Public vs. Private Ownership
of
United States Forest Lands

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A Thesis
Presented to the Faculty
of the
School of Forestry
Oregon State College

In Partial Fulfillment
of the Requirements of the Degree
Bachelor of Science
June 1938

Approved:
[Redacted]
Professor of Forestry
INTRODUCTION

In dealing with any controversial subject it is always well to state at the beginning in what light the subject is to be treated in order to avoid as far as possible misunderstandings which might arise from that source. It is my plan, then, to treat this subject of "Public vs. Private ownership of U. S. forest lands" not as a debate, for the conclusions hardly give a debater's decision, but as a factual analysis of the problem of forest land ownership which is facing the nation today. It is hoped that this treatise will be considered in the light of a search for the answer to the general problem of how best to handle as a nation, our forest land resource as it is affected by this question of ownership, rather than any attempt to prove or disprove any theory or preconceived idea which may be advanced as a cure-all.

OBJECTIVES

For objectives, or standards by which to judge any subsequent plans or proposed action, we shall consider first that objective used for long by the Forest Service and more recently adopted by many other groups and organizations: "The greatest good to the greatest number over a long period of time". This of course is so broad as to be very vague and indefinite, for it needs not only the definition of the word "good" to make it specific enough to tie to, but also, the methods by which we are to arrive at this "good" are so
numerous and divergent as to include almost any point of view that could be thought of. However, for the purpose of having something central to tie to, we shall use it as the ultimate objective and designate other intermediate objectives as means of attaining it, since ordinarily it is only in the interpretation of it that we find such disagreement, anyway.

As a preliminary attempt to define the "good" contained above, let us assume that it is for the good of the people if it tends to make a long time change toward the following conditions:

1. A permanent and continuous supply of forest products and other values resulting from forest land use.
2. A permanent and continuous means of livelihood to the residents of various localities by the conversion of the forests into these products.

This would seem to indicate that sustained yield on at least part of the forest area could be agreed upon as a method of accomplishing these, though, as we shall see later, it is not agreed that we should practice sustained yield on all our forest land.

Bearing these in mind then, we can apply the situations of public ownership and private ownership respectively to the problem and see in the resulting picture in each case, which parts fulfill the qualifications we have set up.

Let us first consider public ownership; what its possibilities are, its advantages, and its disadvantages.

If we followed public ownership out to its extreme we would, of course, have socialism, a subject beyond the ken
of this report. However, we can take as pretty much the ex-
treme on this side of the question the plan proposed in the
Copeland Report "A National Plan For American Forestry".
This plan in brief would have public ownership include the
following:

A little more than half the commercial forest land area
instead of one-fifth as it is now.
Half the timber-growing job for the nation, instead of
10%.
Five-sixths of the non-commercial forest land, instead
of one-half.
Three-fifths of the forest ranges.
Four-fifths of the area of major influence on water-
shed protection.
Eight-ninths of the forest area used for recreation.

In all, it would encompass some 395 million of the 650
million acres classed by the authors of the plan as forest
land. However, while this gives something of the physical
picture, it will probably be admitted that the potentialities
of ownership by the government, when unhindered by political
inefficiency, rise to heights considerably above those of
individual enterprise for reasons which will be given under
advantages for public ownership. It then becomes a question
of determining to what extent these political handicaps will
detract from that value. Perhaps the best way to view this
question is to enumerate all the advantages and then all the
disadvantages of each in order.
Among the advantages that can be listed for public ownership are the following:

1. Land classification and land planning can be applied to a far greater degree than on privately owned land. As governmental regulation becomes more efficient this difference, of course, will decrease, but even so there will always be a considerable difference between the degree of land planning that can be practiced with regulation and with ownership. As to the value of land classification and planning, students of economics are agreed that in so far as they are intelligently put into practice there cannot help but result both social and economic benefit to the group involved, whether it be a nation with all its diversified land uses or an individual farmer growing any more than a single crop.

2. A large scale single plan such as could be practiced under unified ownership would increase efficiency in numberless ways and prevent wasteful duplication. Improvements could be made with some degree of permanency, thus eliminating to a large extent the wasteful practices frequently found such as building a new road parallel and covering the same territory as one previously built. Mills could be located at economically strategic points only and so do away with the painful results both to society and to the owner of the marginal mill. Also with the logging development and the protection plans similar savings could be made with a consequent total saving of a very considerable amount.

3. Plans can be based on long time periods. Everyone is familiar with the waste and lost energy which accompanies the changing of plans at frequent intervals, and basing plans on
the liquidation period or any such time is bound to have some inefficiencies.

4. Probably the most important advantage of all is the fact that the government can count aesthetic and social values as returns even when money returns do not equal expenses, and can also count on rather distant future returns because it is not under pressure to show a profit every year. In other words, if we define the objective of forest management as "the greatest possible total returns from a forest area" then we must include in "returns" those values to society other than monetary such as stability of labor conditions, much of the coordinated uses of recreation and watershed protection, and insurance of a future supply of these values obtained from forest lands. Another distinction is that between derived value and returns on investment. The government can use derived value as its basis for it will have the property long enough to realize all future incomes, whereas the private owner must always be conscious of the amount invested, reflecting this in his attention to the interest rate, and at present this also means a charge for liquidation. Since the derived value is much the larger of the two, it would seem that the public would gain in this regard by its own ownership.

Disadvantages may be listed as follows:

1. Regimentation; loss of personal liberties. Private property and freedom of enterprise were the two basic fundamentals upon which the economic order of our American Democracy was founded, and they have become so firmly imbedded in the ideals and ideology of the people that any change must
come very gradually or we will suffer the results of rapid upheaval. Whether these two values would be lost or not would depend, of course, on how far the policy of public ownership was carried. In some of those enterprises classed as public utilities we have gone quite a long way, seemingly because it was necessary for the betterment of society, and in most of these cases has not turned out unfavorably, but there is nevertheless a difference between the service industries of the public utilities and the resource industry of forestry, and it will be a long time before the people of the United States give up the idea that they have a right to exploit its natural resources to their own advantage if they are smart enough to get away with it. It is because this opinion is held by almost everyone that it is possible for almost everyone to get away with it.

Of great importance, of course, is the question of how valuable are these two principles ultimately, but since any discussion of that would deal with such long time changes in ideals and mores, let it suffice to say that at the present time a great number of people consider them very valuable, and if they were lost, there would be the discontent of all these people as a factor to deal with. The case of the Pribiloff seal herds in Alaska furnish a good example. These formerly vast seal herds faced extinction unless the government acted, so it took control and now operates the industry as a government monopoly. In this instance undoubtedly this action was necessary, but the question is what are the values lost by such a move, and what is gained by it. The losses are rather
obvious; the principal one is that it deprives someone or groups of persons of the opportunity of earning a livelihood by his own initiative and enterprises, and substituted government employees to do the necessary work involved. This condition is attended by the many disadvantages which accompany an overly bureaucratic government. Some of the gains are obvious and some are not. It being a small but exceedingly profitable business, it provides the government with a very good source of income. Since governments must have incomes, that is a much less painful way than taxation, though we must bear in mind that the analogy might not hold true in the case of a larger industry. There is one other point though, that perhaps would be called an advantage only if one were an idealist. It is purely an economic gain, simply that greater returns are realized from a smaller input of labor and capital. This, while idealistically desirable from the standpoint of society producing for itself in the most efficient way possible, still would be ruled out by some because they consider the losses too great a price to pay for it.

2. Inefficiency of work resulting from lack of profit motive. Everyone has seen examples of inefficiency in government work, and the attitude is all too common among the personnel of many a government department that the job does not call for his best efforts. Also the lack of competition makes itself felt by the slowness with which new methods are developed and put into practice. True, the Forest Service is making much progress at the present time, but it will always lack that extra incentive or push that comes with the profit motive.
There is no question, of course, that the profit motive has many effects of which we would disapprove, but we are considering only the advantages at this time and there is a great deal of development and progress for which the incentive was the profit motive, and which we will also have to call beneficial according to our objectives defined in the beginning.

3. Political handicaps. Even in the best of governmental agencies the specter of political control by groups or individuals other than those best qualified for the work to be done is always present and sometimes all too much in evidence. Delays due to the well known red tape are often costly, as are also delays in action due to the necessity of waiting until Congress or some other such body acts, and those waits, as can be shown from history, can be expected to be very long and in many cases, fruitless.

There are two other disadvantages, or at least problems, which must be solved before public ownership can be satisfactory, although they are perhaps not characteristic only of public ownership. First if the federal government is going to own an appreciable increase over the amount held at present, there must be some plan by which the means of acquisition may be worked out. There are several possible methods, such as public borrowing similar to the Farm Credit Act, and the charging of larger fees to provide more revenue, but none of these seem very satisfactory in their present form, chiefly because of the very large amount of money which would be necessary.

Second, there is the problem of tax income to the various governments if the timber lands are taken off their tax rolls.
Some solution must be found for this problem, however, no matter what the ownership is.

PRIVATE OWNERSHIP

Advantages:

Many of the advantages are just the reverse of the disadvantages given for public ownership. However, as a general statement, to quote Mr. F. A. Silcox, Chief Forester "There is no social advantage for substituting public management for private if the latter can be done at no greater cost." A more complete picture of the situation will be had by looking at various people's view points on the matter. In the first place, Austin Carey says that the scare of a timber famine is grossly overestimated, and figures on the situation are unreliable. There is no doubt that this at least in part is true. Figures can prove almost anything, and especially so in this case, for accurate figures are impossible to obtain, and when estimates are made there are always two or more in which case the one chosen is always the one which best proves the side the author is supporting. However, Carey goes further than that and even questions sustained yield as something we should work toward. In giving his opinion on the doctrine "that a people is under obligation to keep all its land highly productive" he makes the statement that "plain men know better than that, know that carried to extremes the doctrine means servitude to the soil and that men can bankrupt and wear themselves out at it"..."Sustained yield is another such idea, valuable in its place and to an extent indeed, but destructive when carried beyond just limits." He doesn't go on to define what
"just limits" are, but he does condemn the government's present policy of limiting aid to those pulp industries which are making provision for permanent supply.

D. M. Matthews says "No matter how efficiently public ownership can be administered, we should not look toward it as an alternative to private ownership and management of forest property, but only as supplemental thereto." Woods and Reed in their analysis of the ownership problem, observe that the ideal setup will be influenced by the situation as it exists today. Counties do own a large proportion of the forest land in many states, so that some county forestry might be in the picture for that reason alone, since acquisition costs are sometimes a determining factor. Any plan for large federal expansion must face the problem of large acquisition costs.

He thinks we have come to the parting of the ways; that foresters must choose between centralized and de-centralized control, inferring that these would follow from the different types of ownership. He went on to say that he preferred de-centralized control.

Commenting on the proposed plan of the Forest Service to have 62½% as he claims of the commercial forest land in public ownership, A. E. Wackerman says the southern pine area is the place where forestry can start practicing economically. He contends that forestry does not need to be protected for it will amount to no more than stifling. That any department if given control of a monopoly would get in a rut and its employees, partly from fear of change, acquire the narrow minded attitude characteristic of men long at one task, who all their
lives have seen but one side and therefore can see no value in another point of view.

C. S. Martin gives a study of conditions in the Western Pine region which would seem to indicate that sustained yield was much more nearly possible to apply on private lands than is generally considered. He reports that of 49 operations, supposedly representative, two are now on sustained yield, permitting an annual cut of 73 million feet, seven others are in such a position that they could go on a sustained yield basis now, and 41% could if the tax situation were relieved. Only 26% were under such pressure that they must liquidate. He differs from the others in that he thinks the lumber code had done considerable to improve conditions in spite of all its objectionable features.

These then, are the opinions of several prominent persons, supposedly qualified to speak on the matter. The point on which all seem to agree is that, for one reason or another, they have a fear of allowing the government to own the forests. It is my opinion that this is a reflection of the general reluctance of the American people to let go of that freedom and personal liberty upon which they founded the nation and based its subsequent development. In discounting from the expressions of the various stands on any question the bias due to the exponent's own personal interest, it is very difficult to know just how much to leave as representative of his true thoughtful opinion, for in many cases there is nothing left that would qualify as a thoughtful opinion. Among those who advocate private ownership there are probably
a few whose opinions are colored by the fact that they see their chances of large personal gains and power being lessened. However, when one arrives at the final grain of truth, if that be possible, it is probable that it contains something of what is stated in the above quotations, and since this represents the opinion of a good many people, it is a factor to be given a good deal of weight.

Disadvantages:

In addition to the advantages given under public ownership, most of the major problems facing forestry today are the result of private ownership:

1. Unstable ownership. Unless forest lands are kept in fairly stable ownership they cannot be managed to the best advantage. Shifts in ownership mean shifts in policy and it is well known that forest management is based on long time plans which lose their efficiency very greatly when interrupted and changed every few years.

2. Forest devestation, deterioration and depleted capital. The devestation of our forests has received so much attention recently that there is little need to repeat it here. There are two phases: the depletion of our capital supply of timber, causing the growth-drain ratio to increase alarmingly and cries of a coming timber famine to be raised. The ratio now is one to five for saw timber and one to two for all wood products used. No doubt the danger from this situation has been often overestimated, but at the same time the problem is a serious one and should receive careful attention.

3. Excessive investments, overproduction of forest products, and economic loss to forest industries. The excessive
investments are due to speculative purchases which in turn, when it was found that many of them were bad investments, caused too rapid liquidation and consequently brought on this more or less temporary or so-called overproduction. Not that there is actually overproduction in the sense that all produced cannot be consumed or used, but that the large amount produced has forced the market down to the point where it is unprofitable to grow timber.

4. Economic and social loss to the public. Thus far the consumer of wood products at large has not suffered from this condition. Rather, he has benefited by the lower prices. This, while unquestionably a benefit as long as it lasts, still is the only result which can be classed as such and its effects have every indication of being temporary. At such time as this ceases to be the effect there will be a very distinct loss to the public in that reasonably priced wood and wood products will be unavailable. Another very distinct way in which the public loses is that industry, instead of being stable and continuous, fluctuates widely in each locality giving rise to the expression "boom and bust" about which so much has been written.

5. Lag of constructive measures to keep forest lands productive. The condition of the present cutover lands, principally the lack of restocking which is so much in evidence, is ample proof that forest lands have not been kept productive, and that constructive measures are necessary to do so. Chief among the reasons for this not having been done will have to be put the fact that the private owners must, of necessity
give such close attention to his investment that he has not been economically able to consider constructive measures.

6. Ballancing the national timber budget. This means that at present we are growing only half as much as we are cutting and if we expect to keep on using wood we must either find a means of ballancing growth and the amount consumed, or figure on importing the excess which we cannot grow. In either case, of course, we must balance the cut and growth, whether that be enough to fill our needs or not, since unless we do there will eventually be no forests at all.

7. Critical watershed conditions. Erosion is becoming more and more apparent as an important problem to the United States. There is considerable controversy over the question of just how close forests come to solving the erosion problem, but it is pretty generally agreed that in a great many cases if forests had not been removed from watersheds many undesirable results would not have occurred.

8. Deteriorated ranges. This includes those ranges which by reason of location or for some other reason are classed as forest ranges and thus are connected with the problem of forest lands. If the example of the Forest Service here means anything, we have the case where private owners have failed to satisfactorily manage their lands, and the Forest Service as at least one public agency has made the one big step of at least putting its lands on the way to returning them to their original productivity.
Necessary changes if private ownership is to be satisfactory.

In considering whether private ownership will be satisfactory or not we must first be sure we have the alternatives correctly in mind. In the question of ownership, there are really only two possible alternatives to be considered as future policies: first, public ownership, and second, private ownership with government regulation. Naturally any policy will be more or less of a combination of these two, but the alternatives come in as to which one of the two will be given most emphasis, for we brand as radicals those who advocate entire control by either one or the other. Thus we have a scale, not from complete public ownership to complete private ownership, but from on the one extreme public ownership of 50% to 62 1/2% of the commercial forest land and eight-ninths of the non-commercial forest land, to the other practical extreme of privately owning all the commercial land and about half the non-commercial land. That we must face the fact that the alternative of private ownership in the future is not going to be the same as it has been in the past, we can take both the examples of European countries, all of whose forests are either governmentally regulated or owned, and also the constant trend in our own country since its beginning, of continually increasing governmental control (and ownership).

Four major problems then demand attention and solving before private ownership can be recommended as satisfactory:

1. Revision of the tax system.
2. Improved cooperation on protection.
3. Improved utilization practice:
   a. Methods of cutting.
   b. Mill practice.

Recommendations:

I submit the following three recommendations, two as to type of ownership, and a third as a method of solving the problems named above in relation to private ownership:

1. Most of the non-commercial forest land eventually to be in public ownership, either county, state or national. This could be anywhere from three-fourths to nine-tenths as subsequent developments might demand, but the amount would probably fall between these limits.

2. Small additions to publicly owned commercial forest lands where greater efficiency in economic planning would justify such action.

3. A program of education, propaganda, and lobbying for intelligent legislation regulating private ownership. This, of course amounts to the same thing the present federal administration is doing with its present $2,000,000 a year expense for national publicity for its policies. There is very great danger in this in that once such power is given to a group they will use it to defend any policies or legislation of theirs, and without doubt the present administration, if asked, would call their legislation intelligent, whereas there are some of us at least who
think that a very small per cent of any legislation can be intelligent under the present conditions. The reason for this is perhaps best explained by Ise in his "U. S. Forest Policy":

"A second reason for the failure of Congress to adopt a more intelligent policy regarding the timber lands, is the inability of Congress to pursue an intelligent policy regarding anything. Congress is not usually interested in intelligent action, but is interested rather in trading votes and talking to the "home folks" in anticipation of the next election."

It is because of this danger that I would concentrate most of my efforts on the educational part of the program rather than the propaganda. It is slower, but it is more lasting and is a very necessary follow up. Some of it no doubt would have to be called propaganda by whoever would draw the line between it and education, but it is toward that small fraction of legislation that can be classes as intelligent that I would direct this program.
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