STATE FOREST PLANNING - THE ROLE OF ECONOMICS

by

C. W. Moody

ABSTRACT

The Resources Planning Act Assessment and Program developed by the U.S. Forest Service is a satisfactory base for state planning. Joint planning by government agencies at the state level is desirable. This is accomplished in Alabama by the Alabama Forestry Planning Committee. This Committee has originated a program called "Treasure Forest," which embodies a philosophy toward privately owned forestlands. Using RPA and Treasure Forest, the Committee has developed a forestry plan for Alabama, which is the basis for coordinating annual program planning. Economic impacts of the various forest resources is needed to guide government decisions at all levels. This information can also be used to keep the public and elected leaders informed and supportive of proper government actions.
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Warren Flick and I met to discuss this program and what we might say that would prove useful to you. Apart from our discussion about the program, I found our conversation quite stimulating. During the course of the conversation I got the impression that economists could have a somewhat low opinion of administrators - whether industrial or government. He was very polite in his approach but I heard enough to conclude that economists would like to place their profession and themselves above mundane considerations that program administrators grub around with.

It was interesting to hear from Warren that economists fear intellectual bondage. He said something like this, "What a person like me fears is that we will be intellectually owned." He explained that such a person did not want to be perceived as being owned by industry or the U. S. Forest Service or Auburn University, or any other special interest but wanted to be free to "search for truth" with an open mind. The more I thought of this conversation, the more interesting it became to me. One thought was that I knew a fellow one time who was so open-minded his brain fell out. Another thought I had is that any scientist can be completely open-minded when he is dealing with physical and/or factual things. That is - two plus two equals four and you can project that relationship into infinity and still remain true. When future actions and reactions by society must also be accounted for, I wonder if any scientist can be completely open-minded. To be open-minded is to be without an opinion of how society will react to a given stimuli. It seems to me that the individual must then become an artist and he is also to some degree "intellectually owned". Either he agrees with, and therefore can be perceived as, being "owned" by industry, government, another preeminent scholar or his own prejudices based on his background. Further, he also becomes an advocate for his position. This would not necessarily be bad but I do believe it is a fact which should be considered when we review projections by economists or anyone else. In extending these thoughts I concluded that if economists with their projections are advocates, perhaps we should structure our decision making processes similar to those of the courts. Economist advocates on all sides of a given issue should present their "case" and the decision should be made by an impartial, grubby administrator or public official.

This was said not necessarily to put Warren in his place but he was too quick for me the other day and I had to say something. This also serves as a point of beginning for discussing the Forestry Plan in Alabama.

The Forestry Plan in Alabama we developed under the aegis of the Alabama Forestry Planning Committee. The Forestry Planning Committee is made up of all government agencies in Alabama whose programs impact on forestry. Agency members include The Extension Service, The Soil Conservation Service, Farmers Home Administration, ASCS, U. S. Forest Service, The Alabama Department of Conservation, The Alabama Forestry Commission, etc. Staff work and systems development was coordinated by John Kelly on the staff of the Alabama Forestry Commission. You might be interested to know that he is now at Auburn University seeking a Masters Degree under Dr. Flick --- I'm going to watch him very closely when he returns to work. We have found that this jointly developed Plan greatly facilitates coordinated action in achieving planned goals.
We began the development of our Plan by accepting U. S. Forest Service assessment of current national conditions and projections on future needs of this Nation and the world for forest resource values. We believe in this case that the collective wisdom of the U. S. Forest Service - including all their economists - is superior to ours. In the first place, I respect the professionalism of the Forest Service. Secondly, I have some knowledge of how the Resources Planning Act Assessment and Program were developed and what their purposes are. I believe that their conclusions are accurate and a good springboard for planning in Alabama. They heard from advocates on all sides of every issue including economists, user groups and all manner of other special interest groups. We value the Forest Service as partners in forestry in Alabama. There is another reason we adopted their conclusions - they also fit my own particular set of prejudices.

My own prejudice runs something like this - if the world still stands fifty years from now, all the biomass we can produce will be needed for food, shelter, clothing, energy or some other societal need. If this is not true, I won't be around to be embarrassed. If it is true, my children and theirs cannot curse me for not having tried. Citizens of this and future generations can also use all the clean water, good environment, game habitat, etc. that we can come up with.

The basis of our program thrusts to achieve planned goals in Alabama is simple - maximize resource outputs from the forest as responsible stewards. This is complicated by the fact that 95% of our forest lands is privately owned, 75% by non-industrial owners. In addition to our other prejudices in Alabama we also strongly believe in the forest landowner's right to pursue his own objectives as a good steward - free as possible from government regulation. I'll talk more about this later.

Because of our desire to maximize forest resource outputs on private lands and at the same time owner's rights, we evolved a philosophy and describe it in what we call the Treasure Forest Program. This Program attempts to motivate landowners to achieve their own objectives in such a way that other values of the forest resource which meet State and National needs will be maximized. When the landowner is practicing this kind of forest management he is then certified by the Planning Committee as a Treasure Forest owner and given a sign to place on his property. The Program works somewhat like the Tree Farm Program. For government agencies in the Alabama Forestry Planning Committee, the Treasure Forest Program describes departmental policy toward private forest lands, an ethic for our professionals and is the foundation of our program planning. This Program was developed in concert with our planning efforts. Our objective now is that all commercial forest lands in Alabama shall be managed according to the Treasure Forest standards as quickly as possible. You will recall that this means we want to help landowners to the full extent possible to maximize all forest resource outputs in an environmentally responsible manner - as compatible with their own objectives. We have concluded that this strategy will result in greater benefits to the landowner and more fiber for industry which will result in more jobs, more forest products and more taxes. It will also protect the environment and provide for more clean water, game habitat and recreational opportunities.

This gets us down to where we need economists. We need understanding and support from the public and the political leaders for what we are trying to do. I believe there is a great need to know what the total impact of well-managed forests is on our State. What is the contribution of the forests in protecting water quality of the State - in dollars? What is the contribution of responsible forest management which enhances game habitat and what is it worth to Alabama - in dollars? If we
could quantify all the values accruing to society from responsible forest management, we would have little difficulty in selling our program needs to the public and political leadership. We could then take these values and project the total return to the investor - in our case government. When we talk about total impact, let me return to the matter of watersheds and give you an example:

The reason for public involvement with the private forest landowner is the achievement of public objectives. We do not spend public funds to protect the landowner's forests so that he can make more money or grow more trees to meet his own objectives. We are doing this so that landowners will have more confidence in their investments and, therefore, grow more trees - so that society will have the products it needs thirty years from now. All our public programs in Alabama whether information, service, incentives, or whatever, are designed to help landowners achieve personal objectives in such a way that society's needs will be met.

The private sector is an efficient producer of goods to meet national needs when the conditions are right. Government actions greatly influence landowner actions. There is a great void of information in Alabama concerning the values produced by forest landowners which meet society's needs. These things must be given value before government can make the right decisions concerning its actions which impact on private landowners. For example, as I mentioned previously, we need to know what the watershed value of the forests are to our citizens. One of our foresters in Alabama recently did a little digging around with this situation and concluded that the forested watersheds in Birmingham are worth more in dollars to the citizens of Birmingham annually as watersheds than they are to the landowner. He approached this by investigating what it would cost to construct an alternative deep well water system. This may seem to be an exercise in fantasy but I think it is information which planners in Birmingham and Jefferson County should consider as they decide and recommend future land use for the area.

What is the value of diverse game habitat to the Nation? Game has been forthcoming from good forest management in the past. Foresters are not given credit for any wildlife values. To the contrary we have been depicted as villains by environmentalists and wildlife people. It occurs to me that it is very desirable to establish the value of this game habitat to non-landowning citizens so that weight can be given to positive contributions as programs are developed and laws and/or regulations adopted which affect private landowners. This is not only the value of hunting by individuals on private property but also the value of good habitat to maintain healthy game populations in the area.

This concept of course applies to all the resources resident on and/or emanating from the forests. In our democracy we put a value on a given commodity by its fair market value. You can tell by now that I believe that there is a strong need to quantify these values in terms of dollars. Of course, there is the argument that it is hard to put a dollar value on aesthetics of game populations or watersheds, etc. This is true but it does not obviate the need for such values and until we are willing and/or able to put a value on these things we will not be able to make responsible decisions concerning public actions. Emotion will continue to guide some of our decisions and emotion is not a good base for decision making.

Now, let me respond further to Warren Flick's request that I mention some things we could use from economists in Alabama. Forestry is the number one industry in our State. Forestry means more to the economy of Alabama in a relative sense than probably any other state in the Nation. We have not, however, been able to sell
Alabama on financially supporting an adequate Forest Fire Control Program. I believe if we could adequately describe the total benefits of adequately protecting our forest in Alabama in dollars, we would have a much easier time in selling adequate protection. In times past I have publicly quoted figures concerning forestry’s economic contribution to Alabama without benefit of much research. Warren will probably tell you I made some of the figures up. Well, I didn’t exactly make them up but they were not as accurate as they could have been - but I needed something. Motherhood, apple pie, and the protection of our glorious forests were not getting the job done.

The most significant help I have had in Alabama to date concerning this matter is a recent study Warren did which deals with the economic impact of forest industry on our State. I understand he intends to go into this in some detail so I won’t steal his thunder. He did, however, quantify economic activity and jobs which were of great interest and help to me as I attempted to sell forestry programs. What he did not do, which I also could use, was quantify the impact of all this economic activity on taxes at various levels of government. I believe this would help close a much desired investment circle. If we can quantify economic contribution of various resources and then compute the taxes generated to the various levels of government from this economic activity, I believe decisions concerning forestry programs could be made on the basis of the investment opportunities involved - in dollars spent by the State and the rate of return to the State Treasury.

As I have previously mentioned, one of the things I was requested to do was mention some of the help we need from economists. I will mention 2 additional areas where economic research would help. As also previously stated, the private sector is an efficient producer of goods to meet National needs when the conditions are right. There are those who would contend that we should regulate landowners into achieving society’s objectives and that regulation would accomplish the job more easily and quickly. I disagree. The more government control, the less efficient is the system. To look at the ultimate in government control one simply has to look at the Russian's historic and current food situation. As President Reagan pointed out the other night on television, Russia continues to have problems producing enough food to supply its needs while we continue to have problems locating markets for ours. We need research on the relative efficiency of regulation vs education, assistance and incentive. The right to own land and freely manage as good stewards should be given value in this research.

In summary and conclusion, in addition to the relative efficiency of regulation vs motivation, we need to know what is the value to society, in dollars, of the various resources resident on or emanating from well managed forests. Only when we know these values will government be in a position to make decisions based on real fact rather than prejudice and emotion. When we can also quantify the taxes generated by all this economic activity government will be in a position to make good investment decisions. And Warren - when you have finished all this, let me know and we will give you our next list.

Thank you all for your indulgence in allowing me to appear on your program. I hope that what I have said is close to my assignment and that some of it might have been beneficial to you.