



LABOUR'S ROLE IN FOREST RESOURCE MANAGEMENT'

JOHN J. (JACK) MUNRO'

Forest Industry Lecturer

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FOREST INDUSTRY LECTURE SERIES NO. 9

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President, Western Regional Council No. 1, International Woodworkers of America,
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THE FOREST INDUSTRY LECTURES

Forest industry in northwestern Canada is cooperating with Alberta Energy and Natural Resources to provide funds to enrich the Forestry Program of the Faculty of Agriculture and Forestry at the University of Alberta through sponsorship of noteworthy speakers.

The Forest Industry Lecture Series was started during the 1976-77 term as a seminar course. Desmond I. Crossley and Maxwell T. MacLaggan presented the first series of lectures. The contribution of these two noted Canadian foresters is greatly appreciated.

Subsequent speakers in the series have visited for periods of up to a week, with all visits highlighted by a major public address. It has indeed been a pleasure to host such individuals as C. Ross Silversides, W. Gerald Burch, Gustaf Siren, Kenneth F.S. King, F.L.C. Reed, Gene Namkoong, Roger Simmons, and Kenneth A. Armson. The subjects of their talks are listed on the last page.

This paper contains Mr. John J. (Jack) Munro's major public address given on 25 March 1982.

We would like to take this opportunity to express our thanks again to the sponsors of this program — we appreciate very much their willing and sustained support:

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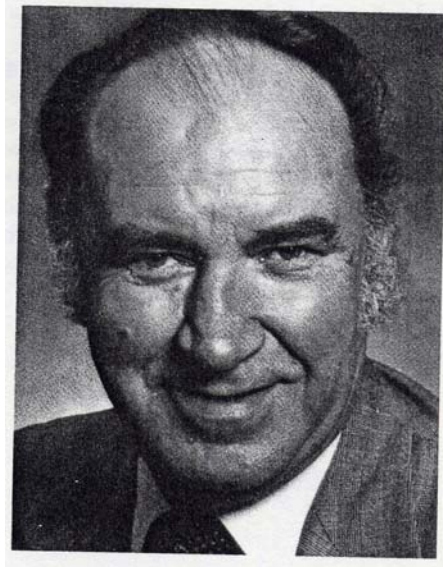
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JOHN J. (JACK). MUNRO



J.J. Munro is President, Regional Council No. 1, International Woodworkers of American, Vancouver, B.C.

Jack was raised in Seven Persons near Medicine Hat, Alberta. He apprenticed as a machinist on steam locomotives for the Canadian Pacific Railway in Calgary, and worked as a machinist for them in Lethbridge. He transferred to Nelson, British Columbia in 1958 with the switch to diesel locomotives. He was employed by Kootenay Forest Products as a welder in 1959, a position which led him into his long association with the forest industry. While with Kootenay Forest Products he became active in the union, serving first as Job Steward and later as Plant Chairman. In 1962 he worked for the IWA District Office in Cranbrook.

Jack Munro moved to Vancouver when he was elected third Vice-President of the IWA Western Regional Council in 1968. He was elected successively to the positions of second and first Vice-President, and has been President since 1973. He is also a member of the International Board of the IWA, is First Vice-President of the British Columbia Federation of Labour and is a General Vice-President of the Canadian Labour Congress.

Increasing involvement by members of the labour movement in forestry matters has been encouraged by Jack Munro who has set a personal example for commitment. He served as Co-Chairman of the National Forestry Congress in Toronto in 1980, was involved in the Banff Agenda for Action workshop in 1981, and is a member of the Canadian Forest Advisory Committee reporting to the Federal Minister of Environment. Jack has taken every opportunity to speak to encourage greater public support for programmes of more intensive forest management.

LABOUR'S ROLE IN FOREST RESOURCE MANAGEMENT

We in the I.W.A. presume that monetary authorities in the U.S., the U.K. and Canada will soon reduce interest rates to a level at which it is possible for housing construction (and economic activity generally) to return to something like their normal levels. We also presume that future economic adjusting will have built into it some mechanisms to ensure the survival of the house-building, forest, and other interest-rate sensitive industries. We make these assumptions not because of any desperately-sought evidence of the dawn of intelligence in these Federal Governments, for there is no such evidence, but because of our assessment of more fundamental political forces at work.

We understand, for example, that at least 1,000 of the 10,000 or so U.S. Savings & Loans Institutions are on the brink of bankruptcy. If they fall, Federal Bank Insurance will have to return hundreds of billions of deposits. Even the President of the U.S. Bankers Association is calling for lower interest rates, which shows that they are finally beginning to hurt. And when bankers are hurting action cannot be far behind. But more important for us has been recent glimpses we have had of massive and pervasive resentment of ordinary U.S. citizens against Reaganomics.

As you may know, two U.S. Senators from the Pacific Northwest felt compelled to *appear* to be doing something about the 40% or so forest industry workers that have lost their jobs. Because they have for the past couple of years campaigned for Reaganomics, they felt they couldn't address the real problem - interest rates - and so they decided to shift attention to U.S. imports of our softwood lumber, and began an action before the International Trade Commission.

Our International Union and International President (who is, incidentally from the Edmonton Local) appeared before the Commission to testify against the proposal to impose ruinous tariffs on our wood. It must admit to having been a little nervous about the reaction of our people in the Northwest. It is one thing to see the fundamental perversity of trade restrictions from our point-of-view but a entirely different thing for an unemployed Oregon sawmill worker to see it. So we went to our Biennial

International Convention just last week expecting a bit of a fight. We were delighted, however, to find that Pacific Northwest Woodworkers though usually more conservative than their Canadian counterparts, were virtually unanimous in focusing on interest rates, and declining the anti-Canadian gambit. Anger as widespread as that, and as clearly-focused, cannot long be ignored.

Incidentally, while I'm on the subject of interest rates, I should say a few words about an aspect of that matter that has not received enough public attention.

These massive interest rates are not only doing permanent damage to our industry - more of that later - they are also affecting a massive, reverse transfer payment, the first successful transfer payment invoked by our federal government.

We have estimated that on residential mortgages, and considering only the *increase* over the past year and a half, the Canadian rich are \$3 billion richer, and the Canadian low and middle-income earner \$3 billion poorer. Loans to farmers and small business people make that sum vastly greater.

Bouey and MacEachan, Volker and Regan and Friedman and Trudeau are all wealthy people, with money to loan,' as are all of the other major advocates of Monetarism. They have all received immense windfall increases in their incomes. From each loss of jobs for autoworkers and woodworkers, from each repossessed home, from each rental increase that deprives children and the elderly of a decent diet; they have profited.

We are told that all that is coincidence, that it truly embarrasses them that they profit from all this misfortune; that their ability to go on advocating monetarism in the face of that embarrassment bears witness to their selflessness.

Well, it was hard for me to believe that a year ago. Today, it is impossible.

All of this is relevant to you because monetarism, as it is currently practised, makes house-building, and therefore the forest industry, impossible. Permanent damage is being done with every day that these rates are enforced. Skilled people, hourly and salaried, leave and do not return. Why should people who have a choice devote themselves to an industry which at any moment may be crippled a monetary "AUTHORITY" in Ottawa or Washington?

Our coastal forest industry was in bad need of large-scale updating, and two or three years ago there were at least some signs that the industry was beginning to move on that urgent agenda. But that beginning was of course halted with the imposition of these larcenous interest rates.

Most important, consumers are making permanent changes to their expenditure patterns. A Central Canadian economist has noted the extremely selective nature of monetarism. With a twelve percent inflation rate, eighteen percent apparent. interest is

actually six percent. If you happen to be a big retailer, like Eaton's, you can deduct the *apparent* rate as an expense. If you are in the 33% corporate tax bracket, you can deduct one third of eighteen equals six percent, and pay a net zero percent.

But if you were planning to build a house or a major renovation, you have no income tax breaks coming, and "deducting" the inflation rate provides little comfort if your income can't stretch far enough. So you decide that instead of the larger or renovated or first house you will take a trip to Hawaii or buy an electronic TV game. You also make prudent decisions about the future. Mortgage rates will doubtless drop sooner or later to the point where you can manage a house with a payment of \$500 per month.

But if you take on that commitment, as millions of Canadian home-owners and farmers and small businessmen have done over the past years, Bouey may conspire with MacEachan to *double* that commitment, move it beyond your capacity, so that you will lose everything. Under those circumstances, why not go to Hawaii instead?

The fundamental financial foundation of our industry is thereby very seriously damaged, and your personal careers as foresters have thereby been substantially and irrevocably damaged. You owe that to Gerald Bouey, Allan MacEachan and Trudeau. You should pay all debts.

And now to forestry - more familiar ground for me and I trust for you. Assuming that intelligence and relative sanity returns to U.S. and Canadian monetary authorities, (quite an assumption, I know) we have what is in the medium and long-run a very promising industry.

United Nations projections indicate that the world demand for wood fibre will over the longer run increase at 2% compounded. Contrasted with the interest rates we've just been talking about that's a pretty modest rate of growth, but in this case it has to come from a constantly diminishing land base. The land that is annually lost - millions of acres throughout the world - is moreover the most productive, estuaries, river-bottoms and plateaus.

Nor does this estimate presume any substantial new uses - energy or animal food, or whatever. I know that the prospect of wood-based methane energy plants is not imminent enough to strike terror into Premier Lougheed's heart, but if it comes, that will add to the demand.

There are, of course, other important products which - because we don't charge for them, are very difficult to price. Trees produce oxygen and people like to breathe oxygen. We hunt and fish and hike through them. Our drinking water is cleansed by the trees, our vistas beautified. They provide habitat for fish and fowl, deer and ecologists.

I should also mention that in Canada in 1981, they provided employment, directly, for 289,300 people, plus about 600,000 "support" jobs. Another way of looking at the value of the industry is provided by one of dozens of B.C. proposals for withdrawing land from active forestry to establish ecological reserves. According to figures supplied by those who are

proposing the withdrawal, each "wilderness experience", that is, each visitor-day, would cost B.C. \$4,257 in forest industry revenue. So the wilderness experiences offered by our forests are evidently quite valuable.

As for my own province, we believe that the standard estimates of B.C.'s dependence on the forest industry (50% of foreign exchange, 54% of manufacturing value added, 95,000 direct jobs, etc.) are understated. The forest, mining, and fishing industries (with the latter two contributing an important but minority share) first financed and have since largely sustained the social and economic infrastructure upon which the other sectors of our economy rely.

We in the I.W.A believe that that very critical foundation for Canada's economy can be not just sustained, but much increased. We could double the harvest. The technology exists to achieve that on a sustained basis, if better harvesting and manufacturing techniques are added to a vigorous silvicultural program. What is lacking is the political will. But political wills are manufactured at meetings like this one and at meetings that arouse the public's awareness.

The first object of that new political will must be to ensure that *GOOD* forest land is preserved for that vital use. It is also important that we find ways of returning to forestry a lot of good tree growing land that has been lost to us over the past few decades.

Much of the best of this is private land. In the Fraser Valley, a lot of people raise income tax deductions on small plots of land. Left to its own devices, the land would provide some of the best Douglas-Fir growing sites in the world. So what we do in B.C. is offer income-tax deductions for thorough-bred racing horses, which we deny to Douglas-Firs. That measure by itself would not suffice to keep the valley permanently denuded of trees, so we offer lime to everyone, half the cost to the B.C. taxpayer, so the soil can be made too sweet for conifers.

Then we offer a whole variety of "extension services" - free soil analyses, free advice on what non-conifer crops to grow, and so on.

You can see that it takes some ingenuity to prevent these folks from growing trees. Lest the joint determination of the Federal tax and Provincial agriculture people prove inadequate, the municipal authorities weigh in by promising to tax on the basis of wood-growth each year, as if it were realized each year.

Private land - though only 5% of B.C.'s total - is of course not only by far the most fertile, it is invariably nearest to transportation and manufacturing facilities, and since it is flat, it can be logged, replanted and relogged again and again without the ecological risks that are associated with our steep slopes.

We are not much better off with respect to good public land. In the last couple years, the B.C. Government built a huge, land-extravagant highway dead centre through the Nimpkish Valley, which is to conifer trees what the Imperial Valley of California is to

vegetables. Then B.C. Hydro, not to be outdone, followed with a power transmission line, another one hundred yards wide, a one hundred mile long swath through the valley. When we suggested that they could have shared a right-of-way, designed for 55 instead of 65 miles an hour, and used an occasional bench, the Highways Minister was indignant. The real punch-line is that no one, not Highways or B.C. Hydro or the B.C. Forest Service, has attempted to evaluate the wood-growing capacity, much less its value, that is irretrievably lost.

Through a wide variety of such alienations - highways, transmission lines, farms, parks and ecological reserves, to name a few - we in B.C. managed to lose about 15% of our forest land base in the decade 1970-1980, and the Department of Forests estimates that if we continue apace, we will lose an additional 25% by the year 2000.

What to do?

As one step, we in the I.W.A. have joined with the Council of Forests Industries in B.C. in urging the establishment of some agency to protect our forest land, as the agricultural Land Commission protects farmland.

The second most urgent need is for a major shift of expenditure of funds from the forest industry revenues. Nurseries have to be developed, a solid program of practical conifer-genetics has to be established, superior trees in the great variety required by our endlessly variant forest soils and climates have to be planted and tended. In fiscal 1981, B.C. planted 62,883 ha and harvested 156,786 ha, about 2 1/2 times as much.

Dr. Hugh Keenleyside said in 1950, "A national asset (the forests) of this importance should receive the concentrated attention not only of those directly involved in its processes, but of the business community as a whole, of our scientific foundations and universities, of our financial institutions, and of Government". Unfortunately, that truth requires emphasis as much today as it did 32 years ago.

Forestry is an agricultural discipline, in which a crop is planted, tended and harvested. But the agriculture that we practise in forestry is on a technological par with the food agriculture of the bronze age. Governments, and indeed whole societies, that depend utterly upon forestry still practise and defend what is delicately called "natural regeneration". In food agriculture, that would mean someone harvesting a field of carrots, then lying down on his field, hoping that some good carrot seeds will sooner or later be borne by a beneficent wind onto his land. The most generous possible adjective for this kind of agriculture - whether 'of food or forest -- is "primitive".

We have no more reason to suppose that the naturally-developed Douglas-Fir is ideal for human uses than bronze age farmers had to suppose that the natural ancestors of carrots were ideal. The difference is that we are less responsible.

Anyway, it's clear we should be spending some money on this, and I mean big expenditures, of the kind that we habitually spend in areas where we have little reason to

suppose that we will ever compete successfully.

We have to establish methods for propagating better trees, and better ways of planting and thinning and taking care of them generally. We have to establish means of bringing more wood out of the woods, and of getting more product out of each unit of wood brought out. That research and development has to be paid for.

We are continually asked to comment on "Who should bear the costs?".

Well, first a note of optimism.

The world is going to need increasing supplies of wood fibre -- there is no substitute, even theoretically, for the building and paper uses of wood fibre. I believe that, in addition, we are on the edge of major new uses almost certainly for energy, and possibly for animal food. (As an aside, nothing in the world uses critically short and diminishing land as efficiently as a Douglas-Fir that stands on one square yard of forest and soars two hundred feet in the air.)

So the world price for wood fibre will have to incorporate the cost of efficient regeneration of timber, including an increasing component for land rent. We in Canada should be in a better position to absorb at least that latter cost than our real competitors in the U.S. and Scandinavia. As for "potential competitors" like Brazil and the Soviet Union, we are so far ahead of them in infrastructure, technology and human skills that they should not pose a problem for generations. If that is so, then in a sense, we in Canada will "set the costs" for regeneration and -- pending the discovery and development of alternatives -- the world price will have to meet it.

But of course we mustn't allow this favourable position to make us complacent. So let me answer in tougher vein.

"Whose responsibility is it to pay?" It is not my mission in life to minimize forest industry expenses, but I guess that, apart from the consumers of the product paying higher prices, there is a fairly obvious answer. So long as we live in a system in which people who own capital can take it out of one industry or region of the world and put it in another, that circumstance will create the medium and long-term limit to the extent to which forest industry companies can be forced to absorb increased forestry expenses. There is reason to believe (and I speak here with some authority) that there is some "fat" in the system that can and should be burned up in better forestry efforts. In addition, we have built a lot of forest roads and mill-sites and permanent buildings with the stored-up capital of four or five hundred year old timber stands. Once we have shifted to a succession of smaller, more uniform, superior generations of trees, some of the revenue hitherto used for the "infrastructure" should be available for sustaining the forest.

Similarly, we have built a generation or two of schools and hospitals and libraries, etc. There is an easy assumption out there that we ought to be able to keep building new generations of these things whenever the mood strikes us, like trading in a car when the

ashtray is dirty. That assumption will have to give way, and the funds shifted to more fundamental enterprises, like maintaining the forests.

Questions like: "How will we find the money to eat?", or "How can we afford to bury grandmother?". There is a range of questions like that, for which the only honest answer is "Jesus, I don't know, but we'll have to do it some way or another".

Ten years after you've buried grandmother, or bought a dress for your daughter's first dance, you can always look back and say, "Well, we did it because we had to. We cut a corner here, got some more revenue there, and held a garage sale."

I believe that the answer to the question, "How do we finance essential forestry expenses" belongs to the same class. We will just have sail in and do it. When the demands we make upon the private capital in the industry become truly excessive (some considerable time after they are first said to be excessive), we will have to dig into that excess of public revenue over public expenditure that Les Reed told us about in Toronto.

If we don't get on with this vital program, the inevitable result will be that some large number of people who used to work in the Forest Industry would have to shift over to some new enterprise chosen in a moment of panic by an Ottawa consultant. It won't pay nearly as much because we'll be competing with other areas of the world that encountered the same problem earlier. It will not generate the public revenues to sustain the public services we now enjoy, much less finance new social hardware every decade or so. It will not provide shelter for deer or trout or loggers; it will not inspire ecologists, or release oxygen into the air.

That really is not an appealing alternative. We have got a Cabinet Minister in B.C. who dreams about research parks, a world of laboratory coats and genetic engineering. I know a lot of people for whom that is not an alternative. Many of them have children for whom it will not be alternative. Many scientists have children for whom it will not be an alternative.

Another way of looking at it is this: Les Reed, now Federal Assistant Deputy Minister of Forests, estimated that in 1979, B.C. forests yielded \$759 million more in public revenue than was spent on them. I mentioned before that B.C. leaves about 90,000 hectares per year of harvested forest unplanted.

Doubtless a small percentage of the logged area should be naturally restocked (southern slopes in the dry interior valleys, for example, should be logged selectively and naturally regenerated), but as a general principle we in the I.W.A. believe that land that will not return the costs of replanting should not be logged. Obviously, between our present state and the achievement of that position there lies considerable time and a very important shift in public as well as private resource allocation.

But if it takes \$500 to prepare and plant say, the 80,000 hectares, that would require operating expenditures of about 40 of those 759 million dollars.

In addition, the Department of Forests estimates that there is about one million hectares accumulated backlog. We believe that the figure is more like two and a half million. In this case, the removal of hardwoods and debris will make the operation more expensive - we may be talking about a thousand so per acre. In any event, it is clear that public revenues from the forest over a ten or twenty-year period are WITHOUT ANY INCREMENT in the industry's private expenditures more than adequate to the task. We believe in the I.W.A. that - with that very large assumption of a return to monetary policy sanity - there will once again be some fat in the industry that can be diverted to this task. But doubtless the greater amount will have to come via a diversion of present public revenue allocation.

As an institution whose focus is generally upon the short-comings of forest industry employment, we are happy to have this opportunity to testify that, by contrast with hourly-rated employment provided by basic industries elsewhere in Canada and the world, the forests have been good to us. The average industrial wage for 1981 in the industrialized western nations and Japan was about \$11.50 per hour, while that for B.C. I.W.A. members was \$13.34. I can assure you that Alberta is not far behind. A similar relationship exists in respect of "fringe benefits". Moreover, and without diminishing in any way the urgency of job security, safety, and industrial democracy reforms, among others, we believe it safe to say that by contrast at least with such industries as garment, electronics and tourism, the work is, as work goes, not bad.

All Canadians have over the past benefited immensely from our capacity to grow trees. Les Reed estimated that public revenues from Canadian forests in the year 1979 exceed public expenditures on those forests by \$1,229 million dollars. While such estimates are necessarily rough, they do draw attention to a very important fact about Canada: that our forests have contributed hugely to schools and highways, universities and hospitals, legislatures and legal systems.

I offer this preamble by way of a comment upon what has been a theme in Canadian economic planning debate. Industries are divided arbitrarily between "primary" and "manufacturing". some disparaging reference is made to "hewers-of-wood", and then some elaborate plan is outlined, by which it is proposed to rescue us from our \$13.00 per hour "resource trap" fate and secure for us the benefit of jobs making furniture for \$5.00 per hour.

I have tried to show that we have reached a critical stage in this dialogue because of a profound change in the underlying conditions. An accompanying presumption of such "economic planning" has been that Canada could always devote almost limitless money, energy and social commitment to such adventures, because if they failed - as they invariably did - we could always go back to the natural resources which, without any ploughing back of resources, without social energy or commitment, would always be there.

That assumption has shown a remarkable capacity to overcome contrary evidence, and it survives today as the basis not only for perverse economic planning, but for the criminal waste of forest land that I mentioned before.

Clearly, we have to make people abandon that assumption, and begin now a range of

policies more responsible for future Canadians.

Well back to forestry.

We believe that if we now make the necessary and practicable commitments to our forests, if we husband that resource carefully and insist upon the full range of jobs that are associated with it, succeeding generations will be able to enjoy, as we generally have, an almost unique combination of high standard and high quality of living. We can provide from our forests wood-fibre, oxygen and protein to a world in ever-greater need of them, and a full range of rewarding jobs to an increasing population. But that requires planning and commitment.

I know that most of you, unlike most of us, would prefer to be non-political. So my fundamental message will be unwelcome. Forestry is political. Its dominance in the Canadian industrial scene makes it political. The fact that the great bulk of forests that we harvest are publicly-owned makes it inescapably political.

OUR FUTURE is political. It depends upon two very political things: the abandonment very, very soon of monetary insanity; and the beginning, also very soon, of a genuine, massive program of reforestation. If you remain politically inert, all the professional competence in the world will avail you nothing.

FOREST INDUSTRY LECTURE SERIES

1. Industrial Forestry in a Changing Canada, by C. Ross Silversides. 17 November, 1977.
2. The Role of Integrated Forest Companies in Western Canada, by W. Gerald Burch. 15 March, 1978.
3. Premises of Energy Forestry in Sweden, by Gustaf Siren. 7 March, 1979.
4. Agro-forestry - Prospects and Problems, by K.F.S. King. 27 September, 1979.
5. The Role of the Federal Government in Forestry, by F.L.C. Reed. 5 March, 1980.
6. Breeding for Variable Environments, by Gene Namkoong. 14 August, 1980.
7. Federal Forestry Commitments in the 1980's, by Roger Simmons. 5 December, 1980.
8. Space, Time, and Perspectives in Forestry, by Kenneth A. Armson. 26 November, 1981.
9. Labour's Role in Forest Resource Management, by John J. (Jack) Munro. 25 March, 1982.

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Not available