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First name: Malin

Last name: Moench

Organization:

Title:

Comments: Please accept the attached comments of Malin Moench on the Proposed Exemption of Alaska from the Roadless Rule, Docket No. FS-2019-0023.

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Docket No. FS-2019-0023

COMMENTS OF MALIN MOENCH ON DRAFT ENVIRONMENTAL IMPACT STATEMENT ON ALTERNATIVES TO ROADLESS MANAGEMENT AND A PROPOSED ALASKA ROADLESS RULE

(December 17, 2019)

The Draft Environmental Impact Statement on Alternatives to Roadless Management and a Proposed Alaska Roadless Rule includes a preferred alternative to exempt the Tongass from the 2001 Roadless Rule. The Preferred Alternative would remove all 9.2 million acres of inventoried roadless acres and convert 165,000 old-growth acres and 20,000 young-growth acres previously identified as unsuitable timber lands to suitable timber lands.

The Tongass contains 9.9 million acres of forested land. Only 1.8 million of that was placed off limits by the Roadless Rule. Of the rest, 4.4 million acres will never produce merchantable timber because steep rocky slopes, contains poor soil, or is at subalpine elevations. And another 2.4 million acres is statutorily protected by their Wilderness or LUD II designations.

That leaves 1.3 million acres of prime forest available. But little, if any, is profitable to harvest. According Taxpayers for Common Sense, for the past 20 years, the USFS subsidized logging to the tune \$30 million annually. These are essential facts that the Preferred Alternative ignores when he says [ldquo]The ill-advised 2001 Roadless Rule shut down the timber industry in Southeast Alaska.[rdquo] About the proposed exemption for the Tongass, he called it [ldquo]the first step to rebuilding an entire industry.

The industry decline began long before implementation of the Roadless Rule. Market forces, antiquated plants and necessary environmental regulations led to the closure of the region[rsquo]s two pulp mills. A few thousand jobs were lost. But more than a few small mills continued to operate.

Getting rid of the Roadless Rule won[rsquo]t create a boom in timber industry jobs. What we can expect is that it will cause the Forest Service to subsidize the harvest of more Old-Growth. On some timber sales, roads will be built, and trees will cut down. Others will be halted by legitimate lawsuits. And at least a few will be put sold, like two of the Kuiu tracts put up for sale during the past five years. Even with the subsidy, most offered timber sales facilitated by exempting Alaska from the Roadless Rule will be so unprofitable that no one will bid on them.

Over the most recent period for which detailed data are available (2015-17) Alaska's extractive industries on which it once depended have been on a downward slide. High-cost Alaskan oil finds it increasingly hard to compete with the boom in cheaper oil and gas from the fracking fields on the lower 48. The same is true of Alaskan timber, which is less and less able to compete with the cheaper and more accessible timber of Canada and the American Southeast.

According to Alaska Department of Labor and Workforce Development data, Alaska lost a total of 10,600 jobs between 2015 and 2017 (4,400 jobs lost in oil and gas, 2,500 lost in construction, 2,100 lost in professional and business services, 2,000 lost in state government). Its only robust and sustainable job creator has been its tourism industry, which added 3,500 jobs over the same period. *Id.* at 21. Over the decade ending in 2017, Alaska's tourism jobs grew by 20%, tourism labor income grew by 32%, and tourism-related economic output grew by 32%. In 2017, tourism directly supported 43,300 jobs, produced in \$1.5 billion in labor income, and \$4.5 billion in economic output.

The dependence of Alaska on tourism as its only reliable source of robust, sustainable economic growth going forward is even more striking when tourism's role in the regional economy of Southeast Alaska is considered. For Alaska as a whole, tourism accounts for 10% of employment and 5% of labor income. In Southeast Alaska, however, it accounts for a whopping 23% of employment (11,925 jobs) and 14% of labor income (\$445 million). Wilderness-seeking tourism is the backbone of the economy of Southeast Alaska economy, and its only reliable, sustainable growth industry.^[1]

The quality of the Tongass experience is of strategic importance to the ability of all of Alaska to draw the tourist trade. Most tourists enter or leave Alaska via cruise ship. 1.3 million of Alaska's 2 million annual visitors take a cruise for at least one leg of their trip. The Inside Passage is either their introduction to, or their final impression of, the fabled Alaska wilderness that drew them to the state in the first place.

The Inside Passage experience is indistinguishable from the Tongass experience, since the almost the entire cruise transits the Tongass. In isolated instances, cruising the Inside Passage leads to the discovery of an enchanted bay rimmed by pristine Old Growth cedar and fir. In such environments, Bald Eagles and black bears fleetingly emerge and vanish back into the lush green understory, matching the vision that causes over a million tourists to spend thousands of dollars apiece each year to board a cruise to Alaska.

But pristine coves filled with wildlife are now a rarity on the Inside Passage. The experience has become mostly repetitive vistas of clear cuts and tree stumps, littered with slash. Where recent clear cuts have regrown, they can be a welcome green from far away. Up close, however, the groves that replace clear cuts are typically dark, sterile dungeons with dense, toothpick-like tree trunks forming the bars. They are not much of a consolation prize for the tourist who bought a shore excursion hoping to enter the cathedral-like space of a mixed-age grove of giants.

From a tourist's point of view, the majority of the Inside Passage should be renamed Clear Cut Passage. It is becoming an eyesore from a distance and an ecological slum up close. This current reality is a rude awakening for the tourist who spent thousands of dollars expecting a story-book glide through a place of natural wonder. I speak from personal experience. Scores of friends have asked me about my time in Alaska and whether it is worth it to cruise the Inside Passage. I tell them only if you want your heart broken. As noted, for most visitors, the Inside Passage—i.e., the Tongass—forms either their first impression, or their last memory, of Alaska. The more beat up, carved up, and ground up it becomes, the more Alaska's visitors will feel cheated because they were drawn there by the vision of an unspoiled wilderness.

Low-elevation groves of massive Old Growth cedars are the crown jewels of the Tongass, and of Alaska. Sacrificing them to prop up an anemic logging industry for an additional decade, at most, will be the effect of the Preferred Alternative. It is for this dubious objective that the Secretary of Agriculture selected complete

exemption of Alaska from the Roadless Rule, rather than retain any form of protection whatever for the few remaining, high-value stands.

During the November 14, 2019 hearing in Washington D.C. that I attended, the Forest Service explained that the five alternatives to the status quo for managing the Tongass forest all would result in the same number of board feet harvested. Therefore, the Forest Service spokesman conceded, the Preferred Alternative would only revive the timber industry in the Tongass relative to the status quo if it allowed the Forest Service to offer for sale the most profitable remaining stands, which are the large-diameter, Old Growth, easily-accessed stands.

The Forest Service conceded during the November 14 hearing that the rationale for the Preferred Alternative is not that it is more ecologically beneficial or economically rational than the other alternatives. According to the Forest Service, the Preferred Alternative was selected by the Secretary of Agriculture simply to honor the President's decision to grant Alaska's Governor a personal favor. According to news reports, Governor Dunleavy asked the President to exempt Alaska from the Roadless Rule as a means of reviving the timber industry in the Tongass. Because all six forest management alternatives would allow the same number of board feet to be cut, it is clear that the Preferred Alternative could only revive the timber industry in the Tongass if it makes the most profitable remaining stands (large diameter, low-elevation Old Growth) newly available to the industry for logging.

Harvesting timber in the Tongass has never been economically viable because its costs are too high. It is remote from timber markets, and access is difficult, now that most of the large-diameter stands near navigable water have been logged. For this reason, logging the Tongass has always had to be subsidized by the Federal government.

Over the last century, logging has changed the Tongass because it has primarily targeted the rare, Old-Growth forest stands with the biggest trees. While only 9% of the productive Old Growth forest in the Tongass has been clearcut to date, the Alaska Chapter of the Audubon Society points out that perhaps half of the big-tree (4- to 10-foot diameter) Old Growth is already gone. Yet these same, productive stands are also the most important for maintaining fish and wildlife populations, preserving ecosystem integrity, and protecting the promise of unspoiled wilderness that drives Southeast Alaska's largest and most robust job-creator—its tourism industry.

Supporters of the timber industry point to the small percentage of land area logged as an indicator of the impact. This is misleading because only a third of the Tongass supports forests of potential commercial value, and only a small fraction of that is economically valuable. The timber industry has always targeted the oldest and largest trees, but the Audubon Society points out that those large-tree Old-Growth stands have always been rare on the Tongass. An analogy would be fishermen who focus on king salmon catch only a small percentage of all salmon, but they catch nearly all the king salmon, which is the most valuable and least abundant species. Seven decades of targeting has dramatically depleted the Tongass Forest's largest Old-Growth trees. And those rare, Old-Growth stands provide the most diverse and valuable ecosystems. If they are relatively easy to reach, they also offer exactly what most Alaska tourists come for—the chance to experience nature while it is still wild and unspoiled.

The Governor Dunleavy's strategy is to revive the inherently uncompetitive timber industry of the Tongass by declaring open season on the few large-diameter, easily accessed groves of Old Growth cedar, spruce and hemlock that remain. This is not just ecologically irresponsible, it is economically foolish. In terms of jobs, the return on this policy about-face will be paltry. The timber industry in Southeast Alaska currently directly employs only 400 workers.

Most of the mature, large-diameter timber that is easily accessed from the water (the profitable portion) has already been logged. The Tongass is far from major timber-product markets, and the most of the remaining stands of commercial-grade Sitka spruce and hemlock are located on rough terrain that is difficult to access. Consequently, the commercial-grade timber of Southeast Alaska is too expensive to compete with the output of British Columbia and the Southeastern United States. What is commercially viable are the few remaining, low-elevation stands of large-diameter Old Growth spruce and cedar that have been protected up to now by the Roadless Rule and the Southeast Alaska timber management plan.

As local experts are aware,[2] there aren't enough of these stands remaining to extend the life of the handful of sawmills still operating in the Tongass by more than a decade. If these stands are liquidated as a result of repeal of Alaska's Roadless Rule, a decade from now these sawmills, too, will be closed and the jobs that they currently support will be gone. Also gone will be the cathedral-like groves of Old Growth spruce and cedar that could have been a major draw for patrons of Inside Passage cruises looking for an up-close wilderness experience in their on-shore excursions. Eliminating such opportunities for cruise patrons will impair the ability of Southeast Alaska to continue to sustain the cruise trade that plays a critical role in the economy of Southeast Alaska. If, in the future, Southeast Alaska is unable to offer this apex wilderness experience to its visitors, it will jeopardize its only reliable source of robust, sustainable job growth.

Exempting Alaska from the Roadless Rule to let the timber industry liquidate the prime commercial Old Growth stands that remain in the Tongass will not only cause a net, long-term reduction of jobs in Southeast Alaska, it will require a massive subsidy of each and every one of those additional jobs out of the Forest Service's own budget.

If the Forest Service is to deliver on the promise that President Trump made to revive the moribund, high-cost timber industry in Southeast Alaska, it will be necessary for the Forest Service to reach deeply into its own pockets to make it happen. According to an analysis by the Taxpayers for Common Sense (Taxpayers),[3] the Forest Service lost nearly \$600 selling timber in the Tongass over the last 20 years (an average of \$30 million a year) because the revenue from timber sales covers only 5% of the costs it incurs in making those sales. Those costs that the study ascribes to timber sales consist of planning and executing the sales, building logging roads, and remediating the effects of logging. Id. at 3.

By this accounting, past timber sales in the Tongass have covered only 5% of their costs, necessitating a 95% subsidy from the budget of the Forest Service. Even the 95% rate of subsidy will likely increase going forward under a repealed Roadless Rule. The Taxpayers' study notes, at page 2, that

The rate of losses per amount of timber sold has not decreased. During the 20-year period from FY 1999 to 2018, the USFS reported selling 977 million board feet of timber in the Tongass. Overall, the USFS lost approximately \$612 for every thousand board feet (mbf) of timber it sold. Further, the three-year moving average for losses per mbf more than doubled within the last decade, indicating that the financial efficiency of Tongass timber sales has declined in recent years.

Another reason that the Taxpayers' study offers for expecting that the 95% rate of federal subsidy of timber sales in the Tongass is the rising expected cost to the Forest Service of building logging roads. The Taxpayers' analysis estimates that in the past, it has cost the Forest Service an average of \$1 million per mile to carve logging roads through the Tongass. It concludes that the per-mile cost is likely to rise steeply after the repeal of the Alaska's Roadless Rule because, up to now, the Forest Service has largely built logging roads into low-elevation, easily-accessed, commercial-grade stands of spruce and hemlock.

The study notes that after repeal of the Roadless Rule, the Forest Service will be pressured to build roads into the more rugged, steeper terrain that it has heretofore avoided. After examining a sampling of contemplated sales, the Taxpayers study's authors conclude that it could cost the Forest Service as much as \$2 million per mile to build logging roads into the roadless territory that they are tentatively targeting. The Forest Service's per-mile losses from building logging roads, therefore, are likely to rise steeply after the repeal of the Roadless Rule because of the rugged terrain over which the Forest Service is likely to build new roads to achieve the board-feet that it is committed to harvesting.

The Taxpayers' study notes that under its current plans, the Forest Service will offer more than 290 million board feet in several timber sales in the Tongass over the next four years. It observes that if per-board foot spending to prepare those sales and the revenue generated from them remain at the long-run average, the Forest Service would end up losing more than \$180 million—increasing its annual net losses by 50%. Id. If, as is likely, per-board-foot costs rise more steeply after repeal of the Roadless Rule, the Forest Service's subsidy of Governor Dunleavy's plan to revive the timber industry in the Tongass will do all the more financial harm to the Forest Service.

This \$180 million-or-greater federal subsidy of private timber jobs will bleed the Forest Service financially at a time when, financially, it is already in intensive care. The Forest Service faces a financial crisis, thanks to the massive increase in fires in the Western United States brought about by climate change. Fire-fighting costs have recently swelled to consume half of the Forest Service's budget. This has forced it to scale back its forest management functions, which were already seriously underfunded. Its fire-caused financial crisis will only grow going forward, given the long-term climate trend toward a hotter, drier Western United States. With the Forest Service already in dire financial straits, it is irresponsible to repeal Alaska's Roadless Rule, and force the Forest Service to extend its money-losing logging program into increasingly rugged, difficult, and costly roadless terrain.

During the November 14, 2019, hearing on the fate of Alaska's Roadless Rule, the Forest Service summarized five alternatives that it was considering to the status quo, ranging from protecting specified acreages of Old Growth to not protecting any Old Growth whatsoever. The latter was labelled the Preferred Alternative. The Forest Service emphasized that in all five alternatives to the status quo, the number of board feet harvested would not change.

I found this inexplicable because the objective identified for all of these alternatives to the status quo was to boost economic activity and create jobs. I have an economics degree, and have some sophistication in analyzing economic arguments. I asked how it would be possible to leave the level of timber harvest unchanged relative to the status quo, and still expect to increase economic output and jobs in the timber industry. I suggested that the only way to boost output and employment without boosting the volume of the good sold would be to shift the cost curve of the inputs downward by targeting the most easily accessed stands with the oldest and largest, and, therefore, most profitable trees. Although he confined himself to generalities, the Forest Service spokesman had to essentially concede that this is the only way that discarding the Roadless Rule could increase employment in the Tongass's timber industry.

Exempting Alaska from the Roadless Rule is irresponsible public policy on a number of levels. It subsidizes the current generation by robbing the next generation of its ecological heritage. For the reasons explained above, repealing the Roadless Rule will force the Forest Service to absorb 95% of the cost of each additional, short-run job created through exemption from the Roadless Rule. Over the next decade, the effect of this exemption will be to rob the Forest Service of hundreds of millions of dollars that it will desperately need to preserve the viability of all of America's national forests. Subsidies of this magnitude are economically irrational, and ethically unconscionable. They should be minimized by retaining the existing Roadless Rule.

[1] See Economic Impact of Alaska's Visitor Industry, 2017, published November, 2018 by the Alaska Department of Commerce, Community, and Economic Development, Division of Economic Development, at 14.

[2] See, e.g., Removing the Roadless Rule won't bring timber back, Op Ed in November 3, 2019, edition of the Juneau Empire, available at <https://www.juneauempire.com/opinion/opinion-roadless-rule-realities/>

[3] Cutting Our Losses: 20 Years of Money-Losing Timber Sales in the Tongass, published October, 2019, by Taxpayers for Common Sense, available at <https://www.taxpayer.net/wp-content/uploads/2019/09/TCS-Cutting-Our-Losses-2019-.pdf>.

[Position]

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The industry decline began long before implementation of the Roadless Rule. Market forces, antiquated plants and necessary environmental regulations led to the closure of the region's two pulp mills. A few thousand jobs were lost. But more than a few small mills continued to operate.

Getting rid of the Roadless Rule won't create a boom in timber industry jobs. What we can expect is that it will cause the Forest Service to subsidize the harvest of more Old-Growth. On some timber sales, roads will be built, and trees will cut down. Others will be halted by legitimate lawsuits. And at least a few will be put sold, like two of the Kuiu tracts put up for sale during the past five years. Even with the subsidy, most offered timber sales facilitated by exempting Alaska from the Roadless Rule will be so unprofitable that no one will bid on them.

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The Taxpayers[rsquo] study notes that under its current plans, the Forest Service will offer more than 290 million board feet in several timber sales in the Tongass over the next four years. It observes that if per-board foot spending to prepare those sales and the revenue generated from them remain at the long-run average, the Forest Service would end up losing more than \$180 million[mdash]increasing its annual net losses by 50%. Id. If, as is likely, per-board-foot costs rise more steeply after repeal of the Roadless Rule, the Forest Service[rsquo]s subsidy of Governor Dunleavy[rsquo]s plan to revive the timber industry in the Tongass will do all the more financial harm to the Forest Service.

This \$180 million-or-greater federal subsidy of private timber jobs will bleed the Forest Service financially at a time when, financially, it is already in intensive care. The Forest Service faces a financial crisis, thanks to the massive increase in fires in the Western United States brought about by climate change. Fire-fighting costs have recently swelled to consume half of the Forest Service[rsquo]s budget. This has forced it to scale back its forest management functions, which were already seriously underfunded. Its fire-caused financial crisis will only grow going forward, given the long-term climate trend toward a hotter, drier Western United States. With the Forest Service already in dire financial straits, it is irresponsible to repeal Alaska[rsquo]s Roadless Rule, and force the Forest Service to extend its money-losing logging program into increasingly rugged, difficult, and costly roadless terrain.

During the November 14, 2019, hearing on the fate of Alaska[rsquo]s Roadless Rule, the Forest Service summarized five alternatives that it was considering to the status quo, ranging from protecting specified acreages of Old Growth to not protecting any Old Growth whatsoever. The latter was labelled the Preferred Alternative. The Forest Service emphasized that in all five alternatives to the status quo, the number of board feet harvested would not change.

I found this inexplicable because the objective identified for all of these alternatives to the status quo was to boost economic activity and create jobs. I have an economics degree, and have some sophistication in analyzing economic arguments. I asked how it would be possible to leave the level of timber harvest unchanged relative to the status quo, and still expect to increase economic output and jobs in the timber industry. I suggested that the only way to boost output and employment without boosting the volume of the good sold would be to shift the cost curve of the inputs downward by targeting the most easily accessed stands with the oldest and largest, and, therefore, most profitable trees. Although he confined himself to generalities, the Forest Service spokesman had to essentially concede that this is the only way that discarding the Roadless Rule could increase employment in the Tongass[rsquo] timber industry.

Exempting Alaska from the Roadless Rule is irresponsible public policy on a number of levels. It subsidizes the current generation by robbing the next generation of its ecological heritage. For the reasons explained above, repealing the Roadless Rule will force the Forest Service to absorb 95% of the cost of each additional, short-run

job created through exemption from the Roadless Rule. Over the next decade, the effect of this exemption will be to rob the Forest Service of hundreds of millions of dollars that it will desperately need to preserve the viability of all of America's national forests. Subsidies of this magnitude are economically irrational, and ethically unconscionable. They should be minimized by retaining the existing Roadless Rule.

[1] See Economic Impact of Alaska's Visitor Industry, 2017, published November, 2018 by the Alaska Department of Commerce, Community, and Economic Development, Division of Economic Development, at 14.

[2] See, e.g., Removing the Roadless Rule won't bring timber back, Op Ed in November 3, 2019, edition of the Juneau Empire, available at <https://www.juneauempire.com/opinion/opinion-roadless-rule-realities/>

[3] Cutting Our Losses: 20 Years of Money-Losing Timber Sales in the Tongass, published October, 2019, by Taxpayers for Common Sense, available at <https://www.taxpayer.net/wp-content/uploads/2019/09/TCS-Cutting-Our-Losses-2019-.pdf>.

[Position]