AAAS-West, 6/14/77, S.T.

Greater Social Benefits from Fed. Forestry.

PPB – has ~~F~~ FS escaped?

Superficial forms of rational mgmt. – LP (RAM), etc.

Few changes of substance or style.

✓ Custodianship. Stewardship
- Supply timber & services
- Pay revs.
- Make jobs

F.S. doing poorly on all 3?

Revs., doing badly

1. Scaling rev. policy, yield-tax effect.
2. Over favors nearby bidders?
3. Runaway K costs, main weaknesses
   a. Timber invy. too big
   b. Diffused reinv. over much land, fails to conc. on good land. Forestry sprawl.
   c. Excessive roading.
4. Grazing, favor to big owners? 5. Minerals? 6. Recrn?

Timber supply.

Maybe OK, by chance, but input mix is wrong.

Output mix may be way off, too. No studies of tradeoffs.

Watershed.

Burning, fire hazard reduction

Recrn. homes — pretty too little

Mining rev.

Protn. from vandals -- policing (as opposed to outright excluding)

Make jobs

Show payroll % on normalized forest various rotns.

allow payroll = stumpage, for harvest work.

Add mill labor.

1:30 P.M. Economics, Forestry and Timber Supply
Moderator: Gerald L. Partain, Chairman, Dept. of Forestry
Humboldt State University, Arcata, CA. 95521

1:35 P.M. Greater Social Benefits from Federal Forestry -
Dr. Mason Gaffney, Professor of Administration,
University of California Riverside, Riverside, CA. 92502

2:00 P.M. Financing Private Forestry: A Long Run Problem -
Dr. Eric Helfert, Assist. to the President,
Crown-Zellerbach Corporation, #1 Busch St., San Francisco

2:25 P.M. Alternative Timber Harvest Policies - Dr. Lou Pugliaresi,
Environmental Protection Agency, Washington, D.C.

2:50 - 3:05 Break

3:05 P.M. Timber Supply; U.S. Forest Service View -
Donald Funking, U.S. Forest Service, Washington, D.C.

3:30 P.M. Society and Foresters - Dr. David E. White, Professor
of Forestry Economics, University of West Virginia,
Morgantown, W. Va.

3:55 Discussion from panelists and audience.

Greater Social Benefits from Fed. Forestry

Defn. of Science.

Elitist or democratic? Is human welfare the object? Are humans allowed to define their own welfare?

Hard & Soft? Cost as budget mgr. ...

Eg One thing all agree Math. is a science. Here, F.S. is unscientific. Have made "mathematician" a term of reproach.

Ber. maths. tell foresters how to get greater social benefits from Fed. forests — by such unpleasant measures as changing old habits; reducing their invisible budget; relinquishing subec. fringes of their territorial imperative; returning unproductive K to public treasury; managing by thought & reason rather than ancient & easy rules of thumb; levelling w. the public rather than hiding behind obscurity & professional pomp & hubris.

If that seems to be imputing too much to mathematicians, it's hers. I really mean ecsts. & Management Scientists who try to apply math., or at least not to vidate it.

"A Great Nat. Asset is Badly Managed & Unproductive" - M. Clawson. -- he of the good antecedents.

Samuelson, Hirshleifer, also dumping on T.S. & I think I spot a trend. Unemployed Ph.D.s, reserve army of, behind them.

Why? No one loves a kibitzer.

A. Pick on all wasteds. Is what we're paid for.

We are generalists -- mile wide & an inch deep. Specialists, ~~know~~ avoid small errors as sweep on to the grand fallacy. Enjoy each others' comradeship, fellowship (warmth of pigs in a litter - Mencken) but are vulnerable to Groupthink, Doublethink & finally, non Think

Profnl. standards, always "good" - planning, medicine, theatre, research, warfare, welfare, freeways, reservoir engineering, farming, athletic trng, etc. "Good" means if cost no object.

You sacred: they profane.

Beautiful, if cost no object. But one man's good standard invades other's good standard — hence the constraint of costs, imposed impartially on all.

S. O. B. needed to remind all of cost. That's me.

B We see pattern of waste, repeating

Congr.-man hires

Bias. & Steno w. fast track record, Divine Providence cannot save him. But quietly waste billions on invisible K costs, sacred name of Good Forestry, no one lay a glove on.

Ecst. job, traceable dyes on invis. costs.

F.S. is bureaucracy. Bur.s have K-int. bias -- bes. doesn't appear in budget. (Land even better -- Presidio)

Also often have more land than they can handle

C. Some major F.S. discs.

1. CMAI. vs. max. DCF.

Are only the same when $i = 0$.

I.e. V cost no object, K free.

one kind of

Result: excess inventory. Cost of carrying inventory made $= 0$, ∴ ignored

a) In supporting this, foresters have been heard & seen to look w. favor on the "Fallacy that Normalization Eliminates Inventory."

(Looking w. favor is as near as a bureaucrat gets to endorsing anything, so this is a ringing endorsement.)

Input & Output become sinned.

This is part of their rejection of science of mathematics (also, cousin to ACE)

b) Another rationale ~~— or defense, non-rational — is to fuzz everything up.~~

i) all profits belong to F.S., shd. be internalized. (Like anti-diversion clauses of hiway imperialists.) Requires some fuzzing up to go all the way to $i = 0$, but they can do it.

ii) Debit all costs to other accts -- w/o measuring their values, } Watershed, wildlife, or functional relationship to agr. recreation, "the ecology", catchall bag w/o any bottom.

Consolidate accts., so you can debit same acct. several times, & no one see the whole system, or any subsystem clearly. Seems liking a sweeping change, but have become persuaded of disposition of F.S. to tolerate such expounding.

2. Hanzlik Formula. $AC = \frac{O.G.}{m} + mai$

Another departure from DCF.

a) } Slow high. old growth.

b) } Consolidate accts. arbitrarily in adm. unit, called "forests", or working circles -- (or maybe something else, under political pressure, e.g. State of Ore.)

Thus, rate of cut of any acre depends on what adm. unit it's in, rather than biol. or ec. matters. Too late for good locations, too early for bad locations.

c) } ACE. Insult intelligence, like Normalizn. elim. Inv.

d) } ~~Obsession~~ Preoccupation w. achieving stasis in 100 years, ~~excluding~~ ~~overwhelming~~ all other matters.

c) Use of mai to compute growth factor in Hanzlik formula. (Trees don't grow in straight curves; neither do inv. values).

Creates invt. bias toward beginning of rotn. cycles rather than end.

Mgmt. at end w. be more productive, in volume and imminence of payoff. But ACE makes regen. just as good. (& it's cheap, when you have surplus land.)

Res. of consolidating accts., one suspects regen. of bad sites counts for as much as good sites, leading to bias toward bad land

f) allocating the cut among forest units, rather than focusing on good sites.

3. Fire hazard creation down south – (? think.)

4. Over decentralize.

a) Slow cut from good units, by Hanzlik. Vancouver Distr., e.g.

b) Political or adm. allocn. of funds. "A little of everything everywhere."

c) Use & retention of submarg. lands.

Long forest roads – main cost; main source of erosion; main waste of energy; main

invasion of scenery & recrn. main area of "mining" of non-renewable sites.

Wm. Hyde.
Walton, Schm. N.Y.
Peter Berck, Berkeley, & MIT, forests not managed for recrn.

5. Delay before reforestn.
(In spite of ACE, etc.)
Makes use of natural regen — more than pvt. mgrs do, says Clawson.
(wish I knew when nat. regen. lets you begin counting ACE)

6. Bad allocn. of inv. cap.
Subec. invts. rationalized by ACE, in areas where there is old growth.
Ec. invts. on good sites not self-justifying, bcs. of constraint of annual rotation. Returns are extremely low.

~~M.~~

7. Losing money.

1914,

Cash receipts	$486 b.
Cash outlays	485 b
Payments to States & Cties	80 b.

Parkinson?

$42b mortgage. @ 10% = $4.2b cost of inv.

Towards greater benefits

~~V. Wives Act~~ Stewardship.

Act as the mortgagee for $42b to the taxpayers. (And pay prop. taxes, too)

Thus:

1. Pay treasury, relieve other taxpayers
~~2. Employ more labor - make jobs~~
2. Produce more, at less IC cost, & less land cost. Render Service
3. Make more jobs

9:25R
6/7/77

Mason -

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Pamela

SF State 104 Creative Arts Bldg

1:30 PM 9 head off.

Helfert, CJ. Fuij pvt. forestry

Pugliani, calt. harvest sched.

Don Funkuij. Timber supply (US45

Dewe White, W. Va., Society & Foresters