

The Federal Timber Sale Program Costs Taxpayers Billions

The Forest Service has, for the past 50 years, had control over much of its timber sale receipts. The agency has learned that by giving the timber industry what it wants — cheap, subsidized federal timber — it can receive increased appropriations for its own budget. This results from the influence of industry lobbyists over Congressional representatives from forested states. The agency can grow its own budgets, staffs and operations by selling more and more of the public's timber. And it has. Rather than managing the forests for their long-term health and full panoply of benefits — wilderness, watershed, recreations, etc. — “getting out the cut” has become the measure of success within the agency.

Recent trade agreements have expanded industrial forestry and global exports worldwide, increasing pressure on U.S. National Forests, too. The agreements have created a secure and enforceable framework of international rules from which global corporations can enter new markets. As corporations search the planet for new markets, they have pushed governments to eliminate trade and investment barriers. The result is further market integration and stiffer competition which allows only those firms that vigilantly suppress costs to survive.

Reducing expenditures for social and ecological safeguards (such as providing safe working conditions or complying with environmental laws) can be an easy way to boost a firm's competitiveness. In response to heightened competition created by these new arrangements, governments have introduced measures at the national level designed to boost the competitiveness of domestic firms by increasing subsidies, deregulating logging practices, and increasing access to forest resources.

The result is a public lands logging program that operates at a net loss of nearly \$1 billion each year. The American people pay for timber sale administration, logging road construction and repair as well as damage from floods, mudslides and forest fires caused by logging. Timber companies' contributions to these costs are minimal. From 1980 to 1991, the U.S. Forest Service timber program operated at a net loss of \$7.3 billion. In fiscal year 1996, nearly \$800 million was appropriated from the general fund of the U.S. Treasury and another \$532 million was spent from off budget accounts for the timber sale program. None of these receipts were returned to the Treasury, resulting in a net loss to taxpayers of at least \$800 million. (Hanson, Chad, “Ending Timber Sales on National Forests, The Facts,” 1997.)

The replacement cost of a forest hundreds or thousands of years old is incalculable. The considerable damage to watersheds, community water supplies, fisheries, and to the tourism and recreation industries are not fully considered in the Forest Service calculus. Some costs, however, can be approximated. Logging is a primary cause of floods and mudslides, and substantially increases the risk of forest fires. In fiscal year 1996, \$485 million was appropriated for the Forest Service's wildfire fighting program and \$830 million was spent in fiscal year 1997. As for floods, the preliminary damage estimate of the 1996 winter floods was \$538 million for Oregon alone, much of which taxpayers covered through disaster relief appropriations. In fiscal year 1996, \$60.8 million was appropriated for “emergency supplemental” expenditures to repair roads and facilities damaged by mudslides.

“The Forest Service budgeting process, which allows the Forest Service to keep a percentage of the funds it realizes from timber sales, provides an incentive for the Forest Service to sell timber

below cost or at a loss. Also, to maximize its budget, the Forest Service uses expensive timber management and restoration techniques, such as clearcutting. Again, conflicting interests lead to perverse results: clearcutting provides the Forest Service with a higher congressional subsidy because the Forest Service can request preparation and administrative costs. Consequently, decisions may be made, not because they are in the best interests of the American people but because they benefit the Forest Service's fiscal interest."

—Chief Judge Boyce F. Martin, Jr., 6th Circuit Court of Appeals, 1997 decision regarding National Forests in Ohio. (*Sierra Club v. Thomas*, 105 F. 3rd 248 (6th Cir. 1997))

Past Attempts to Regulate Logging Have Failed

Recognizing the decline in healthy forests, other public lands and the environment, Congress enacted several laws in the 1970s, including the National Forest Management Act (NFMA), the Federal Land Policy and Management Act (FLPMA), the National Environmental Policy Act (NEPA), the Endangered Species Act (ESA), the Clean Water Act and the Clean Air Act. But the timber industry, undeterred by federal agencies that depend on logging revenues, continually circumvented these laws. It has taken litigation brought by environmental organizations to suspend illegal logging. The grounds for these court-ordered suspensions are summed up by Federal District Court Judge William Dwyer's 1991 statement that federal land management agencies were in "systematic and deliberate refusal to comply with the nation's environmental laws." (*Seattle Audubon Society v. Mosley*, 798 F. Supp. 1484, 1489 (W.D. Wash. 1992))

"Controversy over federal forest management has prompted investigations by Congressional committees, the General Accounting Office, and the Office of Technology Assessment. These inquiries reveal that the Forest Service and Bureau of Land Management lack adequate or up-to-date inventories and monitoring programs. Without such programs, the agencies cannot assess the success of replanted tree farms on the public's forest lands or the quantity of mature timber available. Lacking such information, neither the Congress nor the public can determine whether ongoing federal timber sale programs meet legal standards for sustainable timber management. This report describes how the lack of monitoring and outdated inventories have prevented accurate determination of timber cutting levels, to the detriment of America's forest heritage."

—Committee on Interior and Insular Affairs, U.S. House of Representatives, "Management of Federal Timber Resources: the Loss of Accountability," June 15, 1992.

In an attempt to evade court-ordered injunctions against illegal logging, the timber industry and the Forest Service fabricated a "forest health crisis." Despite pointing to a century of fire suppression, heavy logging and road building as the cause of the problem, they called for more of the same as the solution. The western wildfires of 1994 helped the industry persuade Congress that the forests must be "salvage logged" or lost.

The passage of a salvage logging amendment to a fiscal year 1995 Interior Appropriations bill, known as the "salvage rider," is a dramatic example of Congress, the timber industry, and the agency working in close cooperation to increase the amount of logging on National Forests. It allowed unrestricted clearcutting of publicly owned forests all over the country — including the last ancient forests — under the guise of salvage logging. The bill purported to respond to a forest health "crisis," but more than 50 forest experts across the country protested, pointing out that clearcutting threatens soil, watersheds, fisheries and wildlife — causing damage that vastly exceeds the impact of insects and fire.

The bill expressly overrode virtually all existing federal environmental laws. It restricted judicial remedies, preventing citizens from gaining relief in court to halt clearcutting — even if its effects threatened water

supplies, endangered protected species, caused erosion or imperiled communities that depend on fishing and recreation.

In California alone, nearly one billion board feet of new timber went on sale upon passage of the salvage rider. Some of the last roadless areas in the National Forest System were put up for bid at way-below-market prices, effectively privatizing public assets at a highly subsidized rate. Nationally, 4.6 billion board feet of the most ecologically valuable timber, including healthy, intact stands of rare old growth was sold under the program, exceeding even the 3.8 billion board feet goal that Congress had set. These sales gave rise to new rounds of protests and civil disobedience in forest communities nationwide, resulting in thousands of arrests and new demands for an end to all logging on public lands.

Subsidies Distort Timber Value

Private lands also suffer from subsidized National Forest logging. In the Southeast, for example, the subsidies make it difficult for private landowners to compete in the high-quality mature sawtimber market. As a result, chip mills, which produce material for wood pulp from trees of any age and are fed almost exclusively by private lands, have proliferated. Since private lands are virtually unregulated, the result has been accelerating forest destruction, degrading not only water quality, wildlife habitat, and threatened and endangered species, but also the local forest-dependent economy. Softwoods throughout the region have been overcut and both the industry and the Forest Service predict that removal of hardwoods will exceed growth within the decade.

The wood chipping industry encourages massive industrial-scale clearcutting on increasingly shorter rotations unlike the solid wood sector which typically uses select cutting on long rotations. Since they cannot compete with the subsidized timber from public land, the solid wood producers are turning to wood chipping. They are chipping the small-diameter trees that would become the sawtimber of tomorrow, if left to grow for another 30 years. Employment is also affected. Studies show the best potential for job growth within the forest products industry lies with solid wood manufacturing, which is more labor intensive than wood chipping.

If the National Forests no longer sold timber, the restricted supply would increase the value of sawtimber. Private landholders would then have the economic incentives to use selection management on long rotations to produce solid wood products. The excessive and unsustainable wood chipping would cease.

Subsidies Depress Competition in Alternative Fibers

One out of every two trees cut in this country from private and public lands is wasted through inefficient utilization and lack of recycling. Despite the existence of alternative pulp fibers such as wheat straw, bamboo, hemp and kenaf, one National Forest tree in three goes to pulp and paper production.

Approximately 22 percent of the timber logged in National Forests goes directly into pulp and paper manufacture. Another 10 percent is funneled indirectly into pulp and paper in the form of lumber coproducts (chips, sawdust, etc.). Pulp and paper is thus a major economic force driving logging on public lands. Nonwoods currently make up less than 1 percent of the U.S. fiber supply. By contrast, nonwoods are the dominant source of fiber in such countries as China and India. But farmers and other domestic recycled and nonwood paper manufacturers cannot compete with the virtually free fiber from the National Forests now available.

There is no shortage of nonwood fiber material in this country. U.S. farmers annually generate an estimated 280 million tons of excess agricultural fiber, suitable for papermaking. Generally these sources can be pulped with higher fiber yields than wood and require fewer chemicals to be processed, less water, and less energy.

If the flow of free fiber from the National Forests ceased, benefits to farmers would include: new income from the sale of residues that would otherwise be burned; new opportunities for value-added rotational crops; new uses for over 65 million acres of idle farmland in the United States; and new replacement options for declining industries such as tobacco.

In addition, fiber can be mined from landfills and kept out of them altogether through recycling and conservation. For example, approximately 48 percent of all U.S. hardwood lumber produced in 1992 was used to manufacture shipping pallets. Fifty-four percent of these pallets are used just once, then discarded in landfills. In fact, half the volume in the nation's landfills is reusable, but wasted, wood and paper fiber.

Conclusion

America's remaining native forests, some of which include the last temperate rainforests on Earth, are concentrated on publicly-owned lands entrusted by the citizens of this nation to the care of the government. Ironically, Congress and the Administration are encouraging efforts by timber corporations to liquidate the last of these irreplaceable and biologically vital ecosystems. Forests are a complex relationship between thousands of diverse plant and animal species — a result of millions of years of evolutionary processes. They have endured fire, disease, insects, drought, and natural selection. The North American continent was once blanketed with these rich and thriving forests. Today, only scarce remnants exist. Once they are gone, these self-sustaining forest ecosystems and the genetic base they house will be lost forever.



Zero-Cut

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