KLAMATH INDIAN FOREST

HEARING

BEFORE THE

SUBCOMMITTEE ON PUBLIC LANDS

OF THE

COMMITTEE ON INTERIOR AND INSULAR AFFAIRS UNITED STATES SENATE

NINETY-SECOND CONGRESS

SECOND SESSION

ON

S. 3594

A BILL PROVIDING FOR FEDERAL PURCHASE OF THE REMAINING KLAMATH INDIAN FOREST

JUNE 16, 1972

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KLAMATH INDIAN FOREST

FRIDAY, JUNE 16, 1972

U.S. SENATE,
SUBCOMMITTEE ON PUBLIC LANDS OF THE
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
Washington, D.C.

The subcommittee met, pursuant to notice at 2 p.m., in room 3110, New Senate Office Building, Hon. Mark O. Hatfield, presiding.

Present: Senator Hatfield.

Also present. Porter Ward, professional staff member.

Senator HATFIELD. The Subcommittee on Public Lands will please come to order.

This is the time duly noticed and set for an open hearing by the Senate Subcommittee on Public Lands on S. 3594, to provide for Federal purchase of the remaining Klamath Indian Forest.

The enactment of this bill would authorize the Secretary of Agriculture, under the Klamath Termination Act, to enter into contract, prior to June 30, 1972, to purchase the remaining 135,000 acres of the Klamath Indian Forest lands at a price of $51,954,709.

The Department of Agriculture (Forest Service) has expressed an interest in acquiring such timberland to be added to the Winema National Forest to be managed on a multiple-use, sustained yield basis.

I direct that the text of this bill and the reports thereon appear at this point in the record.

(The bill and department report follow:)

[S. 3594, 92d Cong., 2d sess.]

A bill providing for Federal purchase of the remaining Klamath Indian Forest

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Agriculture is directed to enter into a contract, prior to June 30, 1972, to purchase at a price of $51,954,709 Klamath Indian Forest lands that were retained by the tribe and that were offered for sale pursuant to subsection 28(e) of the Klamath Indian Termination Act of August 13, 1954, as amended (25 U.S.C. 564w–1). The contract may provide for payment of the purchase price in installments, with interest on unmatured installments at a rate that does not exceed the cost to the United States of borrowing money under similar circumstances, as determined by the Secretary of the Treasury.

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., June 15, 1972.

Hon. HENRY M. JACKSON,
Chairman, Committee on Interior and Insular Affairs,
U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for the views of this Department on S. 3594, a bill "Providing for Federal purchase of the remaining Klamath Indian Forest."

We defer to the views of the Department of Agriculture as to whether this bill should be enacted.

S. 3594 directs the Secretary of Agriculture to enter into a contract, prior to June 30, 1972, to purchase Klamath Indian Forest lands that were retained by the tribe and that were offered for sale pursuant to subsection 28(e) of the Klamath Termination Act of August 13, 1954, as amended (25 U.S.C. 564 W–1). The purchase price, which is set at $51,954,709.00, could be paid in installments, with interest on unmatured installments at a rate that does not exceed the cost to the United States of borrowing money under similar circumstances, as determined by the Secretary of the Treasury.

The Klamath Termination Act of 1954 ended Federal supervision over the trust and restricted property of the Klamath Tribe of Indians and of its members and terminated Federal services furnished such Indians because of their status as Indians. It provided for sale of some of the timber resources and disposition of the forest land retained by the tribe, including a requirement of first offer to the Secretary of Agriculture if the land was offered for sale to other than tribal members.

We understand that the Klamath Indian Forest lands have been offered for sale by the trustee for the Indians, with the Secretary of Agriculture having the first right of refusal. We have no direct interest in the matter, however, as neither the land nor its owners are under the jurisdiction of this Department. Accordingly, we defer to the views of the Department of Agriculture on this bill.

The Office of Management and Budget has advised that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely yours,

HARRISON LOESCH,
Assistant Secretary of the Interior.

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., June 16, 1972.

Hon. HENRY M. JACKSON,
Chairman, Committee on Interior and Insular Affairs,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: As you requested, here is our report on S. 3594, a bill providing for Federal purchase of the remaining Klamath Indian Forest.

S. 3594 would direct the Secretary of Agriculture to enter into a contract, prior to June 30, 1972, to purchase for $51,954,709 the Klamath Indian Forest lands retained by the tribe and offered for sale pursuant to section 28(e) of the Klamath Indian Termination Act of August 13, 1954, as amended (25 U.S.C. 564 W–1).

The Klamath Termination Act provided for termination of the Klamath Indian Reservation. The Act further provides, in part, for disposal procedures, partition, disposal, and trust arrangement for the remaining Indians. The original disposal action resulted in the sale to the Secretary of Agriculture of tribal lands which became the Winema National Forest. This original sale included 525,680 acres which were purchased for $68,716,691 in 1959.

An offer to sell the remaining lands for $51,369,731 was made to the Secretary of Agriculture on July 2, 1971, by the U.S. National Bank of Oregon, Trustee for the Tribe, under the provisions of the Klamath Termination Act, as amended. The Act provides that after offering the lands to members of the Tribe, the Trust must next offer the lands to the Secretary of Agriculture who is given 12 months to either accept or reject the offer. If not accepted, the offer is then made to private interests. The Secretary's 12-month option ends July 1, 1972.

The Klamath Indian Forest is located in Klamath County, Oregon, and is surrounded by Winema National Forest lands. The tract is composed of 133,300 acres of timbered land, 1,100 acres of grassland, and 600 acres of other types of land. There are approximately 900,000,000 board feet of merchantable sawtimber on the tract made up primarily of ponderosa pine. It can produce about 4,000 animal unit months of forage for range cattle and sheep. The tract contains 9½ miles of frontage on the Williamson River and is summer range for three major herds of mule deer.

Based on extensive evaluation of the Klamath Indian Forest proposal and in view of the present fiscal situation, we do not favor acceptance of the current offer and recommend that S. 3594 not be enacted.

We believe that there are alternative means available for dealing with the environmental concerns for the land other than by Federal purchase. The State of Oregon and its citizenry are active, interested and concerned with the conservation and have an active authority to provide land use controls for environmental protection of the land.

The Federal Government already owns 32.2 million acres in the State of Oregon (52.2 percent of the State) including 15.5 million acres of land administered by the Forest Service and 15.7 million acres of land administered by the Bureau of Land Management of the Department of the Interior. There appears to be no compelling national interest in adding another 135,000 acres to Federal ownership in Oregon.

We also believe that the purchase price proposed by the bill exceeds the price that could be justified under a system of multiple-use sustained yield management of the property as is required by law for National Forest management. The price offered by the trustees, is based on immediate liquidation of all the harvestable timber. Whereas, on a sustained yield basis, the timber could be harvested over a long period of time and future incomes accordingly would have to be discounted to arrive at the property's worth for sustained yield management.

The Office of Management and Budget advises that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

T. K. COWDEN,
Assistant Secretary.

STATEMENT OF HON. MARK HATFIELD, A U.S. SENATOR FROM THE STATE OF OREGON

Senator HATFIELD. As a prelude to my expression of strong support for passage of S. 3594, I would like to point out a little background surrounding the current controversy.

The Klamath Termination Act—68 Stat. 718; 25 U.S.C. 564—which was passed in 1954, provided for termination of the Klamath Indian Reservation. Amendments to this act further provided certain procedures to be followed. The original disposition resulted in the sale of certain Indian lands to the Secretary of Agriculture, the land becoming the Winema National Forest. Included in that sale were 525,680 acres purchased at a cost of $69,716,691.

The remaining Klamath Indians have decided to terminate the current trusteeship, and the trustee is required to offer the land to the Secretary of Agriculture.

A year is provided in which the Secretary can accept or reject the offer. After this time, the trustee must offer the land for sale to others at this same price.

On July 2, 1971, the Secretary of Agriculture received the trustee's offer for his purchase of the remaining Klamath Indian Forest lands. The land total is approximately 135,000 acres, and the purchase price is $51,954,709. Included in this acreage is approximately 888.641 million board feet of marketable timber.

With this background in mind, I want to state my support for this bill in the strongest terms. At the same time, however, I want to express my displeasure at the need for this hearing, the need for S. 3594, and the need for the companion bill in the House of Representatives.

This bill merely mandates authority already resting in the Secretary of Agriculture. The Secretary of Agriculture should have purchased these forest lands under his existing authority, and there would have been no need for the current controversy.

A strong case can be made for purchase of the Klamath Indian Forest, and to allow its operation under Forest Service multiple-use guidelines. Our hearing today will offer many sound reasons in support of this, but I would like to touch briefly on a few of them.

One, purchase by the Federal Government would mean a sustained yield of timber, forage, wildlife, water, and other outdoor recreation opportunities. A proper blend of these activities would assure continued enjoyment by future generations of Oregonians.

Two, a stable base of raw material would assure long-range economic stability for the timber-based industry in the area.

Three, operation under the Forest Service program of sustained yield timber production would help the country meet its long-range timber needs. Managed as a part of the national forest, the land would produce an average of 20 to 25 million board feet of sawtimber each year. Estimates are that this timber would generate an estimated $1 million to the Treasury from such timber sales.

Four, long-range sustained yield offers a better economic potential for utilization of local Klamath Indians as a part of the stable labor force. More rapid liquidation of the timber would result in greater temporary, migrant labor utilization, and would be a short-term boom. Currently, 40 percent of the area's employed Indians work in the forest products industry.

These are a few of the benefits to the public that I believe would flow from Federal purchase of the land. I think everyone in this room is aware of what very easily could be the fate of this land if the Secretary does not exercise his option to purchase this beautiful stand of timber. From everything I have been told about the fate of this area, it would be logged more rapidly by private owners than it would be by the Forest Service under its sustained yield program. Private owners will have to pay enough for the land that they will feel forced to get their money out more rapidly, and good, long-range timber management plans will go by the board.

In conclusion, I believe strongly that the Secretary of Agriculture should purchase this valuable land. I would prefer that this be done under his existing authority, but because of his attitude, more precisely the attitude of the Office of Management and Budget, we have to pursue this legislative solution.

Senator Packwood, my colleague, testified this morning on this matter and because of the dual character of the legislation today relating to Oregon, both Indian lands and now this special bill relating to Indian lands, the testimony he gave this morning will be placed in the record at this point.

(Statement of Senator Packwood follows:)

STATEMENT OF HON. BOB PACKWOOD, A U.S. SENATOR FROM THE STATE OF OREGON

Mr. Chairman, I am here today out of absolute necessity. The Members of the Oregon Delegation should not have had to go this far to accomplish the task now before us. I commend the Chairman for calling this hearing on the bill which we jointly introduced and which would direct the Secretary of Agriculture to purchase these some 135,000 acres of prime, scenic timberland within the boundaries of the Winema National Forest in Oregon. As you know, similar legislation is pending on the House side, having been introduced by Representatives Ullman, Wyatt, Green and Dellenback.

Under provisions of the Klamath Termination Act, as amended, the Federal Government is authorized to purchase the 134,960 acres in question. Pursuant to the above Act, title to the property of the remaining members of the Klamath Indian Tribe was conveyed to the U.S. National Bank of Portland, Oregon for operation and management in accordance with the management trust agreement. This agreement contained provisions allowing the beneficiaries of the trust to terminate the trust. At an election in 1969, the beneficiaries favored termination.

The Trustee is required under the Termination Act to first offer the property to the Indians, if they do not purchase, then to the Federal Government. On July 29, 1971, the trustees by letter offered the property for sale to the Forest Service for $51,360,731, subject to adjustment, if any, as of the acceptance date to reflect growth and cutting. The trustees gave the Forest Service until July 2, 1972, to either accept or reject the offer.

Forest Service indicated its interest in acquiring the scenic timberland, adding it to the Winema National Forest to be managed on a multiple-use, sustained yield basis. Forest Service felt the 1958 amendment to the Termination Act provided for sale of any portion of the approximately 135,000 acres. That section is as follows:

"If at any time any of the tribal lands that comprise the Klamath Indian Forest and that are retained by the tribe are offered for sale other than to members of the tribe, such lands shall first be offered for sale to the Secretary of Agriculture, who shall be given a period of twelve months after the date of each such offer to purchase such lands. No such lands shall be sold at a price below the price at which they have been offered for sale to the Secretary of Agriculture, and if such lands are reoffered for sale they shall first be reoffered to the Secretary of Agriculture. *The Secretary of Agriculture is hereby authorized to purchase such lands, subject to such terms and conditions as to the use thereof as he may deem appropriate, and any lands so acquired shall thereupon become National Forest lands subject to the laws that are applicable to lands acquired pursuant to the Act of March 1, 1911 (36 Stat. 961) as amended.*" (Italic supplied.)

Mr. Chairman, I have been aware of the interest in this land since 1969, and have frequently communicated with the Forest Service, and I know they are interested in acquiring the land. Upon notices from the bank a year ago, I pursued this matter with the Forest Service and The White House again, and was assured that purchase by the Forest Service was under consideration. Forest Service was definitely interested in purchasing.

Only recently did the Oregon delegation and Governor McCall become aware of how critical this was. OMB—the Office of Management and Budget—announced its decision not to purchase this property. The 135,000 scenic acres would have to find a buyer elsewhere come July, 1972!

Mr. Chairman, I don't have to tell you how concerned Oregonians are. They are understandably and deeply upset. My office has received hundreds of telephone calls, cards, letters, resolutions and petitions from the folks at home. I have had telephone conversations with The White House, have sent wires and letters to The White House, the Agriculture Department and the Interior Department, urging them to seize this opportunity to protect this vast acreage from total devastation. It seems almost certain that if this rich natural resource is not purchased by the Forest Service, then it is threatened by commercial exploitation. What a waste! This seems poor exchange for the opportunity of both doing something for the Indians as well as protecting our forest lands.

If the Oregon delegation is to respond properly to this crisis, then the bill we are today discussing, appears to be the only route to take. Therefore, I urge this committee to expeditiously and favorably report this bill to the Senate for prompt action.

Mr. Chairman, I have here some clippings from Oregon papers, which I am sure you have seen, and which clearly illustrates our dilemma. They are from the Oregonian, April 26, 1972; the Eugene Register-Guard, April 26, 1972; the Oregonian of April 27, 1972; and the Oregon Statesman, April 22, 1972. Also a later article from the Oregonian, May 9, 1972, and a May 17, 1972 clipping from the Oregon Journal. I ask that these news items be made an official part of this hearing record.

Thank you.

80-579—72——2

[From the Oregon Statesman, Salem, Oreg., Apr., 22, 1972]

WHITE HOUSE SAYS "NO"

(By A. Robert Smith, Washington Correspondent)

WASHINGTON.—The Nixon Administration has handed Oregon Democrats a political issue by deciding, against the advice of the entire Oregon congressional delegation, not to purchase a $52 million stand of Klamath Indian timberland.

Rep. Al Ullman, D-Ore., was quick to label the decision a "giveaway" to private timber interests.

The Forest Service had strongly recommended federal purchase, according to Edward P. Chieff, chief of the Forest Service. But the White House Office of Management and Budget decided "in view of the present fiscal situation, the administration just can't approve it," the Forest Service was informed.

This wasn't surprising to the Forest Service, in view of the rejection last November by the White House of another land acquisition the Forest Service wanted to make in New Mexico, a half million acre tract for some $23 million.

If the Klamath Indians who want to sell this timber put it up for private purchase, who will buy it—and what will be the consequences?

There are reports that Japanese interest are taking a look at this timber.

Japan has been the principal market for some years for logs from the Pacific Northwest. Three years ago Congress restricted the amount of log exports to Japan from federal timberland because of complaints from domestic loggers who claimed the exporters were drying up the price of logs by high bidding.

This restriction didn't affect sale of logs from private timberlands nor from the forests of Washington State. Crown-Zellerbach, Weyerhauser and Washington State have done a brisk business in log exports to Japan for some years.

Sen. Bob Packwood, R-Ore., has obtained congressional hearings in May and June on the entire log export situation to explore possible changes in the law, to consider everything from dropping the export limitation to applying it to logs from both private as well as public forests.

Packwood Friday sent President Nixon a telegram urging him to reverse the decision so that the Klamath timber is not "in danger of being destroyed forever."

"Let us join in doing something for the Indians as well as conservation," Packwood concluded.

Rep. Ullman took a more partisan approach Friday, blasting the decision as "the biggest resource giveaway of the decade."

"This has the makings of the greatest land and forest exploitation of any time in our generation and yet the administration with full authority to act is just sitting by and letting this happen," Ullman added.

The Eastern Oregon lawmaker hopes to create a public clamor against the private sale of the timber so as to influence the White House to reverse the decision.

"Where in hell are all the conservation and environmental groups? asked Ullman. "Why aren't they moving to help save this resource?"

The entire Oregon congressional group and Gov. Tom McCall favored federal purchase. The 135,000-acre tract would represent a 15 percent increase in the existing size of Winema National Forest, which was created a decade ago by purchase of timberland from the majority of the Klamath Tribe when they elected to terminate federal supervision over their affairs and resources.

The basis for the forecasts of exploitation of the remaining Indian timber if the federal government doesn't buy it, is that private purchases would be compelled to cut and sell timber rapidly to recover their investment because the price is too high to permit it to be harvested slowly on a sustained-yield basis

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[From the Oregonian, Portland (Oreg.) Apr. 26, 1972]

KLAMATH FOREST NOW SEEMS LOST TO DEVELOPERS UNLESS PUBLIC STARTS "SOUNDING OFF"

(By Phil Cogswell, of the Oregonian staff)

WASHINGTON.—For about $51 million the federal government could buy 135,000 acres of scenic timberland in Southern Oregon—the Klamath Indian Forest.

Instead, unless public or congressional pressure forces the administration to change its mind before June 30, the land apparently will be put up for sale to private companies.

Federal officials have announced that although the land would be a desirable purchase for addition to the Winema National Forest, the government prefers to spend available money for high use recreation sites in the East near the large centers of population.

In short, the Klamath Indian Forest didn't have a high enough priority.

Rep. Al Ullman, D-Ore., whose district contains the Klamath lands, was the most aggressive supporter over the past year for federal purchase and he has become the loudest critic of the decision not to buy the property.

"It has the making of the grossest land and forest exploitation of anything that's happened in our generation, and yet the administration with full authority to act is sitting down and letting it happen," Ullman said.

Ullman and other supporters of the federal purchase fear that the land will be bought up by private firms or high intensity logging and recreational homesite development rather than for use as a perpetual forest managed on sustained yield techniques.

While federal purchase has been supported by Oregon congressmen over the past year, it has not become the sort of public issue that could lead the government to modify its priorities.

There appears to have been a general assumption that the government would buy the property—especially since experts agreed it was well worth the money.

Thus, while there were letters sent and meetings with administration officials the Klamath issue stayed out of the limelight.

Oregon Gov. Tom McCall, who as a television newsman did a documentary on the Klamath issue in 1958, said he had thought the government was going to purchase the land until the decision to the contrary was announced.

National conservation groups—which could have made something of the issue—also were silent.

"I don't think anybody's clamored for it—that's the problem," said Barbara Holliday, an aide to Sen. Bob Packwood, R-Ore., for environmental affairs. "We've been concerned since 1969, but nobody seemed interested in it."

The Klamath Indian Forest gained public and congressional attention in 1958—the time of then-newsman McCall's documentary—when the government terminated the tribal status of the Klamath Indians and broke up their reservation.

At that time, some tribal members voted to sell their lands immediately. Others declined and held onto approximately 135,000 acres. It is their land which is at the center of the new controversy.

In the face of fears that the pine forest would be dumped on the open market for exploitation, Congress authorized the land to be managed in trust for the benefit of those Indians. Congress also specified that if the Indians decided to end the trust arrangement, the U.S. Forest Service would have one year to buy the forest if it wanted at market value.

In 1969, the Indians voted overwhelmingly to terminate the trust and receive payment for the land. The authorization for the Forest Service to buy the land expires June 30, and the trustee—U.S. National Bank of Oregon—has indicated it will then put the land up for sale to the highest bidder.

Several lumber companies are believed interested in the property.

So is Gov. McCall, who has ordered state officials to see if there is some way the State could buy the land, but no clear method has emerged. The State of Oregon doesn't have $51 million sitting around ready to be spent.

Rep. Ullman believes the best chance for public ownership of the forest is for so much public pressure to be generated that the administration would change its mind.

He emphasizes that the administration "has the full authority under the law to make the purchase" without any additional congressional action being required.

Sen. Packwood also has urged that the federal mind be changed.

In a telegram to President Richard Nixon, Packwood said if the Forest Service is not allowed to buy the lands, "they are in danger of being destroyed forever."

Federal purchase also apparently is advocated by at least some of the Klamath Indians, who want an Indian-run corporation to manage the forest.

What the public wants done with the forest land—some of which lies along picturesque rivers and is described by Ullman as "magnificently beautiful"—might be revealed over the next two months, if the public begins expressing an opinion at all.

[From the Eugene Register-Guard, Eugene, Oreg., Apr. 26, 1972]

RAPE OF THE LAND

Refusal of the federal government to buy a large parcel of Indian forest land in Klamath County is nothing short of an outrage. It's an example of poor resource management and, in the long run, of poor business judgment.

Involved are 135,000 acres of timber land north of Klamath Falls. If the federal government does not buy it, private timber operators will. Edward P. Cliff, retiring chief of the Forest Service, says the nature of the timberland is such that a private owner could not afford to harvest it on a sustained yield basis. Only the government could do that. This means that in private hands the acreage would soon become a wasteland like much other land in that part of the state.

It is in the long-range public interest to see the land logged in such a way that it will continue to produce timber, on a predictable basis, forever. It is, moreover, a chance for the federal government to make some money. Acquisition of timber land is less an expense than an investment. The cost, $52 million, is not great as government expenses go. Over the years it would be more than recovered. An administration that prides itself upon its concern for environmental quality should consider that aspect of the proposed purchase.

Mr. Cliff says the administration's refusal to buy the land is based on the philosophical belief that the government owns too much of the nation's land already. That might be a good argument if the proposal were to buy Times Square or Eugene's Mall. It is not a good argument, however, when applied to resource management.

The Oregon congressional delegation is unanimous in urging the government to buy the land. The Forest Service wants it as part of the Winema National Forest. If this fine land is turned over first to timber companies who will cut out and get out, and then to real estate developers, the Nixon administration will have been party to an outrageous rape of a natural resource.

[From The Oregonian, Portland, Oreg., Apr. 27, 1972]

U.S. URGED TO BUY KLAMATH LANDS

(By Phil Cogswell, of the Oregonian staff)

WASHINGTON.—Two Oregon congressmen—Republican Wendell Wyatt and Democrat Al Ullman—said Wednesday they are giving strong consideration to introducing legislation that would direct the federal government to buy the Klamath Indian forest land in Southern Oregon.

The congressmen are seeking to reverse a government decision not to purchase the 135,000 acres of timberland valued at $51 million.

Congress has authorized the government to purchase the property—which had been operated in trust for the benefit of the Klamath Indians—but that authorization expires June 30. The land then could be sold to private companies.

Wyatt and Ullman said they thought their legislation would have a chance of passage by Congress but agreed it would mean a difficult fight.

"I think it's possible but I wouldn't want to underestimate the difficulty," Wyatt commented.

"We well know it's a tough road, but we also feel that saving this tremendous block of land is a dramatic enough conservation issue and has such wide-ranging political implications that if it's properly understood we can get the support to move the bill," Ullman said.

The two congressmen said they hope to meet with other members of the Oregon delegation next week to seek additional support for the proposed legislation.

The proposal being studied by Wyatt and Ullman is a seldom-used process that would bypass the appropriations committees and direct the secretary of agriculture to enter into a contract to buy the property.

The congressmen are meeting with key members of interior and appropriations committees to explain their position and create an atmosphere for speedy passage of the legislation.

"We're still at the point of doing an analysis of both the legislative and political situations," Ullman said.

The government decision not to buy the Klamath Indian forest has raised fears among members of the Oregon delegation that the land will be bought by private firms for intensive logging and other types of development.

"I think that urgent measures are necessary to keep it from falling into the hands of developers," Wyatt commented.

Ullman said he still hopes "the administration will see the light of day and use existing authorization to buy the property."

[From The Oregonian, Portland, Oreg., May 9, 1972]

STATE CONGRESSMEN ENTER, FOREST BILL

(By Phil Cogswell, of the Oregonian staff)

WASHINGTON.—Legislation that would direct the federal government to buy the 135,000-acre Klamath Indian forest in southern Oregon for some $52 million was introduced Monday in the House of Representatives.

The bill is sponsored by the four Oregon Representatives: Democrats Al Ullman and Edith Green and Republicans Wendell Wyatt and John Dellenback.

An aide to Sen. Mark Hatfield, R–Ore., said Hatfield and Sen. Bob Packwood R–Oreg., plan to introduce a companion bill in the Senate Wednesday.

Federal officials have reported the government has decided not to buy the Klamath forest, which has been managed in trust for the benefit of Klamath Indians.

The trust was terminated in 1969, and Congress has authorized federal purchase of the pine timberlands for addition to the Winema National Forest. If the government does not buy the land by June 30, it could be placed on the open market for sale to private logging or development companies.

The Oregon congressmen, along with other supporters of the federal purchase, have contended that sale to private interests could lead to harmful exploitation of the land.

The bill introduced Monday would involve a little-used technique for by-passing the congressional appropriations committees in providing for a legislative contract for the purchase, Wyatt said.

If the legislation becomes law, Congress would direct the secretary of agriculture, "to enter into a contract prior to June 30, 1972, to purchase at a price of $51,954,709 Klamath Indian forest lands . . ." The bill also provides the money can be paid in installments.

Wyatt and Ullman, who have been working together to persuade the administration to buy the property, have been talking to key congressmen in an effort to smooth the path for the bill because of the approaching June 30 deadline.

"I'm still hopeful the administration will change its mind; if it doesn't, I think we have a fair chance of succeeding with our legislation," Wyatt said.

"It is incomprehensible to me that these lands can be made available to developers and destroyed," he added.

Ullman said the Oregon congressmen are "going to do everything we can to get it passed."

He added that he believes the administration already has the necessary authorization to purchase the land if it desires.

Ullman added that gaining passage on the bill "will take some fast footwork."

[From The Oregonian, Portland, Oreg., May 17, 1972]

BUDGET CHOPPERS LOOSE IN FOREST

(By Bill Robertson, Journal Correspondent)

WASHINGTON.—The U.S. Office of Management and Budget (OMB) has great facility in making difficult matters worse.

This irritating knack is on public display, again, in the matter of federal purchase of the scenic Klamath Indian Forest lands in Southern Oregon.

OMB has barred the U.S. Department of Agriculture and its Forest Service from buying the land—a purchase they could make under existing law.

That decision could be changed before June 30 when the government's option on the 135,000-acre tract runs out. Reversal, however, is unlikely. The only chance in this regard rests with Rep. Wendell Wyatt, R-Ore., whose friendship with key Nixon administration men has wrought minor miracles before.

OMB's central reason for blocking purchase is clear enough—though, perhaps, short-sighted and unpopular. Budget officials have decided the $52 million asking price for the land is too high, given federal budget problems.

That, right or wrong, is OMB's decision to make.

Under law, the agency is directed to "assemble, correlate, revise, reduce, or increase the requests for appropriations of the several departments and establishments" of the government.

And, as the $400 billion-plus national debt makes plain, if OMB does not pinch federal pennies, no one else will.

Trouble is, OMB can't seem to accept its lot in government life.

Budget men are generalists by design and function. They are called upon to weigh requests for money made by the various federal agencies and decide which are the most important—how government-wide priorities stand.

But in the Klamath case, as in many others, OMB seems to feel compelled to nose into the business of others—to second-guess expert judgments it does not seem to understand.

Beyond the high-price complaint, OMB officials insist on predicting refusal to buy the Klamath Forest on a rationale that is at best specious, at worst flat-out wrong.

They cite, for example, East versus West priorities in land acquisition as a reason not to buy the Klamath Forest.

It may be true that there is more federal land in Oregon (32 million acres) than in all of the 26 states east of the Mississippi River (24 million acres).

But the government has land acquisition experts—in the U.S. Forest Service and elsewhere—to decide which purchases are most desirable.

While OMB and the administration might want to acquire land in the crowded east, the government's land experts know that there probably is no 135,000-acre chunk of prime forest and recreation land east of the Mississippi that could be purchased for $52 million.

OMB's acquisition priorities argument, therefore, is reduced to an apple-orange confrontation of the most transparent sort.

OMB men dig deeper into the rationale grab-bag for their next agrument . . . to wit: The scenic Klamath lands will not necessarily be ruined if sold to private concerns.

Poppycock, says everyone but OMB. If the land could be managed profitably on the basis of a sustained-yield timber harvest, the current owners (remaining members of the Klamath tribe) would not be so eager to sell it.

It doesn't take an expert to know private enterprise is a profit-making matter. But, for the record, experts agree that any private purchaser probably will have to clear-cut most of the best of the Klamath timber and develop much of the best of the scenic lands to make a $52 million investment pay.

Pressed further, top OMB personnel mutter about "high" payments to the Indians who stand to gain about $100,000 each when the land is sold.

Confusion is the net result of this distressed reasoning and—in a case where the government has little time to act—confusion is dangerous.

Members of the Oregon Congressional delegation have introduced legislation that would, in essence, force the government to buy the Klamath lands despite the protestations of OMB.

This is, perhaps, as it should be. Original government authorization to buy the land was granted nearly 20 years ago and, as Oregon solons have argued time-and-again, priorities can change in 20 years.

Representatives of all the people probably should update—one way or another—their decision on such a sizable federal outlay.

But they should have more than a month or six weeks to consider the matter, and they should not have to fight bureaucratic obfuscation to come up with the right decision.

Senator HATFIELD. Certainly a man of great knowledge on timber resources and all of its factors is our good friend, Congressman John Dellenback from Oregon. I am honored to be associated with you on this and other mutual projects for the benefit of people of Oregon.

STATEMENT OF HON. JOHN DELLENBACK, A U.S. REPRESENTATIVE IN CONGRESS FROM THE STATE OF OREGON

Mr. DELLENBACK. Thank you very much, Mr. Chairman. I wish to express my full support for S. 3594, a bill to provide for Federal purchase of the remaining Klamath Indian Forest in Oregon. As a cosponsor of a similar bill on the House side, I urge favorable action by this subcommittee as soon as possible.

The Federal Government cannot afford to delay any longer. Affirmative steps to purchase the remaining 135,000 acres of the Klamath Indian Forest according to the terms of the trust agreement must be taken by June 30, or the Klamath Indians, the people of Oregon, the Federal Government and the Nation as a whole stand to suffer a tremendous loss.

Only if the Federal Government exercises its option to purchase this scenic and bountiful timberland can we guarantee maximum longrun utilization of this magnificent resource. The purchase price of approximately $52 million would make it economically impossible for any private owner to operate this tract on a long-term, sustained-yield basis. The tremendous investment involved would force a private owner into rapid liquidation, into a "cut and sell" operation in order to recover a substantial portion of his capital outlay. There would be a strong incentive for rapid removal of the timber and, very possibly, instead of sound, immediate and complete reforestation, some such alternate subsequent use as subdivision of the area for residential purposes.

A rapid cut would cause a general degradation of the environment. Only management of this timberland on a long-term sustained-yield basis by the Forest Service will assure responsible use of all the resources involved.

The purchase by the Federal Government would guarantee not only that these lands continue to produce forest products and provide jobs on a sustained yield basis for future generations, but also that recreational and other multiple use values will be adequately protected.

Managed as a part of the Winema National Forest, the land would be able to meet its full productive potential for satisfying the Nation's long-term timber needs. The location of this particular tract in relation to existing national forests would allow for most efficient coordination of management and the maximum growth of quality material.

Another significant factor in this proposed transaction that cannot be overlooked is the impact that private ownership could have on the log export situation. For years Japan has been the principal market for log exports from the Pacific Northwest. The burgeoning economy in that country, small geographically but powerful economically, requires vast amounts of imported timber, and there are reports that Japanese interests are taking a long, hard look at this tract as a potential source of a large, much needed, softwood supply.

It is highly possible that a Japanese concern would attempt to purchase the land outright, or enter into an agreement with a private, domestic corporation requiring a rapid cut, with subsequent sale of the harvest to Japan. In any case, the stability of employment in the local processing plants would suffer immeasurably.

While I realize there are many other factors that strongly favor Federal purchase of the remaining Klamath Indian Forest, and the

chairman has alluded to a number of those factors in his opening statement here this afternoon, I did want to emphasize these two points in my testimony before you today.

I earnestly hope that your subcommittee will act favorably and swiftly on this legislation, and that the full Senate will follow suit.

I may add, Mr. Chairman, I have been in touch on the House side with our people in the Interior Committee to which our companion bill has been assigned, and I am doing what I can to move that committee to hearings on our side. It would certainly be of great value to us to have your bill as we strive to get rapid action in the House. I know of your own strong backing to this, I join you in a regret that this particular type of action by the Congress is necessary, but apparently, under the circumstances, it is.

I am aware of the fact that $51 million plus is a major amount of money. You are aware of this and we are all aware of this. This type of dollar amount is not available. But the purpose for which we are here proposing these dollars be spent seems to me without question to have such a long impact on our area and the whole U.S. supply of softwood timber and products that flow therefrom, that this sort of action is clearly and highly desirable.

Senator HATFIELD. Thank you very much, Congressman Dellenback. We are pleased to have not only your statement here today but your appraisal of the situation on the House side as moving this as quickly as possible on both sides of the Congress.

Could I ask you, in your judgment, based upon the situation within and outside of the area we are talking about, the forest land area, do you see any alternative to this action that is called for in this bill to achieve the objectives that you have outlined in your statement, guaranteeing sustained management programs for this important resource, the kind of help that it would be to the minority in that area of the Indians, in terms of employment? All the other objectives in this bill. Do you see any other way to achieve this.

Mr. DELLENBACK. The answer is there is no way to assure it unless we take this kind of action. There is also the possibility that the bank will have its authority to modify and it will not be required to sell. But it has not sole discretion to do this on its own, this is a mandate forced upon the trustee in these circumstances. There is a second possibility that some major private concern could move in and make this purchase and would be so well financed that it wouldn't have to cut and run with this timber. But this is highly unlikely and we have no way whatsoever of assuring it.

I think any solid appraisal of this situation would lead to the conclusion that your question reached for. The answer is, there is no way to assure it unless it be by this type of action by the Federal Government.

Senator HATFIELD. Nothing you see at the State level or local level, either a public body or any existing private entity, that could achieve these objectives that this legislation sets forth?

Mr. DELLENBACK. We not only have no certainty of any such action, but I don't think we have any reasonable likelihood of any such action that the State of Oregon moves in. The State doesn't have these funds and doesn't have this type of operation anywhere else in the State. We know, in a State where 52 percent of the land, approximately, is owned by the Federal Government, unlike our companion State of Washington, where a substantial part of the land is

owned by the State, in Oregon that isn't the case. There are minor landholdings in the State but nothing of this nature. I think the possibility of this happening, and I say this against a background of 6 years in the legislature at the time you were Governor of our State, I think you would agree that the likelihood that the legislature of Oregon would authorize and come up with the money to make this particular acquisition is very, very, slim. I think that the chances that that might happen are almost negligible.

Senator HATFIELD. Before that could happen, it would either have to be some action on the part of the public, the body politic, or the people, or a legislative action, would it not?

Mr. DELLENBACK. And our legislature, as we both know, doesn't meet again until next year. There has been no broad-scale discussion of this. There have been a few voices that suggested this is a possibility, but that is more than 6 months away. We are facing a very real deadline which is going to be on us in a matter of a few weeks, and unless some clear determination is given by the Federal Government that it intends to move in this particular regard, the trustee in this instance is just not going to be in a position to wait, as I understand the legal situation and practical situation.

Senator HATFIELD. Actually, the State has only one forest of any significance at all as far as major forestry management programs are concerned, is that true?

Mr. DELLENBACK. This is my recollection. There are minor holdings that the State has, but indeed they are minor. There is nothing of this nature. The Forest Service will be testifying shortly, and at that time the point will be made that this is right in the middle of the Winema National Forest. It is logical to operate this jointly with those lands.

Senator HATFIELD. Well, I think your point is eloquently stated, that even if there were both financial and administrative capability available at this moment on the part of the State, the same basic philosophy that the Federal Government has been utilizing trying to block up its landholdings for more efficient management would apply here, because of the actual character of the relationship of this forest land to existing Federal forest land.

Mr. DELLENBACK. Exactly, this land by itself is extensive in size. But it would be a mistake to take even the 135,000 acres and attempt to manage it on a sustained yield basis when all around it lies four times this much land with which this land makes a natural interlock. It would permit not only the operation of this 135,000 acres, but it would contribute to the operation of the land that lies immediately around it. It would make a homogenous whole that could be managed far better than is even done at the present time.

Senator HATFIELD. Well, you have certainly made an excellent contribution here today, and I want to assure you that we will do everything on our side of the Capitol to pursue this. We know you will spend your energy for that same purpose on the House side.

Mr. DELLENBACK. Thank you very much. I appreciate the chance to be here today, and I commend you for what you are doing in this regard, and I commend your subcommittee and the committee for taking this action.

Senator HATFIELD. Thank you.

Deputy Commissioner John Crow of the Bureau of Indian Affairs, Department of the Interior. Good afternoon, Mr. Commissioner.

STATEMENT OF JOHN O. CROW, DEPUTY COMMISSIONER, BUREAU OF INDIAN AFFAIRS, DEPARTMENT OF THE INTERIOR

Mr. CROW. Good afternoon.

Senator HATFIELD. It is a pleasure to have you here again this afternoon on another vital piece of legislation that related to the State of Oregon.

Mr. CROW. Thank you, Mr. Chairman.

Senate bill 3594 directs the Secretary of Agriculture to enter into a contract, prior to June 30, 1972, to purchase Klamath Indian Forest lands that were retained by the tribe and that were offered for sale pursuant to subsection 28(e) of the Klamath Termination Act of August 13, 1954, as amended. The purchase price, which is set at $51,954,709, could be paid in installments, with interest on unmatured installments at a rate that does not exceed the cost to the United States of borrowing money under similar circumstances, as determined by the Secretary of the Treasury.

The Klamath Termination Act of 1954 ended Federal supervision over the trust and restricted property of the Klamath Tribe of Indians and of its members, and terminated Federal services furnished such Indians because of their status as Indians. It provided for sale of some of the timber resources and disposition of the forest land retained by the tribe, including a requirement of first offer to the Secretary of Agriculture if the land was offered for sale to other than tribal members.

We understand that the Klamath Indian forest lands have been offered for sale by the trustee for Indians, with the Secretary of Agriculture having the first right of refusal. Since we have no direct interest in the matter, as both the land and owners are no longer under the jurisdiction of this Department, we defer to the Department of Agriculture on this bill.

This concludes my statement.

Senator HATFIELD. Commissioner, I would like to pursue this matter with you, not as it relates to the broad basic policy of the executive branch of Government on this issue, but more especially as it relates to your area of expertise in matters dealing with Indian affairs and this administration's commitment to the matter of stabilizing the economy of many of these groups, minority groups, and bring them in greater participation in the mainstream of economic life.

As you know, this area in Oregon is east of the mountains and in the southern part of the State, which is a lesser populated area than the main part of our population which is in the Willamette Valley. Therefore, the economic opportunities are much more restricted here than they would be if it were near a large urban center.

The Indians who live in this particular part of our State, are very much involved in the lumber and timber product industry and therefore are primarily depending on that, as are most people in our area. It is a farming and timber area.

In the matter of Federal ownership of this land, where you can include it in an existing national forest and therefore have a very stable economic base not only for administration but also for finding the allowable cuts and timber sales, I don't think there is any question but that there is going to be far longer range economic impact in that kind of arrangement than there would be in private ownership which would be on the pattern of the past and on which we can base this

kind of judgment. There would be no question in my mind that there would be a shorter range view taken on these timber sales and on the utilization as timber resources, which means that rather than a long-term impact and opportunities being provided for Indians and other groups living in that area, you would have more transient labor utilized, probably from existing companies mills elsewhere in the State, more desire to employ their own people and transfer them around than it would be to employ additional people from the Indian and other groups in that area.

So, from this standpoint, would you care to comment as to your feeling about providing the Indians of this area with more stable potential employment in the long-term picture than the short term? Would this not be the policy that the Bureau would be more interested in; that is, a long-term rather than a short-term basis?

Mr. CROW. I believe your reasoning is eminently sound. We feel, too, that a sustained yield or stretching out of the utilization of this resource would tend to have a stabilizing effect on the community. The Klamath Indians, although terminated from Federal supervision, nonetheless largely remain in that area. They derive their livelihood from various occupations connected with lumbering enterprises. Therefore, I don't think I could escape the conclusion myself that any arrangement that could be arrived at which might serve to spread out this utilization of this asset over a longer period of time would certainly be beneficial to the residents, including the Klamath Indians.

Senator HATFIELD. What, from your point of view, again as the Commissioner of the Bureau of Indian Affairs, I am sure you are aware that generally speaking and in this area I know from firsthand, that Indians have a very strong tie to the land and a very strong feeling of heritage that relates to the land and have values based upon that relationship. Therefore, from that standpoint, would it not be better if these lands were in public ownership as it relates to the sites of the Indian and his attachment for and identification with the land?

Mr. CROW. I think there is no denying the fact that public ownership in this case would not only preserve the timbering commercial aspect of the land, but I am sure there are many other public values involved here which, as you say, not only the Indians but other residents of this country certainly would have an intense interest, as you picture it with the Indians.

Senator HATFIELD. One last question, again primarily from the Bureau's point of view and experience, Indians in this area as well as other people have access to these lands for hunting, fishing, and recreation. Again, this is a great part of the Indian culture as well as the culture of others living in this area. This would certainly be far more of a viable situation to continue that relationship in terms of hunting and fishing and access under public ownership than under private ownership, wouldn't it?

Mr. CROW. Yes, in fact this is one of the public values that I referred to previously. Certainly those are becoming more and more valuable as population increases and lands are taken up with other uses.

Senator HATFIELD. Commissioner, you have been very helpful. Thank you very much.

Our next witness is Chief John R. McGuire, of the Department of Agriculture.

STATEMENT OF JOHN R. McGUIRE, CHIEF, FOREST SERVICE, DEPARTMENT OF AGRICULTURE

Mr. McGUIRE. Mr. Chairman, thank you very much.

Senator HATFIELD. Thank you, Mr. McGuire, we appreciate your time.

Mr. McGUIRE. My written testimony of necessity is somewhat longer than that this morning.

Senator HATIFIELD. It will be placed in the record in its printed form, and you may summarize it or handle it any way you wish.

Mr. McGUIRE. Thank you. I am pleased to speak for the Department of Agriculture on S. 3594.

The Department of Agriculture is fully aware of and sympathetic to the concerns of the many citizens of Oregon and their representatives about the disposition of the lands in question. Under the current circumstances, sale of these lands at almost $52 million to private parties might result in damage to the environment, undesirable timber practices, and development not generally desired by citizens of the State. The Department believes, along with many others, that this is an undesirable result which should be avoided.

We do not agree, however, that the solution mandated by the proposed bill is the proper one. Indeed we see a possible solution to this problem which does achieve the same results desired by the many people who have expressed concern but does not require the Federal Government to expend a large and, we believe, unreasonable sum to achieve the objective.

It should be noted that this land is now in private ownership and has been since 1959. It belongs to a group of private citizens and is managed by a private financial institution under a trust arrangement. It has been managed by these private interests in such a way as to protect its environmental values. It can continue to be so managed, either voluntarily or under regulation by the State of Oregon.

The State of Oregon and its local governments have the inherent power of land-use control. The premise that land-use controls should be exercised by State and local governments is basic to the philosophy underlying land-use legislation proposed by the President in his environmental messages of 1971 and 1972. I understand there are a number of existing State authorities which can be used to assure private land use compatible with environmental protection that would apply to the Klamath Indian Forest lands if they remain in the private sector.

It is this Department's view that these authorities and others which may be available to State and local governments could be brought to bear to insure that irresponsible timber practices or uncontrolled recreational development would be precluded. While some might argue that the application of such powers would reduce land values, we think that the reductions need not be substantial and certainly not unfair.

The Department of Agriculture believes that the purchase price proposed by this legislation exceeds the price that could be justified under a system of multiple use-sustained yield management of the property as is required by law for national forest management. The price offered by the trustees apparently is based on immediate liquidation of all the harvestable timber. Whereas, if the timber is to be har-

vested over a long period of time future incomes would have to be discounted to arrive at the property's current worth for sustained yield management.

The Department and the administration would be faced with an exceedingly difficult fiscal problem should this legislation be enacted. To maintain total expenditures within limits necessary to preclude a new inflationary spiral, the President has indicated his intention to recommend additional expenditures only when offsetting reductions can be found. The additional expenditures mandated by this bill if offset within the Forest Service program would require the displacement of projects of high priority.

It should be noted that the Federal Government already owns 32.2 million acres in the State of Oregon—52.2 percent of the State—including 15.5 million acres of land administered by the Forest Service and 15.7 million acres of land administered by the Bureau of Land Management of the Department of the Interior. There appears to be no compelling national interest in adding another 135,000 acres to Federal ownership in Oregon.

In addition, private ownership would continue to provide material tax revenue to the local governments—an estimated $185,000 per year. Further, any recreation benefits from public ownership of the property appear to be local or regional. The per capita Federal acreage for Oregon already under multiple use-sustained yield management is 14.8 acres compared to a national per capita average of 3.2 acres. In the event that public ownership should prove desirable, it more appropriately could be accomplished through State or county purchase.

While the administration is strongly in favor of doing what is needed to protect the environment, we see a solution which does not require the actions contemplated in the bill. The Federal Government should husband its resources for use in those environmental situations which are clearly in the national public interest and with which the States, the local government, and the general public are powerless to cope. With the understanding that environmental values can and will be protected by the State of Oregon, the foregoing are compelling arguments against Federal acquisition under the terms of the legislation.

Thank you, Mr. Chairman.

Senator HATFIELD. Thank you, Mr. McGuire.

Mr. McGuire, let me pursue a little bit this matter of how we arrive at this figure of approximately $52 million. As you know, we have been involved in this between the trustee and the Forest Service now for about a year.

Mr. MCGUIRE. Yes, sir.

Senator HATFIELD. In which there was a difference of appraisal. As I understand it—would you explain to me, under the Klamath Termination Act, whether or not the trustee used an accurate base for appraisal?

Mr. MCGUIRE. I believe that he did. The function of the trustee in this case is to obtain the maximum return to the Indians and the method he used did that.

Senator HATFIELD. Which would mean it would be based on the value of the timber that would be marketable at the time of appraisal?

Mr. MCGUIRE. That's correct.

Senator HATFIELD. Now, the Forest Service went in and made an appraisal of this, is that correct?

Mr. McGuire. That's correct.

Senator Hatfield. What was that appraisal?

Mr. McGuire. We attempted several versions. In June of 1971, at the time the offer was made, we appraised the property on the basis of income over the succeeding 9 years at an 8-percent discount rate, using our standard method of volume determination and so on. We came out with a figure of $28,850,000. Then we compared that with some other alternatives such as immediate liquidation, using no discount at all, and we got a figure up as high as $43 million.

We also made some projections. On January 1, we went back and took another look. Prices had been going up. At that time, on the extended basis, allowing a period of years and using our standard methods, we got up to about $31 million and in projecting ahead to July first of 1972 on the same basis, we get to about $33 million. But there are other ways of going at this.

There is no one simple way of making an appraisal in this case. It is an unusually large transaction and the appraiser must assume what the willing buyer would have to contend with and what his willingness might be based upon.

Now, in the extreme situation, the willing buyer who could find a way of liquidating the entire volume of standing timber in a year or two, could undoubtedly get his price quite close to that of the trustee. In fact, our projection comes out about there. But it is a little unrealistic to assume anyone could do that and it may be the trustee will find no willing buyer at that place.

Senator Hatfield. Why is it unrealistic?

Mr. McGuire. Because you are dealing with a large volume of timber. You have, it is true, the capacity within hauling distance to manufacture that amount. But it would be a very complex operation to market it, to utilize that capacity and to offer your timber in competition with other offers that are now underway.

Senator Hatfield. But the only way, as I understand what you just said, that a private buyer could consider this purchase, because, as you indicated, the size of the timber stand and so forth, it would have to be based upon immediate liquidation?

Mr. McGuire. That would seem to be the obvious consideration. Now, there may be some willing buyers who have access to funds at low-interest rates, or who can see tax advantages or who wish to speculate. It is a little hard to predict.

Senator Hatfield. It would depend on the corporate structure and status of the buyer?

Mr. McGuire. Exactly.

Senator Hatfield. Mr. McGuire, is immediate liquidation compatible with sustained yield?

Mr. McGuire. No; it is not.

Senator Hatfield. Do you know who the appraisers were that were used by the trustee?

Mr. McGuire. Mason, Bruce & Girard, a forestry consulting firm in Portland. They are well respected throughout the Northwest.

Senator Hatfield. You don't consider this an erratic appraisal?

Mr. McGuire. We believe the appraisers' figures are very sound. We checked their inventory and came out within 2 percent. The assumptions they used are more appropriate to smaller transactions. In that sense they are somewhat unrealistic.

Senator HATFIELD. As you understand the law of the State of Oregon, as you cited in your testimony, and the various agencies that administer those laws, do you feel there are laws on the statute books in Oregon that would prevent liquidation if a private buyer came in and purchased this timber from the trustee?

Mr. MCGUIRE. I am a little reluctant to appear as an expert. It seems to me the laws are on the books. Certainly any immediate liquidation of this nature could be challenged under the existing laws. Certainly the State could take steps to enforce some other procedure.

Now, I am not at all sure that penalties in the laws would be adequate deterrents.

Senator HATFIELD. So we are really in an interesting dilemma, as I understand the description of the situation. Let's develop a hypothesis situation here. Let's assume that the laws of the State of Oregon could prevent, and I might say parenthetically that I have grave reservations that they could, according to the legal counsel that I have received, but let's assume hypothetically that they could prevent immediate liquidation by a buyer, a private buyer, now, let me ask you this question, on that assumption, what likelihood would there be that someone would buy this tract of land if it were put up for sale in a private sale under the trustee's authority, if the private buyers face this possibility, the State could stop him from immediate liquidation and you have said that you believed that only a person who could immediately liquidate this land could economically and conceivably go in there and make a purchase of $52 million?

Mr. MCGUIRE. Well, if the State threatened more strict enforcement of its original authority or threatened additional State legislation, it would inhibit rapid liquidation. Then I think the likelihood of private purchase would diminish. In fact, the likelihood of private purchase even at present without any change may not be very great. We have no way of knowing. In that event the trustee has an option of changing its price and going back again.

Senator HATFIELD. Which we are almost into now.

Mr. MCGUIRE. We are almost at the third step of the first cycle now.

Senator HATFIELD. Right, we would be back under that first cycle again with a private buyer.

Mr. MCGUIRE. Exactly.

Senator HATFIELD. As a forester and a man dedicated to the great forest research of this country, and committment to sustained yield and careful forest management, would you like to have these additional acres to the national forest?

Mr. MCGUIRE. Of course, Mr. Chairman, we have long looked forward to the blocking up of this national forest. The rest of the forest, as you know, consists almost entirely of the first purchase and the balance would complement what we now administer well indeed. So, from strictly an agency point of view, there is no doubt this is very high in priority. But we are not in a position to judge the overall priorities of the Federal Government.

Senator HATFIELD. I understand. I was restricting my question just to you as an individual forester and as the Chief of the Federal Forest Service and as an individual operating on that basis. So, that you really feel, from a professional forester's point of view, this would be a very logical and very important addition to the Winema National Forest?

Mr. McGuire. Yes, sir.

Senator Hatfield. Now, as you know, the first part of May my administrative assistant made inquiry and asked for evaluations from the Forest Service about this proposed purchase and in that memorandum which the Forest Service efficiently provided us, there were nine points listed under the title of desirable effects of Federal ownership of the Klamath Indian Forest. I would like to introduce the memorandum at this point in the record.

(The memorandum follows:)

PROPOSED PURCHASE OF THE KLAMATH INDIAN FOREST

The Klamath Termination Act (68 Stat. 718; 25 USC 564) which was passed in 1954 provided for termination of the Klamath Indian Reservation. Amendments to this Act further provided for disposal procedures, partition, disposal, and trust arrangement for the remaining Indians, among other matters. The first or original disposal action resulted in the sale to the Secretary of Agriculture of lands which became the Winema National Forest. This sale included 525,680 acres which were purchased for $68,716,691.

The remaining Klamath Indians have now voted to terminate the current trusteeship provided by the U.S. National Bank of Oregon. In response to this vote the Trustee is required by law to offer the Klamath Indian Forest lands to the Secretary of Agriculture. The Secretary has twelve months from the date of receipt of the offer to accept or reject it. After this period, the Trustee must offer the remaining lands at the same price to others.

On July 2, 1971, the Secretary of Agriculture received the Trustee's offer for sale of the remaining Klamath Indian Forest lands comprising approximately 135,000 acres and approximately 888.641 million bd. ft. of marketable timber for $51,369,731.

DESIRABLE EFFECTS OF FEDERAL OWNERSHIP OF THE KLAMATH INDIAN FOREST

1. Sustained yield of timber, forage, wildlife, water and outdoor recreation would be assured within the land capability and the ecological limitations necessary to maintain a quality environment.

2. A stable base of raw material would assure long-range economic growth, stable forest product and related service industries in the Klamath Falls area.

3. National Forest management would provide the greatest benefit to the Klamath Indians and others in the area in the way of employment of local labor and the steady development and utilization of the resources, in assuring environmental protection and community stability. This would be consistent with the Administration's concern to help disadvantaged minority groups. More rapid liquidation of timber which can be expected under private ownership would result in greater use of transient labor during the heavy cut period at the expense of long-range employment stability in this area. The largest part of the work force in Klamath County is employed in the forest products industry, including 40 percent of the Indians employed.

4. Federal ownership would better maintain heritage values of the lands about which the Indians have strong feelings.

5. The land would provide its full productive potential towards satisfying the Nation's long-term timber need by supplying soft-wood products on a sustained basis. Managed as part of the National Forest System, the land would produce an average of 20 to 25 million bd. ft. of quality sawtimber annually.

6. The Klamath Indians, as well as other public users, would be assured of continued access to the lands for hunting, fishing, and other recreation use.

7. The location of the area in relation to existing National Forest enables efficient management in conjunction with management of other National Forest resources in the surrounding area.

8. Land use and ownership patterns detrimental to a high-quality environment and the efficient provision of community services would be minimized. Acquisition for National Forest purposes would be most consistent with the Administration's environmental concerns.

9. It is expected that the gross receipts to the United States Treasury from timber sales would be increased by an estimated $1 million annually, based on current selling price of timber.

Senator HATFIELD. If you would care to comment upon any of these points that were listed in this memorandum, we would be glad to hear from you. Especially as it relates to these summary points, as to why the Forest Service indicated the desirable effects of Federal ownership. Do you have a copy of this?

Mr. MCGUIRE. Yes; I have a copy in front of me.

I believe the memorandum sets forth, briefly it is true, but adequately, the main considerations in favor of purchase.

Senator HATFIELD. And, Mr. McGuire, I believe Mr. Schultz was the man who responded to our inquiry, but this would represent your position as well?

Mr. MCGUIRE. Yes. Mr. Schultz, I believe, was signing as Acting Chief at the time, during a time I was out of town.

Senator HATFIELD. Well, as you probably recognized in my opening statement, I really base my position to a great degree on this memorandum and on the logic and profound considerations given in these points to the preferability of Federal ownership over private ownership, and I just want to thank you and the Forest Service for being so helpful to us always, and especially on this issue. I appreciate your willingness to be so forthright and so professional as you always are in expressing your candid opinion, and I want to assure you that I have no intention at any time of ever putting you into a whiplash bind between OMB and the responsibility of your office and the Secretary or anybody else.

At the same time I think the people here and the record should show that you have courageously and eloquently stated a professional opinion. At the same time you have represented, to the best of your ability, the administration's point of view.

Mr. MCGUIRE. Thank you, Mr. Chairman.

Senator HATFIELD. Thank you.

Any other witnesses or anybody else who wishes to make a statement on Senate bill 3549? If not, the hearings are adjourned.

(Whereupon, at 2:50 p.m., on June 16, 1972, the hearing was adjourned, subject to the call of the Chair.)

(Subsequent to the hearing, the following communication was received:)

SIERRA CLUB,
Washington, D.C., June 21, 1972.

Chairman HENRY M. JACKSON,
Senate Interior Committee,
U.S. Senate, Washington D.C.

DEAR SENATOR JACKSON: The Sierra Club supports S3594—Hatfield, for acquisition of 375,000 acres of former Klamath Indian Reservation forest lands by the Federal Government to be added to the National Forest.

The $52,000,000 expenditures will be returned to the treasury from timber sales many times over in the long run. However, if these lands are allowed to fall into the hands of private industry, the high cost of acquisition will prevent sustained yield management. Consequently the local economy will suffer.

We urge that if these lands are indeed acquired by the United States Government that the Forest Service be directed to manage them under sustained yield within the constraints of multiple use.

Sincerely yours,

W. LLOYD TUPLING,
Washington Representative.

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