THE ECONOMICS OF SOUTHERN FOREST PRODUCTIVITY
- THE HARVESTING PERSPECTIVE

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The productivity of timber harvesting crews in general and the productivity of individual laborers on a crew is increasing in the southern United States. The average production of the crews rose 200% to 231.05 cords during the 7 years between the last two pulpwood contractor surveys (Watson et. al. 1989). The productivity per employee rose from 24.7 cords per man week to 40.6 cords per man week.

The reason for the rise in productivity is related to the increased use of more mechanized equipment. However, the increase in mechanization is probably a result of marginal, less mechanized contractors being forced out of business rather, than that of prudent contractors improving their operations. Although the decrease in the number of marginal contractors is in part economics, it is largely a result of the regulations and the legal environment in which the logger now operates.

Logging practices are now governed by Best Management Practices (BMP's). In some states BMP's are still voluntary, but increasingly these recommended practices are becoming mandatory. In most cases, it is still the landowner's responsibility to comply with the BMP's, but the informed landowner is requiring the logger to meet the requirements in the timber sales contract. The logger must then either have the equipment available to satisfy the requirements or must be prepared to lease it.

Workman's compensation codes are being changed to reward the contractor who has equipment that reduces the risk of accidents. The Insurance Commissioner in the State of Mississippi has approved a new classification for mechanized loggers in the workman's compensation code which has a 25% lower premium than any other logging classification. To qualify for this classification, a logger must have a mechanized felling device. The use of a mechanized felling device certainly increases the productivity over chainsaw felling, but the motivation for becoming more mechanized is the reduction in workman's compensation premiums.

The new Occupational Safety and Health Administration regulations may also be impacting the productivity of the Southern logging industry. The new requirements mandating training and additional record keeping will force more of the marginal loggers out of business if the law is enforced. The result of such regulations is that only the serious, organized businessman will be able to comply with these new standards.

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External factors such as mill restrictions, are also having a bearing on the productivity of harvesting operations. An example of this is the ban on sheared wood at most sawmills. The logger does not want to go back to the use of chainsaws for felling sawlogs, since that would increase his workman's compensation insurance costs. Thus, he eventually resorts to the use of cutting heads on his feller bunchers, which are considerably more productive, although they are much more costly.

These outside factors are resulting in the demise of the marginal logger, and are making it more important that the remaining loggers become cognizant of the legal and business environment in which they must work. No longer can the logger work in isolation and satisfy only the landowner and the company's contract logging supervisors. Good loggers are now voluntarily attending shortcourses on safety and environmental regulations.

As they attend meetings with other loggers, they have begun to discuss their mutual problems. The loggers in Mississippi discovered that not only could they learn from each other, but they even could become a political force with organization. A few years ago several loggers called a meeting with the state's Insurance Commissioner to discuss spiraling insurance rates for loggers. This first meeting drew such a large gathering of loggers that they decided they would establish a group, which would address their mutual problems. The resulting organization, the Mississippi Loggers Association (MLA), has been effective in the political arena. The MLA has been successful in convincing the legislature to extend the agricultural exemption on property taxes to logging equipment, and is working toward a law to make the weight laws governing county roads the same as state roads. Loggers in other southern states are following the example of the Mississippi loggers and are becoming organized and politically active. In many rural counties in the South, logging activities are significant contributors to the economy, and the elected officials in these areas will listen to the petitions of organized loggers.

The self image of the loggers and the public's impression of loggers has improved as a result of this logger activism. Loggers are participating in programs that emphasize the importance of forestry and forest products to their communities. These often involve demonstrations of logging equipment for the people who may never visit an active logging operation. Alabama loggers participated in a statewide "Load a Load of Logs for the Kids" program that benefited a children's charity. Our new governor in Mississippi included a logger representative on his "Agricultural Transition Team" which identified opportunities for improving the business environment in the state's agricultural sector. Hopefully, this improved image will be appreciated by others, such as the bankers.
SUMMARY

The external factors suggested above are only the beginning of what can be expected in the future. In the South, we may never catch up with the regulations on logging that are in place on the West Coast, but it is certain that more regulations will come. Casual loggers who do not stay abreast of the latest regulations will not stay in business through these changes. The loggers who are serious businessmen and are politically active will be best prepared to survive in these changing times.

The remaining loggers will be even more mechanized in the future. However, this increased mechanization will not necessarily bring lower logging costs as might be expected. The additional work required under regulations such as BMP's will result in additional costs. The loggers are usually operating with a very small profit margin and it is unlikely that they can absorb these costs. Thus the landowner will receive lower stumpage prices or the consumer of the manufactured product will pay the cost of these new regulations.

LITERATURE CITED