RECOMMENDATIONS FOR GROWING THE FOREST INDUSTRY IN THE NORTHEAST

Charles D. Ray
Turning the Ship of State

Earlier this week I had the opportunity to speak with the Agriculture sub-committee of state and province representatives at the Eastern Regional Conference of the Council of State Governments. Over breakfast, I was able to share with them what I perceived to be actions that would grow the forest and wood products industries in the northeastern U.S. and Canada. They were very cordial and seemed open to the ideas presented, and many follow-up questions were asked.

Here are the bullet points I went over, very quickly, with the group. As you survey the items, please remember that I was not there to give them a run-down on what actions were being taken, or what initiatives are currently being considered or are popular in industry. I approached the development of the list as an accounting matter—that is, what could state and federal governments do that would improve companies’ bottom lines, and thereby attract more investment in the industry? What policy actions would generate more in revenue or cost savings that they would cost the companies in compliance?

Here’s what I came up with...

**Recommendations for Growing the Forest Industry in the Northeast**

1. Focus on efforts to reduce constraints on the general economy, primarily regulation and taxation. Wood products will sell in a strong economy, but be deferred in a weak economy.
2. The state should be selling, not acquiring, forestland. Private owners have incentive to actively manage each acre of land according to their stewardship and personal objectives. Public managers are biased toward minimal intervention due to conflicting interests of stakeholders. Private acres produce logs, syrup, and tax revenues. Public lands produce maintenance expenses for public activities, take woodlands out of production, and yield no tax revenue. Divestiture of public lands would result in lower log costs as buyers harvest to finance the land purchases and stewardship objectives, and resulting harvests of mature forest lands will result in increased species diversity, productivity, and carbon uptake of forest lands.
3. Forest ownership and corporate sales tax laws could include discounted taxes on logs, lumber, and components sold within the state, to encourage local processing of the state’s forest resource. Companies in the wood products supply chains will be encouraged to open facilities in more states in order to take advantage of the lower costs. This is important not only for the longer term for the industry but also to take advantage of the opportunity to create manufacturing jobs in the local economy.
4. The private forest sector has the capacity to grow significantly more rapidly than is generally perceived. It would benefit from policy actions that reduce the burden on private forest owners and reduce the federal land tenure system. This is critical for future growth of the forest sector. The forest owners’ goal is growth at least at the same rate as the rest of the economy, or better. The forest sector is not a treefarm economy in the traditional sense. It is rather a county economy with a lot of other related enterprises such as building supply and services. The forest sector has the potential to contribute to the growth of the rest of the economy.

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The left and feel of a well-worn handle,
The sight of shavings that cut from a blade;
The logs in the wood pile, the sentiment of huge beams in an old-fashioned house;
The smell of fresh cut timber and the pungent fragrance of burning leaves;
The crackle of kindling and the hiss of burning logs;
Abundant to all the needs of man, how poor the world would be
Without wood.

Everard Hintichs, quoted by Eric Sloane in *A Reverence for Wood*
1) Focus on efforts to reduce constraints on the general economy, primarily regulation and taxation. Wood products will sell in a strong economy, but be deferred in a weak economy.
Federal regulation has exacted a "staggering" toll on the U.S. economy to the tune of 2 percentage points a year from 1949 to 2005, University of Central Florida economist Sean Snaith reports in a recent forecast.

The Affordable Care Act and the Dodd-Frank financial rules will only add to what he calls a crushing weight.

Snaith writes:

While people puzzle over the weak recovery and low productivity in an age where technological advances should be leading to just the opposite, we should look in the mirror and see the enemy — it is us — and the plethora of regulations we have self-inflicted over the past 45 years.

Technology does indeed make us more productive, even if the data obscures this fact, but when it comes to navigating the burden of federal red tape, there just isn't an app for that.

We have doubled down on regulatory growth during this recovery with massive laws like Dodd-Frank and the Affordable Care Act, so it should come as no surprise that economic growth and productivity have both withered under this burden.
Struggling Against Regulation

Forecast Scenarios, Housing Starts

New Residential Starts (000)

Source: Charles D. Ray, Penn State Wood Operations Research Laboratory
2) The state should be selling, not acquiring, forestland.
Two different wood economies

• Pennsylvania
  – 1980, 22% of 17 mm acre forestland publicly owned
  – 2010, 29% of forestland publicly owned
  – Increase due entirely to state and local acquisition

• Maine
  – 1982, 4% of 17 mm acre forestland publicly owned
  – 2010, 5% of 17 mm acre forestland publicly owned
  – 1% federal, 4% state
PA, NY, Maine Forest Productivity*

Categories not shown to scale.
What happens if public forestland sold into the private sector?

Source: Charles D. Ray, Penn State Wood Operations Research Laboratory
5) Implement an immediate ten-year moratorium on new Endangered Species listings
IUCN “Red List” Endangered Species by Region

- North America: 1,261
- Mesoamerica: 1,987
- South America: 5,033
- Europe: 2,075
- West-Central Asia: 1,302
- East Asia: 1,383
- Southeast Asia: 4,784
- Oceana: 2,093
- North Asia: 268
- North Africa: 327
- Sub-Saharan Africa: 5,614
- Antarctic: 63
Enemies of the Forest Industry?
Two weeks ago, the Fish and Wildlife Service listed the northern long-eared bat as "threatened" under the Endangered Species Act. It's no secret that the bat's numbers have plummeted, and it's no secret why: A fungus known as white-nose syndrome has decimated as much as 99 percent of the population in the Northeast.

But for a three-inch creature with a nine-inch wingspan, the brown bot boasts an enormous footprint. While concentrated in New England, the species is found in 37 states as far west as Wyoming and as far south as Georgia. That includes the timber counties of Michigan and the rich Marcellus shale formation in Pennsylvania that has fueled the state's fracking boom.

SEE ALSO: Colo. Republicans blast 'King Barack' for latest national monument: 'Land grab'

In that sense, critics of the listing say the bat can be viewed as an Eastern version of the Greater sage grouse, a species whose declining numbers and vast range make it a useful vehicle for environmentalists interested in stopping natural resources development, from logging and grazing to oil and gas development.
6) Implement an immediate twenty-year moratorium on new Clean Air and Water regulations
RTO’s and Fish Hatcheries
8) Promote cheap energy, not "green" energy
Clean Power Plan Promises More Jobs and More Justice
posted on: Thursday, October 15, 2015

It goes without saying that the release of the Clean Power Plan was celebrated by the environmental community and media coverage nearly burst at the seams. It’s a major win in the fight against climate disruption, has strong legal underpinnings, and provides clear pathways for states to address their carbon pollution. What wasn’t covered as heavily, however, are the compelling aspects of the policy that will help workers, especially those in vulnerable communities.

While crafting the final version of the Clean Power Plan, the Obama Administration took the time to meet with unions, economic justice advocates, and their environmental allies to hear their concerns and suggestions, and based on what was released in August, the administration listened.

The final Clean Power Plan is structured to create thousands of new jobs in clean energy and energy efficiency, and includes incentives to create good jobs in vulnerable communities as well. It recommends robust standards to ensure that the new jobs lead to quality careers and contains vital protections for coal workers and other communities affected by the shift away from fossil fuels.

What’s more, the EPA and DOE have both acted to help ensure that unions, affected workers, and their communities will be treated as stakeholders whose views are heard and reflected in the state processes to create implementation plans. And to top it all off, the Clean Power Plan addresses concerns from affected unions about power system reliability, the compliance timeline, and emissions reduction credits for manufacturing processes such as combined heat and power.

Let’s now go into further detail on how all this came together and how it’s going to work.
Labor and the Clean Power Plan: More Jobs, More Justice


This guest post was written by Dean Hubbard and Alejandra Núñez of the Sierra Club and originally appeared in the Sierra Club’s Compass blog. You can find the original post here. The Spanish version of the blog can be found here.

In celebration of National Hispanic Heritage Month, SACE will be posting a series of blogs highlighting issues that impact Latino communities throughout the Southeast. This is the fourth and final blog in this series.

From a labor and economic justice perspective, there is a lot of good news in the final Clean Power Plan that the EPA released this August. After listening to recommendations from unions, economic justice advocates, and their environmental allies, the Obama Administration built several key elements into the policy that set the groundwork to create thousands of good union jobs for people in dire need of them, and to protect the livelihoods of working families who have depended on coal. This post provides an overview of those elements of the plan, which include many new and exciting engagement opportunities for labor and economic justice advocates.

The final Clean Power Plan is structured to create thousands more new jobs in clean energy and energy efficiency, with incentives to create good jobs in vulnerable communities. It recommends robust standards to ensure that the new jobs lead to quality careers. The Clean Power Plan and related initiatives also contain vital protections for coal workers and communities. The EPA and DOE have both acted to help ensure that unions, affected workers, and their communities will be treated as stakeholders whose views are heard and reflected in the state processes to create implementation plans. What’s more, the plan addresses concerns from affected unions about ensuring our power system is reliable, the timeline for compliance, and emissions reduction credits for manufacturing processes such as combined heat and power.

New careers in renewable and efficient energy:

Overall, the Clean Power Plan anticipates considerably greater clean energy growth than the previous plan compared to EPAct under the initial
Tennessee minorities will benefit from Clean Power Plan

David Padgett  7:11 a.m. CDT September 29, 2015

For the past year, a team of Tennessee State University students and I have been investigating the air quality in and around the Cayce Place community as participants in an Environmental Protection Agency research project.

Low-income and minority communities such as Cayce Place are often the hardest hit by the effects of air pollution and climate change.

The EPA’s new Clean Power Plan will, for the first time ever, limit power plant releases of carbon dioxide, particulate matter and related pollutants such as ozone.

Forty percent of the U.S. population living near power plants are people of color — so the plan will greatly benefit these communities. It will reduce incidences of asthma and other pollution-related illnesses, as well as create thousands of new jobs and save families money on utility and medical bills.

Yet, despite findings from several independent organizations showing how the Clean Power Plan will benefit low-income and minority communities, the National Black Chamber of Commerce released a report earlier this year misrepresenting its impacts. The report, funded by special interest groups seeking to preserve the bottom line for fossil fuel companies, alleges — wrongly — that the plan will harm African-American and Hispanic families.

By spreading misinformation, the National Black Chamber of Commerce is risking the
Like Cheap Natural Gas? Obama’s Clean Power Plan Will Regulate It Out of Existence

Isaac Orr | Aug 14, 2015

This transition has already begun. In April of this year, natural gas accounted for more electricity generation than coal for the first time ever, with natural gas generating 31 percent, compared with 30 percent for coal. Regulating coal out of our energy portfolio will have serious negative consequences because it means abandoning a reliable, abundant, and affordable source of energy. The Obama administration’s ideological war against coal means demand for natural gas for electricity generation will continue to grow, with the goal of the CPP to increase the use of natural gas to account for an average of 70 percent of the electricity generated in each state, causing natural gas prices to climb back up to approximately $7.80 per mcf and essentially incinerating the savings U.S. consumers currently enjoy.

Those who argue the power plant rules are needed to avoid the negative effects of climate change should reconsider their position. EPA’s own climate models show the regulations will reduce the amount of projected warming by a negligible 0.18°C, an amount below the margin of error in the calculations. In other words, these regulations will cost billions of dollars to implement, will significantly increase the costs of natural gas and electricity, will hurt low-income families the most, and will have no positive impact on the environment whatsoever.

EPA officials argue we need the rules in order to set an example for the rest of the world. That brings to mind something our mothers told us: “If your friends all jumped off a bridge, would you jump off too?” The big carbon-dioxide emitters, such as China and India, are listening to Mom and are not going to jump with us. On the contrary, they’re building new coal-powered plants every day.

Low natural gas prices made possible by horizontal fracking are a tremendous boon for families struggling to make ends meet, but even these low prices are barely compensating for the significant, long-term damage being inflicted upon us. The Obama administration’s push to abandon affordable energy has already harmed the American people and the energy sector. It is a policy designed to protect a handful of environmental activists at the expense of American families and the economy.
9) Reverse all impacts of the Affordable Care Act
### Real World Impact of ACA

**Case 1 - Company A**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Profits</td>
<td>$1.5 million</td>
<td>$1.5 million</td>
</tr>
<tr>
<td>Healthcare Insurance</td>
<td>$190,000</td>
<td>$402,000</td>
</tr>
</tbody>
</table>

**Case 2 – Ray Family**

<table>
<thead>
<tr>
<th></th>
<th>Prior to 2012</th>
<th>2012-2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare cost per month</td>
<td>$210</td>
<td>$520</td>
</tr>
<tr>
<td>Salary Increase per month</td>
<td>$166 x 4 = $667</td>
<td>$83 x 4 = $332</td>
</tr>
<tr>
<td>Net change to Income</td>
<td>Base</td>
<td>(-$645 per month)</td>
</tr>
<tr>
<td>Net impact on economy</td>
<td></td>
<td>$64,500,000,000,000 per month less “disposable income”</td>
</tr>
</tbody>
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*Penn State Extension*
12) Classify loggers as a “strategic, at-risk” occupation and support the viability of the profession with administrative support, investment tax credits, subsidized harvest insurance, and catastrophic health, liability, and property coverage.
Logging Company Fined by OSHA for Worker Hazards

By Bill Esler  September 23, 2015  11:39 pm EDT

Ross Logging was fined $42,000 by OSHA for exposing workers to amputation hazards at an Elkview, West Virginia, worksite. The Occupational Health & Safety Administration issued the latest citations Sept. 9, 2015.

OSHA says employees were operating chainsaws without cut-resistant boots or socks and were "drop starting" chainsaws (i.e., holding the starting cord while allowing the saw to drop) while felling trees, exposing them to severe lacerations and amputations hazards.

OSHA said its inspectors also found that employees were not working within visual or audible contact of each other, and that the employer failed to provide first-aid kits at the worksite.
“Logging has been recognized as one of the most hazardous industries, and has been the source of seven fatalities in West Virginia since Jan. 1, 2013,” said Prentice Cline, OSHA’s area director in Charleston, WV. Last week the Bureau of Labor Statistics issued its Census of Fatal Occupational Injuries, which showed the rate of fatal work injuries in 2014 was 3.3 per 100,000 full-time workers, the same as in 2013. While this reflects improvement overall - workers are putting in more hours - forestry jobs still rank as the most dangerous.

Transportation and material moving occupations accounted for the largest share (28%) of fatal occupational injuries of any occupation group. Fatal work injuries in this group rose 3 percent to 1,289 in 2014. Fatalities involving logging workers were up 31 percent to 77 last year. Fatal injuries in forestry and logging rose to 92 in 2014, up from 81 in 2013 and the highest total since 2008.
The Last Word

“The reality is that zero defects in products plus zero pollution plus zero risk on the job is equivalent to maximum growth of government plus zero economic growth plus runaway inflation.”

- Dixie Lee Ray