

## HOW THE FOREST SERVICE WASTES TAX MONEY ON NEEDLESS ROADS

**E**ach year Congress gives taxpayers' money to the United States Forest Service to chop down trees to allow roads to be built that, in turn, will allow timber firms to cut down even more trees. While logging is an essential American industry, it makes little sense for the government to subsidize this activity by building roads in forest areas where private firms themselves otherwise would not harvest timber.

This year, Congress may trim this subsidy to the logging industry. Senator Wyche Fowler, the Georgia Democrat, is seeking to cut this \$181 million road building fund by \$100 million. Half of the amount saved would reduce federal spending, the other half would go for conservation activities.

The Forest Service claims the cost of building these roads for private timber companies in addition to other expenses are offset by fees paid by these companies for the trees cut. Yet a report by the Wilderness Society, a private environmental research group, finds that only eighteen of 120 forests in which government roads are built actually made a profit last year for the Treasury. Most of the forests under government management have lost money.

Though the Forest Service may question the Wilderness Society's claims of forest profitability, the Service uses a strange method of calculating road and reforestation costs that masks in part the real costs. Normally businesses pay off costs for such investments as plant and equipment over some portion of the useable lifetime of the investment, a method known as amortization. Forest Service roads are designed to last twenty years. The actual useful lifetime of these roads usually is less than this. Yet in fiscal year 1989, the Service amortized roads over an average of 112 years. Roads in 28 forests were amortized over a 200-year period and road costs for thirteen forests were spread out over 300 years. For the Coronado National Forest in Arizona, road costs were amortized over 1,386 years.

**Bleak Record.** When all costs of Forest Service activities — such as sales preparation for timber, transportation planning, and facilities construction — are taken into account, and when road costs are not amortized, the Service's record is bleak. For 120 of the government forests, when other expenses are added to the \$88.3 million spent last year on road construction, even taking account of receipts from fees paid for harvesting timber, the Forest Service lost \$365.2 million. When the eighteen profitable forests are taken into account, total Forest Service road expenditures are \$129.0 million and the loss is still \$174.3 million. Overall, the Wilderness Society estimates that for every appropriated federal dollar spent to construct roads only 82 cents were received in return.

Private timber companies usually build their own logging roads when there is a profit to be made by harvesting in a certain forest. In other cases, the costs of constructing roads and of other outlays, plus the need to spread logging operations over wide areas, make harvesting unprofitable. Often, such unprofitable forest areas lie in isolated, undeveloped regions and rugged terrain, just the sort of areas that conservationists would like to be preserved in their natural state.

**Eight Times the Interstates.** The Forest Service makes logging operations profitable for private companies in most government forests by building roads, that is, by subsidizing business operations with taxpayers' money. Mainly since World War II, the Service has built approximately 360,000 miles of roads. This is eight times the mileage of the U.S. Interstate Highway system. Spending on this construction has been \$2 billion over the past ten years. In this way, the Forest Service actively promotes the commercial use of forests that otherwise might be left in their natural state for the enjoyment of the public.

It is therefore ironic that the Bush Administration is seeking an additional \$175 million for the tree planting initiative of its "America the Beautiful" program. With one hand the federal government wants to plant trees but with the other, it cuts them down on marginal land, damaging the ecology and the economy.

Senator Fowler's proposal to cut road building funds by \$100 million is a step in the right direction. Too often the activities of the federal government itself harm the environment in an effort to help special interest groups. As Americans become more sensitive about conservation, they should first make certain that their own tax dollars are not contributing to the problems.

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For further information:

Randal O'Toole, *Reforming the Forest Service* (Washington, D.C.: Island Press, 1988).

"National Forest Road Building and Net Returns to the Treasury from Logging, FY 1989" (Washington, D.C.: The Wilderness Society, 1990).