

## TOWARD A FREE MARKET IN FOREST RESOURCES

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Conflict over the use and management of America's forest lands and resources intensified during the 1970s, with debates over the use of the undeveloped lands inventoried by the Forest Service, the division of lands in Alaska, the establishment and expansion of certain national parks acquired from private landowners, and the regulation of forest practices on private lands. These conflicts date from Colonial times, when British attempts to reserve all the white pine trees in New England for the king's navy were among the grievances that led to the American Revolution.<sup>1</sup> Those who wage the battle for conservation argue that resources must be conserved by government decree. Their position is based largely on a distrust of private ownership and of the free market as an allocator of natural resources. Their opponents point to the growing demands for wood products, water, livestock forage, and minerals, and seek to develop them.

Yet in all the debates the basic underlying issue is seldom discussed. The fundamental questions that shape the issue and are really being debated are:

1. What kind of socioeconomic system are we going to have in this country?
2. Who is going to control the management and allocation of our most basic natural resources?
3. Will natural resources be controlled by the public decisions of governmental agencies?

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<sup>1</sup>Joseph J. Malone, *Pine Trees and Politics—The Naval Stores and Forest Policy in Colonial New England, 1691-1775* (Seattle: University of Washington Press, 1964).

4. Will they be controlled through the voluntary marketplace by the decisions of individual members of society?

Since the entire economy rests on our natural resources and their conversion into consumer goods, the resolution of these questions will determine the ultimate form of our economic system.

### Conservation in Action

The word "conservation" as applied to the forests and other natural resources carries with it the connotation of legislation or regulation to require certain practices or uses of those resources. Usually, the uses and practices that prevail are determined less by scientific knowledge and experience in their management than by the personal preferences of those who are able to wield the greatest political power. Conservation, by its very nature, is conflict.

The national forests, born in conflict, continue to be surrounded by it. Gifford Pinchot, the first chief of the Forest Service, developed a philosophy of multiple use, seeking to provide "the greatest good for the greatest number." That policy seemed to work well until after World War II. Until then anyone could visit the forest without stumbling over other users. But the postwar era brought rapid population expansion, increased mobility, and greater affluence, all of which increased the demands on the nation's forests and their related resources.

At a time of increasing public participation promoted by politicians, governmental agencies, and special-interest groups, society has turned to political rather than economic solutions. According to popular wisdom, we must have a system of national forests and, beyond that, a system of controls of practices on privately owned forest lands in order to ensure that existing forests and soil productivity will not be destroyed.

Consequently I have defined "conservation" as the use and allocation of natural resources as controlled, regulated, or directed by government. Such use may be under government ownership or government regulation of privately owned resources. It is seldom wise use.

Underlying it is a basic failure to understand the market economy and how it works to provide continuing supplies of wood products, public recreation, wilderness, wildlife habitat, and other goods and wants.

### The Forest

Nearly one-third of the land area of the United States is forested, and nearly 40 percent of that forest land is owned by the United

States government (see tables 1 and 2). According to the Forest Service, about two-thirds of the forest lands are commercial, defined as those capable of growing commercial wood crops and potentially available for that purpose. Included are productive private lands and those public lands that are not reserved for special uses exclusive of timber harvesting.

Though the Forest Service and other public agencies own more than one-half of the standing sawtimber, they are producing less than one-third of the harvest (see table 3). Edward P. Cliff, then chief of the Forest Service, told a Senate committee in 1969 that "any sustained increase in log harvest in the West must come from public lands." *More intensive forest practices could increase the annual allowable harvest of the national forests by two-thirds over the long term.*<sup>2</sup> In 1973 Cliff reported that long-term allowable harvests could be increased by 6 billion board feet annually.<sup>3</sup> In 1970 growth on the national forests was only 39 percent of their productive capacity (much less than for any other class of ownership), and an independent panel appointed by the president concluded that "it is clear that national forests today are growing relatively little wood, whether the standard of comparison is the forest industry forests as currently managed or the national forest potential productivity."<sup>4</sup>

Nearly 4.4 billion board feet of sawtimber in the national forests dies from natural causes each year, more than one-third of the amount that is harvested from them.<sup>5</sup> Using that timber before it dies would increase both the present and future productivity of the national forests. But the public owners have rejected economic criteria for the management of their lands. Neither the costs of the land nor the costs of the timber inventories are considered, and this creates a tremendous hidden cost to taxpayers and consumers. Using 1974 data and allowing for the value of recreation and other benefits provided at no cost to the user, Dr. Marion Clawson estimated that the national forests earned less than one-half percent on their investment. With a 5 percent carrying charge, the national

<sup>2</sup>*Problems in Lumber Pricing and Production*, Hearings before the Subcommittee on Housing and Urban Affairs of the Committee on Banking and Currency, U.S. Senate, 91st Congress, March 1969 (Washington, D.C.: Government Printing Office, 1969), pp. 584-608.

<sup>3</sup>Edward P. Cliff, *Timber: The Renewable Material* (Washington, D.C.: Government Printing Office, 1973), pp. 6-27.

<sup>4</sup>*Report of the President's Advisory Panel on Timber and the Environment* (Washington, D.C.: Government Printing Office, April 1973), pp. 36, 78.

<sup>5</sup>The foregoing acreage and ownership figures are from *RPA, An Assessment of the Forest and Range Situation in the United States*, Review Draft, U.S. Department of Agriculture, Forest Service, 1979.

**TABLE 1**  
**FOREST LAND OWNERSHIP IN THE UNITED STATES**

	Acres (thousands)	Percentage of Total
<b>Federal</b>		
Forest Service	141,863.7	19.2
Bureau of Land Management	114,163.4	15.4
Other federal	29,130.4	3.8
<b>Total</b>	<b>285,157.5</b>	<b>38.5</b>
<b>Nonfederal</b>	<b>454,985.2</b>	<b>61.5</b>
<b>All ownership</b>	<b>740,142.7</b>	<b>100.0</b>

SOURCE: Department of Agriculture, Forest Service, *An Assessment of the Forest and Range Land Situation in the United States* (Washington, D.C.: Department of Agriculture, 1979), p. 29.

NOTE: Forest land is defined by the Forest Service as land that is at least 10 percent occupied by trees of any size, or formerly having such tree cover, and is not currently developed for nonforest use.

**TABLE 2**  
**COMMERCIAL FOREST LAND OWNERSHIP IN THE UNITED STATES**

	Acres (thousands)	Percentage of Total
<b>Public</b>		
Federal	99,654.8	20.4
State	23,641.8	4.8
Local government	7,215.9	1.5
Indian	6,089.2	1.3
<b>Total</b>	<b>136,601.7</b>	<b>28.0</b>
<b>Private</b>		
Forest industry	67,975.6	13.9
Farm	116,784.5	24.0
Other private	166,364.1	34.1
<b>Total</b>	<b>351,124.2</b>	<b>72.1</b>
<b>All ownership</b>	<b>487,725.9</b>	<b>100.0</b>

SOURCE: Department of Agriculture, Forest Service, *An Assessment of the Forest and Range Land Situation in the United States* (Washington, D.C.: Department of Agriculture, 1979), p. 306.

NOTE: Commercial forest land is defined by the Forest Service as land capable of growing at least 20 cubic feet per acre per year of industrial wood and not withdrawn from timber utilization.

TABLE 3

## PROPORTION OF COMMERCIAL FOREST LAND AND SAWTIMBER INDUSTRY, GROWTH AND HARVEST, BY OWNERSHIP

Ownership	Land Owned (%)	Sawtimber Owned (%)	Sawtimber Growth (%)	Sawtimber Harvested (%)
National forest	18.2	41.1	17.3	18.9
Other public	9.8	11.1	9.2	8.8
Forest industry	13.9	15.1	19.7	32.2
Farm and other private	58.1	32.7	53.8	40.0
All owners	100.0	100.0	100.0	99.9

SOURCES: Department of Agriculture, Forest Service, *An Assessment of the Forest and Range Land Situation in the United States* (Washington, D.C.: Department of Agriculture, 1979), pp. 306, 311, 314; and Council on Environmental Quality, *Environmental Quality—1979: The Tenth Annual Report of the Council on Environmental Quality* (Washington, D.C.: Government Printing Office, 1979), p. 710.

forests actually lost \$2 billion annually, or \$9 for every person in the country. Clawson commented that "capital which seems to be free is an irresistible temptation to its wasteful use."<sup>6</sup>

When the United States was formed, the western holdings of the individual states were ceded to Congress, which adopted a policy of selling the lands to support the new government and to pay off the debts incurred by the Revolution. Though there were earlier attempts to reserve forest lands, the basic policy until 1891 was one of land disposal. Then an act of Congress authorized the president to reserve public forest lands in any state or territory, whether of commercial value or not. The Weeks Act of 1911 directed the Forest Service to purchase cutover lands for the protection of soil and watersheds, particularly in the eastern states. Thus, the reversal of national policy from that of disposal of federally owned lands to one of acquisition from private owners was complete.

Federal purchase of privately owned lands received new emphasis when the Land and Water Conservation Fund Act became effective at the beginning of 1965. The act authorized a special fund, to be divided among the states and the federal government, to acquire and develop outdoor recreation resources. The federal share can be used only to acquire more lands or to offset capital costs that are allocated to public recreation or to fish and wildlife

<sup>6</sup> Marion Clawson, "The National Forests," *Science* 191 (February 20, 1976): 762-67.

values on federal water projects. The federal share cannot be used for development or management of existing areas. Several large parks have been established since 1965, the most notable being the Redwood and Voyageurs National Parks and the Big Thicket National Preserve, all on lands taken primarily from timber companies.

The General Accounting Office (GAO) has been critical of the three major land acquisition agencies—the National Park Service, the Forest Service, and the Fish and Wildlife Service—for their “general practice of acquiring as much private land as possible regardless of need, alternative land control methods, and impacts on private landowners.” According to the GAO, 42 percent of the land area of the United States is publicly owned, and some 60 million acres have been acquired from private owners.

During fiscal years 1973 to 1977, the three federal agencies acquired 2.2 million acres at a cost of \$606 million. An additional \$10 billion has already been authorized for land acquisition and development through the Land and Water Conservation Fund over the next eleven years (\$4 billion for federal acquisition and \$6 billion for state and local governments for acquisition and development). The GAO recommended that other protection alternatives, such as easements, zoning, and federal land use controls, should be used rather than outright purchase.<sup>7</sup>

The GAO's recommendations follow a trend that began as early as the 1960s when, because of the high cost of lands they coveted, proponents of government acquisition began exploring other ways to acquire “public interest” resources. Later a major study of the rights of private property and the constitutional limits to public control of those rights was commissioned by the Council on Environmental Quality with partial financing from the Ford Foundation. The authors concluded that “there is little historical basis for the idea that a regulation of the use of land can constitute a taking of the land.”<sup>8</sup> This study is only one of many reports and misconceptions that are used to justify stronger regulation of the so-called public interest in private forest lands.

In 1976 the secretary of the California Resources Agency told the Mount Shasta Chapter of the Society of American Foresters:

I think that it is an important thing for us all to recognize that this

<sup>7</sup>General Accounting Office, *The Federal Drive to Acquire Private Lands Should Be Reassessed*, CED-80-14 (Washington, D.C.: Government Printing Office, 1980).

<sup>8</sup>Fred Bosselman, David Callies, and John Banta, *The Taking Issue: An Analysis of the Constitutional Limits of Land Use Control* (Washington, D.C.: Government Printing Office, 1973), p. 328.

land, which stretches from the Pacific to the Atlantic, from Mexico to Canada, belongs to all the people of the United States—not just to the people who are living now, . . . but also to the future.<sup>9</sup>

The following December, in an environmental manifesto for forest lands, Charles Warren, then chairman of the California Assembly's Land Use, Resources, and Planning Committee, explained that California's Forest Practice Act and Environmental Quality Act merely defined more clearly some of the public interests in timber and timber land.

What the legislature has done in the Forest Practice Act, Coastal Act, the Yield Tax Bill, and other land use measures is not the taking of private property. On the contrary, I am convinced that these actions only serve to establish a clearer distinction of what is public and what is private. The legislature has defined, through such bills, those portions of privately held property which are really *public property*.<sup>10</sup>

For a number of years this attitude has prevailed in California. A timber owner must pay a registered professional forester to prepare a Timber-Harvesting Plan that must be approved by the director of the State Department of Forestry before harvesting can begin. Before the plan is approved, it is reviewed by a team consisting of representatives of the Department of Forestry, the regional Water Quality Control Board, the Fish and Game Department, the Coastal Commission (if the area is in the coastal zone), and sometimes other agencies, such as the Department of Parks and Recreation and the National Park Service.

It doesn't always take an infraction of timber-harvesting regulations to cause disapproval of a plan. The use for misleading publicity of preharvest photographs taken by a member of a review team led one landowner to refuse to allow him to carry a camera on a field inspection of a timber-harvesting plan. Because of that refusal, the director of the Department of Forestry denied approval of the plan, and the state Board of Forestry upheld the denial on appeal, even though the board has no rule concerning cameras.<sup>11</sup>

At least in California, there is no such thing as the private ownership of forest land. As Warren said, the state has redefined property rights to make those resources public property. The paper deed

<sup>9</sup>Mrs. Claire Dedrick, Secretary for Resources, State of California, in a speech before the Mt. Shasta Chapter, Society of American Foresters, Yreka, California, 1976.

<sup>10</sup>Charles Warren, "Public Views, Ethics and Professionalism," a speech before the Northern California Section, Society of American Foresters, Sacramento, December 4, 1976.

<sup>11</sup>California State Board of Forestry, May 7, 1980; appeal on THP 1-78-911M, AM-4.

held by the owner carries with it little more than the right to pay taxes on the property it describes.<sup>12</sup> My discussion of the public ownership of forests and their complementary resources therefore also applies to the regulation of privately owned forest land. The only difference is in the method and degree of control.

### Some Principles of Ownership

Why the prevalent view that forests must be socialized by government ownership and control? Is this view consistent with the basic principles that govern human action?

By the mid-nineteenth century, the warning of approaching timber famine was frequently heard. In 1874 George Perkins Marsh wrote:

There are parts of Asia Minor, of Northern Africa, of Greece, and even of Alpine Europe, where the operation of causes set in action by man has brought the face of the earth to a desolation almost as complete as that of the moon. . . . The earth is fast becoming an unfit home for its noblest inhabitant.<sup>13</sup>

Marsh deplored that so much forest land in the United States had already been transferred to private ownership. He believed that the same kind of destruction was occurring here as had occurred in the Middle East. He misinterpreted the history of the Mediterranean region and therefore failed to understand the causes of the apparent overuse of resources during his own time.

The closest parallel in the United States to the degradation of the Mediterranean region was on the western public rangelands, where the law did not permit the settler to acquire an economic land unit. Competition among the graziers for the open range, coupled with some action by the federal government, contributed to the development of the dust bowl of the 1930s.<sup>14</sup> Like the open range of the American West, the Cedars of Lebanon and the so-called devastated areas described by Marsh were unowned; they were commons available to all. In his classic essay "The Tragedy of the Commons," Garrett Hardin gives an excellent description of

<sup>12</sup>For an explanation of how this was achieved by exploiting the conflicting provisions of two state laws, see Charles R. Batten, "The Second Battle of the Redwoods," *Reason* 11 (October 1979):18-23.

<sup>13</sup>George Perkins Marsh, *The Earth—As Modified by Human Action* (a new edition of *Man and Nature* (New York, 1894) published by Scholarly Press, St. Clair Shores, Mich.), p. 43.

<sup>14</sup>Richard Goff and Robert H. McCaffree, *Century in the Saddle* (Denver, Colo.: Colorado Cattlemen's Centennial Commission, 1967), pp. 119-22 and chap. 8.



what happens when herdsmen use common lands without restrictions:

Each man is locked into a system that compels him to increase his herd without limit—in a world that is limited. Ruin is the destination toward which all men rush, each pursuing his best interest in a society that believes in the freedom of the commons. Freedom in a commons brings ruin to all.<sup>15</sup>

In primitive societies it was a simple matter when the land wore out to move into a new area and continue the same destructive practices. "It was only when a country was more densely settled and unoccupied first-class land was no longer available for appropriation, that people began to consider such predatory methods wasteful," wrote Ludwig von Mises. "At that time they consolidated the institution of private property in land. They started with arable land and then, step by step, included pastures, forests, and fisheries."<sup>16</sup>

They were beginning to discover the principles of ownership and human behavior. As Susan Love Brown, with others, wrote,

Principles are not legislated or invented—they are discovered. For centuries men were ignorant of the laws of physics, but they were subject to them nonetheless. It was only when principles were discovered that the great advances in the physical sciences could take place. So it is with human action. To the extent that the principles of human nature have been ignored or rejected, men have suffered poverty, stagnation, and political tyranny.<sup>17</sup>

Written law originated not as legislation but as an effort to record the customs already observed by society. Bruno Leoni writes, "Both the Romans and the English shared the idea that the law is something to be *discovered* more than to be *enacted* and that nobody is so powerful in his society as to be in a position to identify his own will with the law of the land."<sup>18</sup> Leoni, an internationally known lecturer and political scientist, describes how the tendency to equate law exclusively with legislation and to neglect custom and spontaneous actions among individuals is leading to the destruction of individual freedom.

<sup>15</sup>Garrett Hardin, "The Tragedy of the Commons," in *The Environmental Handbook, Prepared for the First National Environmental Teach-In*, ed. Garrett DeBell (New York: Ballantine Books, 1970), pp. 31-50.

<sup>16</sup>Ludwig von Mises, *Human Action*, 3d rev. ed. (Chicago: Henry Regnery Co., 1966), p. 656.

<sup>17</sup>Susan Love Brown et al., *The Incredible Bread Machine* (San Diego: World Research, Inc., 1974), p. 127.

<sup>18</sup>Bruno Leoni, *Freedom and the Law* (Los Angeles: Nash Publishing, 1972), p. 10.

According to Gottfried Dietze, in 1606 Jean Bodin wrote that property is such a fundamental institution that the degree of civilization can be measured by the severity of punishment for infringements upon property, such as theft. . . . A prince, no matter how great his authority. . . could not justify infringements upon private property. The claim that the king exercises *dominium* over all things within his *imperium* is based upon a misinterpretation of Roman law, for "every subject hath the true proprietie of his own things, and may therefore dispose at his pleasure." The king, no matter how great his temporal powers may be, is still bound by the law of nature and the laws of the realm, and cannot arbitrarily infringe upon property rights.<sup>19</sup>

The early advocates of the democratic form of government considered the protection of property rights to be its very foundation. Dietze noted that the English jurist Sir William Blackstone wrote that property could be expanded by regulatory measures, but not restricted.

The English government, whenever regulating private property, was bound by natural law. English law itself was part of the law of nature. The latter was "coeval with mankind, and dictated by God himself, . . . binding over all the globe, in all countries, and at all times. No human laws are of any validity, if contrary to this; and such of them as are valid derive all their force, and all their authority, mediately or immediately, from this original."<sup>20</sup>

Henry George, who favored the public ownership of land and the "single tax" on its use, believed that any man is entitled to own all the products of his labor. But natural resources, which are God-given, must be owned by society.<sup>21</sup> A tree that a farmer has planted and nurtured to maturity is his to do with as he wishes; but a tree in a Nature-grown forest, or the land on which it stands, is not for the farmer to claim. Both tree and land are gifts of Nature and therefore belong to all society.

This view ignores the nature of mankind and fails to reflect the true origin of a resource. A tree or a clay or mineral deposit is not a resource until some person with a little insight discovers a way to convert it to some beneficial use. Then it becomes a resource. Society did not discover and convert the tree or clay into useful

<sup>19</sup>Gottfried Dietze, *In Defense of Property* (Baltimore: Johns Hopkins University Press, 1971), p. 20 (originally published in 1963 by Henry Regnery Co.). Dietze quotes from *Six Bookes of the Commonweale* (1606).

<sup>20</sup>*Ibid.*, p. 27. Dietze quotes from Blackstone's *Commentaries* [12th ed., 1794].

<sup>21</sup>Henry George, *Progress and Poverty* (New York: Robert Schalkenbach Foundation, 1975); originally published by George himself in 1879.

goods; it was the individual who had the curiosity to experiment and the nimble fingers to develop new skills. His art and the material cannot be separated, and they are rightfully his. In a free market he is rewarded for his craft, not penalized or regulated in the use of the raw materials.

If all God-given resources are owned by society, then so are the unique mental and physical characteristics that enable the craftsman to develop his skills. If society claims his natural talents, it must also claim his acquired skills, and the craftsman becomes its slave.<sup>22</sup>

We know that the only legitimate and peaceful way for consumers to acquire food or tools is through voluntary exchange. Thievery, fraud, and slavery are considered immoral. Cooperation among neighbors, not robbery or conquest, provides for greater productivity, a higher standard of living, and a generally more desirable society.

There is no basic difference between armed robbery and the taking of certain rights of ownership by a legislative redefinition. Ownership of property consists of a bundle of rights to various uses of the property. When a person has a right, we simply mean that it would be immoral for another person, acting alone or with others, to stop him by force or threat of force from exercising that right.<sup>23</sup>

Ownership denotes control. When control of a forest property is taken from its owner, conflict is introduced. The owner is forced to do what he would not otherwise have done, or he is prevented from doing what he would have done.<sup>24</sup> He is less able to produce the goods and other benefits that consumers have shown they want by their voluntary purchases and contributions. Costs are increased, and the search for better ways of growing trees, preserving soils, or encouraging wildlife is inhibited.

If ownership rights are unstable or uncertain, an owner is less likely to spend effort and money to improve the productivity of his soil or the utilization of the wood he grows. I know of one corporate timberland owner who has a complete small-log mill on the drawing boards. The mill, if built, would make better management of

<sup>22</sup>For a similar view, see Murray N. Rothbard, *Man, Economy and the State: A Treatise on Economic Principles* (Los Angeles: Nash Publishing, 1970), pp. 148ff.

<sup>23</sup>James A. Sadowsky, "Private Property and Collective Ownership," in *Property in a Humane Economy*, ed. Samuel L. Blumenfeld (LaSalle, Ill.: Open Court, 1974), pp. 85-100.

<sup>24</sup>For a more lengthy discussion, see Rothbard, pp. 768ff; or his *Power and Market—Government and the Economy* (Menlo Park, Calif.: Institute for Humane Studies, Inc., 1970).

the company's forests possible, provide for more complete utilization of its timber, and make more jobs available in an area of high unemployment. But the mill has not been built, because the owners have no assurance that they will be allowed to harvest trees from their own lands in the future. When ownership rights are uncertain, planning horizons are shortened to the nearest possible term because the owner cannot be reasonably sure of receiving future benefits from his efforts.<sup>25</sup> The current trend toward more complete socialization of the forests is contrary to the economic and moral principles by which the members of a free society acquire the goods and services they need and want. It is counterproductive and lowers the standard of living. The long-predicted timber famine may well come about. If it does, it will have been caused by turning what should be professional forestry and economic decisions into political decisions.

### Management Objectives

Since there are many reasons for owning forest land, there may be several management objectives. Because some of those objectives conflict, one primary or dominant use must be chosen and clearly defined for any single tract of land.

In the absence of overriding regulations, an individual landowner, a hunting club, the Sierra Club, or a timber company can select a primary objective for the management of the land and proceed toward it. In public ownership a clearly defined objective is impossible to identify, since each of the "owners" has a different view. There can be no unity of purpose when such a collective decision is made.

We are often told that each citizen owns a little less than one acre of national forest land. Suppose that an ardent Sierra Club member and I were shown one acre of old growth timber and were told that it belonged to us jointly, that neither of us could sell out, and that we must decide how it would be managed. I would immediately start looking it over to determine how it should be harvested, what logging method to use, and where to locate the roads. The Sierra Club member would want to leave the acre in its pristine condition, adding only a few light trails and perhaps a rustic campground. He would do everything in his power to stop my logging operation. We would be locked in continual combat, each trying to

<sup>25</sup>The effects of uncertain or insecure ownership are discussed more fully by S. V. Ciriacy-Wantrup, *Resource Conservation: Economics and Policies*, 3d ed. (Berkeley, Calif.: Div. of Agricultural Sciences, University of California, 1968), chaps. 10, 11.

protect his own interests. If, by some miracle of diplomacy, we were able to work out a compromise, neither of us would ever be totally happy with the results. Each would claim that society would receive greater and more important benefits if the land had been used his way.

In effect, since we cannot agree on how to manage our commonly owned acre, we have turned it over to the Forest Service. It is the federal government who determines the purposes for which it is to be managed. The Forest Service listens politely to us both, along with all the allies each side can muster. The battles become emotional, and the person or organization that tries to use logic or factual information is frequently lost in the uproar.

No matter what the Forest Service decides, it is castigated by the losers. Court cases often result and progress soon grinds to a halt. With special-interest groups trying to dictate their views, each claiming to represent the public, capable forest officers are unable to make professional decisions. Instead, major decisions are made in the political arena and are based on political expediency rather than on well-defined management objectives. Users are pitted against one another in a social climate wherein each feels that he must exert as much political pressure as he can in order to get the most favorable decision from the agency.

In every political battle there are losers and winners. This is in contrast to the free market, where every participant benefits from a voluntary exchange. If the Sierra Club member and I were allowed to bargain and one of us could sell out to the other, our conflict would be resolved. If I bought him out, he could use the proceeds and purchase another acre that would have a better view, perhaps a better campsite, and might better suit his purposes in all respects. If he bought me out, I could search for another stand with easier access or more timber volume. Then each of us would be able to pursue his own interests, and, perhaps most important, we would remain friends. When he needed poles to build a primitive shelter, he could buy them from me; and when I am ready for a wilderness vacation away from my logging roads and clear-cuts, he could provide it.

Land use decisions, whether they result in timber harvests or in wilderness preservation, are basic economic decisions, and they are therefore properly made only in the voluntary marketplace. True public demand cannot be determined as though the public were a single-minded entity. It can only be determined by the voluntary actions of all individuals within a society, as they seek to fulfill their needs and wants.

Marketing decisions made in the political arena cannot respond to the changing demands of a dynamic society. Policies made last year are not necessarily appropriate this year, but bureaucratic red tape makes timely responses impossible.

One major problem the national forests face is that of even-flow management of timber-producing lands. Even-flow ignores current economic conditions and calls for the harvesting of the same amount of timber whether the market is good or bad. Such a policy is simply incorrect economic reasoning, according to forest economist Barney Dowdle.<sup>26</sup> It tends to intensify the violent fluctuations of an already volatile market.

If more timber is not made available during times of high demand, the elevated prices typical of those periods are forced even higher. Since the federal government owns more than one-half of the standing sawtimber supply, it exerts a great influence on both supply and prices of lumber and plywood products. Yet the forest managers have rejected the price system, which in Dowdle's view is the most important "timber supply problem in the United States today."<sup>27</sup>

During periods of high demand the private owner generally increases his timber harvests. This increase tends to keep the price from going higher. In 1973 I made a preliminary study showing that the wholesale price index and the stumpage prices paid for western species, originating primarily on the national forests, fluctuated wildly when compared with species originating in the South, where private ownership is predominant.

Under private ownership, the market, by means of the price system, becomes both the stimulus for improved forest management and the means of allocating limited resources among those end uses that are in greatest demand.

It is said that profit seekers must take the short-term view and have no concern for future production or long-term productivity. This cannot be. A responsible private owner of forest resources must maintain the maximum possible present value of his property at all times if he is to earn maximum returns. He must balance today's production with future productivity, which requires a long-term view. The property must be kept in productive condition, and the owner doesn't do that by destroying his resources.

<sup>26</sup>Barney Dowdle, "Economic Criteria and the Timber Supply," a speech before the Western Timber Association, San Francisco, Calif., March 5, 1976.

<sup>27</sup>Barney Dowdle, "Perspectives on the Timber Supply Situation," *Washington Public Policy Notes* (Seattle: University of Washington, Institute of Governmental Research), vol. 4, no. 2 (Spring 1976).

We have learned that land and resources in private ownership will not be destroyed but will be preserved simply because it is in the owners' best interest to preserve them. The real "tragedy of the commons" is that we have failed to apply the lessons of our past experience.

### Toward a Free Market

It is popular to argue that society's needs for natural resources can be met only by government ownership or control. This is a remarkable argument, even after one considers that those who embrace it are equating society's needs with their own wants or their own interpretations of demand. Few of them advocate the government ownership of farms for the production of food and shoe leather.

The owner of income-producing property must meet the demands of society, or he will fail in his pursuits. If the forest owner can serve the demands of some segment of society, whether it be sportsmen, bird watchers, backpackers, wilderness lovers, stockmen, timbermen, campers, or kayakers, then he is performing a valuable service and society will reward him for it.

If our forest resources are ever to provide the greatest good for consumers, we must eliminate the sources of conflict over their management. We must recognize that the cause of the conflict lies not in differences in personal tastes but in the prevailing popular view that property rights in land and resources are a subject for legislation. We must recognize the immorality of redefining property rights away from private ownership. Instead, let us redefine them so that all interests in forest land and related resources are protected as private property. The marketplace, not government, is the proper arena in which to eliminate conflict.

The redefinition includes, of course, the transfer of the publicly owned forests into private ownership. Probably the best way would be to sell the lands to the highest bidders and use the returns to pay off the national debt and to reduce taxes. Under this plan society's needs and wants would be furnished more efficiently and more equitably than they are today. Each property would be acquired by people who could put it to a use suited both to its character and to society's demands.

The Sierra Club, for example, could do an outstanding job if it owned Yellowstone National Park, Rocky Mountain National Park, or Yosemite. The Sierra Club and other conservation organizations have a singleness of purpose. Each could determine a dominant objective for managing its own property. The members' esprit de corps and enthusiasm would lead them to volunteer their expertise

and their labors, allowing both members and nonmembers to benefit from and support their efforts.

Such a change will not be easily made. Newton's third law of motion, which says that for every action there is an equal and opposite reaction, applies equally well in the social and political worlds. Any proposal to transfer the public lands into private ownership will be resisted by those who derive some private good from the public ownership of lands and from those who remain unconvinced that private owners are better stewards of the land.

It is beyond the scope of this paper to attempt to overcome all the objections and problems that might be encountered, but I will touch briefly on two of them.

First, some persons who agree with the position presented here may not be willing to support it because they do not believe it is politically feasible. But if we are afraid to speak out for some future goal, dare we ever expect to achieve it? Certainly we are not talking about something that will happen next year. Over a longer term who is to say what will be politically feasible? Public opinion often changes very rapidly. We are now in a period of rapid change, and a goal of a free market in forest resources may be nearer now than at any time since the turn of the century.

A second concern, felt by some environmentalists who might otherwise lean favorably toward this proposal, is that the timber companies might be able to outbid them on all the desirable forest land. There would undoubtedly be heavy bidding among the timber companies for high value timber-growing lands, especially where their lands are intermingled with the public forests in the three west coast states, in northern Idaho, and in western Montana. But they would probably exhaust their available capital before they could buy it all. The costs of capital would limit the opportunity for those who would grow timber strictly for monetary profit, especially on the less productive sites in the Rocky Mountain region. Those are the lands that would be of higher value for recreation, water production, range, and wildlife.

Some timber companies prefer not to own any timberland and rely on the open market for their raw materials. In the South, for example, the industry owns only 18 percent of the commercial forest land and purchases most of its wood from farmers and other landowners.

When a free market in forest resources is achieved, it will be the result of serious efforts to learn how human demands are met and how conflicts are resolved in a free and civilized society. Any legislative change will be in response to a higher level of under-



standing among those who make up our society, a rediscovery of the natural law that governs society and its use of resources to fulfill its physical and aesthetic demands.

If the natural laws of human behavior and economics seem to conflict with the natural laws of physics and biology, it is because we do not understand them. They must be in harmony, since they all play their part in governing earth's great life-support system. As Susan Love Brown wrote,

Because the basic principles of freedom are consistent with man's nature, they work. And because the basic principles of collectivism (statism) are not consistent with man's nature, they do not work, as not only history proves, but the state of the world today confirms.<sup>28</sup>

<sup>28</sup>Brown et al., *Incredible Bread Machine*, p. 127.