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Feature Article

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After the fall

by Steve Thompson

As big timber companies leave the Northern Rockies, a family mill turns to restoring forests

COLUMBIA FALLS, Mont. - Everything about RBM Lumber contradicts what you may know about the timber industry in the Northern Rockies. The small family-owned mill, which employs 20 people, is starting to get more business than it can handle. When I approached family members about this article, they hesitated. Sharing ideas is OK, but they didn't want the advertising. So I am adding this disclaimer: Please do not call RBM to order their beautiful tongue-and-groove paneling, moldings, trim or fir-and-larch flooring.

While the West's large timber companies are closing shop and taking money earned in the Northern Rockies and investing it in Arkansas, New Zealand and Chile, where trees grow faster, RBM is a stay-at-home business. RBM prefers slowly growing trees from the marginally productive forests of northwestern Montana.

You will also be hard pressed to find fiercer advocates for old-growth forests than Malcolm and Ben Thompson, the two loggers in the family. Their controversial advocacy for old forests is embraced by the three other family partners in the Thompson clan (no relation to the author), even though the mill's finest products originate from tight-grained logs 300 years or older. Framed against the scenic Swan Range at the gateway to Glacier National Park, the RBM mill emphasizes conservation as a core principle, even when it hurts profits.

RBM is a pioneer in a dramatically different type of timber economy. As a leading investment banker in New York told me, traditional wood products is a sunset industry in the Northern Rockies. In a fiercely competitive global marketplace, the region has many disadvantages, just two of which are our over-logged forests and ravaged watersheds.

That doesn't mean logging and woodworking have to die. Coming on the heels of the retreating timber giants, RBM symbolizes the potential for an army of small, specialized firms that employ highly skilled workers to manufacture low-volume, high-value, visually pleasing wood products.

If this potential is realized, many of the trees in this new timber economy will come out of the damaged, stunted, fire-prone forests the timber giants have left behind. The task of a new breed of logger will be to restore, rather than deplete, the wild and regal old-growth forests of yore. The time frame of foresters will be 200-year intervals rather than quarterly dividend statements or annual timber-cut targets. Manufacturing firms, like RBM Lumber, will carefully select logs they can turn into high-end products for discriminating consumers. The needs of fish and wildlife and of recreationists will merge with a forestry that grows

quality timber rather than maximizing raw fiber production.

Although this is a vision shared by a growing cadre of environmentalists, foresters and loggers, it is diametrically opposed to the prevailing philosophy of just a few years ago. The new viewpoint is emerging because the old paradigm no longer is tenable.

The end of the timber frontier

"Hell, Robbie. We're on sustained yield. When we clean up the timber in the West, we'll return to New England, where the industry began." That candid statement by a prominent timber executive, quoted in forester Gordon Robinson's 1988 book, *The Forest and the Trees*, describes how the industry has clear-cut one region of the nation before abandoning it to move on to another. The question now is: Will the Northern Rockies, as another soon-to-be-abandoned region, sit around for a century or so until the trees grow back and the industry returns? Or is there an alternative?

There is little doubt that Montana and Idaho have reached the end of the timber frontier. According to reports filed on Wall Street, where strict disclosure laws require companies to tell the truth, 2000 is the year that corporate forest liquidation comes to a close in the Northern Rockies. The large firms that liquidated their private holdings in the region, and on much of the national forest land, too, are moving on to places where trees grow faster, labor is cheaper, and markets are closer. This is also the year that the U.S. Forest Service has proposed to end new road construction and industrial logging in roadless areas (HCN, 11/8/99: *A new road for the public lands*).

The bigger the party, the bigger the headache in the morning. Nowhere does this homily fit so nicely as in western Montana and northern Idaho, where two large companies took only 20 years to mow through nearly 2 million acres of virgin timber.

Champion International's "accelerated harvest" began in the early 1970s. When the Connecticut company bought 860,000 acres in Montana, Champion resource analyst Alan McQuillan was told to determine how soon the company would run out of cuttable trees. He calculated the liquidation would be complete around 1992. Now a professor of forestry at the University of Montana, McQuillan ruefully notes the accuracy of his forecast.

McQuillan explains that from a Wall Street perspective, 200-year-old Montana trees were an unmined treasure trove to be cashed in and reinvested elsewhere. And Champion's vast forest patch in western Montana had plenty of pumpkins ripe for the plucking. In 1992, Champion sold its depleted lands at bargain-basement prices to Plum Creek Timber Company, leaving hundreds without jobs in Missoula and Libby. As part of an industry-wide trend, Champion invested its Montana profits in more productive tree-growing lands in the Northeast, the South, and, increasingly, overseas. Then, this February, Champion joined its industry's steady march toward global consolidation when it merged with European timber giant UPM-Kymmene.

Back in the Northern Rockies, the second major company, Plum Creek, began its accelerated liquidation program in the mid-1980s. Plum Creek executives openly scoffed at sustained-yield forestry, which earned Plum Creek an unwelcome comparison to Darth Vader in a 1990 front-page *Wall Street Journal* article. A couple of years ago, Plum Creek reported to the Securities and Exchange Commission that its conversion of mature and old-growth timber would be complete in 2000, at which time cut levels would drop appreciably.

Why had Plum Creek bought Champion's cut-over lands in 1992, when it had plenty of its own cut-over lands?

Because it saw a second and third crop. First, it logged the remnant mature trees Champion had left to naturally reseed the clear-cuts. Then Plum Creek announced plans to sell 150,000 acres of its more accessible land for the "higher and better use" of rural ranchettes and subdivisions. In the last few years, Plum Creek has also created a new timber base elsewhere, by buying 1.5 million acres in Arkansas, Louisiana and Maine.

The region's other two major forest owners have also largely converted their native forests to even-aged tree farms. Like Champion and Plum Creek, Potlatch Corporation and Boise Cascade have expanded beyond their native Idaho, where each owns close to 700,000 acres. Faced with debt, Boise Cascade closed Idaho mills in Council and Horseshoe Bend, moving equipment to a new operation in Mexico, and launching operations in Chile, Brazil and China.

Potlatch has major operations in Minnesota and Arkansas, but its biggest land investment in recent years was the 1992 purchase of 22,000 acres of irrigated agricultural land in northeastern Oregon, which it converted to a capital-intensive poplar plantation. This plantation, approximately 20 times more productive than its Idaho mountain timberlands, filled a gap in the company's timber supply for its Lewiston, Idaho, pulpmill. With the exception of Potlatch's Oregon plantation, the companies have plundered the region's resources with only symbolic and fleeting investments in the land and communities.

Pressure from the region's four big timber companies and their political allies in Washington, D.C., pushed the Forest Service toward the same market-driven ideology of converting natural forest ecosystems into tree farms. Its budget increasingly tied to logging levels by Congress, the agency became an efficient tree-cutting machine starting in the 1960s.

Deep in the Bitterroot Mountains of Idaho, for example, "too many of us were taking too much from the land too fast," reflects former Clearwater National Forest Lochsa District Ranger Bud Moore in his memoir, *The Lochsa Story*: "Logging and road-building showed too little consideration for the web of life and physical conditions needed to perpetuate the forest."

And of course, neighboring private land was meeting the same fate at the same time. Former Champion International regional planning manager Jim Runyan told journalist Richard Manning, "If you just look at industry, you would say industry has overcut their lands. That they have removed their volumes too quickly, that they have created a hellacious hole or gap. I don't think anyone would disagree with that." The quote appeared in the *Missoulian* on Oct. 16, 1988, as part of Manning's widely read series on logging in the region.

Trees grow relatively slowly in the Northern Rockies, and the Forest Service, like industry, rapidly cut itself into a "hellacious hole." By the 1980s, the agency realized its only option was to build a vast network of new roads into unroaded lands that tend to be steep, remote and marginally productive. But those areas were also the most obvious source of timber. And so the region's first set of forest-management plans, completed in the late 1980s, promised ever-increasing cut levels over the next 50 years, much of it to come from more than 8 million acres of wild, roadless country in Idaho and Montana.

Former Nez Perce National Forest Supervisor Tom Kovalicky, now retired, describes the system that produced these plans. Timber companies bankrolled election campaigns of powerful congressmen, like former Idaho Sen. James McClure, who tied Forest Service budgets and career advancement to inflated logging targets. Kovalicky calls it the Iron Triangle.

"I worked for the Forest Service for 30 years and I never once had the chance to practice

forestry," Kovalicky recalls. "I wasn't allowed to. As a forest supervisor, I had to deliver products and build roads as mandated by Congress."

In 1991, the house of cards crumbled when John Mumma, the regional forester for northern Idaho and Montana, was forced from office for failing to meet timber targets, and then prosecuted on charges of violating Forest Service regulations (HCN, 10/7/91). Mumma did not go quietly. He told Congress that he failed to meet his targets because to do so would have forced him to violate federal laws protecting water quality, fish and wildlife.

Meanwhile, public demand to protect the region's roadless areas increased. Forest officials were unprepared when a 1992 opinion survey they commissioned revealed that Montana and Idaho residents strongly opposed agency plans to build new road networks in the region's remote wildlands. In Idaho, state Fish and Game biologists appealed controversial timber sales, and Montana's wildlife department formally asked the Forest Service to protect roadless areas for elk security.

Montana's headline-grabbing turn away from the timber frontier occurred in 1995. The Kootenai National Forest proposed to drive a new road through the heart of the Gunsight Mountain roadless area in the Yaak valley to cut a large grove of ancient larch. State wildlife biologists advised against it. Montana's lead timber spokesman, Cary Hegreberg, retorted that if Montana was so concerned about elk populations, it should shorten its five-week general hunting season, the longest in the country. The fierce public reaction forced Hegreberg to retract his statement, and the sale was cancelled.

Even without the public uproar, big timber already knew the score. The West was played out, and it was time to move where trees grow faster. Industry's move out of the region was dramatic. In 1986, 43 percent of the nation's structural panel boards (plywood and fiberboards) were produced in the West. By 1996, the number was down to 21 percent. In the same decade, market share in the South increased by 38 percent, and in New England and the Great Lake States by 44 percent.

The new era: stewardship and restoration

A few years ago, the timber industry and Western Republicans in Congress coined the phrase "forest health crisis" to create a sense of urgency about forest management problems. The alarm was led on Capitol Hill by Western Republicans, who said there were too many trees on the landscape, creating the risk of catastrophic wildfire. The industry proponents are right on two counts. There is a problem, and logging can be part of the solution. But as it is wont, the focus of Congress has been the trees, not the forests.

Congressional hearings on forest health invariably conclude that intensive logging is the only cure. In reality, much of the problem is due to poor and excessive logging in the past. Where tremendous ponderosa pine, white pine, larch and cedar once towered, dense thickets of small-diameter fir or hemlock now dominate. The forest-health problem is greatest on the valley edges and foothills, where logging has been heaviest, and wildfire most threatens the growing number of rural residences. But as the General Accounting Office noted last year, little attention has been paid to these areas because the timber won't pay for the cost of thinning the dense second growth.

Forest-health problems don't stop with too many trees. Poorly located and maintained road networks bleed sediments into creeks. Stream banks crumble as upstream clearcuts unleash torrential spring floods. Soil productivity has declined due to logging practices. Wildlife habitat for specialized species like fishers and owls and bog lemmings and salamanders has disappeared as complex forest ecosystems are fragmented and converted to the tree equivalent of cornfields.

The price for restoring health is staggering. The GAO told Congress that 24 million acres across the Interior West are at high risk of wildfires due to past logging, grazing and fire suppression, compounded by residential construction in rural areas. The agency needs to spend almost \$500 million a year to thin low-value timber and do prescribed burning. Meanwhile, the Forest Service has an \$8.4 billion backlog of deferred road maintenance, at least \$1 billion in Montana and Idaho alone.

In the late 1980s, I saw more than my share of damage on the Clearwater National Forest. As a newspaper reporter in Moscow, Idaho, I reported on massive mudslides that blew out abandoned roads on Plum Creek lands. I watched the rivers run brown and exotic weeds take over the forest. When I moved to the Flathead Valley to work for the Montana Wilderness Association in 1991, my goal was more than wilderness preservation. I wanted to see this region end its abusive, selfish logging practices.

After John Mumma's attempt to reform the Forest Service from within was defeated, I was moving toward the same absolutist position as many of my environmental colleagues: no cut, no way, on public lands. Industry is too rapacious, and the Forest Service too corrupt. Then, in 1992, I received a call from Bob Love, a logger and woodsman. Love shared my anger at the logging practices and priorities of the timber companies and Forest Service. But he was able to show me examples of good logging on private land. Done correctly and with humility, logging didn't have to devalue the forest.

I met other progressive loggers, including Malcolm Thompson of RBM Lumber, and began to appreciate the gulf that separates corporate executives from local loggers. In 1995, loggers, environmentalists and civic leaders came together to form the Flathead Forestry Project. The group agreed that careful logging could help restore the natural health of the forest, particularly in second-growth forests.

But first we had to change Forest Service policy. The agency sells tracts of standing timber to mills. We wanted it to work directly with the most qualified contractors to achieve multiple forestry goals. The logs could be auctioned separately to mills, but loggers would be working for the public landowner rather than the mills.

The Forest Service told us that this type of "stewardship contract" wasn't legal. If a project involved merchantable timber, it had to be sold on the stump to the highest bidder. In other words, the law's focus is on timber removal, even though the new Forest Service is supposed to be guided by ecosystem management and clean water rather than timber production. So our group drafted stewardship contracting legislation that was introduced into both houses of Congress. Our bill never got a hearing, due to opposition from timber lobbyists.

Ironically, these types of stewardship projects might be the last, best chance to provide a stable supply of timber to a couple dozen smaller timber mills that still cling precariously to cyclic commodity markets. Most of these mills don't have their own land base and depend on other landowners, particularly public lands, for logs. In effect, the cost of removing timber would be subsidized by taxpayers supporting a broader agenda of forest restoration. To survive, these mills will need to be innovative and efficient, retooling their thinking as well as their equipment to accept lower-quality logs.

Congress, however, continues to resist reforms, particularly budget reform. Instead of funding the agency on an acres-treated basis, Congress still ties the budget to timber production. Thus, as logging levels decline in Montana and Idaho, the regional Forest Service budget plummets. The Iron Triangle has been broken, but the only force stepping into the power vacuum is a bunch of piddly little collaborative community groups, like the Flathead Forestry Project, which are insisting that given half a chance we could do it right. Congress clearly isn't impressed by these efforts, and the agency continues to shrivel to a

shadow of its former self. Instead of investing in a reformed agency and revitalized land, Congress lets both decline.

Spam or venison backstrap?

When Forest Service Chief Michael Dombeck coined "collaborative stewardship" to describe his vision for a new Forest Service, members of the Flathead Forestry Project assumed he used the minutes from our twice-monthly meetings as a cheat sheet.

As I came to learn, this same vision is shared by a growing movement of foresters, loggers and conservationists around the West. Like us, they believe in community collaboration to restore forest ecosystems and, as a byproduct, generate wood products for a retooled local economy. Often, like-minded Forest Service employees participate in these groups.

In Grangeville, Idaho, retired forest supervisor Tom Kovalicky has found his niche. He chairs the Stewards of the Nez Perce, a collaborative group formed to develop a stewardship and restoration project in the South Fork of the Clearwater watershed. Kovalicky is gleeful.

Even though he is now involved as a volunteer rather than forest supervisor, Kovalicky believes he has more opportunity than ever before to care for the forest. His group includes the Idaho Conservation League, a local timber mill, sportsmen and the Forest Service itself.

In Montana's Yaak valley, another group has come together on a forest stewardship project aimed at improving the condition of the land rather than getting the cut out. The Swan Ecosystem Center in Condon, Mont., started by loggers, conservationists and wildlife biologists, is staffing an abandoned Forest Service office to provide environmental education and promote restoration logging in old-growth, ponderosa pine forests. In Priest River, Idaho, a new community forestry group has formed behind the same principles, with the extra goal of incubating value-added businesses to use small-diameter timber.

Each group formed around the use of stewardship contracts to restore forests. And a year ago, Congress finally authorized nine demonstration projects in Idaho and Montana using a hybrid form of stewardship contract in which timber companies provide ecosystem services in exchange for timber. Congress didn't provide a dime, so restoration work is limited by the value of timber. Though imperfect, it has been a catalyst for community groups to come together and develop a vision.

Amid the clamor raised by timber beasts, on the one hand, and zero-cutters on the other, these community groups occasionally get a word in edgewise. Members of the Flathead Forestry Project and other collaborative groups were panelists at a Senate hearing on forest health last December in Kalispell, Mont. But cleanup spots were reserved for timber beasts, and Idaho Sen. Larry Craig and Montana Sen. Conrad Burns reverted to their old lines about getting the cut out. Craig vowed that the Forest Service's roadless protection initiative would occur over his dead body. Burns compared the national forests to agricultural lands, and demanded the Forest Service bring in the harvest.

Independent logger Bob Love says the agricultural analogy, with its image of massive and homogeneous harvests, is the root of the problem. Love uses a hunting metaphor to relate his vision of quality, diversity and wildness. "The timber industry is managing for fiber rather than quality timber. To my way of thinking, that's like managing for Spam. What I'm trying to manage for is venison backstraps, the best there is."

Competing and struggling in a global market

For years, timber executives and Forest Service officials justified intensive logging in the

Northern Rockies by noting that the growing world population demands more wood fiber. It's the consumers' fault, they said. Walt Minnick, who ran against Craig for the U.S. Senate in 1996 (HCN, 9/30/96: Can this man break the right's grip on Idaho?) and who is on the board of The Wilderness Society, doesn't buy it. He believes the world faces a chronic oversupply of timber. If forests in the Rockies are managed for fiber and commodity production, he says, they won't be competitive in a global market.

Minnick is the former CEO of T-J International, which uses second-growth and wood fragments to make joists, beams and other manufactured substitutes for high-grade structural lumber. After T-J merged its wood products business with Canadian timber giant MacMillan-Bloedel eight years ago, Minnick joined that company's board, where he closely watched the global industry. With the consolidation of timber companies and the erosion of international trade barriers, he says, wood fiber is produced according to classical laws of economic efficiency. And the Northern Rockies simply isn't efficient.

What is efficient, he says, are the fast-growing tree plantations coming on line in semi-tropical places like New Zealand, Georgia, Malaysia and the uplands of Brazil, hundreds of miles south of the Amazon basin. There land is flat, roads are easy to build and maintain, and trees can be cut for fiber five to 20 years after being planted.

Trees in the Northern Rockies require 80 to 100 years to mature, mountain roads are expensive to build and maintain, rainfall is modest and growing seasons are short. Multinational corporations are moving to where production is most efficient, Minnick contends, and there is no room for high-cost producers because there is more supply than demand.

The era of "timber mining" is pretty much over in the Northern Rockies, Minnick says, and regional mills producing commodities like two-by-fours, paper and plywood won't be able to live off second-growth forests. "To the extent you're producing noncommodities, there may be a future. If the wood has an aesthetic value, or if you've got a value-added, regional flavor, or if you're customized for local markets."

In other words, if you're managing for venison backstrap rather than Spam.

Melding conservation and business

It's the venison backstrap that RBM Lumber needs to survive. RBM's customers prefer the raw beauty of the fine-grained, slow-growing timber used in its thousands of distinct products. Ninety percent of RBM's timber is salvaged from dead and dying trees, but the company is looking into making narrow-width flooring from suppressed, small-diameter Douglas fir. If so, this would provide a perfect value-added market for the kind of tree most likely to be removed through restoration logging.

The company's biggest problem isn't finding trees. It's finding the right workers - people who can cut each log differently to create the best, most attractive product. Like the butcher who uses everything but the oink, RBM has invented new products to avoid wasting edges and slabs.

"This isn't the kind of job where you're a specialist who watches a computer screen and pushes buttons," says Evelyn Thompson, who was Montana's 1997 Businesswoman of the Year. "Our workers are thinking, creative, constantly communicating. They're specialists in diversity. That's not really what our culture trains young people for these days."

The Thompson family runs its manufacturing operation with the same operating principles that Bob Love uses to run his chainsaw: quality, diversity and wild beauty.

Ben and Malcolm Thompson are so passionate about these principles that they have led a citizen revolt against an old-growth timber sale on a state forest near Glacier National Park. "It's a beautiful forest, very unique," explains Malcolm. "We need more places like this, not less. Maybe if we manage the rest of the forest to develop future old growth, we can cut these trees in 150 or 200 years. But not now."

"The way we look at it, good timber is like good wine," Ben Thompson agrees. "You can't make it overnight."

Steve Thompson writes from Whitefish, Montana.

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