Economics and Social Acceptance of PPV Approach to Manage Recreation on US National Forestlands

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Abstract

In the recent past, the demand for recreational activities on national forests has increased beyond the USDA Forest Service’s ability to meet it through conventional management means. In addition, the Forest Service annual budgets are not stable and inadequate to maintain existing facilities and develop new facilities. Therefore, the Forest Service has initiated an innovative idea, Public Private Venture (PPV), which combines private sector capital and entrepreneurial skills with public resources to invest in recreational facilities.

This paper examines the economic efficiency of PPV by applying the general theory of tenancy contracts. In this framework the private sector, as a tenant, tries to maximize its utility with respect to its effort under given terms of contract, and the Forest Service, by being the principal, tries to maximize its utility by manipulating contractual terms. While we show that the PPV approach is desirable from an economic point of view, we also believe that its social acceptability is critical for the success of PPV. Therefore, an exploratory research was conducted to examine the perceptions of three stakeholders (representatives from the Forest Service, an environmental agency, and a community group) about the pros and cons of PPV approach. Analytical hierarchy process (AHP) in combination with SWOT was applied to achieve this task. Results indicate that the weaknesses and threats of PPV, as perceived by representatives of community and environmental agency, would outweigh its strengths and opportunities. The conserve holds for a representative of the Forest Service. It is suggested that social marketing and further research are sorely needed to promote the idea of PPV.

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