

4/12/79

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THE WHITE HOUSE
WASHINGTON

April 7, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: BOB LIPSHUTZ *BJ*
RE: Selection of Federal Judges

In response to your recent memorandum concerning the selection of Federal judges, I am attaching a brief summary setting out the names of all persons being considered at this time for Circuit Court of Appeals judgeships.

You have an appointment at 2:00 p.m. on Monday with Griffin and me, at which time we will make the recommendations to you concerning them.

Concerning the selection of district court judges, generally speaking, the Senators are submitting only their final recommendations and not a list given to them (either by commissions or otherwise) from which individual nominees have been selected by them for recommendation.

With reference to the attached list, I also have a more detailed resume of each person, on a single page, which I will bring with me to our meeting (or submit to you prior to the meeting if you so desire).

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Fourth Circuit (West Virginia: one vacancy)

Virginia Mae Brown (white female) -- ICC member since 1964; previously served as West Virginia Insurance Commissioner and West Virginia Public Service Commissioner.

Franklin Cleckley (black male) -- Professor of Law at the University of West Virginia since 1969; previously served in Navy JAG in Vietnam.

Russell Dunbar (white male) -- State court judge since 1969; county prosecutor 1961-1968; President, West Virginia Judicial Association.

Charles Haden (white male) -- U.S. District Judge since 1975; member of the State Supreme Court 1972-1975; State Tax Commissioner 1969-1972.

James Sprouse (white male) -- Extensive career in private practice, where the State AFL-CIO has been a client; served on State Supreme Court 1972-1975.

Northern Ninth Circuit (Alaska, Oregon, Washington: three vacancies)*

Robert Boochever (Alaska, white male) -- Justice, Alaska Supreme Court since 1972; Chief Justice since 1975.

James Fitzgerald (Alaska, white male) -- U.S. District Judge since 1975; previously served on Alaska Supreme Court, 1972-1975, and on lower state court, 1959-1972.

George Joseph (Oregon, white male) -- Judge, Oregon Court of Appeals since 1977; career previously included private practice, work in county government and law teaching.

Hans Linde (Oregon, white male) -- Justice, Supreme Court of Oregon since 1977; Professor of Law, University of Oregon, 1959-76; also appeared on the list of candidates submitted for the District of Columbia Circuit.

Otto Skopil (Oregon, white male) -- U.S. District Judge since 1972; private practice, 1946-1972.

Jerome Farris (Washington, black male) -- Judge, Washington Court of Appeals since 1969; private practice 1958-1969.

Betty Fletcher (Washington, white female) -- private practice in large Seattle firm since 1956; partner since 1963.

Charles Smith (Washington, black male) -- Professor of Law at University of Washington since 1973; served as state court judge 1966-1973.

Robert Utter (Washington, white male) -- Justice, Washington Supreme Court since 1971; lower court judge 1964-1971.

*There is no requirement that each state receive one seat; e.g., two could be given to Washington and one to Oregon.

Tenth Circuit (Oklahoma: one vacancy)

Harold Cook (white male) -- U.S. District Judge since 1975; previously an HEW official under Nixon and Ford.

Pat Irwin (white male) -- Chief Justice and Vice Chief Justice of Oklahoma Supreme Court since 1959 (positions rotate biannually).

Stephanie Seymour (white female) -- private practice; first female partner in a major Oklahoma firm; first woman to serve as an Oklahoma Bar examiner; experience in complex litigation.

Lee West (white male) -- CAB member, 1973-1978; served as state court judge, 1965-1973.

THE WHITE HOUSE
WASHINGTON
12 Apr 79

Tim Kraft
Arnie Miller

The attached was returned in
the President's outbox today
and is forwarded to you for
appropriate handling.

Rick Hutcheson

Tim: I told the President
that he has already appointed ~~her~~.
Joanne Rajoppi.



THE WHITE HOUSE
WASHINGTON

4/12/79

Mr. President:

You have already appointed
her.

Rick

C

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JORDAN
EIZENSTAT
KRAFT
LIPSHUTZ
MOORE
POWELL
RAFSHOON
WATSON
WEXLER
BRZEZINSKI
MCINTYRE
SCHULTZE
ADAMS
ANDRUS
BELL
BERGLAND
BLUMENTHAL
BROWN
CALIFANO
HARRIS
KREPS
MARSHALL
SCHLESINGER
STRAUSS
VANCE

ARAGON
BUTLER
H. CARTER
CLOUGH
CRUIKSHANK
FALLOWS
FIRST LADY
GAMMILL <i>am</i>
HARDEN
HUTCHESON
LINDER
MARTIN
MOE
PETERSON
PETTIGREW
PRESS
SANDERS
VOORDE
WARREN
WISE

*Tim. I told the
Pres that ~~she~~ ~~has~~
he has already
appointed her.
R. L.*

THE WHITE HOUSE
WASHINGTON

April 9, 1979

*Tim -
Did we not promise
to appoint N.H.'s
"National Teacher of
the Year"?*

MEMORANDUM FOR THE PRESIDENT

FROM:

TIM KRAFT *TK*

ARNIE MILLER *AM*

J

SUBJECT:

Commission on Presidential Scholars

The Commission on Presidential Scholars was established in 1964 by Executive Order. The Commission is composed of members representing education, the arts, business and government. The Commission is responsible for the selection of 121 Presidential Scholars: two from each state, as well as the District of Columbia, Puerto Rico and American students overseas. They are selected on the basis of outstanding scholarship and demonstrated leadership capabilities. Each Scholar is presented with a medallion at a Rose Garden ceremony during the summer months.

There are presently twenty-seven members serving on the Commission and the statute permits an unlimited membership. We recommend the appointment of the following three candidates to enhance the representation of the Commission.

Joanne Rajoppi (New Jersey): Presently Union County Freeholder Vice Chairperson and serves as a member of the Union City Social Services Committee, the Labor Advisory Committee, and the Hospital and Education Committee. Served as Mayor of the Springfield Township in 1977 and as Vice President of the Springfield Board of Education in 1975. Ms. Rajoppi is a journalist and is presently Editor of the New Jersey Carpenters Funds' publications. She also is Secretary-Treasurer of the Carpenters Local Union.

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Cecile Waronker (Georgia): Teacher for the Atlanta Public School System. She is also on the Board of the Children's Theatre and a Chairperson of Young People's Concerts in Atlanta. She is presently completing her Master's Degree in Education at Georgia State University. Recommended by the First Lady.

Rebecca Arrington Barnhill Hundley (North Carolina): Presently Vice President of Hundley Realty Company. Member of the Board of the North Carolina National Bank and the Davidson County Community College. Serves on the North Carolina State Judicial Standards Commission and the State Banking Laws Study Commission. Past Chair of the Davidson County Democratic Committee. Recommended highly by Senator Morgan.

RECOMMENDATION:

Appoint the above slate to the Commission on Presidential Scholars.

approve

disapprove

J
See note
above

Joanne Rajoppi
119 Briar Hills Circle
Springfield, N.J. 07081
201-467-8874

31 years old
Married to Harry Pappas
Lifelong resident - Union County

PUBLIC SERVICE:

1979

Union County Freeholder Vice Chairperson

1978

Union County Freeholder
Chairperson, Social Services Committee
Member, U.C. Advisory Board on Status of Women
Member, Labor Advisory Board
Member, Union County Council on Aging
Alternate, N.J. Association of Counties
Member, Hospital & Education Committee
Member, Intergovernmental Committee

Chairperson, MRC-TV Task Force on
Domestic Violence

Member, Springfield Township Committee

1977

Mayor, Springfield Township Committee
Chairperson, U.C. Consumer Affairs Adv. Comm.
Chairperson, U.C. Municipal Advisory Council
for Mayors
Member, U.C. Community Development Revenue
Sharing Committee

1975

Vice President, Springfield Board of Education

EDUCATION:

B.A. Degree, cum laude

Case Western Reserve University,
Cleveland, Ohio

PROFESSIONAL:

1972-Present

Editor, N.J. Carpenters Funds' publications

1971-Present

Freelance writer and author

1976

Director, Blair Summer School for Journalism
Press Consultant, U.C. Democratic Committee

1970-1972

Staff writer, Newark Evening News Inc.

AFFILIATIONS:

Secretary-Treasurer, Carpenters Local Union
1107 Apprentice Committee, Kenilworth
Member, Union County Democratic Womens Club
Member, N.J. Federation of Democratic Women
Member, Democratic Organization of Springfield
Member, League of Women Voters
Member, American Italian Cultural Organization
Member, National Association of Press Women

CECILE C. WARONKER (Mrs. William L.)
650 West Conway Drive
Atlanta, Georgia 30327

Education:

1957 B.S., Elementary Education, University
of Georgia at Athens. Upper 5%.

Presently Completing Masters, Georgia State
University in Atlanta.

Professional:

1957-60 DeKalb County School System, taught the
4th grade.

1960-74 Mother and homemaker.

1974 to Atlanta Public School System --
Present teaching remedial math and reading for
the ESAA program.

Other Activities:

Board member of the Children's Theater
Usher Chairman, Young People's Concerts of the Symphony
Taught Saturday in the Adventures in Art Program
Secretary of the Board of Directors, Solomon Schechter School

Interested in improving public education and programs to
help intelligent and ambitious students.

RESUME

Mrs. George Lee Hundley
(Rebecca Arrington Barnhill Hundley)

Born in Rocky Mount, N. C. September 14, 1921 (I usually mis-
represent this as 1923, so please do not give me away)
Daughter of Chief Justice and Mrs. Maurice Victor Barnhill
One brother, Maurice Victor Barnhill, Jr.; attorney in
Wilmington, N. C.

Attended St. Mary's School and Junior College, Raleigh, N. C.
and graduated from Duke University with a BA in English

Worked briefly for the State of N. C. as engineering draftsman
and for Occidental Life Insurance Company of N. C. in Raleigh.
Began as a secretary at Occidental; then established and managed
Policyholders' Service Department. Left to work for Senator
Sam J. Ervin, Jr., for approximately 1½ years. Returned to
Occidental Life and became Claims Manager and Assistant Secre-
tary of the Company. Left in 1967 to marry George Lee Hundley,
then President of State Commercial Bank in Thomasville, N. C.,
now retired.

Present activities:

Boards:

North Carolina National Bank, local board
Davidson County Community College
Thomasville Family YMCA, also Vice President
Community General Hospital, Thomasville
Thomasville Community Foundation, also Vice
President

Commissions:

N. C. State Judicial Standards Commission; one of
two laymen and only woman
State Banking Laws Study Commission

Business:

Vice President Hundley Realty Company

Political activities:

Past Chairman and past Vice Chairman Davidson County
Democratic Party
Served two terms as member of State Democratic Executive
Committee from Davidson County and one from Wake
County

EDUCATION:
COMMISSION ON PRESIDENTIAL SCHOLARS

Independent

AUTHORITY: Verbal announcement by the President at his press conference on April 16, 1964; Executive Order No. 11155, May 23, 1964

METHOD: Appointed by the President

MEMBERS: The Commission shall be composed of such members as the President may appoint from time to time from among appropriately qualified citizens of the United States.

THE PERSON CHOSEN EACH YEAR AS THE NATIONAL TEACHER OF THE YEAR SHALL BE ONE OF THE MEMBERS

CHAIRMAN: Designated by the President

TERM: Members shall serve at the pleasure of the President except the National Teacher of the Year shall serve for a period terminating one year after the date of his or her selection or at such earlier time as a next-succeeding National Teacher is chosen.

SALARY: Serve without compensation from the United States

PURPOSE: To choose annually Presidential Scholars.

THE WHITE HOUSE
WASHINGTON
12 April 79

Secretary Blumenthal
Charles Schultze

The attached was returned in
the President's outbox today
and is forwarded to you for
appropriate handling.

Rick Hutcheson

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KRAFT
LIPSHUTZ
MOORE
POWELL <i>b.c.c.</i>
RAF SHOON
WATSON
WEXLER
BRZEZINSKI
MCINTYRE
SCHULTZE

ADAMS
ANDRUS
BELL
BERGLAND
BLUMENTHAL
BROWN
CALIFANO
HARRIS
KREPS
MARSHALL
SCHLESINGER
STRAUSS
VANCE

ARAGON
BUTLER
H. CARTER
CLOUGH
CRUIKSHANK
FALLOWS
FIRST LADY
GAMMILL
HARDEN
HUTCHESON
LINDER
MARTIN
MOE
PETERSON
PETTIGREW
PRESS
SANDERS
VOORDE
WARREN
WISE

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

EYES ONLY

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze

SUBJECT: Administration reaction to possible Federal Reserve steps to tighten money

To Mike &
Charlie.
I think the little
2-week news media
April 11, 1979 Crusade
to force Fed action is
unnecessary and im-
proper. In the future,
remain silent on what
the Fed
might do unless I
specifically approve any
so-called leaks -

As Secretary Blumenthal reported to you, the Federal Reserve next Tuesday will probably take some steps to tighten monetary conditions further. We do not know the specific content, but the steps will probably be moderate ones.

You also know that your economic advisers, realizing the risks, believe such steps are nevertheless necessary.

I am attaching a proposed statement to guide Mike and me in giving official Administration reaction to the actions -- on the assumption they are what we believe they will be.

I have not had a chance to clear this with Mike, but I am sure he will concur. I'm sorry to get this to you so late, but I wanted you to have it before you left.

If you disagree with the tone, please let me or Mike know. (I will be off giving speeches on Thursday and Friday.)

Happy Easter and I hope you get some well-deserved relaxation.

attachment

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J.C.

PROPOSED REACTION BY BLUMENTHAL AND SCHULTZE TO
PROBABLE FEDERAL RESERVE MONEY TIGHTENING ACTION
NEXT WEEK

The Federal Reserve Board today took action to _____ . In recent months, economic activity in the industrial sector of our economy has been expanding quite sharply, and prices of industrial goods and materials have been rising rapidly. To date the economic recovery has not been marked by overbuilding of inventories, speculative buying, or similar distortions which threaten the continuation of economic growth. But recently, some signs of this kind of activity have begun to appear, although they have not yet developed on a major scale.

To help meet the inflation problem and to halt an incipient development of distortions that might cause economic difficulties later, the Federal Reserve felt it was necessary to take steps to moderate the growth of credit. Reducing inflationary pressures and preventing the development of any distortions in our economy are, of course, major objectives of the President and his Administration. The President's 1980 budget proposals were aimed at those goals.

Dealing with inflation poses difficult choices, and the current situation is no exception. ~~In view of recent economic developments, and our common interest in a healthy economy, the Administration understands the reasons why the Federal Reserve found it necessary and appropriate to take the actions announced today.~~

In observing the action taken by the Fed Res Bd, the administration acknowledges our common interest in a stable and healthy economy.

THE WHITE HOUSE
WASHINGTON
09 Apr 79

Jim McIntyre

The attached was returned in
the President's outbox today
and is forwarded to you for
appropriate handling.

Rick Hutcheson

Richard Harden

OMB -- This transmittal is
being held for your approval.

Transmitted 4/12

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IMMEDIATE TURNAROUND
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*Send back to
McIntyre to be
changed rather than
straight to
Linder*

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JORDAN
KRAFT
LIPSHUTZ
MOORE
POWELL
WATSON
WEXLER
BRZEZINSKI
<input checked="" type="checkbox"/> MCINTYRE
SCHULTZE

ARAGON
BOURNE
BUTLER
H. CARTER
CLOUGH
COSTANZA
CRUIKSHANK
FALLOWS
FIRST LADY
GAMMILL
<input checked="" type="checkbox"/> HARDEN
HUTCHESON
JAGODA
LINDER
MITCHELL
MOE
PETERSON
PETTIGREW
PRESS
RAFSHOON
SCHNEIDERS
VOORDE
WARREN
WISE

ADAMS
ANDRUS
BELL
BERGLAND
BLUMENTHAL
BROWN
CALIFANO
HARRIS
KREPS
MARSHALL
SCHLESINGER
STRAUSS
VANCE



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

April 6, 1979

Jim
see notes

SIGNATURE

MEMORANDUM FOR: THE PRESIDENT

FROM: James T. McIntyre, Jr. *Jim*

SUBJECT: Proposed 1979 Supplemental Appropriations and 1980 Budget Amendments

Attached for your approval is a consolidated package containing requests for 1979 supplemental appropriations and amendments to your 1980 appropriations requests.

This package includes:

- \$1.3 million in 1979 and \$25 thousand in 1980 for the Legislative Branch. Requests for appropriations from the Legislative Branch are transmitted without change.
- 1979 appropriation language for the Office of Administration in the Executive Office of the President. This language provides a \$10 thousand increase in the limitation on travel expenses. This increase is needed for necessary travel connected with the acquisition of additional automatic data processing capability for the Executive Office.
- 1979 appropriation language for the Department of Agriculture giving the Department's Office of the Inspector General the authority to contract out for certain specialized services. This authority is required by the Inspector General Act of 1978.
- \$44.5 million in 1980 for a reappropriation of funds for the Federal Aviation Agency. These previously appropriated funds, which are due to lapse September 30, 1979, are needed to complete procurement of needed facilities and equipment. In the past we have requested that the availability of these funds be extended but a recent technical agreement between OMB and the congressional Budget Committees requires that we request a reappropriation. The availability of these funds was assumed in the outlay estimates contained in the 1980 budget.

I doubt that this is necessary

A more detailed explanation of each item is included in the fact sheets attached to this memorandum.

In our opinion the transmittal of these proposals is necessary at this time.

RECOMMENDATION

That you sign the letter transmitting these requests to the Congress.

Attachments

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THE WHITE HOUSE

WASHINGTON

The Speaker of

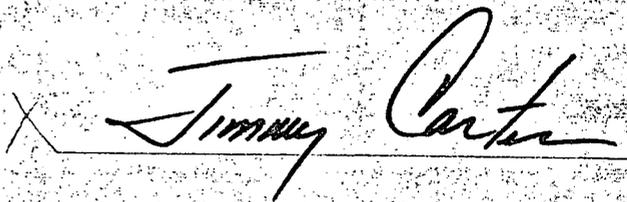
the House of Representatives

Sir:

I ask the Congress to consider a request for supplemental appropriations in the amount of \$1,293,000 and appropriations language for the fiscal year 1979 and amendments to the request for appropriations for the fiscal year 1980 in the amount of \$44,525,000.

The details of these proposals are set forth in the enclosed letter from the Director of the Office of Management and Budget. I concur with his comments and observations.

Respectfully,

A handwritten signature in cursive script, reading "Jimmy Carter", is written over a horizontal line. The signature is positioned to the right of the word "Respectfully,".

Enclosures

THE WHITE HOUSE
WASHINGTON

4-12-79

Sta. ① Accelerated harvest:
② I approved, but it
concerns me somewhat.

Bargain to get
timber industry support
for DNR - if pos.
sible - or get clearer
understanding re their
degree of opposition / sup-
port -

J.C.

② RARE II acreage.
I have not been given time

THE WHITE HOUSE
WASHINGTON

to study this memo.

If possible, shift some
acreage toward wilderness
designation. I don't
know details.

J.C.

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MEMO ON NATIONAL FOREST
POLICY ISSUES

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Stu*
LYNN DAFT *lynn*
R. D. FOLSOM

SUBJECT: National Forest Policy Issues

There are a number of policy issues relating to the National Forests now under consideration. They include:

- o The proposed Department of Natural Resources;
- o An anti-inflation timber study;
- o Completion of RARE II;
- o Finalization of forest management regulations; and
- o Further implementation of the Renewable Resources Planning Act (RPA).

This memorandum provides you with an overall status report on the evolution of a national timber policy and, for some of the issues, asks you to choose among options.

THE REORGANIZATION PROPOSAL

The forest products industry is not satisfied with the current structure of the Departments of Interior and Agriculture. They have, however, historically supported transferring the BLM to the Department of Agriculture and have strongly opposed creation of a Department of Natural Resources. Grassroots feeling within the industry against a DNR is clearly strong.

In the past several weeks, we have sought to involve industry leaders in a discussion of the structure of the new Department. They have taken the opportunity to raise a number of policy issues related to the mission of the Department in the areas of Federal timber policy.

Many of these issues were considered within the Administration in the context of the Anti-Inflation Timber Study described below.

We believe that some shift in Federal timber policy toward incentives for additional production on those lands designated for multiple-use is justified on the merits, and will make unified forest industry opposition to the new Department far more difficult. However, a shift in policy in this direction will be strongly criticized by environmental groups and could result in some environmental opposition to DNR.

ANTI-INFLATION TIMBER STUDY

Some months ago, you directed the Secretaries of Agriculture and Interior, the Councils on Environmental Quality, Wage and Price Stability, and Economic Advisers, and the Office of Management and Budget to evaluate and report to you on "the best ways to sustain expanded timber harvests from Federal, State, and private lands, and other means of increasing timber yield in ways that would be environmentally acceptable, economically efficient, and consistent with sound budget policy."

Lumber and other wood products account for almost 15 percent of the total cost of an average single-family house, more than any other material component. Prices of these products have been rising rapidly. Housing now leads all other components of the CPI in relative importance, accounting for fully 44 percent of the total. An expansion of the timber supply is one of the very few actions that could be taken at the Federal level to moderate rising housing costs. Each billion board feet increase in Federal sales (after allowance for substitution effects on private lands) would:

- reduce standing timber prices by about 10 percent;
- reduce lumber prices by over 4 percent; and
- reduce the price of a new single family house by at least 0.6 percent.

Thus, a meaningful increase in sales, especially if combined with actions aimed at other sources of housing cost increase, can help decrease the burden of rising housing costs on the American consumer.

Since some of these options were also being considered in the context of the FY 1980 budget, at OMB's suggestion we deferred completion of this review until the budget process was completed. There is also a possible relationship between these options and the proposed reorganization of the natural resource programs. One of the most important justifications of the reorganization we have proposed is that it offers an opportunity to improve the management and productivity of Federal timberlands. One of the options presented below (consideration of significant but temporary and limited departure from even flow) represents a significant and tangible action in that regard, and one that could be crucial in gaining timber industry support for the reorganization. We have been working with the Reorganization Project staff so that we might take advantage of this linkage, should you decide to adopt this option.

This evaluation comes at a time of considerable public and Congressional interest in the management of public forest lands. As a means of providing the broad parameters within which these forests are to be managed, the Congress has recently enacted a number of significant legislative requirements, including the Forest and Rangeland Renewable Resources Planning Act of 1974 and the National Forest Management Act of 1976. These statutes represent the outcome of prolonged political debate, and, in a sense, reflect the political equilibrium that has been established among the several competing political interests. Both laws are in the early stages of implementation and are, therefore, the subject of close attention by the interests that are affected by them. Furthermore, they are rather ambiguous on some key issues reflecting the inability of the Congress to resolve several issues, perhaps the most important of which was the sustained yield requirement. In the case of sustained yield, a strict requirement is imposed but then relaxed by a very broad proviso.

In addition, a second review and evaluation of the roadless areas in the National Forests (RARE II) is now completed. This review, covering 62 million acres and including nearly one-fourth of all commercial forest land in the National Forests, will have a profound effect on the potential of the National Forests to produce timber. The final environmental impact statement, announced by Secretary Bergland on January 4, recommended that:

- 15.1 million acres be proposed for wilderness
- 10.8 million acres be considered further in the planning process
- 36.2 million acres be available for multiple use management for other than wilderness

Although there are some relatively substantial disagreements over detail, the overall results of Secretary Bergland's recommendations were surprisingly well received. That is not to say that there are no significant controversies. There are and these controversies have an important relationship to the continuing ability of the National Forest System to contribute to timber supplies. The RARE II decision must be made soon. Those controversies have been considered in the interagency review which will be summarized in the RARE II decision memo.

The Timber Policy Study Group considered two kinds of actions that could be taken to increase the supply of timber coming from Federal lands and one action to increase supplies from the private sector:

- o Commit to maintaining sales in the National Forests over the next 3 years at a level of 12.2 billion board feet, while continuing to adhere to the present even flow, sustained yield policy. This represents an additional 500 million board feet above the 11.7 billion board foot base provided for in your FY 1980 budget but is somewhat less than the 12.4 billion board feet level planned for FY 1979. However, the increased costs associated with this additional harvest would, according to OMB analysis, exceed the value of the timber. (Congress added .9 billion board feet to your 1979 budget proposal of 11.5 billion board feet. It is likely that additions will also be made to your 1980 budget.)
- o A limited and temporary departure from the present even-flow policy of Federal timber harvest, under certain circumstances. This would involve instructing the Forest Service to define the long-term sustained yield level that would result from a given, economically rational, level of management. The next step would be to calculate the present inventory of growing stock which is surplus to that necessary for maintaining that long-term sustained yield level. Finally, they would determine the economic opportunities to harvest that surplus volume in an environmentally acceptable way. The surplus volume might be harvested over a relatively extended period of time - say up to 50 years.

- o Modest increases in the level of federal support for research and technical and financial assistance to small private woodland owners and to loggers and small sawmill operators for the purpose of promoting higher yields and increased operating efficiency.

The remainder of this memorandum is devoted to describing:

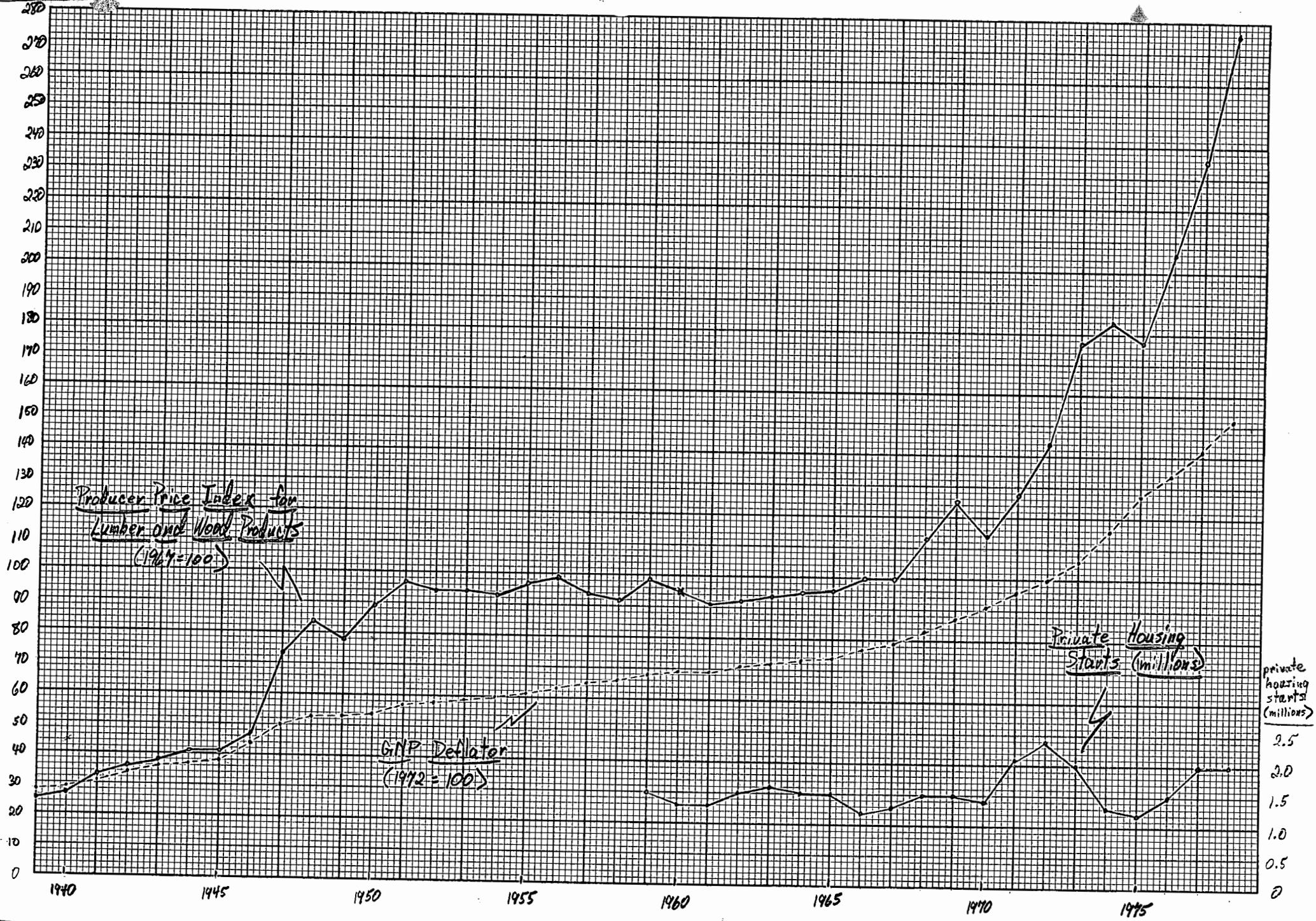
- the supply/demand situation, past and future; and
- an assessment of the three options just described.

A more complete description of the supply/demand situation and a description of the legal constraints to the management of federal timber lands is included in an appendix.

THE SUPPLY/DEMAND SITUATION IN BRIEF

- * From 1969 to 1978, softwood lumber prices have increased at an annual average rate of more than 11 percent, compared with 6 percent for the GNP non-farm price deflator (see Chart 1).
- * Although some temporary relief might occur with a decline in housing starts, the longer-term outlook is for a continuation of softwood price inflation through the late 1980's.
- * This inflationary pressure will be intensified by (a) a very strong demand for pulpwood and (b) sharply reduced timber supplies from private industry forests in the Northwest.
- * There will be a significant shift in regional production patterns over the next two decades as inventories in the private industry forests in the Northwest are depleted and production from private forests in the South increase.
- * Overall supplies of softwood sawtimber are projected to decline over the next 10 to 15 years as harvests from industry lands fall more than supplies from other private lands increase.
- * Western national forests are characterized by extensive stands of old growth timber that is many years beyond its most productive stage of growth.

Producer Price Index
for Lumber and Wood Products
(1967=100)



POLICY OPTIONS

The Task Force identified two major actions that could be taken to increase harvests from Federal lands and one action that would result in increased supplies from the private sector and one to improve long range productivity.

1. Increase Federal Harvest within Current Even-Flow Policy.

The harvest of mature timber and the salvage of dead and dying timber from National Forests and BLM lands can be increased relative to the 1980 budget proposal and within existing management constraints, given sufficient staffing and budgets. The profitability to the Federal government is debatable. OMB argues that it is negative for the increment as a whole at present prices and with present practices. On the basis of information developed for the 1980 budget process, OMB concluded that 11.7 billion board feet is about the maximum level that can be profitable after allowing for a considerable component of marginal sales for community dependency reasons. These high cost (relative-to-value) sales could be made for reasons other than profit.

A 500 million board feet increase in National Forest sales (above the 11.7 billion board feet base) would involve an outlay of about \$125 million a year and would be offset by receipts and credits of about \$50 million. An additional increase of 30 million board feet is attainable from BLM lands at an added cost of \$1.0 million a year.

The relation between budget outlays and receipts on Federal lands is particularly difficult to judge, since many forest roads, which account for a large share of the cost, will have a substantial use beyond the original timber cut, and should therefore not be charged entirely to that output. This analysis has not always been done in practice and therefore the information is not now available to reach a firm conclusion.

Harvest levels up to 12.2 billion board feet could be sustained through 1990. This is slightly lower than the 12.4 billion board feet level approved by Congress for the 1979 budget. On the average, for this 500 million board feet increment of sales, OMB feels that costs would exceed value even if road costs are not included. The Task Force study indicates that additional harvest increases may be available up to a total of 1.5 billion feet by 1985. However, OMB notes that further increments above the 500 million feet are likely to be even less cost-effective.

Beyond the question of profitability or improving supply, are the implications for Federal employment in both 1979 and 1980 and the need to constrain the 1980 budget proposals. Approximately 1000 full-time permanent positions are estimated to be required beyond the present ceiling for 1979 to meet and sustain the higher target.

All agencies agree that this is an action that can have an immediate impact on the timber supply if the industry is convinced that it will be sustained. However, COWPS, CEA, DOI, CEQ, OMB, Fred Kahn, and DPS do not support this action because they feel it would not be cost effective. They argue that it is not anti-inflationary to increase timber sales when the cost of the additional timber exceeds its value. They believe that significant steps to increase timber supplies in an economically sound manner can only be taken by departing from the even-flow policy and that this would probably have less adverse environmental effects.

SUMMARY OF PRO/CON ARGUMENTS

Pro

- * Would add slightly to timber supply, thereby reducing inflationary pressure.
- * If timber supply is to be increased, environmental community prefers this approach.
- * Congress will probably take a similar action anyway.

Con

- * Is not a cost-effective way to expand timber supplies.
- * Detracts from the more fundamental changes (such as departure from even-flow) that are needed and can have far greater effect.
- * Would add both to the FY 1980 budget and to Federal employment.

DECISION

- _____ Approve increase of 500 million board feet in the cut of timber from Federal land (USDA)
- ✓ _____ Disapprove (CEA, COWPS, OMB, Kahn, DOI, CEQ, DPS)

2. Temporary Departure from Even-Flow. The present policy of the Department of Agriculture is to limit annual timber sales on each national forest to levels that can be sustained in perpetuity. As noted above, current authority permits increasing the cut of old-growth timber in selected National Forests by departing from existing even-flow timber harvest policies, if consistent with multiple-use objectives. This can be a cost-effective means of augmenting the Nation's supply of timber, without reducing the long-term sustained yield below levels that would be achieved with appropriate management investments. Under the current nondeclining even-flow policy, the long-run sustained yield acts as a ceiling.

Although the departure alternative has never been adopted, it is currently being considered by the BLM and, on a very limited basis, by the Forest Service. This alternative becomes more important as the timber base available for production shrinks due to increased allocation of areas to wilderness status as a result of RARE II and other actions.

The study group examined preliminary analyses of opportunities on eight National Forests. These analyses indicate technical feasibility, although further environmental assessments, with public involvement, must be made on the lands affected. This is the process followed by BLM in evaluating departure alternatives for the Josephine Unit Plan in western Oregon. The final environmental impact statement for the Josephine Unit has been filed but the proposed decision has not yet been made. (The remaining 12 BLM units in western Oregon will be completed between now and 1982.) OMB notes that many important timber-producing National Forests have plans nearly complete or recently completed and believes that these plans can be modified to consider "departure" options within one year if given a very high priority.

The Forest Service, on the other hand, believes this is entirely unrealistic based on their experience and estimates it will take up to three years to complete the management plan updating process on the 10 to 30 National Forests where departure might be a viable option. CEQ and Forest Service both feel that this period of time is required for completing the necessary data collection and evaluations and to meet the public participation requirements and that 1980-81 will be the earliest that the updated plans will be complete. The Forest Service notes that experience has shown that environmental concerns are often important constraints in harvest decisions. They further point out that the NEPA process requires considerable time, which is usually followed by appeals and litigation where timber harvesting is concerned.

The USDA has published for public comment proposed regulations for considering the departure alternative within the framework of the National Forest Management Act. Final regulations are expected to be promulgated this summer. The law provides authority to increase sales for any given year or years within a 10-year period if the average for the 10-year period is consistent with the sustained yield constraint. Furthermore, the Forest Service points out that as available land base is reduced through wilderness withdrawal (RARE II), maintaining or increasing timber harvest by departure will require a greater proportion of clearcutting. As you know, this is a highly emotional issue with environmental groups.

CEA, COWPS, DOI, OMB, Kahn and DPS believe that significant steps to increase timber supplies can only be taken by departing from the even-flow policy on the public lands. They argue strongly for a thorough reevaluation of National Forest policy and specific directives from the President that will assure maximum effort and speed in addressing the departure alternative and related issues. They believe that both the USDA and DOI can depart from even-flow within the 10-year flexibility provided under current authority and that it will result in a significantly more favorable relationship between timber production, employment generation, and budget costs. There are 20 to 30 forests where a departure from non-declining even-flow policy is likely to be most beneficial. Since 1964, the Federal Government has set aside 19.1 million acres for wilderness purposes. Proposals now pending before Congress would remove an additional 48 million acres (of which 31 million acres is in Alaska). The RARE II wilderness proposals, which total 15.5 million acres, would remove an additional 9.5 million acres beyond those contained in the pending legislative proposals. These advisors feel that this justifies a more intensive management of the remaining acreage. An important part of intensifying management of these lands is making more effective use of unproductive, old growth timber.

Your economic advisors stress that this action can be expected to have an immediate effect on prices since it is expectations of future supply limitations that are currently driving up stumpage prices. There is a substantial inventory of sold

but uncut timber that firms are harvesting at a reduced rate because of uncertainties that operations can be sustained in the future. Therefore, a change in policy which reduces these uncertainties can have an immediate impact on supplies and prices.

These same agencies oppose amendments to the draft regulations that would add to the cost of timber harvest by further restricting the size of clear cuts and adding to the size of buffer strips along streams. Beyond requiring an awkward and complicated administrative procedure, such amendments would remove additional acres from timber production. CEA, COWPS, and OMB also feel that a departure from even-flow approach, by confining the increased cuts to the fewest possible forests necessary to meet the increased harvest targets, would ensure that there would be fewer roads, and consequently, a better environment in the National Forests not affected by the increased harvesting. They believe that the policy of the Administration must be very clear on this matter if changes are to be achieved in the face of what they believe to be strong resistance to revise the even-flow policy, given the current interpretation of Congressional direction and overall political pressures. USDA supports such a policy, although they recommend that the emphasis be on expanding timber supplies rather than departure from even-flow.

CEQ opposes an Administration policy of departure from even-flow. They would support issuance of regulations to provide for departure but would establish strict limits that would be administered through the USDA. CEQ strongly opposes the departure option and opposes the issuance of a Presidential directive encouraging an accelerated evaluation of a departure from the even-flow policy. CEQ's opposition is based on the belief that most environmental organizations (some of which support the reorganization proposal) and a broad segment of the general public oppose the accelerated harvest of old-growth timber, that such action attributes more weight to economic considerations than they merit, and, finally, that timber prices are only a minor determinant of the price of housing.

SUMMARY OF PRO/CON ARGUMENTS

Pro

- * A significant anti-inflationary action that would have near-term price effects.
- * Would result in more efficient management of Federal timberlands.

- * Will help lessen the adverse economic effects of a reduced cut from private forest lands in the Northwest.
- * Will improve our chances for approval of the Department of Natural Resources proposal.

Con

- * Will be strongly opposed by environmental interests.
- * As a result of court challenges, further delays in implementation of National Forest plans can be expected.

DECISION

✓

Direct the USDA and BLM, within permissible legal constraints, and following sound environmental practices, to use maximum speed and effort in updating management plans on selected forests with the objective of increasing the harvest of mature timber through departure from the current nondeclining even-flow policy where appropriate. (OMB, CEA, COWPS, DOI, USDA, Kahn, DPS, and Vice President)

✓

Reject Administration policy of departure from even-flow, where appropriate; leave any departures to the discretion of the USDA. (CEQ)

Disapprove

If you choose the first option, as we recommend, we suggest that Fred Kahn announce it as a significant anti-inflationary action after we have had an opportunity to discuss it with the timber industry. We will also work with the Forest Service to establish a timetable for implementation.

3. Federal Options in the Private Sector. Increased harvests from private lands and improvements in yields from logging and sawmill operations would be helpful in meeting future growth in timber demands. The Forest Service estimates that more wood is wasted as a result of logging residues, dead trees and thinnings than is used (375 million tons of waste versus 210 million tons of annual use). There are several existing Federal and state programs that provide technical assistance to private woodlot owners, sawmills, and loggers to reduce waste and improve operating efficiency.

The Forest Service estimates that for an additional annual expenditure of about \$13.0 million over 1979 for these programs, the supply of timber can be increased through actions to improve production and utilization. Specific actions proposed by the Department of Agriculture include the following:

- Targeted assistance to increase sales offerings from private woodlands in areas of large supply, unused mill capacity, or with opportunity for new mill capacity.
- Logging and sawmill improvement assistance and research to individual mills to increase lumber and plywood recovery. Results of these programs at the firm level are favorable although aggregate supply impacts are not known.
- Technical assistance and research to accelerate investment in new processing systems and new logging systems; intensify research to provide a technological basis for using hardwoods in place of softwoods and use wood for energy; and to reduce softwood consumption through construction improvements. These are in part new initiatives and would require pilot implementation.
- Increased level of assistance for private reforestation.

Your advisors are in agreement that some of these activities may offer cost-effective ways to dampen price pressures by adding to timber supplies and, therefore, may warrant modest expansion in future years with appropriate provisions for evaluating the impacts. New laws passed by the Congress in 1978 make instituting and operating such programs much easier.

We recommend that the Secretary of DNR be instructed to evaluate these proposals for purposes of the FY 1981 budget cycle.

DECISION

Approve (USDA, DOI, CEO, OMB, DPS)

Disapprove

4. Reforestation. Reforestation has long been a significant issue within the Executive Branch and between the Executive Branch and the Congress. Both the environmental and the timber interests generally support increased reforestation, albeit for different reasons. The Congress in recent years has pressed for greater efforts to eliminate the backlog of lands requiring reforestation. The National Forest Management

Act of 1976 calls for this to be completed by the end of FY 1985.

The Administration has proposed a budget sufficient to accomplish substantial amounts of reforestation (187,000 acres with appropriated funds and 200,000 acres with KV funds), but this level will not eliminate the present estimate of requirements by the end of FY 1985 while keeping abreast of new requirements. There is considerable uncertainty over what should be done. Consequently, the Office of Management and Budget has undertaken a review in cooperation with the Office of the Secretary of Agriculture and the Forest Service to determine to what extent existing opportunities should be accomplished. This will be based on criteria that are yet to be agreed to (e.g. interest rate, other resource implications, appropriate cost assumptions). It will also be necessary to agree on an appropriate rate of accomplishment of these requirements as well as keeping abreast of new requirements from fire and other depredations (including the need for new nursery capacity). It is anticipated that a major portion of this review will be completed by September 1 and will be reflected in the 1981 budget.

It is the Administration's policy to promptly reforest all harvested areas where natural regeneration is not expected within acceptable time limits. OMB is now planning on raising the KV reforestation plan to the maximum capability of the FS--239,000 acres for FY 1980--and to so inform the Appropriation Committees.

DECISION

Approve (OMB, USDA, DPS) 

Disapprove

RENEWABLE RESOURCES PLANNING ACT (RPA) OF 1974

The RPA requires that every five years the Forest Service update its projections of future national timber and other resource needs. In order to meet those projections, the update should recommend alternate forest management schemes and goals for meeting those needs. The first RPA program was issued in 1975; thus another is under preparation and due for announcement in early 1980.

The RPA reflects a Congressionally-mandated, long-term planning process, involving comprehensive empirical analysis and public participation. It represents to industry the

most important timber policy-making process in the Federal government. However, based on experience with the (first) 1975 program, they believe that OMB and the EOP disregard the program and avoid linking budget and policy decisions to the RPA planning process. Industry believes that the 1980 update should have a major impact on Federal forest management policies. Additionally, they believe that OMB's restrictive cost/benefit analyses of Forest Service programs also stymies productive give-and-take on Federal budget matters.

Industry would prefer that RPA goals dictate Forest Service budget policy, to the exclusion of other factors. While we cannot accept such binding linkage, it is desirable that the RPA process be given a more visible and influential role.

With your concurrence, we believe that the RPA should serve as the policy cornerstone of DNR's Land and Forest Service, and the RPA Office should be upgraded in the new Department. Additionally, a review team should be created in the EOP on a temporary and transitional basis in coordination with the RPA office to participate in and monitor achievement of the 1980 RPA update. The team should also serve as an access point for outside views on other selected forest management issues, including the full range of costs/benefits involved in forest management.

DECISION

- Approve RPA as policy cornerstone of DNR's Land and Forest Service and upgrade RPA Office; create EOP review team to participate in and monitor 1980 RPA update. (Recommended)
- Disapprove

STATE AND PRIVATE FORESTRY ASSISTANCE

Increasing pressure is going to be placed on timber supplies from private commercial and non-commercial lands in the years ahead, particularly in the South. Therefore, the Forest Service budget is a major cause of concern to the Southern forest industry. Although there are several existing Federal and State programs that provide assistance to private forest operators, industry complains that the Administration annually substantially cuts the private forestry assistance budget. Industry is also dissatisfied with the lack of policy analysis and advocacy of the State and Private Forestry Division in the Forest Service.

The FY 1980 private assistance programs are funded lowest relative to the 1975 RPA program projections. Industry traditionally presses for forestry budget concessions across the board and Congress usually responds to industry's concerns.

Given these concerns, we believe that the State and Private Forestry Office should be upgraded in the DNR's Land and Forest Service.

DECISION

Approve upgrading State and Private Forestry Office in DNR (DPS, OMB, COWPS, Kahn, DOI)
 Disapprove

LAND WITHDRAWAL AND PRODUCTIVITY POLICIES

Pursuant to a range of wildlife management, water project construction, environmental and other land management authorities, the Federal government can make individual withdrawals of public land from resource development uses. Such piecemeal decision-making has the cumulative effect of seriously eroding the productive timber land base, according to some studies. Similarly, actions of other Federal agencies often adversely impact multiple use management or development of resources without adequate evaluation or coordination. Users of the public lands recognize that fragmentation of natural resources jurisdiction too often leads to a lack of effective Cabinet-level advocacy for resource development issues.

We believe that recurring policy matters such as land withdrawals, tax policies, and interagency coordination can only be addressed in the context of a DNR and the more comprehensive set of land management authorities that comes with a broader natural resources department. Thus, subject to your approval we recommend that the Secretary of DNR conduct the following policy review:

1. Analyze the Federal government's diverse authorities for land management, land withdrawals, private land acquisition and other actions which reduce the multiple use land base;
2. Develop procedures for review of proposed actions of other Federal agencies that may impact multiple use management;

3. Review tax policies that may have some bearing on withdrawal of private lands from timber production; and
4. Assure reasonable schedules for decisions on the RARE II Further Planning category and the BLM wilderness inventory.

The environmental community would object to a review of the government's land withdrawal policy if that review was geared toward a specific result, i.e., reducing or removing the authority to withdraw land. Our recommendation is not a commitment to a specific result; rather we believe this review should be initiated without preconceived objectives.

DECISION

 ✓

Approve review by Secretary of DNR of government's land management, withdrawal, and acquisition authority; develop procedures for review of Federal agency actions that impact multiple use management, review tax policies, assure reasonable RARE II Further Planning and BLM wilderness inventory schedules.
(Recommended)

Disapprove

J

RARE II

This package also includes a decision memorandum containing the final interagency recommendations generated by USDA's RARE II process for wilderness and non-wilderness designations. That memo will outline the necessary information and include recommendations for your decision.

In the context of this memo, it is important that you know that RARE II will be a major factor with respect to the timber industry's position on the reorganization proposal. Most important to industry is that we bring the RARE II process to a conclusion. This wilderness review process, begun in 1977 and preceded by an unsuccessful RARE I in 1972, has tied up nearly one-fourth of the commercial forest land in the national forests. Thus, conclusion of that process, with the resultant release of some land back into the allowable timber harvest base, will have a significant impact on the potential for the forests to produce wood products.

Additionally, industry wants assurances that the land which is not designated for wilderness will be managed for multiple use purposes. One of the principal reasons for RARE II was to remove the cloud surrounding national forest lands so that those areas that were not designated as having wilderness characteristics could be managed for other purposes -- including timber harvesting.

The Administration's final RARE II proposal has long been scheduled for release on Monday, April 16. Subject to your decision on the RARE II memo, we can meet that schedule.

ok
J

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT 
JIM MCINTYRE 

SUBJECT: Anti-Inflation Timber Study and
RARE II - Attached Decision
Memorandum

The attached decision materials are the result of the anti-inflation timber study which you requested, together with additional recommendations which have emerged from our discussions with the timber industry and others in connection with the proposed Department of Natural Resources.

Our major recommendations include:

- o Agreeing with the basic Agriculture Department recommendation on the RARE II Wilderness/Multiple-Use Study (with some interagency "fine-tuning") rejecting proposals for placing substantial additional timber lands into wilderness in Oregon, Washington and California.

- o Directing the Forest Service to proceed to implement the RARE II non-wilderness multiple-use designations without waiting for final Congressional action on wilderness legislation.

- o Authorizing the Forest Service to depart on a limited basis from the "even-flow" standards in managing federal forests for timber production, so long as the "sustained yield" standard is met. This action, which does not require legislation, will permit substantial additional timber production. It will lower somewhat over time the average age of forests with large amounts of "old growth" timber.

- o Committing to upgrade the goals-setting process of the Renewable Resources Planning act so that the RPA goals published in 1980 will be a meaningful statement of Administration policy.

o Making several adjustments in the structure of the new DNR (such as the commitment that the Administrator of the Land and Forest Administration will have a professional land management background) which will reassure producing interests that the new Department will have a balanced commitment to multiple-use as well as wilderness.

Taken together, these recommendations will increase the potential timber harvest, and have as substantial an impact on inflation as any action we have considered in the agricultural sector.

Each billion board feet increase in Federal sales would, after allowance for substitution effects on private lands, reduce standing timber prices by about 10 percent, lumber prices by over 4 percent, and the price of a new single family house by at least 0.6 percent. Thus, a meaningful increase in sales, especially if combined with actions aimed at other sources of housing cost increase, can help decrease the burden of rising housing costs on the American consumer.

Our recommendation will also moderate timber industry opposition to the Department of Natural Resources and substantially increase our chances for success in the reorganization.

However, environmentalists will strongly object to our recommendations. They will argue:

o That under the Administration's RARE II announcement additional timber land should be placed in wilderness in Oregon, Washington and California. (This would substantially deplete the timber base, and threaten economic hardship for communities with timber-based economies.)

o That once the RARE II announcement is made we should administratively withhold additional timber harvest sales until the wilderness designations that we propose have been enacted (perhaps two years or more).

o That the options of departing from the even-flow policy on Federal timber lands should be rejected.

* * * *

Although often unfairly, our Administration has been seen in the West as rejecting economic uses of federal resources and as being motivated almost solely by preservationist sentiments.

In essence, the recommendation which we have made will more intensively manage those public lands designated for multiple-use. We believe this is justified on the merits. Since 1964 more than 19.1 million acres of federal lands have been designated for wilderness. The Administration's Alaska legislation pending in Congress would raise the wilderness to 48 million acres. And acceptance of the Agriculture Department's recommendation on RARE II (contained in this decision package) will increase these totals to over 58 million acres.

Because we are nearing completion of the wilderness designation process, and because much federal land has been withdrawn from the production base, we believe more intensive management of those lands designated for multiple-use, consistent with strong environmental safeguards, is fully justified.

We believe that -- although the environmental community will object -- the recommendations we have made are right on the merits, good anti-inflation policy, and helpful in securing Western support for the DNR and more broadly.

NOTE: We recommend that the public announcement of the RARE II decision be made on schedule (on or about April 16.) We recommend that the remaining decisions not be made public until after Stu, Jim McIntyre and Cecil Andrus meet with forest products industry leaders on April 24. At that time we recommend the Timber Policy Study results be announced with an anti-inflation emphasis and that Fred Kahn be involved in the announcement.

The Vice President has asked us to tell you that he supports these recommendations.

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
722 JACKSON PLACE, N. W.
WASHINGTON, D. C. 20006

April 11, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: Charles Warren
Jane Yarn



SUBJECT: Department of Natural Resources, Timber Policy and Rare II

You will receive three separate memoranda concerning RARE II, National Forest Policy, and the Anti-Inflation Timber Study. Each memorandum contains options which have been developed in the context of efforts to gain industry support for a Department of Natural Resources and which are largely geared to accommodating the concerns of timber companies opposed to the reorganization proposal. For example, options developed for your consideration include decisions to:

- leave unchanged the relatively limited wilderness proposals made by the Forest Service under RARE II, as favored by the industry;
- significantly accelerate consideration of departing from principles of non-declining even-flow in the National Forests, as favored by the industry; and
- initiate a broad review of the government's land management, withdrawal and acquisition authorities, as favored by the industry.

Taken as a whole and apart from their merits, we believe such options, if selected, could involve serious political implications.

First: There is no assurance that selecting the industry preferred options will result in industry support for DNR. The objective of making "unified forest industry opposition to the new Department far more difficult" is not worth the proposed trade-offs.

Second: There is assurance that if the industry preferred options are selected, the environmental community will withdraw support for and probably actively oppose DNR (including the National Wildlife Federation which has been the most loyal supporter of DNR).

Third: DNR has been proposed as a means of improving the management of our natural resources. If the effort to gain acceptance for this reorganization proposal is oriented to industry concerns, the credibility of the Department could be seriously jeopardized. It could also lead to long-term difficulties in relations with the environmental community.

Recommendation: Except for your RARE II decision (for which we understand an April 16 commitment has been made and concerning which we have submitted a separate memorandum), defer all decisions on timber policy until all their political implications can be fully assessed.

APPENDIX TO MEMO ON NAT'L
FOREST POLICY ISSUES

APPENDIX

THE SUPPLY/DEMAND SITUATION

Historic Price Trends: The price of lumber rose very sharply in the 1970's following a 20-year span of nearly stable prices. From 1969 to 1977, softwood lumber prices increased at an annual average rate of more than 10 percent, compared with 6 percent for the GNP non-farm price deflator. Long-term prospects are for the recent trend to continue. As you might expect, changes in housing starts have been the major cause of instability in lumber prices in the past.

Future Projections: Over the next 12 to 18 months, housing starts are expected to fall, offering some temporary relief from the inflationary pressures associated with this source of demand. However, the long-term outlook is for a continuation of the current softwood price inflation as housing demand is expected to remain strong through the late 1980's. Two other causes of this inflationary pressure are (a) the very strong demand for pulpwood (which competes with lumber and plywood as an end use for softwood) and (b) sharply reduced timber supplies from private industry forests in the Northwest, now forecast to occur in the 1980's.

A continuation of these inflationary pressures is suggested by the supply-demand imbalance projected by the Study Group for 1985 and 1990 (see Table 1). These projections are based on a continuation of 1976/1977 price levels. The resulting shortfall suggests that either increased supplies must be forthcoming, if prices are to remain near current levels, or higher prices will be required to ration the limited supplies.

Regional Changes: In the absence of increased harvest from public lands, there will be a significant shift in regional production patterns over the next two decades as inventories in the private industry forests in the Northwest are depleted and production from private forests in the South increase (see Tables 2 and 3). The increase in harvests in the South will not, however, be sufficient to totally offset the decline in the Northwest and, consequently, total harvests from industry lands will decline for at least the remainder of this century. Subsequently, harvests on industry lands in the Northwest will increase as second growth stands reach maturity. This will create severe hardships for communities in the Northwest that are heavily dependent on forest products unless they are able to diversify their economies. In western Oregon, it is estimated that timber production will fall as much as 22 percent by 1995. Coincidentally, this is also the location of most of the Forest Service and Bureau of Land Management old growth inventories that would be most affected by a departure from the current even flow policy.

TABLE 1.

Softwood Sawtimber Demand and Supply Balance, 1976-1990

	1976-77	1985	1990
Housing Starts (thousands)	2,031	2,525	2,435
<u>DEMAND</u>	--- Billion Board Feet ---		
Lumber and Plywood			
Housing	20	22	22
Other Uses	27	25	26
Subtotal	47	47	48
Pulpwood	7	11	13
TOTAL	54	58	61
<u>SUPPLY</u>			
National Forests ¹	11	11	11
Other Domestic	39	39	37
Subtotal	50	50	48
Net Imports	4	5	5
TOTAL	54	55	53
Demand Minus Supply	--	-3	-8

¹ National Forest supplies were assumed constant for purposes of the study. Price levels of 1976/77 were assumed to continue through 1990.

Source: Report of the Timber Study Work Group, U.S. Department of Agriculture, May 25, 1978.

TABLE 2.

Supplies of U.S. Softwood Sawtimber, by Region, 1970-1990¹

REGIONS	Year			
	1970	1976	1985	1990
	----- Billion Board Feet -----			
North	2.1	2.2	2.2	2.2
South	14.2	18.0	19.5	20.9
Rocky Mountain	4.9	4.6	4.3	3.9
Pacific Coast	24.6	26.6	23.5	20.9
TOTAL, All Regions	45.8	51.4	49.5	47.9

¹ Based on same price assumptions as Table 1.

Source: Report of the Timber Study Work Group

TABLE 3.

Supplies of U.S. Softwood Sawtimber by Ownership, 1970-1990¹

OWNERSHIP	Year			
	1970	1976	1985	1990
	----- Billion Board Feet -----			
National Forest	12.2	11.3	10.7	10.7
Other Public	4.2	4.6	4.7	4.8
Forest Industry	16.0	20.1	17.6	14.9
Farm & Miscellaneous	13.5	15.4	16.5	17.5
Private				
TOTAL, All Regions	45.8	51.4	49.5	47.9

¹ Based on same price assumptions as Table 1.

Source: Report of the Timber Study Work Group

Distribution by Owner Class: The distribution of softwood sawtimber by owner class is shown in Table 4. As can be seen, the rate of harvest from forest industry lands is proportionately much greater than either its share of all timber lands or its share of the softwood inventory. As a result, harvests from industry lands will decline in future years until their second growth stands reach maturity. This table also illustrates the major dilemma facing the national forests. Western national forests are characterized by extensive stands of old growth timber, timber that is very old and past its most productive stage of growth (if not in a state of actual decline). Since the volume presently permitted to be harvested is based on a non-declining even flow policy, it results in a much lower harvest than the level of inventory suggests is possible. Harvest of an acre of old growth in the Douglas-fir region typically means cutting more volume than can be grown on that acre over the second rotation. This is because the maximum average growth rate occurs at an age of 60 to 100 years, but some growth continues to occur until the stand reaches an advanced age.

Present net growth of this old growth timber is typically low. For the coastal Douglas fir region of the Pacific Northwest, for example, it is estimated that nearly half of the gross annual growth is offset by mortality. For national forest lands, overall, it is estimated that in 1970 actual net growth of wood was only 39 percent of potential growth for fully stocked but not intensively managed natural stands, while net growth in forest industry forests was 59 percent of potential.

STATUTORY CONSTRAINTS

The administration of public timber lands is legislatively directed by a complex set of procedural and managerial guidelines. Several of these legislative constraints are of recent origin and remain in various stages of testing and application. Other requirements are derived from litigation. These constraints limit the range of programmatic actions that can be taken and prolong the time required to implement them. Among the most important are these:

Multiple Use: The Multiple-Use Sustained Yield Act of 1960 requires that the national forests be administered for a variety of purposes. The Multiple Use-Sustained Yield Act defines multiple use as:

TABLE 4.

Softwood Sawtimber supplies, by owner class

Owner Class	Softwood Lands <u>a/</u>	Softwood Sawtimber Inventory <u>b/</u>	Domestic Sawtimber Harvest <u>c/</u>
	----- Percent of Total -----		
Forest Industry	20%	15%	37%
Nonindustrial Private	35%	22%	30%
National Forests	35%	51%	23%
Other Public Ownership	10%	12%	10%

a/ 1970b/ 1976c/ January 1, 1977

"The management of all the various renewable surface resources of the national forests so that they are utilized in the combination that will best meet the needs of the American people; making the most judicious use of the land for some or all of these resources or related services over areas large enough to provide sufficient latitude for periodic adjustments in use to conform to changing needs and conditions; that some land will be used for less than all of the resources; and harmonious and coordinated management of the various resources, each with the other, without impairment of the productivity of the land, with consideration being given to the relative values of the various resources, and not necessarily the combination of uses that will give the greatest dollar return or the greatest unit output."

Non-Declining Even Flow: The present policy of the Department of Agriculture is to limit annual timber sales on each national forest to levels which can be sustained in perpetuity. This is in strict conformance to section 13 of the National Forest Management Act of 1976 which states:

"The Secretary of Agriculture shall limit the sale of timber from each national forest to a quantity equal to or less than a quantity which can be removed from such forest annually in perpetuity on a sustained-yield basis:"

Although this policy has been strictly followed since 1973, the same authorization goes on to state:

"Provided, That, in order to meet overall multiple-use objectives, the Secretary may establish an allowable sale quantity for any decade which departs from the projected long-term average sale quantity that would otherwise be established: Provided further, That any such planned departure must be consistent with the multiple-use management objectives of the land management plan. Plans for variations in the allowable sale quantity must be made with public participation as required by section 6(d) of this Act. In addition, within any decade, the Secretary may sell a quantity in excess of the annual allowable

sale quantity established pursuant to this section in the case of any national forest so long as the average sale quantities of timber from such national forest over the decade covered by the plan do not exceed such quantity limitation."

This provision was by far the most controversial one in the Act.

Land Management Plans: The National Forest Management Act of 1976 requires the Forest Service to prepare land management plans under principles of multiple-use for each unit of the National Forest System. Timber harvesting must be consistent with these plans. Land management plans must be updated for all national forests by 1985. In preparing these plans, the Forest Service is required to consider the economic and environmental effects of the plans, which must also be evaluated in an environmental impact statement. In addition, the Forest Service must provide for public participation in the development, review, and revision of all land management plans.

Proposed regulations provide that the even-flow timber harvest level will be included as one alternative in the management plan updating process whenever any of the following conditions exist: (1) none of the timber harvest alternatives will satisfy the regional plan, (2) attainment of multiple-use objectives will be enhanced by more rapid achievement of the long run sustained yield, and (3) the base harvest would cause instability or dislocation in the economic area in which the forest is located. Decisions to depart from even-flow can only be made on the basis of management plans prepared under terms of the 1976 Act.

Renewable Resource Assessment: Finally, the Forest and Rangeland Renewable Resources Planning Act of 1974 (RPA) requires the Secretary of Agriculture to prepare a "Renewable Resource Assessment" that inventories present and potential national supplies of renewable resources and analyzes the present and projected demand for them. Based on this assessment and after public participation, a recommended multi-year Renewable Resources Program for Forest Service activities is transmitted to the President. Progress toward implementation of this Program is determined through the annual program planning and budgeting process, consistent with policy

guidelines established by the President and Congress for implementation of the recommended program. The policy guidelines for the current 1975 RPA Program were established by President Ford and have not been updated since. The Resources Planning Act requires that an updated plan be transmitted to the Congress by March 31, 1980.

MEMO ON PARE II

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Stu*

SUBJECT: RARE II

As you know, the RARE II Study has been one of the most visible public lands issues of your Administration, particularly in the West. In completing RARE II in the 18-month schedule originally laid out, Secretary Bergland has accomplished a massive undertaking and produced a surprisingly well received result. However, there has been, and continue to be, controversy over this proposal.

Many National Forest user groups, most notably the timber industry and local communities with timber-based economies, as well as many key Members in Congress have been anxiously watching to see whether the Administration would live up to its commitment to finish RARE II on time, and then release those lands not proposed for wilderness to other multiple uses. In some cases, local and regional economies have experienced uncertainty by the hold put on all roadless areas during RARE II. These people are expecting us to make our decision no later than April 16, 1979. As I've indicated previously, I feel strongly that a good deal of our credibility depends on whether we meet this deadline.

In the attached decision memo, Bob Bergland, Jim McIntyre and I have recommended the Revised USDA Proposal, which we believe strikes the right balance between wilderness and multiple use (including timber and oil and gas). This recommendation is, however, not without opposition among your advisers, with DOE favoring less wilderness, while EPA and CEQ want more wilderness.

The decision memorandum which has been reviewed by all interested agencies describes the substantive basis for our recommendation. I would add that although there will be strong demands for additional wilderness from environmental groups and some members of Congress such as Reps. Seiberling and Phil Burton, our consultations have revealed very little

sentiment among Western members of Congress for additions to the USDA proposals. Further withdrawals in Washington, Oregon and California as advocated by CEQ and EPA would have severe local impacts on the timber economies of those States and would provoke a severe political reaction.

NOTE: CEQ's comment memo states that the revised USDA recommendation for wilderness compares unfavorably with the Nixon Administration's RARE I. In fact, RARE I recommended no actual wilderness -- it simply designated areas for further wilderness study. Except for your Alaska proposals, the revised USDA recommendations are the largest wilderness proposal in history -- exceeding the 9 million acres designated in the original 1964 Wilderness Act.

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THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Stu*
JIM McINTYRE
BOB BERGLAND *Bob Bergland*

SUBJECT: Proposed Administration Actions Regarding
the USDA Wilderness Review on National
Forests (RARE II)

This memorandum presents the results of USDA's review of 62 million acres of National Forest Roadless areas and requests your decision on the allocation alternatives.

BACKGROUND

RARE II was initiated by USDA in June, 1977, as the latest in a series of efforts to resolve long-standing controversies over the management of National Forests. The central issue in debate has been how much National Forest land should be set aside from development for wilderness purposes.

The passage of the Wilderness Act in 1964 initially designated 9.0 million National Forest acres to the National Wilderness Preservation System and required that there be a specific study and report to Congress on "primitive areas" in the National Forests. In addition, in 1971, the Chief of the Forest Service began a review (RARE I) of other National Forest roadless areas to determine whether further wilderness recommendations were warranted for these areas as well. As a result of both efforts and other Congressional actions, another 6.3 million acres were legislatively added as wilderness so that there now exists 15.3 million acres of National Forest Wilderness. (This is about 80% of the total existing National Wilderness Preservation System.) Throughout this period, however, there was considerable controversy over U.S. Forest Service procedures for managing the National Forests, including

the conduct of the RARE I study. Lawsuits occurred and lengthy and costly delays tied up considerable acreage from resolution, either for wilderness recommendation or for other multiple uses (i.e., timber harvesting, recreational development, oil and gas exploration and development).

RARE II was undertaken to: 1) overcome the problems of RARE I; 2) complete the National Forest review of areas to be recommended for wilderness; and 3) to permit other multiple use activities to proceed on lands not recommended for wilderness.

THE RARE II PROCESS

RARE II has been a comprehensive process. Briefly, it has included the following:

- o An inventory of all roadless areas meeting the physical criteria outlined in the Wilderness Act of 1964 and subsequent Acts of Congress. This resulted in the identification of 2,919 acres in 38 States and Puerto Rico, comprising over 62 million acres.
- o An evaluation of both the wilderness attributes and development opportunities for energy, timber, minerals, recreation and other purposes for each area.
- o A process for displaying a range of alternative allocations reflecting various resource trade-offs.
- o An evaluation of local and regional economic effects from alternative allocations.
- o An examination of the ecosystem, landforms, and wildlife representations of alternate allocations.
- o Preparation of a Draft Environmental Impact Statement describing alternatives for allocation.

- o A massive public involvement campaign including over 200 hearings and more than 264,000 replies representing almost 360,000 people.

Utilizing all these inputs, USDA released on January 4, 1979, a Final Environmental Impact Statement on RARE II which proposed the following allocations of the 62 million acres:

(Acres in Millions)

	<u>Total, inc. Alaska^{1/}</u>	<u>Contiguous 48 States</u>
Recommended for Wilderness	15.0	9.5
Non-wilderness	36.2	28.7
Further Planning ^{2/}	10.8	8.0

In order that elected officials could make their views known on the FEIS proposal, the Administration established a further comment period which lasted until March 15, 1979. During this time USDA made a special attempt to hear from Congressional delegations and the affected governors while, concurrently, OMB conducted an intensive interagency review on the specific FEIS proposals. The objective of both of these efforts was to consider final comments and recommendations for a "fine tuning" of the USDA's FEIS proposal.

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- 1/ The Alaska RARE II results are being treated separately as part of the overall Alaska lands legislation. The Administration has recommended that 5.6 million acres be designated wilderness in Alaska.
 - 2/ Areas recommended for further planning require more specific review of resource values and commodity trade-offs before final recommendations can be determined.

REVISED USDA PROPOSAL

The interagency review and comment period resulted in a revision in the January 4, USDA proposal amounting to an overall increase of 400,000 acres recommended for wilderness:

(Acres in Millions)

	<u>Recommended for Wilderness</u>	<u>Non- wilderness</u>	<u>Further Planning</u>
Summary Total			
Revised USDA Proposal	15.4	36.1	10.5

The breakout for the contiguous 48 States is as follows:

(Acres in Millions)

	<u>USDA/Jan. 4 Contiguous 48 States</u>	<u>Revised Proposal</u>	<u>TOTAL Contiguous 48 States</u>
Recommended for Wilderness	9.5	+0.4	9.9
Non-wilderness	28.7	-0.1	28.6
Further Planning	8.0	-0.3	7.7

The revised USDA proposal represents a detailed site-by-site evaluation of hundreds of specific areas. Overall it accomplishes the following:

- o If enacted by the Congress, the wilderness proposals will double the existing National Forest Wilderness System.
- o Approximately 95% of those areas with high potential for oil and gas production are allocated to non-

wilderness or further planning. There has been particular sensitivity to allowing maximum development flexibility in the Overthrust Belt area of the Rocky Mountains for example.

- o Regions with a critically short supply of timber resources have been accommodated where possible.
- o Non-commodity values, such as motorized recreation opportunities, have been taken into account so that a range of non-wilderness activities will be provided on the National Forests.
- o Over 83% of the total inventory base is resolved, leaving only 17% in further planning. A major goal of the process was to reduce the amount of acreage left in further planning.
- o The proposal has been generally responsive to the concerns of the elected officials who responded to the USDA request.

ISSUE

Some who worked on the RARE II process remain dissatisfied with the revised USDA proposal. Commerce, HUD, COWPS, and CEA would prefer even less wilderness although they do not have strong objection to the revised proposal. DOE is strongly advocating greater flexibility for exploration and production of energy resources and would prefer less acreage proposed for wilderness. On the other hand, both CEQ and EPA would prefer that an additional 3 million more acres be recommended for wilderness and further planning. The timber industry would also prefer less wilderness but is generally satisfied with USDA's January 4 proposal and is pressing hard for an early resolution of RARE II in order to provide some assurance of a future stable timber supply. The environmental community is disappointed with the wilderness acreage recommendation overall and is already lobbying hard for more wilderness recommendations.

As a result, although we feel that the revised USDA proposal presents on balance a sound allocation, there are two alternatives to this approach which could be considered:

ALTERNATIVE 1 -- Reduce the Wilderness Recommendations
to allow for Greater Oil and Gas
Development (DOE)

DOE proposes that about 1.3 million acres in 29 specific areas not be designated as wilderness because of high potential for oil and gas resources. These areas are primarily located in the Rocky Mountains. DOE would prefer non-wilderness allocation although the further planning category would be acceptable if exploration and development could be guaranteed.

As a suboption, DOE proposes that if these areas must be designated as wilderness that legislation be proposed that would permit a specified time for their exploration under stringent controls and a reasonable amount of time for oil and gas development if a discovery is made. The lands would be rehabilitated and would revert to wilderness after production is complete.

In preparing its proposal, USDA has been very sensitive to energy concerns throughout the process and has worked closely with DOE. The 29 areas of concern to DOE were individually reviewed in the interagency process and left unchanged because of their exceptional wilderness qualities. Legislation permitting oil and gas exploration and development in wilderness areas was also considered but was opposed by most agencies due to the extensive amount of high energy potential lands already left outside the recommended wilderness. Additionally, such legislation could produce a precedent of weakening wilderness classifications.

ALTERNATIVE 2 -- Increase Substantially the Acreage
Recommended for Wilderness (CEQ, EPA)

CEQ and EPA have jointly worked out an alternative proposal. The recommended wilderness would be increased by 52 areas and about 2.0 million acres, while the further planning category would be increased by 18 areas and 1.3 million acres. They argue that:

- o the wilderness opportunity for many of the undeveloped areas not proposed as wilderness will be lost if multiple use management is permitted.

- o the identified areas have important wilderness values.
- o impacts on timber supply and oil and gas potential are insignificant on a national basis.
- o public support as measured by individual letters on an area-by-area basis supports many of these areas while others are supported by a Democratic Governor or Congressman.
- o the Department of Agriculture tended to recommend non-wilderness much more than wilderness during the RARE II process on areas where personal letters indicated considerable controversy.
- o some business oriented publications have been critical of the RARE II decisions for not recommending more wilderness.

RECOMMENDATION

DOE favors Alternative 1, but would accept 1a, to avoid lockup of potential energy resources. A separate memorandum from DOE is attached.

EPA and CEQ strongly recommend a major tilt toward enlarging the area recommended for wilderness designation. Separate memoranda from CEQ and EPA are attached.

The remainder of your advisers consulted (see below) believe that the revised USDA proposal strikes the best overall balance - while recognizing that it is not possible to satisfy all contending interests competing for specific uses of the public lands.

A major concession toward energy development such as proposed by DOE would surely alienate many environmentalist groups, local as well as national, especially since the vast majority of energy significant lands are outside the wilderness designation.

A decision to tilt further toward wilderness in a major way may well alienate many interests that we need to achieve

some of our major initiatives in public lands management and Alternative 2 would increase the wilderness proposed for the contiguous 48 states by 19%. These areas were examined at length by OMB, DPS and others during the interagency review and special comment period. They were not added to the wilderness recommendation for a variety of reasons including the dependnece of local communities, the fact that they were in timber-short areas, the determined opposition of the Congressional delegation, or other factors taken into consideration by Agriculture during the review process. Many other areas recommended for non-wilderness in the revised USDA proposal will in fact be subject to early development for uses other than wilderness. However, not all such areas will be highly developed. For example, oil and gas development will involve limited acreage; some areas will be managed essentially as they are now for dispersed recreation, and others will not be developed for many years and will be the subject of periodic planning adjustments by the U.S. Forest Service.

DECISION

The Revised USDA RARE II Proposal. This will add 15.4 million acres as wilderness which will more than double the National Forest portion of the Wilderness Preservation System.

_____ ✓

Agree (OMB, DPS, USDA, HUD, Commerce
CEA, COWPS, Kahn)

If any last minute flexibility exists, add to wilderness acreage.
J

ALTERNATIVE 1 -- Reduce the wilderness recommendation by shifting 1.3 million acres in 29 areas from wilderness.

Agree (DOE)

ALTERNATIVE 1a -- Leave the 29 areas as wilderness but provide legislation to allow a specific time frame for oil and gas exploration and development.

Agree (DOE)

ALTERNATIVE 2 -- Substantially increase the acreage recommended for wilderness, by 2 million acres, and add 1.3 million acres to further planning.

_____ Agree (CEQ, EPA)

PRESIDENTIAL STATEMENT

We recommend that you release the attached statement which indicates your support for the RARE II process and the recommendations. It notes that these are not inflexible recommendations but that the overall balance is considered appropriate -- that we must be concerned with preserving representative areas as wilderness while permitting utilization of the many resources of our national forests in an environmentally acceptable way. It also indicates your concern that the areas recommended for non-wilderness be made available for multiple use management. We recommend you issue it to add further stature to the Agriculture recommendation and to draw the Executive Branch together behind the proposal.

_____ Agree with Statement (All agencies agree that you should release a statement in support of the specific option you choose.)

_____ Disagree



**Electrostatic Copy Made
for Preservation Purposes**

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
722 JACKSON PLACE, N. W.
WASHINGTON, D. C. 20006

April 11, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: Charles Warren
Jane Yarn

SUBJECT: RARE-II

We and EPA recommend that you protect more land as wilderness than OMB, DPS, USDA, and others propose for this basic reason: The decision to save wilderness for posterity is reversible, the decision to open it to multiple use development is not. To us, this means the burden of proof should rest on the side of opening up undeveloped, roadless areas for resource development. Accordingly, CEQ and EPA conducted a careful site-by-site review of key areas involved in RARE-II to determine if there were any omitted from the OMB, DPS, USDA Option 2 proposal which have the following characteristics:

- outstanding wilderness quality
- high priority for wilderness selection in rankings by governors, elected federal and state officials, and the conservation community
- highly valuable environmental benefits, such as protection of water quality and important fish and wildlife habitat

Of some 2900 areas and 62 million acres involved in RARE-II, CEQ and EPA identified 71 areas omitted from Option 2 which have these characteristics. We recommend wilderness protection for 1.96 million acres of these 71 areas and "further planning" designation for 1.4 million acres. Of the 62 million acres, CEQ and EPA would leave 34 million acres in the non-wilderness category making them available for development.

The resource costs of choosing our option appear to be small.

Alternative 2:

- o protects an additional 1.96 million acres of wilderness or 13 percent more than the 15.0 million acres protected by Option 2;
- o reduces potential timber production by only about 140 million board feet below what Option 2 would provide. To put this figure in perspective, 11.5 billion board feet are now produced annually from National Forests. This amount would probably drop only slightly, by about 1.5 percent, under CEQ and EPA's Option 3;

- o adds 1.4 million acres to the "further planning" category, which protects these lands from full development but also allows oil and gas exploration to take place and does not reduce the base for determining how much timber may be harvested from the National Forests.

The public support for protecting these areas appears to outweigh the opposition.

- o All of the additional wilderness areas in Alternative 2 received strong support in the thousands of personal letters received from the public commenting on the environmental impact statement: most were supported by 90 percent or more of correspondents and none received less than 60 percent support.
- o Of 465 "controversial" decisions -- that is, where personal letters from the public disagreed with the decision--398 were non-wilderness designations and only 67 were wilderness designations; this "controversiality index" was developed by the Forest Service in response to a request by Congressmen Seiberling, Weaver, and Burton.
- o Of the 71 additional "wilderness" and "further planning" areas in CEQ's and EPA's Alternative 2, 56 were recommended for protection by Democratic governors or Members of Congress.
- o The conservation and environmental community actively seeks increasing the amount of wilderness above that proposed by USDA; a telegram was sent to you on April 11, 1979 endorsing this position signed by 217 organizations; 204 of them are grass roots and local groups.

To add historical perspective, USDA proposes to protect as wilderness essentially the same amount of land in the western states as the widely criticized RARE-I of the Nixon Administration.

We believe it is reasonable and prudent to protect the additional areas we have identified. Years -- or generations -- hence, pressing national needs may dictate commercial development of these areas, but these needs are not apparent now. The comment made by Business Week, in an editorial urging more caution and greater protection for wilderness than RARE-II offered, bears repeating: "The Forest Service should think in terms of generations if not of centuries."

CEQ AND EPA WILDERNESS ADDITIONS TO RARE II

<u>State</u>	<u>Number</u>	<u>Name</u>	<u>Acreage</u>
Arizona	3139	Lower San Francisco	15,000
California	B5701	Siskiyou	72,300
	C5228	Little French	34,400
	5703	Kangaroo	40,000
Colorado	B2100	Davis Peak	24,300
	2778	Wheeler Wason	53,000
Idaho	S1300	Pot	39,300
	B1301	Kelly	28,100
	C1845	Meadow Creek West	95,000
	F1125	Selkirks	12,600
	S4921	Gospel Hump	70,000
	A1662	Scotchman's Peak	5,200
	D,E,F1300	Mallard Larkin	30,500
Montana	I1943	West Big Hole	53,000
	A1943	West Big Hole	56,000
	A1662	Scotchman's Peak	27,644
N. Carolina	BL825	S. Nantahala	5,500
	B8025	S. Nantahala	5,900
Oregon	A6097	Badger Creek	14,000
	6703	Kangaroo	35,500
	6709	S. Kalmiopsis	126,100
	6176	N. Kalmiopsis	113,300
	6124	Boulder Creek	21,200
	6289	Huckleberry	21,800
	6155	Cummins Creek	9,300
Pennsylvania	9020	Hickory Creek	9,300
S. Carolina	L8012	Wamban Swamp	5,100
S. Dakota	2015	Norbeck	9,400

CEQ & EPA Wilderness Additions (Continued)

<u>State</u>	<u>Number</u>	<u>Name</u>	<u>Acreage</u>
Utah	X4753	Olympus	5,000
	X4001	Leidy	100,000
	4751	Lakes	114,000
Washington	B6031	Glacier Pk. (Wenatchee)	21,500
	B6031	Glacier Pk. (Mt. Baker)	43,200
	C6031	Glacier Pk.	69,800
	E6031	Glacier Pk.	22,800
	I6031	Glacier Pk.	14,000
	J6031	Glacier Pk.	15,000
	C6032	Cougar Lakes	126,600
	6004	Profanity	31,400
	6005	Twin Sisters	26,400
	6006	HooDoo	7,200
	6007	Bald Snow	23,800
	6014	Cougar Mt.	5,200
	6034	Norse Peak	28,200
	6055	Clearwater	24,900
	6050	Boulder River	35,000
6044	Alma Cooper	8,300	
6045	Hidden Lakes	7,000	
Wyoming	S4102	Dell Creek	65,000
	W4102	Game Creek	10,000
Total Wilderness			1,836,000

CEQ AND EPA FURTHER PLANNING ADDITIONS TO RARE II

<u>State</u>	<u>Number</u>	<u>Name</u>	<u>Acreage</u>
California	5067	Grider	11,000
Colorado	2108	Pagoda Peak	48,700
Florida	8014	Long Bay	8,100
Idaho	1306	Bighorn-Weita	237,500
	4207	Loon Creek	155,00
	F1125	Selkirks	22,500
	4611	Garns Mt.	114,800
Montana	R1549	Madison	32,600
	1483	Thompson Seton	28,700
New Hampshire	9062	Carr Mt.	16,000
New Mexico	3139	Lower San Francisco	11,500
Oregon	6325	North Fork John Day	60,000
S. Carolina	L8116	Persimmon Mt.	6,700
Tennessee	8032	Rogers Ridge	5,800
Utah	X4001	Leidy	97,900
	4259	Box Death Hollow	14,000
Vermont	9082	Wilder Mt.	8,600
Washington	6041	Mt. Baker	271,900
Wyoming	4112	Commisary Ridge	178,200
Total Further Planning			1,329,500

CHANGES MADE TO THE FINAL EIS BY OMB
ACCEPTED BY CEQ AND EPA

<u>State</u>	<u>Number</u>	<u>Name</u>	<u>Acreage</u>	<u>Designation</u>
Florida	8008	Mud Swamp-New River	8,300	W
	8010	Big Gum Swamp	13,600	W
	8308	Sopchoppy River	1,200	W
New Hampshire	9066	Pemigenwasset	75,600	FP
	9068	Great Gulf Ext.	15,300	NW
	9073	Cherry Mt.	9,300	NW
	9069	Presidential-Dry River	6,900	W
Nevada	4372	Jarbridge	28,800	W
Idaho	W4503	West Lemhi Range	171,300	W
South Dakota	2016	Beaver Park	5,000	NW
Wyoming	4901	Green-Sweetwater	79,700	W

W = 309,000
NW = 216,800
FP = 75,600



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

9 APR 1979

OFFICE OF THE
ADMINISTRATOR

MEMORANDUM

TO: Ronald K. Peterson
Chief, Legislative Reference Division
Office of Management and Budget

SUBJECT: EPA Appeal to OMB recommended changes to
RARE II Final EIS

The Environmental Protection Agency, after careful review of the April 6 recommendations by OMB of an Administration position on RARE II (The Forest Service Roadless Area Review and Evaluation) hereby appeals that recommendation. Stated below are the reasons for an EPA appeal, our proposal for an alternative recommendation to the President, and the rationale for that proposal.

After submitting formal comments on the final RARE II EIS review on March 15, EPA has participated in the 30 day interagency review process led by OMB. We participated in this process with the understanding that it would provide an opportunity for constructive negotiation among Executive Agencies, resulting in a legislative proposal that all agencies could support and that would lead to the strongest possible Administration proposal. We are of the opinion, however, that pro forma negotiations have had virtually no effect on the proposal.

On March 15 and March 21, EPA recommended adding approximately 5 million acres of roadless land to wilderness and further planning categories, all of which were considered to be of important wilderness and environmental value. In the interest of cooperation and compromise, EPA agreed to delete one half of these important areas from our recommendation during the interagency review period. However, OMB and USDA incorporated only 1/10 of our original requests, while trading off other areas so as to leave the total acreage in the wilderness, further planning and non-wilderness categories essentially unchanged. EPA believes that this a priori fixing of the size of the three categories has not served the overall best

interest of the public, and will not lead to an environmentally acceptable Administration proposal. We therefore appeal the OMB recommendation.

Attached is an alternative recommendation which we feel should be combined with that submitted by CEQ and presented to the President along with the OMB recommendation. The list supplied by EPA encompasses the highest priority areas of EPA: high wilderness quality; priority importance to this Administration's environmental constituency; and valuable environmental benefits, including protection of water quality and key fish and wildlife habitat. EPA's list recommends a modification of the April 6 OMB recommended changes to the RARE II final EIS which would result in the addition of a total of 1.37 million acres to wilderness and .78 million acres to further planning.

As we have stated in our formal comments and discussions on RARE II, our primary concern has focused on environmentally sensitive areas that contribute to maintenance of the nation's water quality. We have approached the issue of water quality not only from the standpoint of maintaining water quality standards, but also from the standpoint of the broader Congressional mandate in the Clean Water Act to restore and maintain the chemical, physical and biological integrity of the nation's waters. This includes the benefits associated with overall water quality, including water supply, fish and wildlife, and recreational values. We believe that the areas identified in the EPA proposal will assist in fulfilling that objective. This proposal also responds to what continues to be the largest contributor to water pollution in this country: nonpoint source pollution from watersheds that have been subjected to various stages of development.

We want to make it clear that this reduction from EPA's original March 15 and March 21 recommendations in no way reduces the environmental value, need and importance of our earlier recommendations. This revised list of recommended changes only reflects a compromise position which EPA has taken to help develop a position which will be acceptable to all elements of the Administration. We believe, as substantiated by the data from the final RARE II EIS, that these wilderness areas can be protected at a low and acceptable cost in terms of timber supply, supply of energy and mineral resources, and opportunities for other commercial development. Addition of the EPA recommended wilderness areas will reduce programmed timber harvest by at most only .7%. According to 1980 RPA Program, these losses could be more than made up by increased funding, concentrating investment on more productive lands, and by a greater reliance on private lands which are more productive. Nationally, the impact on housing costs, inflation, balance of payments and returns to the Treasury are insignificant. We believe that the benefits of avoiding irreversible loss of important natural ecosystems, and of retaining options to make careful long range resource use decisions far outweigh these low costs.

As a result of the EPA analysis of the final RARE II EIS, we concluded:

1. The RARE II decision process was in practice biased against allocating areas to wilderness and further planning and specifically did not recognize the benefits of wilderness to water quality.
2. In certain cases unacceptable degradation of water quality and aquatic ecosystems could result from the development of roadless areas.
3. Addition of EPA recommended areas to wilderness and further planning would help mitigate these potential impacts.

Our serious reservations about the environmental consequences of the proposed RARE II decision still remain. We therefore strongly urge that the attached recommendations be combined with those of CEQ and included in the Administration's proposal to Congress. We are convinced that the resulting proposal would be both economically and environmentally acceptable to the American people. We are prepared to work with the OMB and CEQ staff in finalizing the specific proposal that addresses our remaining concerns.

A handwritten signature in black ink, appearing to read 'Bar Bl', with a long horizontal flourish extending to the right.

Barbara Blum
Deputy Administrator

State	#	Name	WARS (4-28)	DORS (0-15)	Programmed Harvest (MMBF)	Hardrock Mineral Rating (0-100)	Oil and Gas Rating (0-100)	Recommendation	Size (thousand) Acres
California	05067	Grider	21	6	3.5	44	0	FP	11.0
	05068	Johnson	25	7	2.3	82	0	FP	9.3
Colorado	B2100	Davis Peak	21	-	2.0	70	70	W	24.3
	B2355	Mad Creek	22	-	0.3	65	0	W	43.4
	A2104	Service Creek	23	-	0.0	60	0	W	40.0
Idaho	51300	Pot	24	5	3.9	80	0	W	39.3
	B1301	Kelly	24	6	4.6	51	0	W	28.1
	C1845	Meadow Cr. West	22	2	0.5	70	0	W	95.4
	E1125	Selkirks	21	2	1.1	25	0	W	12.6
Montana	A1943	West Big Hole	22	5	1.4	61	0	W	56.0
	I1943	West Big Hole	26	5	0.9	84	0	W	53.3
	R1549	Madison	21	2	0.7	33	0	W	32.6
Washington	*06041	Mt. Baker (portions)	25	-	-	-	0	FP	120.0
	06044	Alma Copper	23	6	1.7	0	0	W	8.3
	06045	Hidden Lakes	22	13	1.0	0	0	W	7.0

Total Areas 15

Avg. 23 Avg. 5 Total 24

Avg. 52 Avg. 4

Total 581

W-18
FP- 6

W-403
FP-173

State	#	Name	WARS (4-28)	DORS (0-15)	Programmed Harvest (MMBF)	Hardrock Mineral Rating (0-100)	Oil and Gas Rating (0-100)	Recommendation	Side (thousand Acres)
California	B5701	Siskiyou	25	9	8.0	--	--	W	65.2
	C5079	Orleans Mtn	20	8	5.4	0	--	W	72.7
	C5228	Little French	20	10	3.8	0	--	W	34.4
Idaho	* ** 01306	Bighorn-Weitas	25	6	36.4	38	0	FP ₂	120. 237.5
	S4921	Gospel Hump	23	--	0.0	96	0	FP₂ W	70. 84.2
	* ** 04207	Loon Creek	35	9	0.2	100	0	FP ₂	155.2
	F1125	Selkirks	21	10	1.2	35	0	FP	22.7
Montana	01481	Mt. Hefty	21	11	1.0	0	90	FP	13.7
	01483	Thompson-Seton	21	7	0.1	39	90	FP	28.7
	A1662	Scotchman's Peak	26	11	2.4	70	0	W	24.0
Oregon	* * 06176	North Kalmiopsis	21	4	21.0	99	--	FP ₂	113.5
	* ** 06253	North Fork John Day	19	15	19.1	100	100	FP ₂	60. 97.5
	* * 06709	South Kalmiopsis	19	5	9.4	98	--	FP ₂	126.2
	06289	Huckleberry	22	10	1.2	59	--	W	21.5
Pennsylvania	09020	Hickory Creed	20	6	0.5	0	100	W	9.2
Utah	* X4001	Leidy	25	--	0.0	38	96	W FP	100. 197.5 97.9
	04751	Lakes	20	--	0.0	43	99	W	114.2
	* 04259	Box Death Hollow	22	0	0.0	44	99	FP	14.2
	X4753	Olympus	17	0	0.0	84	62	W	14.2
Washington	* ** I6031	Glacier Peak	26	13	1.5	84	--	W ₁	14.2
	** J6031	Glacier Peak	22	14	4.0	82	--	W ₁	15.2
	** C6032	Cougar Lakes	24	14	13.6	97	0	W	126.2
	* ** 06050	Boulder River	24	6	5.0	85	--	W ₁	40.2

State	#	Name	WARS (4-28)	DORS (0-15)	Programmed Harvest (MMBF)	Hardrock Mineral Rating (0-100)	Oil and Gas Rating (0-100)	Recommendation	Size (thousand) Acres
Wyoming	04112	Commissary Ridge	21	9	3.0	90	99	W	178.2
	02052	Wood River	24	--	0.4	85	99	FP	41.0
	S4102	Dell Creek	18	--	2.2	0	99	W	115.3
	W4102	Game Creek	19	--	0.4	91	91	FP	21.1
	02031	Cloud Peak Contiguous	20	3	3.1	55	80	FP	151.4
		Total Areas	28						
			Avg.	Avg.	Total	Average	Average		Total
			22	8	155	59	57		2041

W-52
FP-103

W-1086
FP- 956

- 1 Wilderness with boundary modifications - acreages and programmed harvests are approximate.
- 2 Further planning for the purpose of making boundary adjustments.

* Indicates major reduction in boundary or designation - acreage figures are approximate.

** Indicates boundary adjustments based on maps submitted to the Forest Service in original EPA submissions.



Department of Energy
Washington, D.C. 20461

APR 9 1979

MEMORANDUM

TO: Ronald K. Peterson
Chief, D-D-I Branch
Office of Management and Budget

FROM: R. Dobie Langenkamp *R. Dobie Langenkamp*
Deputy Assistant Secretary
Oil, Natural Gas & Shale Resources
Resource Applications

SUBJECT: Appeal of Revised Recommended Changes to RARE-II
Final EIS

In accordance with your memorandum of April 6, 1979, we have reviewed the OMB "Final Recommended Changes to RARE-II Final EIS." We generally find the recommendations listed to be acceptable from the standpoint of energy resources. However, we are concerned that none of the DOE proposed changes from wilderness designation was included.

Therefore, we wish to repeat our earlier request for further consideration. First, we again propose that the tracts shown in Attachment I be changed from wilderness to nonwilderness. The first eight tracts (Category I) are considered to be very important for oil and gas potential. The 21 tracts in Category II are considered to be important for oil and gas.

Second, if, in fact, all or certain ones of these tracts have characteristics that preclude designation as nonwilderness, we resubmit our earlier proposal of special legislation to allow exploration and development for oil and gas. The framework of this legislation is included at Attachment II.

The intent of the legislation would serve to protect the wilderness characteristics of the lands yet not lock up the vital oil and gas resources. As proposed, the legislation would specify what tracts would retain a time-window for exploration and development of oil and gas. All activity on the lands would be subject to stipulations imposed by the

Forest Service. Thus, when exploration and/or production programs are completed, the lands would be rehabilitated to Forest Service specifications and then revert to wilderness automatically without further legislative action.

We believe the urgency of our appeal is reflected in the President's energy statement of last week which stressed increased domestic oil and gas production. In furtherance of this objective, it should be pointed out that most of the 29 tracts in question are located within the Rocky Mountain Overthrust Belt. Discoveries and the ongoing exploration activity in Overthrust Belt are continually improving the knowledge base of the region. Hence, premature withdrawal could prohibit discovery of more fields. The importance of this area is indicated by the most recent resource estimates for the Overthrust Belt which range up to 14 billion barrels of oil and 32 trillion cubic feet of natural gas.

Once again, we urge you to reconsider the status of the 29 tracts in question. We feel that DOE can live with either the reclassification or legislative provision, but the opportunity to explore for oil and gas should not be forgone.

Oil and Gas Tracts Retained in Wilderness

Tract Number	Tract Name	State	Gross Acreage (Thous)	DOE Oil/Gas ₁ Rating	DOE Coal ₂ Rating	DOE Uranium ₃ Rating	DOE Hydro ₄ Rating	DOE Corridor ₅ Rating	DOE Geothermal ₆ Rating
Category I									
A2309	Willow Creek	CO	16.0	VI	I	I			
F1485	Silver King-Falls Cr	MT	38.3	VI					
U1485	Packbridge	MT	3.3	VI					
W1485	Renshaw	MT	25.6	VI					
I4001	Leidy (int)	UT	105.2	VI					
N4AAN	Dry Fork (boundary)	UT	6.0	VI					
C4102	Gros Ventre (boundary)	WY	256.6	VI					
B2049	South Fork (boundary)	WY	9.8	VI					
			<u>460.8</u>						
Category II									
01373	Tongue River Breaks (b)	MT	16.6	I	I				
A2181	Raggeds	CO	93.3	I	I				
A2196	W. Elk (boundary)	CO	121.7	I	I				
02241	Roubideau Creek	CO	19.8	I	I				
A2271	Spanish Peaks	CO	21.3	I	I				I
A2284	South San Juan	CO	128.7	I					
A2292	Piedra (boundary)	CO	39.7	I	I				
03053	Red Rock Secret Mtn	AZ	47.5	I					
A3062	Saddle Mtn.	AZ	38.2	I		VI			
A3069	Capitan Mtn	NM	38.1	I					
03077	Southern Guadalupe Mtn	NM	21.3	I					
A3162	Cont. to Black & Aldo W.	NM	34.5	I					
A3168	Black & Aldo	NM	31.2	I					
03011	Withington	NM	19.1	I					
I4179	Worm Cr (int)	ID	16.0	I					
04253	Ashdown Gorge	UT	8.6	I					
04254	Red Canyon	UT	9.1	I	I				
04307	Fishlake Mtn	UT	24.9	I					
04260	Red Canyon South	UT	4.6	I					
A5098	Ishi	CA	51.1	I			I		
A5124	Madulce-Buckhorn	CA	64.2	I					
			<u>849.5</u>						

Proposed Legislation for Oil and Gas Exploration and Development on RARE-II Lands Designated as Wilderness

Issue

Approximately 1.36 million acres of the RARE-II lands are considered to have significant oil and gas potential that will be closed to development by wilderness designation. It is estimated that a substantial portion of the prospective area is either under lease or has applications pending. Immediate classification as wilderness would foreclose production from this portion of the Rocky Mountain Overthrust Belt.

Proposal

Legislation would be proposed as part of the Forest Service Wilderness Act to allow exploration and production from these lands under the following steps:

1. A provision that would allow surface geology mapping, seismic activity and exploratory drilling under strict stipulations to protect wilderness values on tracts now under lease. If commercial oil and gas production were discovered, development and production would be allowed under conditions specified by the Forest Service. Once production ceases, the area would be rehabilitated and automatically revert to wilderness. However, where existing leases expire or are relinquished prior to a ten-year period from the date of legislation, these tracts would remain open to surface and seismic activity for the balance of the ten-year period. They would then be subject to competitive leasing as described in No. 2 below.
2. An evaluation period would provide for areas designated as having significant oil and gas potential but not now under lease. This proposal would apply to enumerated lands classified for wilderness.

A ten-year period would be allowed to conduct surface and seismic activity. When, as a result of this exploratory activity, an area is determined to justify leasing, tracts would be offered competitively. The lease would be for a five-year term and extend as long as diligent production takes place. The lease would be subject to strict stipulations imposed by the Forest Service.

When exploration and/or production is completed, the area would revert to wilderness status.

PRESIDENTIAL STATEMENT ON
RARE II

PRESIDENT'S STATEMENT

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We have reached a decision on the future of 62 million acres of roadless and undeveloped National Forest System lands.

Through the Department of Agriculture's Roadless Area Review and Evaluation -- known as RARE II, we sought public assistance in establishing the best future uses of these lands. We struck a reasonable balance between accommodating the Nation's needs for wilderness and for the other goods and services produced from these lands.

I am recommending to Congress wilderness designations for about 15.4 million acres of the RARE II lands. I already have sent to Congress wilderness recommendations for lands in the two National Forests in Alaska, including about 5.5 million acres identified in RARE II. I will now recommend wilderness designation for about 9.9 million additional acres on 118 National Forest Systems units in 35 other States and the Commonwealth of Puerto Rico.

These recommendations from RARE II will more than double the present size of the National Forest System segment of the National Wilderness Preservation System and will more than quadruple the number of National Forest wildernesses in the highly populated States east of the Mississippi.

The balance of the 62 million acres falls into two categories. The first is "further planning". We need more information to determine the best uses for about 10.6 million acres in this category. Decisions on these areas will be made as soon as possible. In the second category are about 36.0 million acres which will be managed for multiple uses other than wilderness. I am asking Secretary Bergland to immediately proceed with the planning and management of these areas under existing law.

For many years the process of determining the best uses of National Forest has been a slow, piecemeal effort. This process has been the source of frustration and controversy for all interest groups -- recreational, environmental, and industrial. RARE II provided a comprehensive nationwide review and evaluation of these important public lands. It is my hope that the decision ^{being} ~~is~~ ~~announced~~ today will help resolve the long-standing controversy over their case.

~~Today's~~ ^{This} decision will assure the American people that high-quality areas will be protected for wilderness consideration by the Congress and for enjoyment by future generations. It also will assure a continuing sustained yield of goods and services from those lands not recommended as wilderness. This will help our national economy as well as the growth and stability of many local communities by

providing additional oil and gas, minerals, and timber products which are essential to restraining inflation and increasing productivity.

~~My~~ **This** decision also meets two major Administration goals. First, the recommendations fulfill the pledge in my May 23, 1977, Environmental Message to enlarge the Nation's treasury of wilderness resources. And second, by releasing some of the land for uses other than wilderness, we respond to our urgent need for energy, wood products, livestock forage, minerals and a broad array of recreational opportunities. In sum, our recommendations are vital to the effort to reduce inflation, control unemployment and encourage energy development.

All the nonwilderness lands in the National Forest System will be managed to reflect environmental concerns while sustaining their multiple resource values.

I have asked Secretary Bergland to provide Congress with draft legislation, maps and resource data to accompany my recommendations for wilderness designations. Since some of the areas involved are contiguous to areas previously recommended for wilderness as a result of the earlier review of National Forest Primitive Areas, the Secretary will also include updated information on these areas.

Included in my fact sheet is a State-by-State listing of the acreage in wilderness, in the further planning and nonwilderness categories, and a listing of changes made in the Secretary's January 4 proposal. The changes are based on comments received from Governors, Members of Congress, and Federal agencies during the interagency review process.