative in nature.

This Act was passed and became law while the war was still going on. Therefore the initial policy established was to go slow, in effect, and to not let it interfere with the other needs for time. So it was 1946 before we got around to holding a hearing on this first proposal.

Fry: This was a local hearing in the Region?

*Appendix, Bancroft Library and Forest History Society copies only: Cooperative Agreement for the Management of the Participating Forest Properties in the Shelton Co-operative Sustained-Yield Unit, U.S. Department of Agriculture, Forest Service, December 12, 1946. 25 pp. and 6 p. supplement.

**Samuel T. Dana, in Forest and Range Policy, p. 414, summarizes this Act as follows: Sustained-Yield Forest Management Act of March 29 (58 Stat. 132) authorized the Secretary of Agriculture and/or the Secretary of the Interior to establish cooperative sustained-yield units consisting of Federal forest land and private forest land or Federal sustained-yield units consisting only of Federal forest land, when in their judgment the maintenance of stable communities is primarily dependent upon Federal stumpage and when such maintenance cannot be secured through usual timber-sale procedures. Provision is made for the sale of Federal stumpage to cooperating landowners or to responsible purchasers within communities dependent on Federal stumpage, without competitive bidding at prices not less than the appraised value of the timber.

Lund: That's right. The law requires that a hearing be held, I think, in the vicinity of the proposed unit.

Fry: Maybe we should explain what the general idea is here.

Lund: The general idea of the co-op unit part of the Act was to join privately-owned timber and timberlands with national forest or other government ownerships for management purposes and to manage them as a single unit on a sustained-yield basis. Certain benefits could be expected to result from such management.

One of the principal benefits would be the assurance that the privately-owned lands would be managed under the principle of sustained yield. This was considered a major benefit at the time the Act was under consideration, as most private owners felt and said that they could not afford to retain ownership of their cutover land and manage it on a sustained-yield basis.

A major benefit to the co-operating company would be the assurance that they would have a long-term supply of timber. On the basis of this assurance they could justify making investments in plants and facilities for the best utilization of the raw material available. This, of course, would lead to stability of employment not only for the labor force employed by the co-operating company but for employment in the service industries of the communities.

The assurance of long-term stability for their community and for employment would encourage people to build homes and schools and all the things that go with a permanent community. Without such joint management, the community, like many of the early-day lumbering communities, would virtually die when the timber was all gone.

Of course, another benefit to the participating timber owner would be that he could buy the timber at the appraised price and he wouldn't have to compete for it. So the stability of supply and the long-term supply, plus the advantage of buying the timber at the appraised price rather than at a competitive price, were the major benefits to the co-operating private party. Sustained-yield management of the private timberlands and community stability were the major benefits to the public.

Many lumbermen considered the provisions of the Act undesirable because of the monopolistic aspects. They particularly objected to the tying up of large quantities of timber for the benefit of a single company and the sale of such timber at the appraised price. The proponents of the legislation no doubt were familiar with the fact that there had been very little competition for government timber and must have felt that allowing a co-operator to buy at the appraised price was not too great a price to pay for the benefits gained.

- Fry: Apparently the appraised price was frequently below the bidding price.
- Lund: Since that time, yes. It's true on the Olympic Forest and elsewhere. Wherever there is competition, the bid price is substantially above the appraised price.
- Fry: Maybe you can explain the difference between a federal sustained-yield unit and a conventional timber management unit in a national forest.
- Lund: The essential difference is that in a federal unit the purchasers of timber are required to manufacture the timber within the unit or within specified areas adjacent thereto. For example, the Grays Harbor Federal Sustained-Yield Unit--that was the first federal unit established--restricts manufacture to the Grays Harbor area. So this limits the purchasers to those whose manufacturing plants are located within the described manufacturing area.

Here's the policy statement: "Limits of zone of primary manufacture." This is on page three of this statement.

- Fry: So that the lumber that was logged could be processed nearby, in order to stabilize the economic life of these communities?
- Lund: That's correct. Within that community the purpose was to stabilize communities, forest industries, employment and taxable forest wealth. This is according to the Act: "to assure a continuous and ample supply of forest products and to secure the benefits of the forests in the regulation of water supply, prevention of soil erosion, amelioration of climate and preservation of wildlife." Primarily to guard community stability.

The Act itself permits timber within a federal unit to be allocated to plants, users, without competition. But in Region Six we declined to do that. Each of our two federal units provided that the timber would be advertised and sold competitively. Of course, competition is restricted to those who would manufacture within the unit, so competition is restricted but not necessarily eliminated.

In the Grays Harbor Unit, for example, the competition has been just as intense as it has been elsewhere. But this is not true in the Lakeview Unit. In that Unit there happen to be four operators, and they apparently have a gentlemen's agreement to not compete with each other. I don't believe they have a written agreement, or even a verbal agreement. Apparently, it's just a matter of being good neighbors. They somehow manage to buy their share and no more, so that they in effect buy at the appraised price.

*See Appendix: Grays Harbor Federal Sustained-Yield Unit, June 1, 1949.

- Fry: I understand that in 1965 there was a proposal for a very large federal sustained-yield unit, including parts of both Washington and Oregon, which perhaps primarily was to prevent the export of logs. Is this right?
- Lund: That's correct. And oddly enough, this proposal came from WFIA* who had opposed additional federal units rather violently in past years. The idea was born because they are opposed to the export of logs to Japan, and they saw this as a means of preventing export of logs. If a federal unit were established covering all national forest timber in the two states, then under the terms of the Act, the logs would have to be processed within the unit, or at least within the states. Logs couldn't be exported, so this was proposed as a means of controlling the export of logs cut from national forest lands.
- Fry: I see. How far did this suggestion get?
- Lund: It kind of fell under its own weight. It didn't get too much consideration by the Forest Service.
- Fry: Who was head of WFIA during all of this time? What were the names of the men?
- Lund: Joe McCracken is the executive head of it and has been for some time. Leonard Netsorg is their counsel. The two of them are the leadership, you might say, of that organization. The members elect a president each year, and of course, the members determine policy. McCracken and Netsorg, incidentally, are very able men. They've accomplished many things.
- Fry: What are some of their accomplishments?
- Lund: I think they were quite instrumental--maybe they were responsible--for the '55 and '56 Chudoff hearings. They've been responsible for some other more limited hearings. They've been rather persuasive in going before Congress. They've done a lot of good for their members and they've done good for the federal organizations like the Forest Service and the Bureau of Land Management. They've brought to the attention of Congress the needs of the organizations more forcibly than the organizations themselves could. I think they were instrumental in getting bigger appropriations both for roads and for administration.
- Fry: Do you have something else that you'd like to add about the federal units in general?

*Western Forest Industry Association.

Lund: I expect there are many things to be said about them. Like the co-op unit, they were provided for by the legislation. The law doesn't make it mandatory but there seemed to be a need at the time this legislation was passed for the legislation. Since then it's proven differently. The industry had gone through quite a few lean years and I guess no one could foresee what was just around the corner. But I would agree with Secretary Benson's action of, in effect, putting this Act on the shelf. His action was justified and in the public interest.

I wouldn't go so far as to say that the Act should be repealed. I think there would be an obligation to keep the existing units, particularly the co-op Shelton agreement, in effect because it is an agreement between the government and the company, which has a term of one hundred years to run. It probably could be terminated by mutual consent. The federal units are subject to review at ten-year intervals, and they can be terminated any time that the government thinks that termination is desirable.

Fry: How long is an agreement for in the federal units?

Lund: It's not for any specified time. It's for an indefinite time, until there is evidence that they should be terminated. In order to terminate them, of course, there would have to be another public hearing held. The Chief of the Forest Service and the Secretary of Agriculture would have to decide on the basis of the hearing record whether it should be continued or terminated.

The Simpson Logging Company of Shelton had hoped to get a co-operative unit for several years before the Act was passed. The legislation had been under consideration for some time and they prepared for its passage. They had retained their own cut-over lands, most of which were well stocked with young trees, and had acquired cutover lands from others. The company's policy had been to retain their lands, and I suspect they had been thinking of a sustained-yield operation for many years. They probably realized that they couldn't have a sustained-yield operation that would permit a long-term operation of their manufacturing facilities without the benefit of the government timber.

Fry: They had never let the cutover lands be sold or to revert for taxes to the county, according to Stewart Holbrook. Is that your impression too?

Lund: That's right. In addition, they acquired cutover lands from other companies. They bought out the McCleary Timber Company shortly before the Act was passed. They bought a lot of land from the county, as I recall, land that had reverted to the county. So they had probably the best qualified unit under the terms of the legislation, of any Region. Of course, this was the reason it was selected as the first one.

Lund: I attended the hearing at Shelton as an observer, and I don't recall that there was any strong objection. People representing Grays Harbor County objected mildly, not to the establishment of the unit but to the inclusion of a certain area in the Shelton unit. A portion of Eastern Grays Harbor County was included in the unit and still is. And the Grays Harbor people would like to have had that eliminated from the plan. They had under consideration the establishment of a federal sustained-yield unit under this same Act.

Fry: And that happened later.

Lund: Yes.

Fry: This land in Grays Harbor County that you're talking about--was that national forest land?

Lund: Yes.

Fry: So in other words, their objection was based on the fact that they didn't want it made accessible only to Simpson Company.

Lund: That's correct. They wanted industry in Grays Harbor County to have an opportunity to bid for it.

There were a few other objections. I think the CIO had a representative there, representing CIO nationally, and they objected on the grounds that this was a monopoly and it was destroying free enterprise to some extent. On the other hand, naturally the local unions testified in favor of it because it provided for stability of employment.

Ellery Foster represented the International Woodworkers of America. He presented their statement. Yesterday afternoon I went down to the office and took a quick look at the hearing record, and I read part of his testimony and he favored federal units but was opposed to the co-op unit idea. He recognized, he said, that this sort of thing would provide security for the communities and for labor, but he characterized it as giving up freedoms for security. And he was opposed to it, on principle, for that reason.

Fry: But he felt that it was good for the community.

Lund: He felt that it had some advantages for them, from the standpoint of providing stability and security, but he questioned the wisdom of doing it that way. He thought it would be better to establish a federal unit and give them the same or nearly the same stability as they would get under the co-op unit.

Fry: I thought perhaps it might be objected to by people who owned

- Fry: small swatches of land inside the total proposed boundary.
- Lund: I don't recall that there was any--I think one or two small land owners raised questions but actually it didn't affect them adversely.
- Fry: It seems to me they could have been included in the whole thing if they had had timber on their lands that Simpson wanted to log.
- Lund: They could but it wouldn't have been worthwhile to make them a party to the agreement. I don't think they would have wanted to. It would have restricted their use of the land. But establishing the unit was in no way adverse to the small owner; in fact, it probably would benefit him because he would have assurance that there would continue to be plants there. And the plants would provide a market for any wood products he would have to sell. So I can't see that it was adverse to small owners in any way.
- Fry: So CIO objected on monopolistic grounds. What about the Grange and Farmer's Union and sportsmen's organizations? According to an editorial I read, later on these were people who did object to it.
- Lund: The hearing record would show who and why people objected. But my recollection was that there were very few objectors and most of the objection was to the law rather than to this specific proposal. Generally everyone agreed that this unit was well qualified under the terms of the Act and, of course, that's my own opinion too. There probably wasn't any other situation in the whole country that better fit the requirements of this Act than the Shelton situation did. So if we were going to carry out the will of Congress and do anything under the Act, this was the logical place to do it.

I think it generally true that people who objected at the hearing, objected to the Act rather than to the specific proposal. Many thought the Act itself unwise and that it was poor legislation. I expect as of today that would be the opinion of many people, particularly those living in rival communities. Of course, times have changed.

This legislation, I believe, was under consideration for quite a few years before it was finally enacted in 1944. And the thing that was behind it was the fact that it just didn't seem feasible for private owners to manage their lands on a sustained-yield basis for themselves. In other words, the market for forest products up to that time hadn't been good enough.

Since that time, forest products have increased in value by leaps and bounds, and forest owners can do lots of things now that couldn't be done in the '30's and prior thereto. Yes, it undoubtedly was the best qualified of all situations under the Act. If I

Lund: had any question concerning establishment of the Shelton unit, it would be the same as other people have had, as to whether the legislation was wise legislation or not. There have been suggestions that the Act be repealed.

Fry: This particular agreement was for one hundred years?

Lund: That is right. And the reason for that, of course, was to carry it through a complete management cycle. You see, under this agreement, the national forest timber is cut more rapidly than it would have been otherwise. If the agreement should terminate in thirty or forty years, most of the national forest timber would have been used up, and there would be little government timber to cut for the next forty or fifty years, except thinnings.

Also, if it were not for the agreement or if the agreement were terminated, the private timber could be cut as rapidly as the private owner wished. There would be no control over the rate of cutting.

Fry: How was this legislation first started? Do you know whose idea it was?

Lund: There's quite a little background. Dave Mason and Don Bruce wrote a report. I think I ran into a copy of that report just the other day. Their report was written, I believe, ten years or more before, and their report made a case for cooperative units. I don't think they called them that but it was the same general idea that there should be a pooling of government and private land and timber in order to make sustained-yield management on private land practical.

Fry: Mason and Bruce were private consultants in forestry. Where did they present this paper?

Lund: I'll go see if I can find a copy of this report.

Fry: I was just wondering how they happened to get interested in this.*

Lund: I don't know. I can't answer that but I know that the Western Forestry and Conservation Association had had this matter under consideration at one time. I believe it was sort of a live subject for quite a few years prior to 1944.

Fry: Was anyone in the Regional Office particularly involved in this?

*See: David R. Mason, "Sustained Yield and American Forest Forest Problems," Journal of Forestry, 25: 625-658, 1927. See also: (Appendix, Bancroft Library copy of transcript) David T. Mason and Karl D. Henze, "The Shelton Cooperative Sustained Yield Unit," Journal of Forestry, 57: #3, March 1959.

Lund: No, I don't believe so. I think Chris Granger did most of the work leading up to the enactment of this legislation.

Fry: Was he Regional Forester here then or was he in Washington?

Lund: At the time the legislation was enacted he was in Washington, but he had been Regional Forester here and probably was familiar with the early consideration given to this sort of thing.

I read somewhere that E. T. Allen, who was a prominent man in western forestry, had been an advocate of this sort of legislation. A lot of the others had been searching for a way to gain more sustained-yield management on private lands. That was the main objective, I believe, or one of the main objectives, of the co-op unit portion of the Act. The federal unit was something else.

Fry: The Western Forest Industries Association later on opposed this rather vigorously. Did they oppose it during the enactment of the legislation or during the hearings that were held before the creation of the Shelton Co-op?

Lund: I believe they appeared or submitted a statement to the hearing at Shelton, and they were mildly opposed to the co-op unit. At that time, as I recall, they said they would favor a federal unit rather than the co-op unit. Later on, they opposed the federal unit idea also in some situations.

Fry: I wonder if you could explain why a co-op unit was never established anywhere else. I understand that there were attempts made to establish one with other private lands.

Lund: I suppose the major reason is that the Forest Service was rather slow in making additional proposals. By the time they got around to make another proposal, enough opposition had developed so that a further proposal would have been futile.

Fry: Didn't you have other companies apply for this sort of thing?

Lund: Yes. Initially there were thirty or forty applications. They were informal applications, however, and many were just expressions of interest. There were conversations and conferences with quite a few of these companies. Many of them, I think, gave up because they weren't qualified.

There were several companies with whom the discussions and investigations went quite a ways. Pope and Talbot, for example, at Oak Ridge, Oregon, considered making a formal application very seriously, and even prepared a brochure which examined the advantages of a co-operative unit involving their property. At one time, a part of the company was rather anxious to have a unit

Lund: established, and I think other members of the company were kind of on the fence. They didn't know whether they wanted one or not. Eventually, the company dropped the idea, partly, I think, because they didn't want to be subjected to all of the opposition from their neighbors that would have developed had they had a hearing on a proposed unit. I believe the Forest Service, at least locally, was not too anxious to attempt to establish another unit at that time.

Fry: By locally, do you mean the Region?

Lund: Yes.

Fry: Your department?

Lund: My department, in part. On the other hand, of course, we all felt that we had somewhat of a duty at least to examine these proposals in view of the fact that the legislation had been enacted. Later on, of course, the Secretary of Agriculture in effect put this Act on the shelf and said that for the time being, the government would not establish any more units, either federal units or co-op units.

Fry: This happened about when?

Lund: When Peterson was Assistant Secretary. This was Eisenhower's administration; the Secretary of Agriculture was Ezra Taft Benson. I think Peterson was the one who wrote the policy and made the decision.

ADMINISTERING THE SHELTON CO-OPERATIVE UNIT

- Fry: I guess that's all the questions I have as far as the beginning of this is concerned. In the actual operation of it, what were your duties?
- Lund: My duties--mine as well as the rest of the organization--were to carry out the terms of the agreement.
- Fry: Did you and the company work together then--you, with company personnel--in making out a total timber management plan?
- Lund: Yes, that's right. It was a management plan for the combined unit. It was a joint effort.
- Fry: Did you actually have a staff combined with company personnel, or how did you work it?
- Lund: No, this was handled largely at the Forest level, but we combined our information on timber volumes and stocking of cutover lands. The company made examinations of the cutover land to determine its capabilities and forest personnel checked this on a sampling basis. We had an obligation under the agreement to check any work the company did in this respect, to satisfy ourselves that it was done accurately.

Using the pooled information, the Forest Service made the calculations of allowable cut and provided the company with a draft of a management plan for their review and concurrence. So the Forest Service actually took the lead in writing the plan but both parties contributed greatly to it. The final draft was agreed to and signed by both parties.

- Fry: Did you work with members of the company, directly, on your level?
- Lund: Yes, but not in connection with details such as the management plan. Conferences at my level with management generally occurred when differences could not be resolved at the Forest Supervisor level. There were probably more conferences with respect to appraisals than anything else. This, to me, was somewhat of a disappointment.

The right to buy timber at appraised prices was considered a major benefit or advantage to the company. But for some reason which I can't understand, completely at least, their experience so far (at least as they relate it to us) is that they haven't made adequate profits in spite of the fact that they haven't had

Lund: to buy timber competitively. So this is one of the unsolved mysteries as far as I am concerned. Why have they had this experience when elsewhere other firms who have to compete for federal timber are able to bid fifty percent or sixty percent above the appraised price and still seem to make reasonably adequate profits? Appraisals for the establishment of stumpage prices have definitely been one of the major problems in connection with this unit.

Fry: The appraisals are based on an average of operation costs over the whole industry, is that right?

Lund: That's right, on an average recovery and an average cost, adjusted as best we can to fit the local situation. When we say "average," that doesn't mean that the cost for every appraisal is the same, however. We analyze costs for various phases of the logging operation, falling and bucking, for example. Falling and bucking cost varies of course with the size of timber, and it varies with the steepness of the terrain and so forth.

There are various things which influence the cost, so part of the appraisal job is to secure the cost experience of the various purchasers and then relate that to the kind and size of timber that they had and to the terrain, and other causes of variation such as amount of defect. Then when an appraisal is made, if the timber being appraised is larger or smaller or differs in other respects from the average, the appraiser adjusts the average cost upward or downward to fit the timber being appraised. So to the best of the appraisers' ability, the prices are adjusted to fit the local situation.

Fry: I notice that in the initial contract agreement, there was a clause which guaranteed availability of records of the company to the Forest Service, so that you apparently had this cost information.

Lund: They made their cost records available to us, and their costs for many items are higher than our appraisal data says they should be. We feel they're committed under the agreement to the same appraisal technique in this unit as we use elsewhere. This has caused a problem. Their position has been at various times that the adjustments we made are not adequate.

On the other hand, their neighbors on the outside have said on occasion--and they probably all think--that the company is buying government timber too cheaply. So this is one of the problems of administering a co-operative sustained-yield unit.

Fry: You were dealing mostly with Bill Reed, I guess, president of Simpson?

Lund: Well, some with Bill Reed, but more with his general managers-- Hank Bacon, when he was vice-president and general manager, then with his successor, Starr Reed.* We had dealings, of course, with C. H. (Chris) Kreienbaum and with Tom Gleed during their terms as president. Bill Reed's term as president expired before the agreement was entered into. He became chairman of the board.

Fry: Did you notice any change in the efficiency or over-all effectiveness of the management after Frank Reed died?

Lund: No, I can't say that I did. This matter of efficiency or the relationship of company performance to our appraisals is a puzzle to me. I've never been able to convince myself that they're inefficient nor that our appraisals aren't adequately done.

I suppose the natural tendency would be to think that there was some inefficiency somewhere. This is something that always lurks in the back of your mind, but on the other hand, I know they've made tremendous efforts to improve their efficiency in many respects--and they have.

Fry: There has been enlargement of the total unit since it first started in 1946.

Lund: No enlargement of the exterior boundaries. They've acquired some additional lands.

Fry: Does this indicate that Simpson itself is willing to continue to put money into this?

Lund: Yes, and of course, they've made considerable additional investments in plants, too, which indicates that they intend to continue. They're obligated to, under the agreement. This too is an additional reason why they feel they need better opportunity for profit: because they have made large investments and they need a reasonable return on those investments.

Fry: Some people who are big names in forestry seem to be saying, at least in their writings, that this plan is a great plan, especially in contributing to community development. One of them was William Greeley. He said that "Simpson has worked out a correlated use of its logs which employs twenty year-round workers for every one million board feet felled. And the average West Coast sawmill and logging camp employs seven or eight workers for every one million board feet felled." He felt this was attributable to increased usage of the mill rather than to inefficiency.

*No relation to Bill Reed.

Lund: Well, I think that's true. They've made additional investments and they have made refinements in their manufacture. They have a board plant that uses the residues. It's been wonderful as far as the community is concerned. The community has enjoyed all of the benefits that co-operative management under the Act was intended to accomplish.

The only shortcoming seems to have been that the company hasn't made the profits that they think they were entitled to make under this agreement. Of course, as far as their competitors are concerned, they probably would disagree and would say that Simpson has been buying their timber at a lower cost than is justifiable. They might also say that Simpson competition is unfair, since Simpson can get this timber at the appraised price while they have to compete for their timber supply and pay from fifty percent to one hundred percent more than the appraised price in many instances.

Fry: That seemed to be a sore point with all the other companies around the unit. Did you have to deal with any of this directly? Was there any political pressure or anything like this?

Lund: At the time the unit was established?

Fry: No, later, as opposition developed.

Lund: There was a move to have the Act repealed a few years ago, and the company, I think, was a little bit alarmed or concerned at that time, but . . .

Fry: You mean the company did not want it repealed?

Lund: No, which indicates that their experience could not have been too bad. Aside from that, I don't know of any political pressure either for or against.

In summary, I should like to say that in my opinion, the co-operative agreement has been eminently successful insofar as the purposes of the Co-operative Sustained-Yield Act are concerned. It has resulted in a high standard of sustained-yield management for the land with a substantially greater annual harvest of forest products than would have been possible under separate management. The company has carried out its obligations faithfully and as a consequence, the communities of Shelton and McCleary have prospered.

REGIONAL FORESTERS IN REGION SIX

Fry: I was going to ask you to appraise some of the men you've worked with, for instance, Chris Granger.

Lund: I never was directly under Chris Granger. He was Regional Forester when I first began my career in the Region, but of course I didn't see much of him. I was too young a beginner to have any direct contacts with him. I did later, however, when he was in Washington. There were quite a few occasions when I traveled to Washington for conferences on various matters concerning the Region.

I always considered Chris a very able man. I think nearly everyone did. He was very highly regarded as a capable man, a fair man. It always seemed to me that he could come up with the right decision, as good a decision as could be reached, considering the situation. So I had a high regard for Chris Granger.

Fry: When he was in Washington, he tells in his manuscript* of trying more active promotion of timber sales in national forests, down on the Regional levels. Were you aware of this?

Lund: Yes, I recall that. It was some years ago, before we had the big demands on timber that we do now. And I think probably that was directed more at some of the Rocky Mountain Regions than it was at Region Six.

They still have a job of trying to promote business, you might say. Of course, again, this is pretty closely related to economics. When the time comes that the need for wood products is so great that investors can make a profit, a reasonable profit, by utilizing those Rocky Mountain species, why, there will be industry there to do it.

Fry: But right now, those species are not useful?

Lund: Well, they have some usefulness. They're not the same quality as the timber on the West Coast. The cost is higher because of their small size, and so forth. Also, there are some access problems.

*Chris Granger, Forest Management in the U.S. Forest Service, 1907-1952, Interview by Amelia Fry, Regional Oral History Office. Bancroft Library, University of California, Berkeley, 1966.

Lund: Some fairly recent ventures in the lodgepole pine areas of Montana and Wyoming and Idaho have not turned out as well as they were expected to.

Fry: What about C. J. Buck? I guess you were a little closer to him.

Lund: Yes. He was Regional Forester after I came to the Regional Office and I had some very close contacts with him. I had a high regard for Mr. Buck also. He was quite different of course from Chris Granger, and a lot of people didn't like him.

Fry: How was he different from Mr. Granger?

Lund: He wasn't quite as reserved. I don't know just how to express it, a little more impulsive perhaps. He made quite a few people angry but he and I got along real well.

Maybe I should tell you this story. It was one of the most embarrassing events of my career. He was Regional Forester and I was on the Snoqualmie. He came up and wanted me to take him on a trip up to the Sauk River Lumber Company sale, that we talked about earlier. It just happened that this was on a Monday morning and our second child was born over the weekend. And I was supposed to meet him down on the street in front of the office at about 6 A.M., to pick him up in the car and take him out to Darrington. Somehow or other, I forgot to pull the pin on my alarm clock and when I woke up it was past the time that I was supposed to meet him. [laughter] Boy, I was an embarrassed young junior forester. He kidded me about it, but he was very nice. He was a pretty understanding man. I guess maybe that experience caused me to think pretty well of Mr. Buck.

One other item concerning my relationship with Mr. Buck comes to mind. President Roosevelt had his "brain trust," and so did Mr. Buck. He used to refer to Ira J. Mason and me as part of his "brain trust."

Ira Jenckes Mason was at Darrington in charge of the Sauk River sale when I first went there. He and I were in the Regional Office at the same time for several years. He was in the Division of Lands, handling land exchanges among other things. Later he was in Washington, D.C. for many years as Division Chief for timber management.

Fry: And Buck used to refer to you and Mason as part of his "brain trust?"

Lund: I considered Mr. Buck a very able administrator. He did a good job as Regional Forester. His career, of course, was affected by the establishment of the Olympic National Park. Because he was Regional Forester, he felt, I'm sure, he had to oppose it, and that got him in bad with the Roosevelt administration. So he was

Lund: kind of in the dog house in the last years of his career.

Fry: Did this put him in the dog house with the Department of Agriculture also?

Lund: Well no, not with the Department of Agriculture. But because of political pressure, the Secretary had to move him. I think this is right. Perhaps I shouldn't say this, but it's generally considered that he was transferred into Washington, D.C. because Roosevelt wanted him to leave as Regional Forester. He finished his career there.

Fry: You said he felt he had to oppose the establishment of the Olympic National Park. Did you feel that his own personal viewpoint might have been different?

Lund: No, I don't think it was. What I meant by that was that he could have been opposed to it personally just as an average citizen and said nothing. But since he was Regional Forester, he didn't believe that that much of the Forest should be eliminated and added to a Park, and that it was his duty to try to prevent it.

I'm just assuming that this is true. I think he believed fully in what he did. If the park issue hadn't arisen, he probably would have finished his career as Regional Forester.

Fry: As it was, you had Lyle Watts who came in as Regional Forester then. This was a stepping stone to his becoming Chief of the Forest Service.

Lund: Yes.

Fry: How did everybody like Lyle Watts when he was Regional Forester?

Lund: You mean people in the Service?

Fry: Both.

Lund: I think most people liked Lyle Watts. Undoubtedly there were some people outside the Service who didn't like him. I have heard a few people say derogatory things about Lyle, but in the main he was highly regarded. I held him in high esteem. In fact, all the people that I worked for were well regarded, dedicated to their work and for the most part, able.

Fry: On what grounds didn't the people outside the Forest Service like him? Are you referring to industry people or some others?

Lund: I can't recall specifics so maybe I shouldn't have said it.

Fry: The only thing I know about Watts is that it seemed to me that

Fry: during his administration in Washington, which came after this, all of the tension over the potential federal regulation of private forest operations was diminished.

Lund: There was still quite a little dissension over that while he was Chief. It was during his tenure as Chief that it finally terminated, as I recall.

Fry: Did anything like that enter into his administration here on the regional level?

Lund: One of the things that caused some people to not like him is because he did have some part in promoting regulation, although he didn't--he wasn't vigorous in promoting it at all. As a matter of fact, I think that industry generally accused the Forest Service of being in favor of regulation, more so than they actually were. I think they made more of an issue of it than they should have.

I think that as a result of it there was not as much cooperation and common effort as there should have been. I think that everybody lost because of the issue of regulation. Instead of fighting each other, we should have been helping each other for many years.

Fry: On a regional level, did you find that this did interfere with carrying out your dealings with timber companies?

Lund: Not with individual companies but with the trade associations. I think they hired people in the associations who felt it was their duty to take a crack, so to speak, at the Forest Service at every opportunity. We were fair game for any kind of criticism. I think that this regulation issue was one of the things that caused that.

Fry: It really polarized things, I gather. Was Watts able to deal pretty well with the timber organizations?

Lund: Yes, I think so, when he had occasion to. He didn't have too many occasions when he personally dealt with them. When he was Chief, Chris Granger handled most of those things for him. So he didn't have too much in the way of direct dealings with industry.

Fry: It would have been mostly on a regional level, then, when he had contact?

Lund: And even there he didn't have too much because Fred Brundage, who was his deputy, was given the responsibility pretty largely for timber matters.

Fry: What were Lyle Watts' strongest assets as a regional administrator?

Lund: He was a good over-all administrator and a pretty good public relations man. I think he did a pretty good job with his contacts with members of Congress; I think he was able to get favorable consideration from Congress for most of our budget requests. He was well-liked by members of his own organization.

Fry: Was he pretty accessible?

Lund: Yes. He had a kind of common man appeal. He liked to mingle with people in the organization.

Fry: I think we've covered all the people on the list except J. Herbert Stone.

Lund: There was Horace Andrews in between there. I don't know whether you want to ask me about Horace Andrews.

Fry: Sure. Let's take them in order.

Lund: He was well thought of by everyone, so far as I know. Before he became Regional Forester he was in charge of the Division of State and Private Forestry, and he had many contacts with industry. He was, I think, well liked by industry, probably better liked by industry people than any other Regional Forester that we've had.

He was destined to take Chris Granger's place when Chris wanted to retire, but when Andrews was back in Washington to find a place to live, he was unfortunately killed in an auto accident.

Fry: It appears that the Pacific Northwest is a training ground for high men in the Washington office. You have two men here who would have been in charge of all the national forest administration, Chris Granger and Horace Andrews and Lyle Watts, who became the Chief.

Lund: It's sort of natural because Region Six is perhaps the most important Region from the standpoint of resource and business. Of course, the policy for years had been to give people who were being groomed for that sort of position experience in more than one region. Lyle Watts had had experience elsewhere before he came here. Andrews--I guess he hadn't worked in another region, but he had taught school, as I recall. So he'd had varied experience. He'd worked in both research and administration.

The same is true for J. Herbert Stone. He was in charge of the Central States Experiment Station for a short period. And he worked in various regions, in addition to being Regional Forester of the Southern Region immediately before coming to Portland. So the Forest Service has believed over a period of years that two or

Lund: more regions' experience tended to develop a man and fit him better for a Washington office or Regional Forester position.

Fry: And because of the complexity of this Region, I guess that this is a good training Region.

Lund: That's right.

Fry: What do you think Stone's main contribution was?

Lund: I think he has made many contributions. He's been a good organization man and administrator, I don't know that he has contributed to any one activity more than another, unless it would be (because of circumstances) he had to devote a lot of time to things like wilderness bills, because the Wilderness Society has been active during his tenure in office.

He has had quite an influence on the development of recreation in the Region. Of course, he hasn't disregarded timber but he hasn't been forced to participate in the timber program as much as he had in some of the other activities.

Fry: With an old hand like you in charge of timber, he probably didn't need to concern himself with timber too much.

Lund: That may have had some bearing on it because I had been here all my career and I was here when he came. So he gave me all the assistance I asked for, and he gave me a rather free hand also.

Fry: The advent of wilderness areas and so forth must cause a lot of rearranging of your timber management plans.

Lund: To some extent, yes. It so happened that in this Region there was a rather large area that was unclassified; i.e. it was considered a stop-look-and-listen zone and it was not included in our management plan areas because a decision had not been made as to whether it would go into wilderness or whether it would go into multiple use. So actually it hasn't caused a great amount of disruption in our management. In some cases, decisions were finally made that released some areas for multiple use management.

Fry: It's getting late in the afternoon. I really thank you for letting me come. Thank you for doing all of this. You've stood up remarkably well for such a drilling; we've been going on for hours and hours.

APPENDIX

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