

TIMBER SALE PROGRAM DECISIONS

Ecosystem service values and externalized costs of logging have been ignored in timber sale program decisions.

Photo: Emily Warden



Despite the widespread significance of ecosystem service values of unlogged national forests, and despite the vast externalized costs that are passed onto individuals, businesses, and communities when national forests are logged, these factors are simply ignored by the Forest Service in timber sale program decisions at all levels. By doing so, the Forest Service regularly exaggerates the economic importance of the national timber sale program, and masks the fact that the program is likely creating more economic harm than good.

These are inescapable conclusions we have drawn from an exhaustive critique of Forest Service timber sale program decision and justification documents. Chapter 1 presented a list of the most important timber sale program decision and analysis documents prepared at the national, forest, and project levels. Our critique is based upon an original evaluation of these documents by the authors and by natural resource economists who submitted declarations to support *Friends of the Earth v. U.S. Forest Service*. This chapter also incorporates criticisms of timber sale program decision and analysis

documents made by the General Accounting Office, the Office of Inspector General, and natural resource economists who have worked professionally with the Forest Service.

Between June 1 and November 17, 1998, the authors and natural resource economists who participated in *Friends of the Earth v. United States Forest Service* undertook a review of several hundred timber sale program decision documents as well as other documents provided by the Forest Service that purport to contain the socioeconomic justification for the timber sale program. These documents were provided in response to Freedom of Information Act requests sent to every national forest. The purpose of this review was to determine the extent to which socioeconomic values of unlogged national forests and externalized costs of logging are incorporated into timber sale program decisions as well as justifications of the program presented to Congress and the American public.

The documents reviewed fall into two major categories. These include: (1) documents that describe and justify timber sale program decisions, and; (2) documents that are used to monitor the costs and benefits of the timber sale program.

Photo: Emily Walden



NATIONAL LEVEL DECISION DOCUMENTS

At the national level, there are three important sets of documents that the Forest Service has provided which disclose programmatic timber sale decisions and purport to provide the socio-economic justification for the program to Congress and the general public.

[1] RENEWABLE RESOURCES PLANNING ACT (RPA)

These include: (a) Final Environmental Impact Statement: 1985-2030 RPA program; (b) RPA Assessment of the Forest and Rangeland Situation in the United States, 1989; (c) Analysis of the Timber Situation in the United States: 1989-2040; (d) The Forest Service Program for Forest and Rangeland Resources: A Long Term Strategic Plan, Recommended 1990 RPA Program; (e) RPA Assessment of the Forest and Rangeland Situation in the United States, 1993 Update; (f) 1993 RPA Timber Assessment Update, and; (g) The Forest Service Program for Forest and Rangeland Resources: A Long Term Strategic Plan, draft 1995 RPA Program.

These documents, which we collectively refer to as the “RPA” documents, are designed to establish broad strategic goals for all Forest

Service programs, establish the basis for these program goals through analysis of the demand and supply situation for various outputs from Forest Service and other forested lands, and provide a coarse analysis of the benefits and costs of the programs. Because the scope of the RPA's analyses are programmatic and nationwide, the RPA is the most appropriate decision making point to address several contributions of unlogged national forests and externalized timber sale program costs that transcend individual national forest boundaries.

For instance, in preparing the RPA, the Forest Service has the opportunity to ask the question: Is the national forest timber sale program making a net contribution to the nation's wood products supply, or is the program merely displacing production of wood products that would otherwise come from private lands? The displacement costs incurred by producers of non-wood substitutes who are harmed by adverse competition with subsidized federal timber are also best addressed at the national level. At this level, the Forest Service can also best determine what intrinsic values people place on national forests, even though they live far from these lands.¹ The effects of logging national

forests on global climate change is another type of effect that can only be assessed nationally.

There are many other economic and ecological effects of the national forest logging program that transcend national forest boundaries and that must be addressed at a broader scale. As

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the General Accounting Office (GAO) has found, individual forest plans "often failed to adequately consider ecological issues that transcend administrative boundaries-such as issues concerning watersheds or the habitats of wide-ranging species, including migratory birds, bear, and salmon."² The Committee of

Scientists, which was convened by the Forest Service to draft revised planning regulations, has also emphasized the need for large scale planning: "In the past, the use of administrative units as the planning units often caused large-scale ecological, economic, and social processes to be neglected or resulted in inconsistent decisions by adjacent administrative units. Therefore, the Committee suggests a planning and decision making hierarchy whose geographic extent will not be limited to the boundaries of a particular national forest..."³

Despite the importance of national level analyses that address broad scale effects of the timber sale program as well as the values of national forests that are significant at a broad, national scale, RPA documents are devoid of any meaningful discussion of such effects and values. Instead, the Forest Service has simply used the RPA to establish broad targets for the timber sale program, and disclose the anticipated financial costs of the program. The RPA documents do not provide any information about the relative socio-economic values of forests on lands where logging is contemplated. In the context of these documents, the Forest Service merely assessed the economic value of various "outputs"

of national forest programs, and did not attempt to relate this value to any particular land areas.

Because of this, none of these documents can be used to compare the values of unlogged forests in any particular area where logging is contemplated with the values of those trees converted into wood products. As natural resource economist Ed Whitelaw has found in a review of RPA documents, "...the Forest Service fails to consider the socioeconomic benefits of preserving national forests—that is, the Forest Service fails to consider the opportunity costs of logging."⁴

Also, the range of socioeconomic benefits and costs considered in the RPA's socioeconomic analyses is extremely limited. Benefits and costs exclude most

of the socioeconomic values of national forests described in Chapter 3. For example, in the Draft 1995 RPA Program's socioeconomic effects analysis, the Forest Service admits: "Costs include those for NFS (National Forest System) programs, as well as the portion of fire-fighting and forest pest management costs that contribute to NFS program accomplishments. Benefit estimates were calculated for board feet of timber harvested, animal unit months of domestic livestock forage use, visitor days of recreation, and production of minerals."⁵

The economic analyses of the 1985 and 1990 RPA Programs were completed in a similar fashion, with costs limited to Forest Service management costs and

benefits limited to a small range of outputs. For example, the 1990 RPA Strategic Plan states quite succinctly: "The economic analysis integrates many of the benefits and costs of the 1990 RPA Program. However, it does not give a complete accounting. For example, the benefits of existence value of wilderness or the value of scenic beauty are not included."⁶

As we discussed earlier, however, the existence value of wilderness and the value of scenic beauty can be estimated, and have been, in studies referenced in Chapter 3. Similarly, all of the other socioeconomic values described by Chapter 3 can be estimated, and have been in the context of government and academic research, yet the vast majority of these values have not been

Photo: Emily Walden



incorporated into the development of the RPA Program or the analysis of the Program's effects.

[2] FY 1999 TIMBER SALE
PROGRAM BUDGET

Documents including: (a) USDA Forest Service: Overview of FY 1999 President's Budget, and; (b) USDA Forest Service FY 1999 Budget Explanatory Notes for the Committee on Appropriations.

Each year, the Forest Service must obtain funding from Congress to produce a specific quantity of timber from national forests. These documents disclose the national timber sale program target for FY 1999, and purport to provide the justification for requesting timber sale program funding. According to the Office of Management and Budget (OMB), there are no other documents that provide any socioeconomic justification for the Forest Service's timber sale program budget.⁷

While these documents justify the requested funds in terms of the funding level needed to accomplish timber sale program objectives, neither document provides any analysis of the socioeconomic costs and benefits of the proposed FY 1999 timber sale program. For example, the Explanatory Notes contains a description of timber sale program

components, the procedures used to prepare timber sales, and a breakdown of how requested funds will be allocated.⁸ There is no analysis whatsoever of socioeconomic impacts, nor does the Forest Service provide any socioeconomic justification for the timber sale program.

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Also, the budget documents are entirely devoid of analyses that inform the public about the opportunity costs (the forgone benefits generated by different budget allocation alternatives) of funds allocated to the timber sale program. For instance, such analyses could address the question: If all of the timber sale program funds were invested, say, in programs that assist private landowners in sustainable management of their timberlands rather than to promote logging on national forests, would net economic benefits be greater? The Office of Management and

Budget clearly envisions a comparison of budget allocation alternatives,⁹ yet the Forest Service budget analysis rests entirely on just one allocation.

[3] GOVERNMENT

PERFORMANCE AND RESULTS
ACT (GPRA) STRATEGIC PLAN

According to the Forest Service, the GPRA Strategic Plan is, essentially, a substitute for the RPA Program, which is now overdue and is on hold due to legislation passed by Congress in the context of the FY 1998 and FY 1999 appropriations bills.¹⁰ The GPRA Strategic Plan is intended to establish long range, measurable goals and objectives for all Forest Service programs and provide Congress and the public with objective information about whether or not the agency is fulfilling its statutory mandate. To accomplish this, the GPRA Strategic Plan should have numerous goals and measurable objectives related to the Forest Service's duty to maximize the net socioeconomic contributions of management programs, and fully account for all costs and benefits.

Unfortunately, the GPRA Strategic Plan fails to incorporate goals, objectives, or performance measures that measure net social and economic benefits at all.

In regards to timber, the Plan simply assumes that a timber sale program will be implemented without bothering to establish whether or not such a program is justifiable, and establishes targets for how many acres of national forest will be “treated” through timber sales, and how much volume should be generated. The GPRA Strategic Plan fails to provide a framework for determining whether or not the timber sale program is worthwhile at all—a major oversight considering the negative effects timber sales have on so many other uses.

The failure of the Forest

Service’s GPRA Strategic Plan to provide a framework for resolving the issues surrounding conflicts

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over competing uses, such as timber and recreation, was the subject of a scathing review of

the draft plan by the Government Accounting Office in 1997. The GAO found that the plan was “silent” on several key issues including “the likely effects of its policy choices on the types, levels, and mixes of uses on its lands.”¹¹ Such effects, as we have shown, include significant costs timber sales externalize onto individuals, businesses, and communities that benefit from non-timber uses of the forest. According to the GAO, the GPRA Strategic Plan does little to reverse an “organizational culture of indifference to accountability.”

NATIONAL FOREST LEVEL DOCUMENTS

At the national forest level, the only decision documents pertinent to the timber sale program are the land and resource management plans (LRMPs) and final environmental impact statements (FEISs) for the forest plans. For each national forest, these documents identify the lands suitable for timber production, establish annual allowable timber sale quantities, establish standards and guidelines for logging, and disclose the environmental, economic, and social costs of various alternatives. In response to our FOIA requests, most national forests indicated that the

LRMPs and accompanying FEISs were the only documents in the Forest Service’s possession that contained quantitative or qualitative analyses the agency relied upon to manage the timber sale program and national forest lands in general to maximize net public benefits.

However, each of the LRMPs and FEISs clearly fails to provide the Forest Service with the analysis of socioeconomic values and costs necessary for designing a timber sale program that maximizes socioeconomic benefits. There are five primary reasons why this is the case.

First, the LRMPs and FEISs are generally outdated, and cannot be used to provide current information on socioeconomic values and costs, since these values and costs change year to year as prices for many of the marketed outputs of national forests change. Prices for timber are especially volatile, and, if prices for timber drop, so does the relative socioeconomic value of any particular forest tract managed for wood products as compared with uses related to forest protection. As the Boise National Forest stated in Appendix B to the FEIS for the LRMP, “Present

Net Value (PNV) calculations are highly sensitive to price trend assumptions; a 1 percent per year real increase in timber prices results in an increase of 89% in the estimated PNV.”

The vast majority of forest plans were approved in the late 1980s and early 1990s. The market information in these LRMPs and FEISs is often dated several years earlier than the date of the document approval, and therefore, cannot be relied upon for up to date information about the relative values of timber versus other resources.

Second, only one of the LRMPs and FEISs for national forests with timber sale programs considered a “no logging” alternative. This is significant because it demonstrates that, as the Forest Service was considering alternative configurations for each of the LRMPs, the agency did not consider the socioeconomic benefits that could be achieved if all of the lands were managed for the socioeconomic values associated with unlogged forests.

Third, none of the LRMPs and FEISs include a comparison of the relative socioeconomic values of unlogged forests with socioeconomic values of timber in the allocation of suitable timberlands. In decisions regarding which lands to allocate to timber

management, the Forest Service generally considered only a short list of variables related to physical capability, technology, and “appropriateness” of logging.¹² The question of whether or not logging is the highest and best economic use for such lands remains unanswered.

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As the Forest Service readily admits, “Nonmarket prices apparently have played a minimal role in making explicit allocation... decisions.”¹³ In other words, no per-acre values have been developed for non-market land uses, so there is no way for

the Forest Service to claim that logging is the highest economic use of lands included in the suitable timber base.

Fourth, while the socioeconomic values of non-timber, non-market resources were ignored, the economic values associated with timber production are often greatly exaggerated in the FEISs. For instance, according to economist Randal O’Toole, who reviewed every LRMP and accompanying FEIS in the nation: “Almost every forest plan I reviewed either overestimated timber values, timber yields, or timber side benefits, or underestimated timber costs or timber’s negative effects on other resources. The result is a significant overestimate of the net public benefits from timber.”¹⁴

In one striking example, O’Toole calls attention to the Clearwater National Forest in Idaho: “The most obviously absurd timber yield table I’ve observed was on the Clearwater National Forest, in Idaho, which had a yield table predicting that trees would grow 650 feet tall. That is more than twice as tall as the tallest trees in the world and about tree times as tall as any known trees in Idaho.”¹⁵

Lastly, the LRMPs and FEISs do not address the socioeconomic costs of the timber sale

program. As with RPA documents, these documents only analyze costs in terms of direct financial costs incurred by the Forest Service for its management of the timber sale program, not costs to society incurred when the socioeconomic values of national forests described by Chapter 3 are lost or when society incurs the additional externalized socioeconomic costs of logging described by Chapter 3. This fact is made quite clear in a declaration provided by the Beaverhead-Deerlodge National Forest: "...our analyses do not include information on the effects of timber harvesting on other resources, rather they focus only on timber economics."¹⁶

A few examples illustrate the inadequacies of LRMPs and accompanying FEISs. The Boise National Forest approved its LRMP and FEIS in April of 1990. The alternatives considered in the FEIS all included significant levels of logging. The process for allocating potentially available lands to timber management considered five variables, including the sensitivity of soils, timber yield, costs of road construction, slope of the land, and the mix of species. The socioeconomic value of these lands for other, non-timber uses was not quantified. The analysis of effects

relies upon economic analysis of only three outputs associated with unlogged national forests: recreation, water yield, and commercial fish. The FEIS's analysis of timber sale program costs is limited to costs incurred by the Forest Service and "cooperators" in the context of timber sale management activities.

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Beaverhead-Deerlodge
National Forest

The LRMP and FEIS for National Forests in Mississippi was approved in September of 1985. All FEIS alternatives included substantial logging levels. The allocation of suitable timberlands from available lands was made with consideration for financial cost efficiency, and constraints that made timber management on some lands allocated for recreation and wildlife purposes inappropriate. The socioeconomic value of suitable

timberlands for other, non-timber uses was not quantified. The effects analysis addresses only two non-extractive priced outputs, recreation (including wildlife and fish user days) and water yield. The only timber sale program costs analyzed were costs incurred by the Forest Service.

The LRMP and FEIS for the Green Mountain and Finger Lakes National Forest was approved in January of 1987. The FEIS does not analyze an alternative without logging. The allocation of lands suitable for timber production from available lands addressed "cost efficiency" in terms of soil productivity, access, timber values, timber harvest techniques, and appropriateness for logging. The socioeconomic value of these lands for other, non-timber uses was not quantified. The effects analysis in the FEIS addressed recreation value, but failed to assigned economic values to any other non-extractive uses. The only timber sale program costs analyzed were those costs attributable to Forest Service management activities.

The revised LRMP and FEIS for the Tongass National Forest was approved in May of 1997, and supplemented in 1999, making it the most recent LRMP in the national forest system. In contrast with all other national

forests, the FEIS does analyze one alternative that includes no scheduled timber harvest, however, a quantitative analysis of the socioeconomic value of this alternative is not provided and compared with the socioeconomic value of the other alternatives. The factors considered in the allocation of suitable timberlands from available lands included whether or not the lands were allocated to uses that would conflict with timber production, or whether the lands could be managed for timber and still meet other management requirements, such as protection of streamside zones, or soil stability. This analysis, as with other LRMPs, was not based upon a quantitative comparison of the relative socioeconomic values of unlogged forests with

the values that could be generated by logging.

The economic values considered in allocation of suitable timberlands was, admittedly, limited to timber: "In the Tongass FORPLAN analyses, the only economic aspect directly considered was related to timber harvesting."¹⁷ A section of the FEIS's economic and social analysis contains a striking admission of the FEIS's failure to consider other values, such as non-use or "existence" values of southeast Alaska's national forests to all Americans: "A complete measure of economic benefits would also include the value obtained by people who may never visit southeast Alaska, but benefit from knowing it is there. Often referred to as non-use, existence

or preservation values (Duffield et al. 1994), these indirect benefits can range from 3-20 times as great as benefits flowing from direct use of a resource for recreation or resource production. The methodologies for measuring the size of preservation values have always been controversial, even though federal policy includes approval of such techniques (United States Water Resources Council 1983). Because non-use values are not bought or sold, their economic value must be estimated through survey research. As a consequence, the precise dollar range of non-use values is subject to debate (Allen 1985), even though few question the validity of the concept. Alaska, in fact, is often used as an example of a place grand enough to generate substantial value to the American public. However, no adequate survey data was available and, given the controversial nature of estimation techniques, no attempt was made to quantify existence or preservation values in this document."¹⁸

Also, as with other LRMPs, the only timber sale program costs considered by the Tongass were direct costs to the Forest Service from management activities, and not the broad array of externalized socioeconomic costs described by Chapter 3.

Photo: Emily Walden



The documents which contain most of the Forest Service's analysis of the timber sale program are individual project decisions and the environmental assessments or environmental impact statements accompanying these decisions. In these documents, the Forest Service purports to provide site specific justifications for logging as well as a site specific analysis of costs. Since late February 1998, we have been monitoring and reviewing timber sale decision documents from all national forests that produce timber. For this report, we reviewed 203 final timber sale decision documents.

None of the timber sale decision documents we reviewed contain a quantitative analysis of the socioeconomic values of unlogged forests or the socioeconomic costs created by logging. In fact, 134 or nearly 66% of the projects did not even contain a financial efficiency analysis, which compares monetary costs and benefits, and is the most fundamental type of economic analysis the Forest Service performs. For these sales, neither the public nor the decision maker could compare project alternatives in terms of any quantified measure of socioeconomic value.

For the remaining projects that did have an analysis of economic efficiency, the analysis was deficient in three major ways.

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First, the value of unlogged forests was simply ignored while the socioeconomic value of the timber generated by the sale was always calculated. In each timber sale, except for one notable exception, the socioeconomic values associated with the no-action alternative were arbitrarily determined to be zero, negative, or simply not calculated. In twenty-four projects, the Forest Service "charged" the no-action alternative the costs of preparing the sale, but did not attempt to quantify any positive economic benefits associated with leaving the forest unlogged. As a result,

these projects were determined to have negative economic values. For the remaining projects, the Forest Service did not attempt to place any value, positive or negative, on the no-action alternative, and simply assigned the alternative a "zero" or noted that the value was "not calculated" or "not addressed." In the "action" or logging alternatives, however, almost every project contains information about monetary value, income generated, and jobs for the local community.

The one exception we identified was the North Fork Salvage timber sale on the Medicine Bow-Routt National Forest. In this sale, recreation value was analyzed in the no-action alternative, and the adverse effects on recreation value were analyzed in the action alternatives. Because recreation on this forest is so valuable, the no-action alternative scored highest in terms of economic net present value and cost/benefit ratio.

Second, even though the Forest Service failed to perform any quantitative socioeconomic analysis on the no-action alternatives, the vast majority of the timber sale documents we reviewed contained conclusions

about the “worthlessness” of this alternative. For instance, in the E.A. for the C-16 timber sale on the Appalachian National Forest, the Forest Service, in one sentence, simply concludes that the no-action alternative would “not contribute to the economy of Liberty County.” In the Windy Canyon timber sale E.A. on the Willamette National Forest, the Forest Service concludes that “the no action alternative produces no quantifiable economic benefits.” Similar conclusions are made in almost every timber sale document we have obtained. What is remarkable about this, is that these conclusions are made without any attempt to evaluate the socioeconomic benefits of the no-action alternatives.

Third, in the analysis of timber sale costs, only those costs directly related to logging and sale preparation are included. In every timber sale, the Forest Service does not attempt to quantify the lost or degraded socioeconomic values that result from logging, nor any of the other costs of logging described in detail in Chapter 3. As stated clearly by an official of the Mt. Baker-Snoqualmie National Forest:

“The economic analysis completed for timber sale projects typically displays direct financial costs and benefits of the timber

management action-sale prep and administration, stump-to-mill costs, reforestation, stand exams, and associated revenues. Timber sale project environmental documents on this Forest do not show economically-quantified adverse effects from timber sale activity (e.g. any reduction in recreation use or quality of recreation experience, loss or reduction in quality of wildlife or fisheries habitat, etc.).”¹⁹

In addition to these deficiencies, none of the timber sales addressed most of the important

socioeconomic values of unlogged forests or the socioeconomic costs of logging described by Chapter 3 in any other meaningful way, such as through detailed narratives or non-economic quantified measures. For example, socioeconomic values such as carbon sequestering, pollination, pest control, flood control, and non-timber forest products, and externalized socioeconomic costs such as displacement of alternative fibers, death, injury and property damage, are seldom, if ever, even mentioned.

Photo: Emily Walden



The second major category of documents we reviewed are documents that purport to monitor and report on the costs and benefits of the timber sale program. These include documents produced at the national and forest level.

.....
 [1] TIMBER SALE PROGRAM
 INFORMATION REPORTING
 SYSTEM (TSPIRS) REPORTS

These include: (a) Forest Management Program Report, national summary, fiscal years 1996 and 1997, and; (b) individual TSPIRS reports from each national forest with a timber sale program.

Each year, the Forest Service assembles information contained in its Timber Sale Program Information Reporting System (TSPIRS), and publishes the results in the National Summary. The National Summary reports on timber sale program economics in three ways: (1) through a financial account, that summarizes Forest Service revenues, expenses, and resultant net revenues associated with national forest logging in a particular year; (b) through an employment and income account, which displays the employment, income, and federal income tax benefits attributable to national forest logging in a given year, and; (c)

through an economic account, which reports on the positive and negative effects of timber sales on other resources. The National Summary is compiled from TSPIRS reports from individual national forests.

According to the Office of Management and Budget²⁰ and the Forest Service²¹ the TSPIRS data presented in the national summary is the only program-wide document that purports to summarize the net economic effects, including the externalized costs, of the logging program.

Unfortunately, the TSPIRS data cannot be relied upon to guide the Forest Service in developing a timber sale program that maximizes net socioeconomic benefits for three primary reasons. First, the TSPIRS data does not, nor does it purport to contain an analysis of the socioeconomic value of unlogged forests. In other words, the TSPIRS data is silent on whether or not lands on which logging is contemplated are more valuable for other uses, or whether the employment, income, and federal tax benefits associated with these uses are greater over the long term than those associated with logging. The TSPIRS only purports to describe timber sale effects, and

not the effects associated with forest protection.

Second, the TSPIRS economic account arbitrarily limits the range of negative socioeconomic effects considered to effects on recreation, wildlife, fisheries, grazing, soils, and water.²² All of the other socioeconomic contributions of national forests described by Chapter 3 are excluded. Also, within each of these categories, only a very limited range of effects is considered. For instance, effects on wildlife and fisheries are usually described only in terms of reduced recreation related to these resources, not in terms of the economic value (such as existence value of wildlife or market value of commercial fish) of these resources by themselves. Effects on water are limited to an analysis of water yield, and do not address flood control or water purification functions of unlogged forests.

Third, the vast majority of national forests simply ignore the TSPIRS economic account requirements altogether by not even attempting to calculate the negative economic effects associated with logging. For example, the 1997 TSPIRS report for the Willamette National Forest contains all blank entries in

the negative effects column of the economic account, explaining the blanks in the following manner: "A blank in this table does not indicate that a zero benefit or cost exists but indicates that a benefit or cost has not been quantified."²³

The Willamette is representative of all national forests. This is readily apparent in both the 1996 and 1997 national summaries of individual forest's TSPIRS reports. Despite the well known and widely recognized negative effects of logging on recreation, for example, only 4 out of 114 national forests bothered to report any negative

effects on recreation in 1996, and only 3 forests reported negative effects in 1997. Table 7 is repre-

Despite the Forest Service's recognition of the serious shortcomings of the Timber Sale Program Information Reporting System reports, the agency does not hesitate to use them to justify the timber sale program to the public.

sentative of what most national forests have reported. Similarly, despite widespread recognition that timber sales and associated road construction increase soil erosion, risk of floods, landslides, and other deleterious effects on water quality, water flow, and watershed stability, only 2 forests in 1996 and 1 forest in 1997 reported any negative effects on water from logging.

After reviewing the 1996 and 1997 TSPIRS reports, we contacted Cliff Hickman, the TSPIRS coordinator for the National Forest System to determine why there were so many zeros reported in the negative

Table 7

TIMBER SALE PROGRAM INFORMATION REPORTING SYSTEM
Sample Economic Accounts, FY 1997

	Malheur NF	Lassen NF	Black Hills NF
Total Acres Logged	12,082	19,005	14,382
Positive Benefits			
Timber	\$22,901,981	\$15,419,000	\$20,689,000
Recreation	0	0	0
Wildlife	0	0	\$2,102,000
Fisheries	0	0	0
Grazing	\$647,953	\$2,000	\$58,000
Soils	0	0	0
Water	0	\$50,000	\$2,459,000
Total:	\$23,549,934	\$15,471,000	\$25,308,000
Negative Effects			
Timber	0	0	0
Recreation	0	0	0
Wildlife	\$8,942	0	0
Fisheries	0	0	0
Grazing	0	0	0
Soils	0	0	0
Water	0	0	0
Total:	\$8,942	0	0

effects column of the economic account. Mr. Hickman attributed the lack of information to (1) lack of appropriate expertise; (2) inconsistent methodologies, and; (3) lack of funding to carry out the necessary analysis.²⁴

Despite the Forest Service's recognition of the serious shortcomings of the TSPIRS reports, the agency does not hesitate to use them to justify the timber sale program to the public. For example, on page 41 of the 1997 National Summary, the Forest Service concludes that "Our economic account analysis has consistently shown that on balance the positive effects outweigh the negative ones." In the 1997 TSPIRS reports for the Chequamegon and Nicolet National Forests, both of which displayed all blanks in the negative effects columns of the economic account, the Forest Supervisor reported a "very positive" economic return from the logging program in a cover letter to all national forest users. Also in 1997, the Mt. Hood National Forest reported to the public a present net value of over \$2 million for the logging program, a figure that "includes both the value of the timber harvested and the resulting economic effects of the harvests on nontimber resources." What the Mt. Hood

didn't report, however, is that the negative effects column in the economic account displayed all zeros, and that the forest chose not to engage in any meaningful analysis of these effects.

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[2] REPORT OF THE FOREST
SERVICE, FISCAL YEARS
1995, 1996, AND 1997
.....

According to the Forest Service,²⁵ the Report of the Forest Service is the document that meets the agency's annual reporting requirements specified by 16 U.S.C. § 1606 (c), which requires an

annual accounting of a broad range of costs and benefits for each of the Forest Service's major programs. However, this report falls far short of this goal. The reports are devoid of any analysis regarding the socioeconomic costs of the logging program, and contain only short narratives regarding the program's accomplishments in terms of timber sold. However, despite the total lack of socioeconomic analyses of the timber sale program in the reports, the Forest Service feels free to conclude that the program

Photo: Emily Walden



“provides goods in demand by the public and economic benefits to local communities.”²⁶

[3] MONITORING AND
EVALUATION REPORTS FROM
EACH NATIONAL FOREST.

Every year, each national forest produces a monitoring and evaluation (M & E) report that includes data on land and resource management plan implementation accomplishments. As such, they contain no information about the adverse

socioeconomic costs of logging or the socioeconomic values of unlogged forests. This is made quite clear in the response to our February 18th FOIA by the George Washington and Jefferson National Forests. In describing the purpose and content of the M & E report for these forests, Acting Forest Supervisor Ann Christensen wrote in a July 22 memo: “...forest monitoring and evaluation reports do not contain quantification of the adverse economic effects and economic costs

of the commercial and personal use timber sale/ permit program on these National Forests, nor do they quantify the non-timber economic values associated with these National Forests.”

None of the M & E reports provided by the Forest Service contain this information. In regards to the timber sale program, what the M & E reports do contain is a summary of acres logged, volume cut, revenues generated, and, sometimes, jobs created in nearby communities.

A BIAS IN FAVOR OF LOGGING AT THE EXPENSE OF OTHER RESOURCES

In this chapter, we have shown that all of the Forest Service’s timber sale program decision and analysis documents suffer from a lack of information about the economic value of non-timber resources adversely affected by logging. In addition, many of the alleged benefits of logging are regularly exaggerated. As a result, these documents are systematically biased in favor of timber production over other goods and services that flow from our national forests. This bias has been the subject of repeated criticisms by economists, Forest Service employees, and independent government auditors for decades.

Jeff Debonis, a retired tim-

ber sale planner states bluntly in a declaration describing how timber sales were prepared during his tenure with the Forest Service, “As a result of these biased analyses, timber sale decisions were being made based on specious economic benefits, when, in fact, the economic costs and environmental damage far outweighed actual benefits.”²⁷ A recent evaluation report prepared by the Office of Inspector General chastised the Forest Service for failing to support claims that timber sales would have no significant effects, and failing to inform the public about the disadvantages of timber sales along with the advantages.²⁸ In a 1997

report, the GAO found, during field visits, that “timber production still often receives more emphasis than other uses....”²⁹ In a recent speech, Mike Dombeck, the current Forest Service Chief, stated that “for the past 50 years, the watershed purpose of the Forest Service has not been a co-equal partner with providing other resource uses such as timber production.”³⁰

As economist Randal O’Toole has found in his book Reforming the Forest Service, this bias can be partially explained by the fact that the Forest Service has many incentives for maximizing the extent of the timber sale program.³¹ For

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- Jeff Debonis,
Former Forest Service
Timber Sale Planner

instance, because so many Forest Service programs are funded by timber sales, the Forest Service can maximize its budget by maximizing the amount of timber it produces. As the GAO has found, “Despite the increasing emphasis on conservation in recent legislation, the Forest Service still relies on timber production to fund many of its activities.”³² While a thorough discussion of these incentives is beyond the scope of this report, we do agree with economists such as O’Toole that until such incentives are removed, we cannot expect the pro-timber bias in Forest Service planning decisions to disappear.

Endnotes

- ¹ For instance, in the context of the Sea Level timber sale on the Tongass National Forest, the Forest Service concluded that “Some important non-priced values are visual quality, diversity and quality of recreation opportunities, old growth retention, suitable habitat for threatened and endangered species, and cultural resources. Another is the value of retaining old growth forest and wilderness or semi-wilderness areas... Quantitative surveys to determine prices for values based upon people’s willingness to pay (such as to avoid habitat degradation) must be conducted on a national or international basis.”
- ² General Accounting Office, May 1999: Ecosystem Planning: Northwest Forest and Interior Columbia River Basin Plans Demonstrate Improvements in Land Use Planning.
- ³ Committee of Scientists, 1999: Sustaining the People’s Lands: Recommendations for Stewardship of the National Forests and Grasslands into the Next Century, USDA.
- ⁴ Whitelaw, Ed, 1998: Declaration in Support of Motion for Summary Judgment, *Friends of the Earth v. United States Forest Service*, Civil No. 2: 98-CV-410.
- ⁵ USDA Forest Service, 1995: The Forest Service Program for Forest and Rangeland Resources: A Long Term Strategic Plan, Draft 1995 RPA Program, page IV-4.
- ⁶ USDA Forest Service, 1990: The Forest Service Program for Forest and Rangeland Resources: A Long Term Strategic Plan, Recommended 1990 RPA Program, page 6-51.
- ⁷ Personal Communication with Stewart Kasdin, OMB’s Forest Service Budget Liaison, 11/18/98.
- ⁸ USDA Forest Service, 1998: FY 1999 Budget Explanatory Notes for the Committee on Appropriations, pages 118-125.
- ⁹ OMB’s circular A-94 contains the following direction: “Analyses should also consider alternative means of achieving program objectives by examining different program scales, different methods of provision, and different degrees of Government involvement.” (Emphasis in original).
- ¹⁰ Dombeck, Mike, 1998: 2/13 Memorandum regarding the GPRA and RPA to interested individuals and organizations.
- ¹¹ General Accounting Office, 1997: The Results Act: Observations on the Forest Service’s May 1997 Draft Plan, Testimony, 7/31/97, GAO/T-RCED-97-223.
- ¹² These considerations are applied only to the land base that potentially could be used for timber production, after Congressional withdrawals, non-forested lands, and lands that are not sufficiently productive are subtracted.
- ¹³ USDA Forest Service, Policy Analysis Staff, 1990: Critique of Land Management Planning, Volume 4: Analytical Tools and Information.
- ¹⁴ O’Toole, Randal, 1998: Declaration in Support of Motion for Summary Judgment, *Friends of the Earth v. United States Forest Service*, Civil No. 2: 98-CV-410.
- ¹⁵ Ibid.
- ¹⁶ Declaration of John D. de Golia, Beaverhead-Deerlodge National Forest, *Forest Guardians v. U.S. Forest Service*, Civil Action No. 98-000792 BB/LS.
- ¹⁷ USDA Forest Service, Tongass National Forest, 1997: FEIS to the Land and Resource Management Plan, Appendix B at B-25.
- ¹⁸ Ibid at 3-432.
- ¹⁹ Bschor, Dennis, Mt. Baker-Snoqualamie National Forest, 1998: Respose to Forest Guardians February, 1998 FOIA request.
- ²⁰ Personal Communication with Stewart Kasdin, OMB’s Forest Service Budget Liaison, 11/18/98
- ²¹ Personal communication with Cliff Hickman, Forest Service TSPIRS Coordinator, Washington, D.C. on 6/30/98.
- ²² Whitelaw, Ed, 1998.
- ²³ USDA Forest Service, Willamette National Forest, 1997: Worksheets for TSPIRS economic account.
- ²⁴ Ibid.
- ²⁵ Personal communication with Patty Chamberlin, USDA Forest Service, RPA Program, Washington, D.C.
- ²⁶ USDA Forest Service, 1997: Report of the Forest Service, FY 1997, page 5.
- ²⁷ Debonis, Jeff, 1998: Declaration in Support of Motion for Summary Judgment, *Friends of the Earth v. United States Forest Service*, Civil No. 2: 98-CV-410.
- ²⁸ Office of Inspector General, USDA, 1999: Forest Service Timber Sale Environmental Analysis Requirements, Evaluation Report No. 08801-10-At.
- ²⁹ General Accounting Office, 1997: Forest Service Decision-Making, A Framework for Improving Performance, GAO/RCED-97-71.
- ³⁰ Dombeck, Mike, 1999: The United States Forest Service: The World’s Largest Timber Company, Presentation before the Outdoor Writers Association of America Conference, Sioux Falls, SD, June 21, 1999.
- ³¹ O’Toole, Randal, 1988: Reforming the Forest Service, Island Press, Washington, D.C.
- ³² General Accounting Office, 1997.

The U.S. Forest Service has a fundamental duty to insure that the 191 million acres of land included in the national forest system is managed to maximize long term benefits to all Americans. This duty was one of the founding principles guiding national forest management when they were established in the late 1800's, and has, over the years, been refined and reiterated in the context of statutes such as the Multiple Use and Sustained Yield Act, the Forest and Rangeland Renewable Resources Planning Act, and the National Forest Management Act.

To fulfill this mandate, the Forest Service must account for the costs and benefits of its management decisions on broad segments of society, including those which rely upon the social and economic values associated with undisturbed forests, as well as those that benefit from resource extraction. Sadly, in the context of the timber sale program, the Forest Service has systematically failed to meet its legal obligations.

As we have shown in Chapter 4, timber sale program decisions at all levels of planning fail to account for the enormous benefits associated with unlogged national forests—benefits that include regulating the flow and quality of water, providing recreational opportunities in pristine settings, and maintaining habitat for species of great economic importance. In addition, when national forests are logged, the Forest Service ignores many costs externalized onto individuals, communities, and businesses who suffer when property is damaged by logging related floods, when the attractiveness of communities is degraded, and when sources of mushrooms, plants, and other non-timber forest products are lost. As a result, when the Forest Service reports to Congress about the overall costs and benefits of the timber sale program, when management plans are adopted allocating lands to various uses, and when individual timber sale projects are approved, the value of our national forests for timber relative to

other uses is greatly exaggerated.

While the Forest Service's decision making process certainly needs to be reformed to adequately incorporate information about non-timber forest values and externalized logging costs, the preponderance of economic literature and data suggest that, in the end, few if any timber sales could be justified on national forest lands from an economic standpoint. This is largely due to the fact that timber is readily available from other lands, while public uses and values associated with unlogged forests are not. As we discussed earlier in this report, national forests supply less than 4% of the wood fiber needed to meet the nation's wood products demand, but provide the lion's share of habitat for native species, clean water sources, scenic forest settings, pristine recreation sites, and other values not generally provided by state and private forestland owners.

Logging on our national forests, then, is an extremely poor economic use of these lands and of scarce federal funds that must

be used to subsidize the logging program. This reality has sparked a nationwide effort to simply end the logging program in national forests altogether. Ending the commercial logging program is a far more efficient way to ensure that our national forests are managed for their highest and best uses than attempting to reform a decision making process that, as we have shown in Chapter 4, is plagued with bias and abuse of discretion. An end to commercial logging on national forests would have little if any impact on the wood products industry, but would stimulate production of substitutes such as recycled and alternative fibers, protect forest values and uses that are far more important than timber, and free up considerable federal funds to invest in other, more productive uses such as ecological restoration and sustainable forest management on private timber lands. The overall net economic benefits of such a policy are likely to be many times that of continuing to finance a federal program that has shown itself time and time again to be a net economic loser, from both a financial standpoint and from the standpoint of overall economic health in communities affected by national forest management decisions.

As this report goes to press,

a bill in Congress that would implement this policy is rapidly gaining support. The bill, entitled the National Forest Protection and Restoration Act (NFPRA, H.R. 1396) was introduced this year by Cynthia McKinney (D-GA) and James Leach (R-IA). The bill would end the federal government's logging program on national forests, national wildlife refuges, Bureau of Land Management Lands, and national parks and shift logging subsidies toward

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ecological restoration, vocational training for workers, and support of recycled and alternative fiber products. The bill would provide a phase out of existing timber sale contracts, permitting the few wood products workers and companies that do have a significant stake in federal logging to find other sources of supply.

By passing NFPRA, Congress can take an important step toward achieving a sustainable forest pol-

icy in the United States that recognizes the unique role of national forests in the forested landscape and the different management roles filled by private landowners and the federal government. The federal government has not done well in the logging business, and, judging by any measure of economic performance, should not be there at all. National forests are just too valuable for other uses, and the costs of maintaining a federal logging program are far too great.

By ending the federal logging program, Congress can begin to restore our national forests so that they fulfill their original purpose when they were first established in 1891—as reserves for wildlife, water, and recreation opportunities that are not provided on the majority of forestlands in the United States. The wisdom of the founders of our national forest system should guide the management decisions of today. We are confident that such wisdom, which requires careful consideration of the costs and benefits to all Americans, will help spark a swift end to the federal logging program and a seamless transition to forest management policies that generate the greatest good to the greatest number for existing and future generations.