

## GREAT LAKES FORESTRY SPEECH

Stefan, thank you for that wonderful introduction, and thank you for allowing me to be here with you this morning to help open this terrific conference.

Now, as I was flying out here yesterday, I was reflecting on the theme of this meeting...Sustaining and Strengthening Forest-Based Industries in the Great Lakes region...and I began to get excited until I remembered something I read recently..."The mind is a wonderful thing. It starts working even before you're born, and never stops until you get up to speak in public..."

Really, though, before I begin, for those of you who don't know him, I would like to introduce Tom Duffus, who leads our work here in the Great Lakes. Tom is part of a team that has now protected more than 6 million acres of America's magnificent land legacy, including more than 1.5 million acres of working forests.

But, while that is a wonderful accomplishment, 1.5 million acres, it is not nearly enough. Our forests, our forest industries, and our forest communities all are at risk, and to ensure a future of healthy working forests and vibrant forest economies, we will have to figure out some new ways of doing business – and that's what I'd like to focus on this morning.

But first, I want to tell you a little story from northern Wisconsin:

Two men are out hunting, and as they are walking along they come upon a huge hole in the ground. They approach it and are amazed by the size of it.

The first hunter says "Wow, that's some hole, I can't even see the bottom, I wonder how deep it is?"

The second hunter says "I don't know, let's throw something down and listen and see how long it takes to hit bottom."

The first hunter says "There's an old transmission here, give me a hand and we'll throw it in and see".

So they pick it up and carry it over, and count one, and two and three, and throw it in the hole. They are standing there listening and looking over the edge when they hear a rustling in the brush behind them. As they turn around they see a goat come crashing through the brush, run up to the hole with no hesitation, and jump in headfirst.

While they are standing there looking at each other, looking in the hole, and trying to figure out what that was all about, an old farmer walks up. "Say there", says the farmer, "you fellers didn't happen to see a goat around here anywhere, did you?"

The first hunter says "Funny you should ask. We were just standing here a minute ago and a goat came running out of the bushes doin' about a hundred miles an hour and jumped headfirst into this hole!"

And the old farmer said "That's impossible, I had him chained to an old transmission."

Sometimes, you just can't help feeling a bit like the goat.

Especially if you read the news:

- Nationally, 1 million acres of forestland a year is converted to development.

- There hasn't been a large-scale greenfield mill built in the United States in 20 years
- And prices for lumber, plywood, and paper have fallen by 34%, 31% and 45% respectively since 1980.

And on top of that, we continue to see tremendous churning of forestland ownership. Since 1996, nearly 35 million acres of timberland in the U. S. have changed hands – some of it multiple times. Going forward, 40% of all forested land in the United States will change hands in the next 10 years.

While the past was dominated by industrial forest products companies, the immediate future belongs to a new class of owner. In 1990 there were two or three Timber Investment Management Organizations, today there are 25 and they manage more than 20 million acres of timberlands valued at more than \$19 billion.

The implications of this are enormous.

You see, after managing their holdings for 10-15 years, TIMOs have strong financial incentives to sell them. Their responsibility to seek the highest sale price they can get triggers sales of smaller and smaller pieces for what is known as “highest and best use”, in other words development.

The new timber investor/owners simply have a different outlook on life – forests are not for supplying fiber to their mills. Forests are simply another asset class to be used to balance portfolios and maximize returns.

And while supply agreements may keep landscapes intact over the short to mid-term, these new investor/owners are much more cost sensitive, and are far less

likely than their industrial predecessors to invest in public policy advocacy, certification, research, and new technologies.

Over the last 15 years, industrial forest products companies invested nearly a billion dollars in sustainable forestry research to keep the industry competitive – where will these investments come from in the future?

The shift to TIMOs also is putting severe pressure on family forest owners, who own 59 percent of the nation's forest holdings. They have traditionally depended on local mills to market their products, but as industrial owners close their domestic mills and move their operations offshore where labor costs are one tenth of the U. S. rates, small landowners can be left without a market for their forest products. That cuts their incentive to manage their holdings as timberlands and increases their temptation to sell to developers.

And if that wasn't enough, America's private forestland owners are aging. Half are at least 55 years old. When their land changes hands, through inheritance or sales, it follows a trend that mirrors the timber industry and goes into the hands of multiple owners.

Across the southeastern United States, there are 15,000 new forestland owners each year, and the average parcel size is now less than 100 acres. Next door in Minnesota, the average parcel size has decreased by 18% over the last 20 years.

Wall Street calls this progress, but if that's true, then Ogden Nash was right when he said, "Progress may have been a good thing at one time, but it went on a little too long."

Each additional owner increases the potential for forest fragmentation. And each fragmentation will be more difficult to manage as timberland.

And while Wisconsin may be one of the few states to actually increase its forest lands over the past 20 years, nationally our policies and economic incentives are not aligned for sustaining forests. For example, why is it, at least from an appraisal standpoint, that when we talk about forests, “highest and best use” means development?

We need to shift from a regulatory based approach to an investment based approach.

To begin, we need new planning and zoning tools that place the conservation of working lands on par with land development.

We need increased public and private investment in the conservation of working forests.

We need to capture the full spectrum of economic values that come from intact forested landscapes.

And we need to ensure that the next generation is prepared to inherit and be good stewards of our nation’s magnificent working forests.

So let’s briefly look at each:

Let’s start with better land use planning.

America adds 2.7 million people each year, and even with the current downturn, this will require the construction of more than 1 million new homes each year.

This may be good news for the wood products business, but without careful planning all this new growth will put additional pressure on our working forestlands.

Consider this advertisement I saw in Inc. Magazine for forested land for sale here in the upper Midwest.

“Beautiful timberland in hunting and fishing heaven: 300 private acres...surrounded by National Forest...There aren’t many such properties left in America...the seller suggests the purchase could constitute a real estate play as well...”

What’s going on here? The seller is using the working forest, the recreation, wildlife and wilderness values as marketing tools, but the potential subdivision of the property will change the forested landscape and thus the very values the sellers are exploiting.

The implications of this, repeated all across the U. S., are obvious – forested lands increasingly are becoming valuable and sought after for purposes other than growing trees.

To make sure we can continue to practice forestry unhindered, we need a new framework for local and regional planning. The status quo leads ultimately to the expression...”Asphalt, the last rotation.”

Let me be clear, growth is not a bad thing, but even the most environmentally friendly development can be detrimental to the forest if it is permitted in the wrong place. Simply put, some places are better for development than others, and we need a much more proactive approach to local land use planning to ensure outcomes that embrace working forests in the future.

What we need is a new framework, a more strategic and comprehensive approach to both land conservation and land development than we have had in the past. We call this new framework “Green Infrastructure”, and it differs from conventional approaches to open space planning because it looks at conservation values and actions in concert with land development, growth management and built infrastructure planning. Other conservation approaches typically are undertaken in isolation from – or even in opposition to – development.

You see in the past, green space was viewed as something that was nice to have, the land that was left over after development was done. Green infrastructure implies something different; something that we must have. Protecting and restoring our nation’s forests, wetlands, and rivers is not an amenity, it is a necessity – essential for clean water, for clean air, economic development and quality of life.

Just as we plan for and invest in our gray infrastructure – our roads, sewers and fiber optic cables – we need to plan for and invest in our green infrastructure; especially our working forests.

Now, what about our level of investment? Well, it’s a mixed bag.

First, some good news. With some great leadership from the Land Trust Alliance, The Congress passed and the President signed into law an extension of the enhanced conservation measures that give greater flexibility and reward to land owners who conserve their lands. But these are set to expire in two years, and we need to make them permanent. We must continue to elevate this issue for the next Congress.

Around the country, 16 states now have state tax credit programs for conservation easements, and in two of them, Colorado and Virginia, the credits

are fully transferable – which means that a farmer or wood lot owner who has no taxable income can still reap the financial benefits of donating a conservation easement. The Great Lakes states should adopt this powerful measure to protect its farms and forests before it is too late.

Another opportunity for the next administration and Congress is the Forest Legacy Program, designed specifically to help conserve privately owned working forests. One of the best new programs we have seen in recent years, it remains woefully under funded. There are 12 million private forest owners in this country, and we need them to become better advocates for this important program – clearly our nation’s 2 million farmers have figured this out.

But we do have one black spot we need to address when it comes to funding for forest conservation.

As we speak, and for the second time, this administration has proposed permanently terminating the Land and Water Conservation Fund state assistance program – an unacceptable outcome for a program that has provided more than \$3.5 billion in matching grants to states and localities over the past 40 years, completing more than 40,000 projects that have conserved more than 2.5 million acres of land. Wisconsin alone has received more than \$67 million.

You who are at the front lines, who are the beneficiaries of this program, have not raised your voices and championed the Land and Water Conservation Fund, and I suggest it is past time to do so.

Clearly, the American people care – the evidence from across the country is overwhelming.

Better than 80% of Americans now identify themselves as environmentalists. They don’t know exactly what that means, but they care passionately about clean

air, clean water, and open space. And they care about the quality of life in their communities.

It is this dynamic that is driving the tremendous growth in support for the environment at the local level, and the unprecedented amount of money that citizens at the state and local level have taxed themselves to protect open space and working farms and forests. \$35 billion dollars over just the last five years!

And this year's elections will be no different.

Across the country, in red states and blue, Americans will vote decisively to spend more money for natural areas, neighborhood parks and conservation in their communities. Of 161 conservation ballot measures proposed during the last elections, 75% were approved by voters – a margin of victory consistent with the last five election cycles.

These measures unify us. It's hard to be against new parks and trails, or to disagree with wanting to protect forests from development. What's more, voters have learned that these measures often provide local solutions to clean air and clean water, and provide the foundation for new kinds of sustainable economies.

Sustainable economies that capture the economic value of the full spectrum of ecological services that forests can provide. These are sometimes called 'non-market environmental services', but I think that is a misnomer.

Consider watchable wildlife. If watchable wildlife were a company, its sales of \$38.4 billion would rank it 33rd on the FORBES 500 list.

Michigan's 1.6 million hunters and anglers generate total economic output of more than \$5.9 billion, supporting more than 46,000 jobs.

Minnesota's sportsmen support as many jobs as the University of Minnesota, Hormel Foods and 3M Corporation combined.

And annual spending in Wisconsin by sportsmen is equal to the revenues of the state's dairy industry.

This is big business. Eco-tourism is the fastest growing sector of the tourism industry with estimates of annual growth ranging from 15-30 percent.

But you can't have ecotourism without the eco – we need to protect the land and water resources that draw people in the first place.

Beyond tourism, there are other opportunities for capturing value from our forests.

How about mitigation?

Habitat credits are selling for \$50,000 an acre

Wetland credits are now selling for \$80,000 an acre

And endangered species credits are selling for as much as \$250,000 a piece!

The Conservation Fund now owns and operates the largest RCW mitigation bank in the United States located in eastern North Carolina, with the proceeds helping to cover our operating and certification costs.

And in East Texas we are establishing the largest wetlands mitigation bank in the country, more than 14,000 acres of bottomland hardwood – with the proceeds from credit sales going to support future forest conservation and restoration work in the region.

Carbon represents still another opportunity for forestland owners.

In northern California we now own and operate 40,000 acres of redwood forest. We are harvesting more than a million board feet per year, but we also are now farming carbon. By permanently protecting the lands through an easement, and harvesting well below our allowable limit, we are creating carbon credits that we can sell. To date, we have sold more than 400,000 tons of carbon for about \$10 per ton. We are now generating more revenue per acre from carbon sales than we are from timber harvesting.

Now there is one more emerging opportunity to generate additional revenues from our forests, but this one scares me to death.

As we strive to diversify our energy sector to become less dependent on fossil fuels, public, private and even nonprofit organizations are focusing on developing the next generation of biofuels.

If done right, this can be a powerful new driver for sustainable forestry and conserved forests. At the moment, however, I have my doubts that we are up to this challenge.

For example, the rush toward corn based ethanol. Corn based ethanol is not sustainable – not from an energy standpoint, not from a financial standpoint, and certainly not from an ecological standpoint.

The massively subsidized push toward corn-based ethanol is not only prompting some landowners to plant lands that shouldn't be planted - a recent report predicted that the demand for corn would cause total CRP enrollment to drop by 4 million acres over the next three years and stay at those lower levels – but it also is causing other landowners to convert forested lands to corn.

One way to alleviate this pressure is to focus not on corn, but on cellulosic ethanol, and therein lays my fear. You see, the potential scale of this enterprise raises serious concerns about biodiversity, conversion of native habitat, water quality, non-indigenous species, and biotechnology.

Look at Indonesia, where in the name of climate change and low-carbon fuels, more than 12 million acres of rainforest have been cleared and replaced with palm oil plantations.

As a critical next step, I suggest we should begin now to explore a new certification standard, a Sustainable Energy Standard, similar to the Sustainable Forestry Initiative Standard, with independent third party verification, to make sure that the energy developed does not degrade our forests or other natural resources.

Here I'd like to change gears, and focus on the long-term future of our forests. And to begin, I'd like to ask a question:

Even if we are successful in conserving vast amounts of working forests in the Great Lakes region and around the country, will future generations be prepared to inherit and be good stewards of this unmatched land legacy?

You see, in the past 30 years, children of the digital age have become increasingly alienated from the natural world with disturbing implications, not only for their physical fitness, but also for their long-term mental and spiritual health, and of course, for the environment.

Young people who grow up without spending time in nature are much less likely to be strong champions of the environment when they reach voting age, and twenty years from now, we will have people determining the future, planning the

fate of our wetlands, forests and streams, who have never been in a forest or waded a stream.

We will have a generation deciding the value of land, open space and agriculture who have not seen an elk migrate, crops ripen, or simply gotten their hands dirty in the garden.

Today, young people have access to an unprecedented array of media in their homes and in their bedrooms. While opening up a wealth of “virtual” experiences to the young, these technologies have made it easier and easier for children to spend less time outside. The virtual is replacing the real.

Perhaps it is time we began to seek a little more balance – to move toward what entrepreneur and economist Paul Hawken calls ‘developing economies’ rather than focusing solely on growth. A growing economy he says is getting bigger; a developing economy is getting better.

But how do we get there from here? Martin Luther King said if you want to change values and beliefs, then you must “show a world where people will want to go.” But where is that?

You and I may want to go to the Boundary Waters of Minnesota or the Upper Peninsula in Michigan. But for a child in East Philadelphia, East St. Louis or East L. A., it may be someplace entirely different.

In fact, it may be the abandoned lot next door -- New York City has over 47,000 vacant land parcels totaling thousands of acres .

For decades, these have been considered liabilities, to be fenced off, avoided. What a waste. There is no creativity in that. I prefer Agatha Christie’s outlook better.

You see, she was married to one of the preeminent archaeologists of her time. Once when she was asked what's it like to be married to an archaeologist, she replied..."It's wonderful! The older I get, the more interested he is in me!"

She was clever enough to see her age as an asset rather than a liability. And we need to be clever enough to recognize that New York City with its 47,000 abandoned lots has an amazing asset just waiting to be deployed.

This brings up a central point in our efforts to reconnect children with nature. As we become more of an urban nation, and as the demographics of our country continue to change, reconnecting children with nature will be less about bringing kids to nature, and more about bringing nature to the kids.

Taking an inner city kid from Detroit to Yellowstone is a bit like sending her to the moon for a week. It is too big a leap. We need to bring nature to these kids in a way that makes sense to them. Then, later, after they have developed a connection, a love for nature, we can make our way to Yellowstone.

In 2050, we will be a majority minority nation, and 85% of us will live in cities. We can never succeed if nature is viewed by future generations as a foreign country that we visit only occasionally. Nature must be nearby and accessible - we must begin to recognize the value, not only of our national forests and wildlife refuges, but also of our neighborhood parks, wooded cul de sacs, and abandoned lots that have yet to be reclaimed.

I suggest it is past time when we must bring some urgency to this task.

There are 20 million diabetics today; there will be 40 million in 2015; and, if we don't change course, 80 million in the year 2050!

The implications for the country are severe – from a health perspective, from the impact on local, state and national budgets, to the fate of our environment.

Nationally, we spend \$1.5 trillion each year on health care with 95% of that spent on direct medical service – only 5% is allocated to preventing disease and promoting health and a healthy lifestyle.

Here's an idea. How about nature as the first prescription? We know that patients in rooms with tree views have shorter hospitalization and that children with ADHD who have access to natural areas are calmer and require less medication.

We know that the presence of trees outside apartment buildings in a public housing project in inner-city Chicago predicted better coping skills, less crime and less violence.

And finally, we know that among children who play in paved over playgrounds, the leaders tend to be the most physically mature; while among children who play on green playgrounds, the leaders tend to be the most creative.

Remember, these are the future leaders of our country. With all the complexity in the world today, from global warming to free trade and immigration to ethnic and religious intolerance, do we really believe we can lead based on strength alone?

To advance these issues, The Conservation Fund has joined with leaders from across our nation to identify and implement signature projects across America that serve to reconnect children with nature.

Individually and collectively they will be a most powerful platform for advocating for change, and they will help to elevate this issue to the highest levels of society so that it becomes a national priority.

We need to rethink the products we make, the services we deliver, the communities we build, and the education we provide. To be clear, reconnecting children with nature cannot be legislated or regulated, it must be done by changing the culture of the country.

But to make these things happen, we will need new ideas, new skills and new relationships.

I know this has not always been easy. In the past, these kinds of partnerships have been compared to dating an octopus: “Two arms are hugging you, two arms are trying to strangle you, and God knows what the other four arms are doing.” But going forward, the skill of finding the right partners will be at a premium.

And these partners are out there, waiting to be engaged.

You and I might sit down once a month to discuss programs and priorities, and that’s a great thing, but when did you last visit with your state Department of Transportation? Or the AME church? Or the National Council of La Raza or the National Association of Pediatrics?

All Americans care about these issues. They may come to the table for different reasons, but they want a seat at the table. And we need to set a place for them. Poor people, people of color, people with disabilities, and others who have the least access to natural settings, and who may need it the most. As a nation, we will be paid back many times over.

Conclusion:

Yet today, too often I am reminded of John Gardner's phrase "The war of the parts against the whole". Think about it:

- 50% of Hispanic boys drop out by the 8th grade
- some states now project their future prison needs based in part on 3rd grade reading scores
- And parents, afraid that their children may encounter a sociopath, encourage sedentary, anti-social behavior by allowing their kids to spend hours in front of an electronic screen

These simply don't add up. We seem to be incapable of seeing the bigger picture – with our children, our forests, our place on this planet. As Denis Hayes, the founder of Earth Day once said, we drive our cars to the grocery store and think that 'paper or plastic' is a meaningful choice.

To me, these are not the vital signs of a healthy nation.

For tens of thousands of years, kids went outside and played in nature, and we are reversing that in a matter of decades. The radius beyond which children are not allowed to roam has shrunk by 89 percent in 20 years.

We need a Children's Bill of Rights that is explicit about the freedom to explore and improvise, about the right to experience nature in a meaningful way. If the world of our future, with all its complexity, will demand people who are able to understand and adapt, who have creativity and compassion, can we afford anything less?

The nation cannot afford to lose its forests. They are critical havens for wildlife, headwaters for water supplies, important sites for long-term and cutting edge research, and the source of 90 percent of our wood products.

And going forward, they will be the basis of new economies and carbon sequestration, and they will provide alternative sources of energy. They sustain us, and therefore we must sustain them.

I'd like to leave you with a final thought, this one from the actor Christopher Reeve, before he passed away.

On the wall of his room when he was in rehab was a picture of the space shuttle blasting off, autographed by every astronaut then at NASA. On top of the picture it said "We found nothing is impossible".

And Reeve said, "That should be our motto. Not a Democratic motto, not a Republican motto, but an American motto. Because it's not something one party can do alone. It's something we as a nation must do together.

So many of our dreams at first seem impossible. Then they seem improbable. And then, when we summon the will, they soon become inevitable."

Thank you for all you do.