

## The difference between planning and doing forest management?

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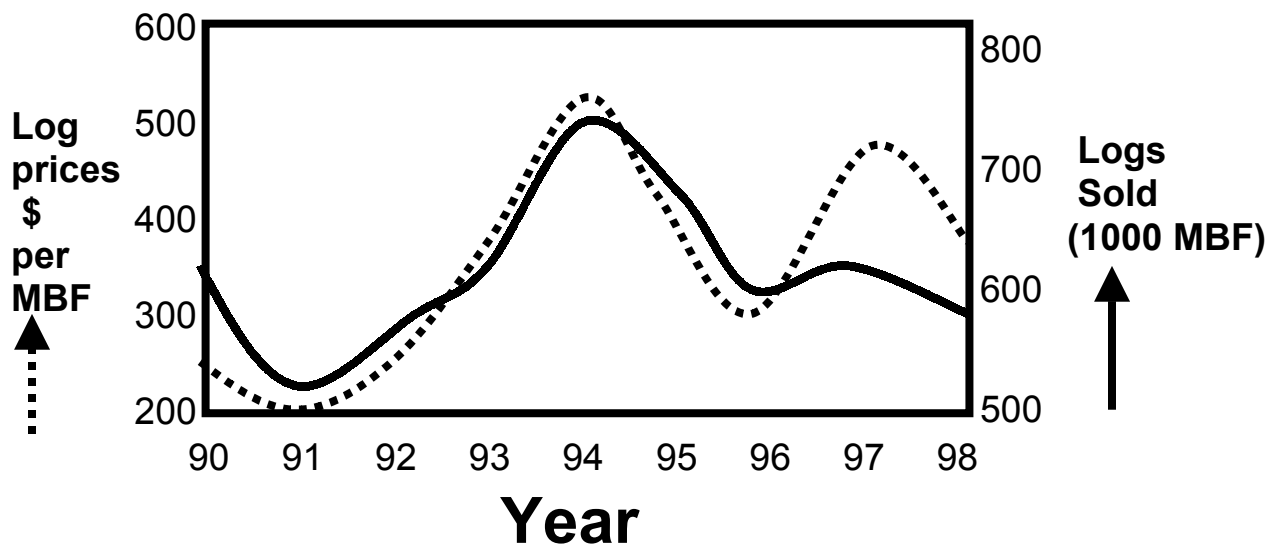
Almost everyone is familiar with the continuing saga of the declining wood supply from federal lands and the increasing importance of non-industrial private forest lands as the primary source of logs for the wood products industry. Economists have long been worried about this transition because predicting the wood supply from one large supply (U.S. Forest Service) is a lot easier than from thousands of small suppliers (NIPF) each of which may have different land use objectives. To this end, numerous studies have been implemented to try and assess what has been called the “NIPF problem”.

Among the objectives of these studies have been numerous attempts to predict the behavior patterns of individual landowners. Questions pertaining to “why do you own land” and “what motivates you to manage” have been summarized by these studies. Usually the highest ranked objectives of landowners were:

- 1) To promote a healthy forest
- 2) To protect nature
- 3) To provide wildlife habitat

Similarly, most surveys list “making money from the land” as one of the lesser reasons for owning forest property, usually ranked 7<sup>th</sup> out of 10 reasons given. By reviewing the statistics from these surveys, an interesting phenomenon seemed to consistently emerge. Usually only about 10% of the survey respondents indicated that making money from their property was a priority, similarly, only about 10% of the survey respondents usually indicated that they had implemented any of their management objectives! Though impossible to tell from the survey results whether or not these were somehow connected, it made me wonder about what might make the difference between planning and acting?

To help satisfy my curiosity, I obtained and graphed the last 8 years of wood harvesting from private lands in Montana along with the last 8 years average national timber prices. You might find this graph interesting:



Clearly there seems to be an association between the volume of timber sold from private lands and the financial gain to the landowner. Although there is no way to verify that timber volume harvested is equivalent to forest plans implemented, it would make sense that with increased timber value, it is easier for a landowner to offset the costs of implementing a management strategy. Over a decade ago, U.S. Forest Service economist Richard Haynes predicted that the timber supply from NIPF lands would be dictated by price and inventory. High prices would increase timber sold from NIPF lands until the inventory was depleted, which would result in a decreased timber sale until inventories regrew. His prediction seems to make sense for Montana since the initial price increase of 1993 drew a much larger response than the second price increase in 1997.

Similar studies in Scandinavia by Swedish economists Johansson and Löfgren resulted in the coining of the term “Volvo effect”. Whenever private landowners needed a new car, in this case a Volvo, they would harvest some of their timber assets. Perhaps the Montana equivalent might be the “new Dodge truck effect”. I found it interesting to observe this phenomenon take place near my own little Tree Farm. Nearby acquaintances that adamantly opposed any timber harvesting, acquired an adjoining tract of timbered land. With an increased mortgage due, they harvested a substantial portion of their lands to make the payments. Dr. Charlie McKetta, a respected forest economist from the University of Idaho indicated to me that the NIPF land managers should not be labeled “a problem” but rather the most responsive and important segment of natural resource management in our free market economy – that is as long as landowners retain the ability to make free choices about their lands.

The moral of the story you ask? The first may be to recognize that there is a difference between what we might like to see and do with respect to land management goals, and what actually happens. The second might be that making money from the production of renewable natural resources off your land does not insinuate natural resource exploitation as some groups would have you believe, rather it is the foundation of how our economy works and as the statistics may indicate, often the only way to help turn your plans into actions.