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United States
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**Forest
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General
Technical
Report
WO-22

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Proceedings of the National Private Non-Industrial Forestry Conference

Sponsored Jointly by the National
Association of State Foresters
and the Forest Service,
United States Department of Agriculture
November 26-27, 1979 Washington, D. C.

APR 26 '84

U.S. GOVERNMENT
PRINTING OFFICE

P R O C E E D I N G S

NATIONAL PRIVATE NON-INDUSTRIAL FORESTRY CONFERENCE

Sponsored Jointly by the

National Association of State Foresters

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General Technical Report WO-22

May 1980

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PURPOSE AND ORGANIZATION OF THE PNIF PROJECT

By

*William E. Towell, PNIF Project Coordinator
National Association of State Foresters*

Welcome to this national conference on Private Non-Industrial Forestry (PNIF). This is the culmination of a year-long project. There have been four regional efforts to define the needs and priorities of small, private forest landowners. This conference will attempt to bring it all together.

The Southern Landowners Forum was held in Atlanta July 23-24. A New England--New York Conference was held in Waterville Valley, N.H. July 29-30-31. The North Central PNIF Conference was in Milwaukee, August 20-22. A series of workshops and State reports provided the Western input. There was a conference on private non-industrial forestry at the Western Forestry Center in Portland last year, so the Steering Committee felt another conference was unnecessary. A report had just been published, and the Committee decided on a study project using a standard outline and the State RPA committees already established. All four regional reports are now published and available.

What is different about this private non-industrial project? There have been any number of previous conferences and reports on the subject; so many, in fact, that it is almost confusing. Therefore, one secondary purpose of this project was to bring some order out of all the confusion. But, the real purpose of this series of meetings was to get grass roots information on private landowner needs and opinions. We went to the landowners themselves, and to those working directly with private landowners on the ground: service foresters, consultants, industry foresters, and the Extension Service were all involved. Hopefully, we have identified the most important problems facing private forest landowners. As I indicated earlier, this national conference is an attempt to put it all together. The regional reports stand on their own, but is there a common thread? Can we reach a consensus

or establish priorities? What should be our primary PNIF objectives for the future? We are looking to these four regional reports, this Conference, and all of you to help us find the answers.

We are going to hear all of the regional reports from those who were most active in developing them. One of the regional cochairmen will present the official report, then we will hear a landowner reaction, and, finally, an appraisal by an outside, impartial observer who attended or evaluated the regional conference. Then, Rex Resler of the American Forest Association will present a national program; a summary of the four regional reports. Rex will attempt to identify the priorities and present to us a national list of problems and needs of private, non-industrial owners.

A panel of experts will respond to all we have heard, the regional reports as well as Rex's analysis. This panel will represent several disciplines: industry, consultants, Extension, conservation groups, State Foresters, and Congress. It will be moderated by our new Chief Forester, Max Peterson. We also hope to hear from you. We want your ideas or criticism.

Finally, we will get the Administration's reaction to the entire effort. Assistant Secretary Rupert Cutler will chart the "Future Direction for Private Non-industrial Forestry" in his closing address. But, first we will have a keynote address by Secretary Bob Bergland when he arrives. Secretary Bergland is squeezing this appearance into a busy schedule and we are grateful. It signifies to me that the Secretary and the Administration consider this to be an important subject. We are pleased by the commitment of both the Secretary and the Assistant Secretary.

Each of you will get a copy of the report of this Conference. Background papers prepared for participants in the regional conferences are available at the registration desk as long as they last. For those with less time to read, a summary of the 12 "White Papers" has been prepared by Missouri Extension Forester John Slusher and was handed to you when you registered. Copies of the regional reports will be mailed to those who request them. Please leave your name and mailing address at the registration desk.

Now, on with the Conference. We will start with the Southern region and continue in the order regional conferences were held. When the Secretary arrives, we will interrupt, and then continue after his keynote address.

KEYNOTE ADDRESS

By

Secretary of Agriculture Bob Bergland

I am pleased to have the opportunity to address a conference where so many different interests are represented: Federal, State and private forestry groups, representatives of other Federal agencies, conservation groups, and particularly private landowners.

By bringing all of these groups together, the chances are better that we will achieve the most effective use of the Nation's private, non-industrial commercial forests.

Clearly we need more timber. But in the next 50 years, the forest industry's share in total timber production is expected to drop from 38 to 24 percent. The National Forests' share will remain about the same as it is now. Thus, the private non-industrial forests will provide the only real opportunity for significant increases in the supply of timber and other forest products.

Timber is becoming an increasingly lucrative investment. In the Pacific Northwest and in the South, owners can now earn 10 to 15 percent returns on their investments--after inflation. Despite this favorable climate, we recognize that Federal assistance may be needed to encourage the kind of management that will assure adequate timber supplies in the future, as well as more timber production in the present.

I would like to point out that this assistance can be expanded to include more than just writing checks.

We in the Department of Agriculture can be an advocate for the private landowner in developing revisions in the land tax policy. I am leaving this afternoon to attend the first of 10 regional hearings on agricultural structure. One of the matters

we are looking into is tax policy, in the context of land inflation, since land values in this country have tripled in the last nine years.

The structure study activity getting underway tomorrow is only the beginning of what we hope will be a yearlong study.

In 1981, all the farm bills run out. In preparation for that, tax policy will be reviewed again, and what we hope to do is reach agreement with the Department of Treasury and others involved. Then, land tax policies, capital gains taxes, estate taxes, and other matters of this sort will be examined for their impact upon agriculture. The Department is going to be in there strongly, and your advice is needed. Think about this carefully because we will have an opportunity to incorporate whatever changes you think will generate more timber production, and bring them to Treasury, OMB, and the President as part of comprehensive legislative action.

I don't know what sort of tax remedies would be most appropriate, but I think they ought to be looked at. Although 58 percent of all commercial forest land is in the hands of small private landowners, it produces only one-third of our timber resources. There is something wrong. I don't know what it is, but if it is tax policy, we need to reexamine it--not for the purpose of giving anyone special breaks, but for the purpose of protecting the public interest.

On a broader basis, I would like to say a word about what I consider the proper Federal role, as related to State, county, or private enterprise. I know some of you have had questions about it because of the cut of cooperative forest fire fighting funds from the Forest Service budget.

One of the things we examine very carefully in our budget preparation process is whether the county, State, Federal, or private enterprise is best equipped to deal with a function or mission.

I was in Congress for seven years, and used to shake the Federal tree. For example, when people back home would write me a line to get help with a housing project, I would push and shake to get something done about it.

Afterwards I said to myself, "That's a terrible way to make a living. What is the proper Federal role. Is there something the Feds can do better than anyone else--besides write checks?"

As you can guess the perspective is different for me now. I am under enormous pressure from the President and some of you to cut Federal spending. For that reason, we examine everything very

carefully, particularly the question of whether or not the Federal Government can carry out a mission or if it would be better handled by the States.

Generally speaking, there are things which we regard as being sacred and State rights, such as law enforcement and fire protection of property rights. We think it is essentially a local matter and, as a basic rule, I am reluctant to preempt local authorities.

Finally, I'd like to say something about conservation. I am persuaded that with the old programs, we are not going to get people to adopt sound conservation programs. I don't think that the ACP cost sharing is going to buy a sound conservation program unless we have, along with it, the commitments to better resource management. We estimate it would take \$7 billion in ACP cost sharing a year in order to provide the necessary tax incentives for reforestation, timber stand improvement, and all the other conservation practices. How much private, county, and State monies are needed remains unknown.

So, we have to examine these matters from a different point of view. Such a view is reflected in the Resources Planning Act about which you will soon have reports. In the Soil Conservation Services area, we have the Soil and Water Resources Conservation Act. We are looking to you and others for advice on them. What should the Federal role be? What can we do? What can we at the Federal end do that the States can't possibly do.

What I am doing now is forcing a sorting out. The Federal research budget for agriculture has been a long downhill slide since 1940. During the same time, the State budgets have gone up. We have taxpayer revolts in California and other places. Now we've got a new world. I was in Rome at the FAO meeting and talked with my colleagues from all over the world. I am persuaded that the land base of the United States is going to be under more pressure than ever before in our history, and we have never seen anything like we are running into in the eighties and beyond. We don't have any time to waste, and there is no land to spare.

So what we have to do in the Federal sector--you, private enterprise, those of you with State agencies, etc.--is figure out a plan. That's what the Resources Planning Act is all about. It can help determine the Federal role. If that role is just writing checks, so be it. Then we can know what the limits are. But maybe we can be more creative.

In conclusion, I am keenly interested in the results of this Conference. I hope they will provide us with the creative insights we need to develop a policy for non-industrial private forests to serve the needs of everyone here, as well as the public at large.

REPORT--SOUTHERN LANDOWNERS FORUM

*By Harry E. Murphy
Co-Chairman, Consultant, Resource Management Service,
Birmingham, Ala.*

When we heard of plans to hold a series of conferences on private non-industrial forest ownerships for input to the RPA process, we saw it as an opportunity to provide a forum for PNIF landowners. We were convinced that such a conference would be of value and that we should support and be involved in sponsoring a Southern Forest Landowners Forum. This forum was historically unique for it was the first such meeting on a regional basis for and by landowners. Basically, we were supposed to listen to the landowner.

For more than a decade we have heard from many of the so-called "experts" about the vast potential for increased forest products production on the lands of the private forest owner. This has often been given as the answer to how our Nation's increasing needs for forest products can be fulfilled, even if we constantly reduce the output from public lands for wilderness and other nonproduct uses.

The southern private landowners have demonstrated conclusively that under the proper economic conditions and using good forestry practices they can greatly improve the output from their lands. Fortunately, these are also good environmental practices.

Forest Service survey figures show that the South has changed from a region of declining timber growth to a region where growth exceeds drain. This ought to be a very reassuring situation, but it is not.

What many call the "golden age" of forestry in the South occurred between the years 1944 and 1969. Modifications of the capital gains tax provisions, which were applied to tree farming in 1944, were heralded by government agencies as being a great help to private landowners in helping them practice forestry.

The private landowners responded, and we in the South developed a voluntary cooperative forestry effort involving the landowners, the forest industry, the State and Forest Service, and the Cooperative Extension Service. We rebuilt the South's forest our own way--without any governmental regulations or interference. This is probably the only time in history when a declining resource has been turned around and headed back up again to new and higher levels of performance by the private enterprise system and public sector support; i.e., fire control.

Now, Southerners are a forward looking group. Having rebuilt the South's forest, they decided in 1969 to examine what had been done in the past 25 years to assure such a marvelous recovery and to look forward to how this method could be applied to the job ahead; of meeting the increased timber needs that were forecast for the future.

This report, "The South's Third Forest" was published in 1969 as a result of the input of hundreds of knowledgeable people. It was presented to, and adopted by, the Southern Governor's Conference. It was also presented to several congressional committees who were holding hearings at that time.

Unfortunately for us, as well as the Nation, these recommendations have not been fully adopted. Our forestry progress has steadily lost steam, and problems are developing unnecessarily.

What happened? To begin with, in 1969, tree farmers had their Federal income taxes raised 40 percent by a change in the capital gains rate. This was quite a shock to people who had invested in forestry during the 25 years when the top rate was a stable 25 percent.

A few years later a "preference" tax was added which raised the maximum tax rate to almost 50 percent, even though this is risky long term business.

At the present time, southern timberland owners are confused. On the one hand, they hear that our country's need for forest products will double in the next several decades, and that the only way our country can meet its needs is for them to increase their production. On the other hand, they are told that investing more money in forestry is not in their best interest as either a family or individual.

Thus, we arrive at our present situation. Speaking to the 90 landowners at the Southern Forest Landowners Forum, Alabama State Forester Bill Moody put it this way:

"So where do we go from here? The Nation needs the wood to meet future needs. Private non-industrial landowners will not make the necessary investment to insure that

the wood is forthcoming. In such matters of mutual interest, there should be negotiation. Let's consider this to be a negotiating session between the private non-industrial landowner and others interested in production from their forests. These interests would include the States and the Federal Government, forest industry, the private consulting forester and others. Primarily, we are interested in this session in private non-industrial landowners stating their case. That case being--what is necessary on the part of those interested in productivity from your forest lands to motivate you to manage your forestlands so as to increase production. Since this is considered as a part of the Resources Planning Act Process, we would like major emphasis by you on what is required from Government."

The 90 landowners came from 12 Southern States. We asked each State Forestry Association to work with the State Forester, the Extension Forester and a consulting forester to pick 10 representative private landowners who would come to Atlanta and give us the benefit of their views. A summary of landowner profiles and their individual reaction to the conference is available in our written report. (There were contributions of \$12 to \$13 million by industry, consultants, and owners expressing their conviction.)

After an introductory briefing session, the landowners were divided into 9 groups of 10 each. The nominal group technique was used to assure that each landowner had an input into the decision making process and that each landowner voted by secret ballot on the issues he thought should receive the highest priority.

In the concluding session, the entire forum voted on the priorities developed by the subgroups. A ballot vote was also taken of the observers and planning committee members on the ideas and solutions presented by the landowners. The same pattern of priority emerged as that obtained from the landowners (observers and planning committee members were not permitted to enter into the discussion in the working groups or during the general session).

In answer to the question, "What do you think can be done to increase benefits from private non-industrial woodlands?", the landowners presented some 68 ideas or solutions. Of these, 28 (41 percent) dealt with taxes; i.e., tax incentives, capital gains reduction, correction of estate and inheritance tax problems, tax credits, expensing of reforestation costs, etc. On a priority vote basis, the top 20 ideas and solutions concerned tax correction and/or tax incentives.

The following categorizes the 68 ideas into 5 basic approaches:

	<u>Number Ideas</u>	<u>Percentage of Total</u>
Taxes	28	41
Technical Assistance	22	32
Education	12	18
Government (better cooperation between agencies)	3	4.5
More industry involvement and assistance	3	4.5

In the technical assistance category, the landowners gave a high rate priority to research (related to the growing of trees, genetics, technology, utilization, and marketing), improved forest management practices, better marketing practices, information and techniques, and better harvesting procedures.

In the educational category, the landowners gave a high rate priority to improved educational programs for landowners, increased "grass roots" political clout, and selling the benefits of good forestry practices to the public.

The southern landowners are concerned with the profitable growing of timber. Therefore, they strongly advocated an improved forestry tax structure and increased information on the growing of trees, their utilization, and their marketing.

Since tax problems received top priority among the landowner delegates, it was to be expected that they would have specific recommendations. They did. Some of these were as follows:

1. The present system extracts a double tax on the estate of a private timberland owner. A tax of about 30 percent must be paid, and if the timber is not ready for harvest, it must be sacrificed to pay the tax bill. A capital gains tax must be paid on the proceeds from this sale before the leftovers can be applied to the payment of the estate tax. Relief from the current levels of estate taxation is needed, since this is a severe disincentive to long term investment, extending over several generations. A more effective device to discourage investments in timber can hardly be imagined, since this clearly does not serve the public interest.
2. Investment tax credit similar to other forms of investment.

3. Expensing of reforestation costs against ordinary income.
4. Modification of capital gains tax in order to lower rates.
5. Reduction or deferment of local property taxes.
6. Stabilization of taxes over the life of a timber crop.
7. Elimination of the effect inflation has on pushing landowners into higher tax brackets.

The question may logically be asked, "Were the conference attendees a typical cross section of southern timberland owners in reference to their ideas about what public policy should be extended to cover all private landowners?"

It would be difficult if not impossible to agree upon, and convene a true cross section of landowners on a State or regional basis, given the fact that many are apathetic about their land or unable to be away from their jobs during working hours.

However, the primary purpose of the forum was to explore the question, "What do you think can be done to increase benefits from private non-industrial woodlands?" It ought to be most obvious that we will get our best answers, not from those who have done nothing, but from those who have, over the years, invested time and money into the production of goods and services from their timberlands. This group believes in no uncertain terms that the barriers or disincentives in the area of taxation should receive top priority. If this is true for those who already have money invested, does it also apply to those who must be convinced to make their first investment? We think it does.

As to the size of the individual ownerships, 60 percent of the forum delegates owned less than 1,000 acres (median was 700 acres). Twenty-nine different occupations were represented, as were males and females, blacks and whites, and young and old.

We feel that it is this class of landowners, not those owning 10, 20, 30 acres of land, who are in the best position to provide the forest products which the Nation needs. Furthermore, 99 percent of the landowners have obtained advice or assistance from a forester within the past 5 years.

These owners are managing their lands and making the kind of contribution to the national economy that we are trying to encourage. At some time in the past, 95 percent of these owners have sold timber, with 85 percent having made a timber sale within the past 5 years.

With this rationale, we feel that the priorities developed by the participants in the southern forum do speak directly to the question of what is needed to encourage increased benefits, and that these priorities ought to receive serious consideration.

One question raised at the conference, and implicit in the results, revolved around the structure and function of the Federal Government. Responsibility for adequate supplies of wood and other forest products presumably rests with the U.S. Department of Agriculture. Private landowners have indicated that a major reform in the tax system is necessary before they can make the needful cash investments to increase timber output. This being the case, "Is the Department of Agriculture prepared to assume a position of private landowner advocacy for tax revision with the Administration and the tax writing committees of Congress?"

We welcome the opportunity to present our findings to you. Our landowner participants specifically asked that these findings be widely distributed. They are interested in doing their share for our Nation. They have demonstrated their ability to do so in the past when economic conditions were right. By correcting and improving the economic conditions for the long term risk involved in timber investments, increased levels of production, which will be beneficial to all, will result.

REPORT--SOUTHERN FOREST LANDOWNERS FORUM

By Arthur W. Nelson, Jr., Co-Chairman

My Cochairman, Harry Murphy, who has labored long and hard on this effort, has just delivered our combined report. We feel that this southern report is distinctive and unique because it is entirely the private landowners' points of view and recommendations.

I want to take just a few minutes and present a specific proposal, which I hope we can discuss and include in our agenda for action.

We truly face a need to get more trees in the ground, not only because of our increased needs for housing and paper, but also to provide us with chemicals and fuel.

By far, too much time and effort has gone into these landowner forums for us to allow this to go down in history as just another in a long line of meetings devoted to this problem.

We had a dramatic breakthrough in 1944, when Congress extended the capital gains treatment to include forestry income. The 25 years which followed have been described as "the golden age of southern forestry." The trend toward resource depletion was halted, reversed, and headed back up to a level where we are now growing more timber than we are using--possibly the only time in history that a resource has been restored to greater economic levels than it originally was.

Of course, it is the renewability of the resource which made this possible and which will make our next big step forward possible.

I firmly believe that we need another dramatic breakthrough similar to the one we had in 1944, and it should come as a direct result of this series of conferences.

This second breakthrough that I am proposing recognizes that the life span of a tree is often greater than that of the man who plants it. Therefore, an exemption for growing timber should be appended to the estate tax provisions of the tax code.

The rationale for this proposal is very clear. To satisfy our Nation's increased needs for wood, private landowners, because they own and control so much land, are being urged to increase their investments in a long term, noninsurable, risky venture. This is something that even the Government does not extend itself to do, even on zero cost lands originally set aside for this purpose.

Investments made now in forestry are usually not recoverable within the lifetime of the original owner. Desirable as they may be from society's standpoint, they produce a double tax liability for the landowner. An estate tax must be paid at death, and if timber must be cut up to help pay the estate tax, then a capital gains tax must be paid on the proceeds of the sale, before the remainder can be applied on the estate tax.

Does this sound like a situation which encourages private landowners to invest additional money in timber growing? Private landowners have answered with a resounding "No". We have seen many examples of successful long term tree farms being eliminated because of estate tax demands.

So, what's the solution? This situation can be remedied by exempting timber from estate taxation and subjecting it to only capital gains taxation when harvested and placed on the market regardless of which generation does this.

This principle of exempting timber from taxation, because of its long growing cycle, has been recognized by some States which have exempted timber from ad valorem taxes. Instead, only a severance tax is applied at the time of harvest. Remember that the estate tax burden, taking 30 percent of the family capital every generation transfer, is not imposed on corporations.

Landowners are not asking for a subsidy or a handout. They are merely asking what it will take to get you to do more.

I submit to you in closing, that the willingness of society to consider this recommendation for change in the estate tax law will be a true measure of how urgently society feels it needs the extra trees this change would provide.

LANDOWNER REACTION--SOUTHERN FOREST LANDOWNERS FORUM

By L. L. Mullins, Starkville, Miss.

It was an honor and pleasure to attend the Southern Landowners Forum in Atlanta. I would like to personally thank the National Association of State Foresters for the opportunity to express my ideas on help needed by private forest landowners to make better use of their forest land.

The forum was handled extremely well, and the hospitality and accommodations were excellent. I believe I speak for all of the landowners present when I say that it was an informative and interesting meeting.

Mr. William Towell's address to the group was filled with information and charges. His statement that the South would be expected to produce 55 percent of the wood needed by the year 2000 was indeed a challenging proposition.

The small group sessions were well planned and well conducted. Each of the landowners presented three ideas that they thought would help the non-industrial forest landowners with problems facing them. There were nine groups composed of not more than eleven people and not more than two from the same State. In my group most of the ideas were about taxation, harvesting, inheritance or estate tax and more Government help, although there was not enough time to fully explain each of the ideas given by each person. When all groups were assembled and a final score taken, most ideas focused on taxation relief, especially inheritance or estate tax on forest land.

I was disappointed that no plans were discussed about planting more trees or improving the management of the stands of timber we have.

We do need help from the U.S. Department of Agriculture, but first let me thank you for the many programs as the F.I.P., that have already been made available to us through ASCS, SCS, Extension Service, and others.

What we need most now is a tax incentive program that would help compensate for the long periods between harvests. The capital gains tax is a great help if it can be kept at present status or improved. Inheritance or estate tax has become our most confusing and disastrous tax. The carryover bill is unfair and will cause many landowners to lose family farms.

We need more professional help, so that our educational programs can be strengthened. This can be accomplished by adding more professional forestry people to the Extension Service and the

SCS. The State forest commissions need more and better financing to expand their programs. Many forest industrial companies are now offering assistance to non-industrial landowners.

All Federal, State, and other programs need to be coordinated, so that all head in the same direction. We need a national insurance program to cover disasters such as storms, insects, and fires. In closing, I would like to recommend and ask that you support the American Tree Farm Program sponsored by the American Forest Institute and financed by forest industries. This program offers free help to all non-industrial landowners owning from between 10 and 1,000 acres.

I had the privilege of visiting the national tree farm and farmers of the year, Albert and Ella Deiehl in Spokein County, Washington, on Nov. 15. They have proven that forest farming is profitable, interesting, and a wonderful way of life. To sum up all that I have said here today, it is my belief that education, organization, and promotion can move mountains.

APPRAISAL--SOUTHERN FOREST LANDOWNERS FORUM

*By J. Charles Lee, Dean
School of Forest Resources,
Mississippi State University*

Messrs. Murphy, Nelson, and Mullins have already presented an excellent overview of the conclusions of the Southern Forum. These gentlemen have been in the midst of private forestry in the South for years, and I would have great difficulty in articulating any original proposals in their presence.

One of Mississippi's retired public foresters recently told me that Art Nelson may have worked for industry all of his life but that he always thought and acted like a public forester; one who is concerned about the public good, as well as the welfare of his employer. I think that is a genuine compliment and speaks well of the people who have put this overall program together. I commend the National Association of State Foresters for sponsoring this unique approach to improving the productivity of private lands.

THE PARTICIPANTS

The objective of the Southern Forum was to bring together a group of landowners that represented the owners of the South, a group that would include "early innovators" as well as those who had not practiced any forestry on their land. The ultimate composition of the group was strongly influenced by their interest in forestry affairs and the ability to be away from home and/or job for 2 or 3 days. The resulting participants, as one might expect, consisted of people who had demonstrated their commitment to forestry and were anxious to participate in the Forum. They felt their input could make a difference in policy matters on private lands in the Southern United States. The attendees were success stories in forestry. The Forum did not attract the indifferent, the holdouts, or those who have not yet recognized their forests as assets. The attendees had a good grasp of the political process--many indicated that they are in regular contact with their delegation, again, not a typical group of citizens. But then, it is probably impossible to get a truly representative group together, particularly at the regional level.

THE FORUM

The accommodations, hospitality, and mechanisms used to gather and rank input were excellent. There was a spirit of belonging, in the best sense of southern hospitality. The individuals thought their input was wanted and that they got a good reception.

The nominal group technique worked well. Larkin Wade of the Alabama Cooperative Extension Service and James Neal, Southern Regional Extension Forester, did an outstanding job in getting the attendees involved.

The "white papers" covered the critical subject areas very well. They deserve wider distribution. The keynote speeches were fine. I did not see any evidence of the responses of the attendees being conditioned by the papers or speeches.

The commitment of time and financing by private forest consultants to this Forum was very evident, and they are to be commended. The State Foresters, other agencies, and industrial trade organizations were also well represented in the group of observers.

THE RECOMMENDATIONS

The participants tended to focus primarily on taxation and the "front end" costs of forest investments as constraints on the landowner in forest management. Much of the discussion on taxes centered around the carryover provisions of estate taxes. There was also broad support for treating reforestation and timber stand improvement costs as ordinary expenses.

There was a noticeable lack of emphasis on forest productivity and its relationship to economic goals. Multiple-use goals were not mentioned. The participants considered themselves producers rather than consumers of forest goods and services.

Technical assistance programs received surprisingly little attention, but this can possibly be explained by the profile of the participants. Although there was little demand for new action programs or even the expansion of existing ones, the profile indicates that most of the participants now take advantage of assistance programs from government, industry, or consulting firms. They are apparently satisfied with the services now available and assumed that such services will continue to be available to everyone. On the other hand, they did ask for improved education programs to demonstrate the economic benefits of practicing forestry, and the public benefits of sound forest management.

The participants apparently assumed that most landowners are now taking care of their land, at least to some extent, and tried to focus on actions needed to increase the level of management. Yet, with only 1 acre of pineland in 9 currently being deliberately regenerated to softwoods by private non-industrial owners in the region, this is a questionable assumption indeed.

THE PROFILE OF THE PARTICIPANTS

It is important to have a general knowledge of the participants' profiles before analyzing their recommendations.

Fifty percent of the respondents owned at least 700 acres of forest land, considerably more than the typical southern landowner.

The average age of the participants was 58 years, and 78 percent were at least 50 years of age. This characteristic may help to explain part of the concern about estate taxation.

Ninety-nine percent of the landowners had received advice or assistance from a forester within the past 5 years. State forestry agencies were the most frequent source of assistance, but over half of the respondents mentioned industrial and consulting foresters.

Other analyses have shown that only about 17 percent of the landowners in the South had access to a forester over the past 10 years. The respondents are unusually active, informed users of assistance and advice.

Eighty-one percent stated having received public funds for forestry practices in the past, 62 percent within the past 5 years. Again, the absence of cost sharing programs among the priorities may be due to assumptions that needs are now being met, as is probably the case for the respondents.

Ninety percent of the owners have carried out one or more forestry practices on their lands during the past 5 years.

In summary, the profile analysis and conversations with a number of the respondents indicates that they are more knowledgeable about forestry and financial affairs than the average landowner, are better educated, more affluent and have done more with their lands. They viewed themselves as bankrollers for public programs, rather than as users of public services. Few seemed concerned about constraints on their neighbor's ability to practice better forestry.

Bill Towell stated in his "Objectives for the Private Non-Industrial Forestry Project" that the purpose of the conferences was to:

1. Review Federal and State policies toward the management of private non-industrial forest lands.
2. Evaluate effectiveness of existing State and private programs.

3. Identify needs and priorities for non-industrial private forest lands.
4. Resolve existing conflicts on effectiveness of existing programs, establish consensus for future programs, and chart future program direction.
5. Recommend policy alternatives to accomplish identified objectives.

Did we achieve all these objectives at the Atlanta meeting? The answer, in my judgment, would have to be "No." Perhaps these objectives can be achieved by pulling together findings from all the meetings in the national conference. The Atlanta meeting will contribute greatly to this effort.

I would have to conclude that the conference in Atlanta was eminently worthwhile and that the landowners who attended felt they "had their day in court." Their findings were completely legitimate for that particular segment of landowners. These landowners did not represent a typical crosssection of forest landowners in the South. However, this information can be used to develop policy alternatives and to guide the direction of regional and national programs. This was the testimonial of a large group of "doers." Their comments and personal achievements can be utilized as a means of challenging others.

SOME PERSONAL OBSERVATIONS

Bill Towell gave me a license to make some personal comments about the future of forestry on private non-industrial forest lands.

The stimulation of productivity from private non-industrial lands has been the subject of numerous blue ribbon studies. I recently had an opportunity to visit with the Chinese Government about their forest resources. The Chinese were very interested in determining what incentives are used to stimulate forest management in the U.S. Obviously, this is a complex problem.

There has been a tendency in this country to plan the landowner's future and make assumptions about his receptivity to various incentives. We tend to think that he or she shares publicly desirable goals. This premise is rather suspect and deserves continual reexamination. In his statement to the southern forum, Ralph Winkworth said that "the best national policy is that policy which best satisfies the needs of the woodlots and the landowners who manage them." Bill Moody pointed out that "in our free society individuals are expected to use their resources in their self interests."

It is not sufficient just to provide management plans for the land or the capital for technical assistance and implementation of forest practices. We must also demonstrate that it is in the landowner's self-interest to manage, or permit the management of his land, and we must do this for every generation of landowners. A forester who has been practicing in the same town for 25 years recently told me about properties he has provided advice on all these years. Each landowner had recently died, leaving his lands in good condition. Today, they are dominated by hardwood brush; victims of changing attitudes and priorities of the heirs. It is simply not adequate to make it possible to retain ownership in the family. The heirs must be convinced that sustained forest management can be in their self-interest, just as their forebears were convinced by the awareness campaigns of the 40's and 50's.

We have much knowledge that can be used to manage the lands in the South in order to achieve their potential. What we do not have is the capital and workforces commitment necessary to accomplish this task.

Industry, Government, and the landowner have all been accused of being both the devil and the saviour of the situation at various times. There are positive roles for each of these groups, as well as for forestry consultants. The respective roles need to be recognized by each other in order to improve the efficiency, and indeed the credibility, of the delivery system for assistance and services.

Beyond this coordination decisions must be made as to who will finance the task. The consumer will pay the final bill, in keeping with the American way. But who is to finance the necessary investments; government through tax reform, cost sharing, loans, and/or increased technical assistance? Industry through subsidies, lease contracts, and/or technical assistance? Or the landowner through higher stumpage prices, insured loans, or favorable tax treatments?

In my view, all these factors are necessary in recognition of the magnitude and complexity of the problem. But we won't make progress until the financial commitment by these forces more nearly approaches the need. According to the recently completed productivity study undertaken by the National Forest Products Association, the Southern Region needs an estimated \$227 million per year for the next 10 years.

One of the respondents suggested that corporate board rooms should assign "most favored" status to private non-industrial owners. That is the kind of commitment we need. Strong advocates are also needed in Federal and local governments. Lastly, we need more landowners who demonstrate the commitment displayed by the Atlanta group. With commitment we can make it.

REPORT--NEW ENGLAND-NEW YORK PNIF CONFERENCE

By Theodore Natti, Co-Chairman, State Forester, Concord, N.H.

The New England-New York conference was held in Waterville Valley, N.H., July 19-31, 1979.

The conference was planned by an ad hoc group of about 20 people, representing the participating States. The format of the conference was decided to be informal discussion groups, with a general session at the conclusion to hear results. It was further decided that attendance be limited to about 50 people, thereby allowing each person to fully participate in the discussions.

Although the conference was loosely structured, it was considered necessary to provide a starting basis for all participants. National papers prepared by a number of experts in different fields were provided to each, and helped measurably as background information.

The New England-New York Conference was based on a scenario developed by Ernest Gould, of Harvard Forest, Petersham, Mass., who served as co-chairman. Dr. Gould, through a considerable effort, prepared the scenario from replies to 50 questions submitted to each State Forester. This information was intended to (1) assemble an agreed upon set of facts about the forest resource situation in New England-New York in order to avoid detailed conference discussions on background information, and (2) establish major topic areas for discussion groups.

Dr. Gould did his job well--as he always does. His scenario is included in the New England-New York Conference report. On the basis of his findings, five discussion areas were defined for the conference, as follows:

- (1) Wood-using industries
- (2) The logging business
- (3) Landowners

(4) Institutional aids and constraints

(5) Information

Each State Forester was then asked to invite five delegates, one for each of the above-listed areas of expertise. Also, each State was requested to provide additional names of people knowledgeable and interested in private non-industrial forestry or who might otherwise contribute to the subject. The co-chairmen of the conference then selected 15 additional participants from these added names to round out the planned 50 participants.

During the selection process, it was emphasized that participants should be people of action, willing to help follow through on any resulting recommendations. It may be of interest to note the range of attendees:

Publicly employed	15
Academic	6
Private sector	<u>34</u>
Total	55

Of these totals, the following were represented:

General committee	3
Consultants	7
Industry	11
Private agencies	5
Loggers	3
Landowners	7
Extension	3
Academic	5
Public	<u>11</u>
Total	55

At the opening general session on Sunday evening, July 29, the conferees were given a few basic ground rules. The main theme was set as timber production from the private lands of non-industrial woodland owners. This was a clear focus, designed to avoid the confusion often associated with discussion of multiple uses. Full recognition was given to the various interests of landowners; using their land for recreation, living space, amenities, speculation, wildlife, water, and timber. There was no doubt that these points would surface throughout the conference. In fact, some attendees were obviously more oriented in one or another of the various forest uses than they were for timber. However, the planning committee agreed that trying to maximize each forest use would be an impossible task within the allotted time. Therefore, the timber resource, being relatively easy to quantify, was chosen as the primary focus. Then as the other land uses were brought

into discussion, they would serve to establish constraints on timber production. This process also permitted definition of tradeoffs between values and helped in setting priorities. It also allowed discussions to proceed in an orderly progression, treating one production problem at a time rather than juggling them all at once.

The attendees were then divided into five groups of about 10 each. They were advised to begin group deliberations on Monday morning and continue as needed until mid-morning on Tuesday, at which time they would be reassembled into the full conference to hear their conclusions.

The five groups were given the following general statements and questions, intended to provide a starting point.

1. Wood-Using Industries

Each State has many wood-using businesses. Their relative economic importance varies, but the primary processors are certainly significant in the northern States and in many rural areas where they provide the all-important markets for forest products.

- a) How well are existing wood-using industries adapting to the challenge of turning all kinds of local wood into the things consumers need?
- b) What is needed to improve old industries and fit new ones comfortably into the North Eastern environment as energy costs increase?

2. The Logging Business

There are from 50 to several hundred loggers in each of the States, the prime contact between industry and the landowner. In fact, they represent the market, transmit prices and define management options for most owners. Thus, in spite of the best efforts of public and private foresters, the logger does most of the actual silvicultural work and provides most of the practical advice for owners. However, loggers are typically self-taught, small-scale operators with little economic latitude for error.

- a) How can loggers improve the quality of these important landowner services?
- b) How can the logging business attract and hold workers skilled in multiple-use management?

3. Landowners

There are literally thousands of forest landowners in each State, even if we consider only those with larger holdings. Most of these people earn their living elsewhere and hope to enjoy a multitude of benefits from their land. With mixed motives, and incomplete knowledge about variable resources and management capacities, these owners impose severe constraints on the whole wood production/consumption system.

- a) What can be done to define and improve the public and private benefits derived from forest landownership?
- b) How can private needs be reconciled with public forest requirements?

4. Institutional Aids and Constraints

Institutions have done much to improve the climate in which the forest production/consumption system works. Private industries have set up special working relationships with buyers, loggers, and landowners. Landowners have banded together to improve technical and marketing services. Public regulations and programs including special taxes and subsidies have been enacted to constrain or encourage various actors in the system. However, past successes have been variable.

- a) Which of the existing programs works best?
- b) Which important problems have been left out of existing programs?
- c) What changes, additions or deletions will improve matters best?

5. Information

If the whole forest system is to function smoothly, each actor needs a good supply of relevant and accurate information. Everyone from the landowner to the loggers to the industries to the consumers and public officials can function more effectively with appropriate information. However, only when we know what problems must be solved by each can we determine the kinds of data needed and the accuracy desired. Users must also have a capacity to utilize well designed data once they have it. The effectiveness of the present collection and delivery systems can certainly be improved once we define user needs and capabilities.

- a) Who are the main users of forest data?
- b) What problems rely on standard forest data for solutions?
- c) How can users and data be matched more efficiently?

With these general comments and questions in mind, the five groups met on Monday, Monday evening, and Tuesday morning. They hashed over their respective topics, each group ranging beyond their specific areas of interest and overlapping considerably with each other. For this reason, several common problem areas emerged.

There seemed to be a clear need for a streamlined landowner and public information system. In this regard, the private sector was encouraged to increase their share of responsibility in delivering information.

Greater efforts are required to apprise and motivate bankers, realtors, tax consultants, and other ancillary specialists about the unique needs of landowners, loggers, and others in the PNIF field.

Loggers were noted as key operators in the PNIF area, needing more training as workmen and businessmen.

Greater public awareness of forestry was noted as a prime ingredient leading to the success of PNIF programs.

Marketing of primary forest products was considered a critical factor in the total picture, the need being to provide a variety of outlets for products in small plants that fit into the small landscapes and atomized ownership pattern.

Loggers, mill owners, and landowners need to take a close look at cost sharing incentives.

Improvement in equipment, machinery, and its use is essential to minimizing impacts on the residual stand and maximizing production. Incentives are needed to encourage good practices, rather than rewarding high production without regard for the future.

Taxes were, as usual, a prevailing topic; equitable and predictable taxation of forest property is needed.

The full report of each group is recorded in the New England-New York report. Following is a closer look at each of the general subject areas.

1. WOOD-USING INDUSTRY

- a) High land taxes are still a basic problem. Use value taxation is essential to minimize negative impacts.
- b) Lack of a steady market for all classes of primary forest products throughout each region prevails. Conversion facilities need to be encouraged on a scale which can be fitted into a fragmented ownership pattern.
- c) There is a lack of awareness in non-industrial landowners about opportunities and risks in managing their properties. Technical assistance opportunities need broadening, maybe through the private sector.

More involvement of private sector, not only industry but realtors, bankers, tax consultants, and many other specialists is needed to build a broad base of awareness and support.

2. LOGGING BUSINESS

Loggers have a closer relationship to non-industrial landowners than foresters. Today's economic inducements favor the fast and sloppy logger vis-a-vis the logger who wishes to do a careful, workmanlike job. Most landowners do not recognize the important role of the logger in assuring continuity of interest in managing private non-industrial forests. Recommendations were categorized as follows:

- a) Financial incentives to reward good logging
 - More economic information needed in evaluating the worth of residual stands, helping clarify landowner options.
 - Standards of performance in slash disposal, buffer strips, and other similar harvesting activities be made uniform between States.
 - Logging contracts include incentives for good performance.
 - ACP type payments to loggers for good practices.
- b) Improve loggers' ability to become viable businessmen
 - Increase their efficiency through more widespread training.

- Better assess equipment performance.
 - Equalize trading limits for wood products with other commodities.
 - Establish flexibility in credit payments to carry loggers through weather and other noncontrollable work stoppages.
 - Have industry take the lead in establishing price incentives for good logging.
- c) Provide incentives to grow timber in larger diameters and better quality. Crop loan and insurance protection would be essential to such a program
- d) Upgrade the logger's performance and image
- Prepare informational material on logging - the important role of the logger, the need for good practices, and the challenging job.
 - Develop some kind of a referral system for loggers.
 - Improve foresters' knowledge of the role of logging.
 - Expand logger recognition awards.
 - Consider regulation of loggers.
 - Licensing of loggers and registration of equipment, along with training requirements, would be helpful.

3. LANDOWNER

Major categories of problems as perceived by the landowner group were prioritized as follows:

a) Lack of information

Information either being not available or not communicated is the number one problem. Current delivery systems are still not getting the job done. A better coordinated public/private effort is needed. Innovative pilot projects should be instituted to test, refine, and implement new ideas.

- b) Economic disincentives continue to discourage management of non-industrial forests.

There is a lack of markets for all primary products, long periods between crops, natural risks, and high taxes. Improved tax structures and availability of low cost, long term credit would be a first step.

- c) Public attitudes

The general public must be made aware of, and support forest management activities. Landowner interest is only one aspect of improving the scene. The other element in the formula is greater public awareness.

4. INSTITUTIONAL AIDS AND CONSTRAINTS

Institutional problems often confuse the public and lead to low levels of landowner interest.

The variety of programs and agencies, both public and private, are not adequately coordinated, and often will overlap. They may be clear to those in the field, but they are confusing to landowners.

Tax laws of various kinds present uncertainties, and work against long term commitments to managing forests; land taxes, timber taxes, and estate, gift, and income taxes are all part of the problem. There is a need for uniformity and stability.

Private forest and nonforest interests should have a greater knowledge of participation in non-industrial forests. Foresters should receive direct training in private non-industrial forestry; bankers and insurance companies should be better informed; timber harvesters should be better aware of their role in assuring long term management of private non-industrial forests, not just a mechanical knowledge of their part; and cost sharing in land management, harvesting, and processing programs should be considered.

5. INFORMATION

There is still a lack of landowner and public awareness about forestry programs, since only those people with motivation and persistence are able to get the necessary information. Messages must be geared to different interest groups, not just PNIF landowners. Also, PNIF landowners should be categorized according to acreage owned; different approaches should be used for those with mini-acreages as opposed to those with larger acreages.

Professional information specialists should be employed, developing public awareness campaigns like Smokey Bear and Woodsy Owl. Evaluation should be conducted to assess effectiveness of current efforts. Pilot projects in testing different program possibilities would be helpful.

In brief, these are some of the findings of the discussion groups at the New England-New York Conference.

This report is not intended to be a full airing of the New England-New York Private Non-Industrial Forestry Conference but as an explanation of its planning and development, its structure, and a thumbnail sketch of some of its findings. Results are spelled out in more detail in the report.

The report does not show the enthusiasm and spirit which prevailed at the New England-New York conference. The variety of interests represented at the meeting would seemingly generate diverse approaches to the non-industrial forest land situation. What surfaced was a commonality of interest, goals, and purpose. It is obvious in New England and New York that non-industrial forest lands are fully recognized as a resource, not a problem. There's a desire on the part of the various interests to work together. This is exemplified by the conference attendees' request to call a followup New England-New York conference in about a year to see what's been accomplished.

LANDOWNER REACTION--NEW ENGLAND-NEW YORK PNIF CONFERENCE

*By Merle W. Schotanus, Grantham, N.H.
Private Non-Industrial Forest Service*

INTRODUCTION:

Speaking for the more than 770,000 private non-industrial forest owners in the northeast region is a monumental task because every one of them, including me, has different values and different ideas about managing their lands. Therefore, different attitudes and different management objectives emerge and cause a situation that not only makes it difficult to address the subject of forest management, but completely complicates the business of policy solutions and prescription. Nevertheless, it is these 770,000 or more landowners in whose hands lies the future of our regional forest resource. Of the total forest acreage in the Northeast region, they control about 86 percent of the privately owned hinterland, fringe and urban forest lands.

The current oil crisis, together with the recently published USDA Forest Service Planning Act (RPA) situation assessment projections for the next 30-50 years, brings the immediacy of the challenge of long term forest management into very clear focus. Still, it is extremely difficult to predict the future much beyond 15 years. The RPA situation assessment predicts a doubling of the gross national product by the year 2030; another 84 million people to add additional pressure on the forest resource; more disposable income per capita, hence more demand for recreation; and more demand for forest and agricultural land for other uses. Some industry and government experts are also predicting a 20 billion board foot shortage in timber production by the turn of the century. The current search for alternative heating fuels in the energy short Northeast is already beginning to show some impact on available supplies of wood for higher uses. In New Hampshire alone, it is reported that interest in the forest resource is already up about 40 percent over last year. All of this clearly indicates a potentially serious problem, but it also presents a golden, and perhaps, a once in a lifetime opportunity to motivate private forest landowners to manage their woodlots for the long haul.

Having been raised on an Illinois prairie farm, I am now a New Hampshire private non-industrial forest owner, and an admitted "tree freak." Now that you know where I am coming from, let me explain where I, and I believe, most of the other landowners of the northeast region would like to see us go. I believe human motivation, economic incentives and public awareness must underlie any recommended policy solutions which may come out of this conference. I also believe that policy prescriptions, if they are to sustain motivation for long term forest management by the private landowner, must be based on the principle of "enlightened self

interest." This was aptly described by both the Forest Service "Trees for People" study, and the Society of American Foresters (SAF) Airlie House Task Force Report of 1979. Finally, I feel strongly that all of the actors in the forest industry arena must be made accountable if a balanced approach to our forest resource problems is to be achieved. It is with these principles in mind that my reaction to the superb Waterville Valley, N.H. Conference on private non-industrial forestry is reported. It is also these tenets on which my recommendations concerning the forestry information delivery system, the logger/forester team, economic incentives to management, public awareness, and the need for closer public/private sector cooperation and coordination are based.

INFORMATION DELIVERY SYSTEM:

The Airlie House SAF Task Force emphatically pointed out that the major challenge to long term forest management is informing landowners of their alternatives so that each may make an intelligent decision concerning his forest and financial resources. Seen in terms of enlightened self-interest, one could readily conclude that our forest management information delivery system, like the landowner himself, is long on self interest but falls short on enlightenment.

A complex array of public multiple use forest management information sources exist in each state, but studies relating to landowner awareness clearly indicate that he or she either does not generally take advantage of them, or does not know about them, or finds the information being received of little use in considering treatment of his or her own land. The one-on-one public sector approach to advice and information dissemination has proved successful and is of obvious value, but is usually not practical as the primary approach. Workload and staffing requirements alone would become prohibitive. Thus, a basic need to reorganize and refine our forest management information delivery system is apparent. In this way, the private landowner is seen not only as the victim of our poorly articulated system, but as one of the actors in the forestry arena who can play a key role in solving its problem. He or she is often the best initial contact with other landowners.

One possible cost effective solution to the problem of providing better information more efficiently is to integrate public and private multiple-use forest management advice and assistance agencies and associations at the county level. This could be done, with further concept and organizational refinements, by establishing at the county level a multi-agency, one-stop County Conservation Information Center (CCIC) which would include representatives from all public natural resource agencies, as well as representatives from private organizations and associations. Credit for this idea goes to Dr. John Gray of the Forest

Service's Pinchot Institute for Conservation Studies, as reported in his background paper, "Barriers to Private Forestry--Information Gaps," written in support of the Waterville Valley conference.

The CCIC, as I have labeled it, would function to provide "one-stop" information and referral service for private landowners to all legitimate sources of information, advice, professional and technical assistance and services, vendor services, bibliographic assistance, and publications. Responsibility for funding and day-to-day operation of the CCIC should lie with the public sector agencies. The private sector could provide representation on a county CCIC advisory board organized to guide operation of the center, as well as to provide a vast stable of experienced landowner volunteers to assist the CCIC in responding to first time inquiries and requests for assistance on a one-on-one basis. For example, in New Hampshire we have over 900 certified tree farmers and over 1000 New Hampshire Timberland Owner's Association members, not to mention the experienced multiple-use forest managers who are not associated with either organization. Volunteer service provided by experienced private sector woodland managers such as these could conceivably provide valuable assistance to the understaffed county forest programs as well as to other publicly funded activities.

The media (TV, newspapers, radio, etc.) would be used to publicize the CCIC and its services, utilizing public service announcements, and where possible, paid advertisements. A "hot-line" 800 number telephone would be established and manned by the center to handle landowner inquiries and requests for assistance and advice. In the case of landowners wishing to start some type of management program, the private sector volunteers could be relied on to make initial personal visits to callers, using the popular "Welcome Wagon" approach. While visiting, the volunteer could present the caller with a carefully organized information folder to assist him in identifying his management alternatives and objectives. The caller could also be asked to complete a "management inventory" of his land which could be used to assist public sector agencies in developing a much needed data base on landowner attitudes, and to provide them with a documented basis for advice and referral to other agencies.

The CCIC's would be advised, funded, and coordinated at the State level by an interagency group charged by law with funding coordination, policy, and supervision of the program.

LOGGERS AND FORESTERS:

Loggers are more important to forestry than they are given credit for, since they perform the major payoff action in silviculture--harvesting. To most private landowners, they represent

the market, transmit prices, and define woodland management options, a fact that places them in a critical position in the landowner motivation-incentive matrix. At present, however, the logging profession suffers to some extent from an unfortunate historical stereotype, and is so loosely organized and regulated that good loggers find it difficult to survive as professional businessmen. The logging profession is subject to very few, if any, sanctions against the poor or sloppy operator.

State standards of performance for loggers should be established, along with registration of loggers and licensing of equipment. This, together with action by private landowner associations to establish and maintain logger referral systems and outstanding logger recognition programs, could become a big, but inexpensive, step to motivating the landowner by assisting him to assess the quality and reliability of a prospective logger. This could also help the careful logger and hinder, or stop, the irresponsible operator.

Similarly, professional foresters must be held more closely accountable. As professionals, they are presently registered in most States and are encouraged to abide by established standards of performance. Forester associations such as the SAF also have codes of ethics which members are pledged to adhere to. Sanctions against violators of these codes must be strengthened. Most important, foresters should be strongly discouraged from performing both forestry and logging type functions. Allowing this practice to continue is counterproductive to good management due to the obvious philosophical conflicts which arise, such as that between harvesting and long term forest management.

ECONOMIC INCENTIVES:

Two basic economic concerns are apparent in today's northeast forest industry--markets and market prices for both low and high grade wood fiber, and taxes. More markets are beginning to open in the region due to the search for alternative energy sources. But even with that possibility, the landowner continuously wonders why he gets so little for his stumpage while the mills and lumber companies get so much for his product. How does one explain to a landowner why the local lumber company gets \$400-600 per thousand board feet for white pine, when he, the producer, is getting only \$55.00 per thousand on the stump? That kind of skewed market certainly does not provide much incentive for producing a timber crop.

Another pertinent problem involves finding markets for small amounts of stumpage. Many loggers and mills find it unprofitable to even look at the small woodlot, much less to pay a reasonable price for its stumpage. Landowner marketing cooperatives, helped along by the woodprocessing industry, could be a very feasible solution to gaining optimum supply from these small woodlots at a

reasonable profit for both the seller and buyer. This alternative, in my judgment, deserves much more research and development than it has received.

Taxes are the perennial disincentive to private forest management. Ranging from the immediate impact of real estate taxes to the long term impact of estate and inheritance taxes, the forest land taxing system is actually quite a deterrent to good management. Current use tax policies at the State level, and improvements in capital gains taxing and tax exemptions for cost sharing practices at the Federal level since 1978, have helped to improve the short term picture somewhat. However, if the carry-over basis rule on inheritance tax, enacted as part of the Tax Reform Act of 1976, is allowed to become law on January 1, 1980, the long term problem of retaining timber holdings across generations will become serious. This will not only be a major disincentive to growing trees, but could also undercut the substantial incentives for management contained in other bills presently before Congress, such as the Forestry Loan Act, the Packwood Reforestation Bill, and the Timber Insurance Bills. Expanded and closely coordinated efforts by both the public and private sectors are badly needed to emphasize the economic incentives and destroy or soften the disincentives.

PUBLIC AWARENESS:

Our society must not only be made aware of the problems of forest ownership and management, but must also be educated to respect our forest resources and understand what they mean to our future well-being. The timing is perfect to launch a vastly expanded, professionally designed public awareness program aimed at the kids of today who will reach adulthood about the turn of the coming century.

In today's American marketplace visibility seems to win many friends and reap big profits. Ronald McDonald and his Big Macs are a household word to today's kids just as Smokey Bear was to an earlier generation. But, McDonald's "golden arches" seem to sell fast food to the kids of today faster than Smokey Bear sold forest fire prevention to their parents. Woodsy Owl is trying to do a McDonald's job in preventing pollution, but does not seem to be effective because he does not have the same kind of visibility. Also, we do not have a national symbol for good forest management. With increased interest in our forests, why not take advantage of a great business opportunity to sell forest management? Let's make it possible for Woodsy Owl and a National Forestry Day, or some other symbol of good multiple-use forest management, to take their rightful places in the modern array of household words. We must take a businessman's look at public awareness and be willing to take the risk of spending money to make a profit.

PUBLIC SECTOR/PRIVATE SECTOR COOPERATION:

Human resources are available to accomplish the critical tasks of information delivery, setting standards and regulating performance, providing economic incentives, and making the public aware of forest management. In the public sector we have the needed management advice, technical assistance, and other services provided by the Cooperative Extension Service, the Soil Conservation Service, and the State and district forestry departments. One thing we do not need is a further proliferation of public agencies dealing in forestry or forestry-related problems. For example, in my opinion we do not need an Energy Extension Service to spend scarce public funds on advice and services which have been and are presently being well provided with limited funds by the Cooperative Extension Service and State forestry departments. The problem is not performance, but numbers of public agents to carry the workload. A more prudent use of public funds would give greater support to these agencies of long standing and experience.

We have, relatively speaking, more human resources in the private sector but less readily available financial assets to do the job. Every State has private timber-, wildlife-, and recreation-oriented nonprofit organizations and programs to encourage the forest-related interests of its members. The American Tree Farm system, with its more than 4000 members in the northeast region and over 38,000 members nationwide, is but one of many programs aimed at various aspects of multiple-use forest management. Add to this the vast array of individual consultants and public forestry program cooperators, and we have a powerful mix of private sector human resources, capable, and in most cases willing, to accept the challenge of managing our forests to meet future demands. Private organizations, like individual landowners, however, are hampered in many ways by lack of economic incentives and motivation, stemming in large part from lack of financial backing. Private sector manpower and expertise, together with public sector expertise and public financial assets, if combined to form a more coordinated, cooperative united front, could seemingly attain substantially more cost effectiveness in our national woodland management system than the taxpayer is now getting for his dollar. In New Hampshire, the 1,000 member New Hampshire Timberland Owner's Association and the Governor's Forest Resources Committee are working together to make this possibility a reality.

The Timberland/Owner's Association has adopted an action plan for the "80's" to assist the New Hampshire forest industry in meeting the challenge of forest resource supply in the coming century. Twelve separate but related programs are now in various stages of study or implementation. A listing of their titles will give some indication of the association's activities: estate planning support, logger referral and recognition, forester referral, logger workmen's compensation, the AFI Tree Farm program,

industrial landowner assistance, forestry forums, legislative review, membership, public awareness, one stop county conservation information center, and timberland loans. The association works very closely with the Cooperative Extension Service and the State Forester's office in the study and implementation of these programs.

Similarly, at the State level, nine citizen's issue committees are now meeting each month to review existing State forest policies, as well as to establish recommendations for revised or new policies and legislation to assist New Hampshire in protecting and furthering the prudent use of its vast forest resources. Over 100 private citizens and public agency representatives are voluntarily giving their time to studying, analyzing, and making recommendations for future public policy on nine issues: productive forest base; public awareness; markets and industry; environmental quality; research and application; landowner training; planning and organization; forest management; and forest protection.

SUMMARY AND CONCLUSION:

In sum, I believe most of the other private non-industrial forest landowners in the northeast region would agree that the following needs must be met as soon as possible: refine the information delivery system to insure that the landowner gets the information needed to make sound management decisions; improve the incentives for management, especially the economic incentives, for whatever values the landowner might choose; educate the public on the problems of forest land ownership and management; and, finally, encourage and provide incentives for closer cooperation and coordination between the public and private sectors.

We can learn much from the unfortunate history of supplier recommendation and Government policy decision outcomes which resulted in the current oil crisis. Unlike oil, timber is renewable; but like oil, it must be dealt with in the long term. It seems to me the lessons are clear. If we are going to avoid a "wood crisis" early in the coming century, we must become investment rather than consumption oriented. The private non-industrial forest owner holds the key to his future. If properly motivated, he or she will accept the challenge of investment to manage our forest resources to meet future demands. In the words of one well-known New Hampshire consultant forester: "Our national goal should be to make it socially unacceptable not to manage one's forest!"

APPRAISAL--NEW ENGLAND-NEW YORK PNIF CONFERENCE

By Dr. Ray Manler, State University of New York, Syracuse

My job today is to evaluate and interpret the Waterville, New Hampshire meeting. Ted Natti and Merle Schotanus have made my job easier with their fine reports. In the time that I have, I will try and give you a "flavor" for the meeting; my views on the outcome, future needs, and, hopefully, some constructive criticism.

Before commenting on the meeting a few words about the New England-New York region may be in order for those of you who may not be entirely familiar with the area. When you first mention the Northeast most people tend to think in terms of big cities and lots of people. Our population statistics are well known. However, less well known is the fact that we have considerable forest acreage as well. Well over half of the region is forests, with one State being 86 percent forested. There are an estimated three-fourths of a million private non-industrial forest owners in this region and some three-fourths of the commercial forest land is held by them. There is a true interface of people and forests. We also have sparsely settled areas where forests predominate and have the largest single wilderness area east of the Mississippi River. The characteristics of the various landowners are diverse as are their reasons and objectives for ownership. They are certainly as diverse as anywhere in the country. For these and other reasons I believe our region can well serve as a microcosm for the entire country.

The pre-planning for the meeting was good at both the national and regional level. The 11 background papers issued prior to the meeting were well done and did much to set the stage for the meeting itself. I may be biased but I thought the Waterville meeting was especially well organized and coordinated. Credit for their fine efforts is due to Bill Towell, Ted Natti, Ernie Gould, Clark Binckley and Carl Reidel.

The 51 persons who attended came "primed" and ready to go (some 53 were invited). The mood at the meeting was definitely upbeat and positive. It's been a long time since I've attended a meeting where so much general enthusiasm and interest was shown. This enthusiasm and interest carries with it a message which I'll comment on later.

The cross-section of attendees was good. An effort was obviously made to include different interests and backgrounds. This added considerably to the discussions and the meeting itself, giving it a flavor that would have otherwise been impossible to attain.

However, I felt the theme for the meeting, timber production, was inappropriate. Although I do think that timber production is important, in this particular region landowner objectives lean mainly to other uses of the forest. Therefore, I don't believe the theme chosen was suitable, since it didn't really represent widespread owner interests. Ostensibly, timber production was chosen as the theme in order to avoid the so-called confusion which usually results with attempts to balance out the various forest uses or multiple-use. Still, the region in which multiple-use has the most meaning and application, is the New England-New York region.

In a recent survey by the Forest Service¹ covering 11 northern States (six of which were in New England), it was found that only 4 percent of the owners hold land primarily for timber production and that this 4 percent figure included the forest based industries as well. The most frequently mentioned reason for owning forestland is simply that it is part of the owners' farm or residence.

Fortunately, multiple-use, in one way or another, came up for discussion and surfaced throughout the meeting, but there should have been at least one discussion group devoted to "other uses of the forest," be it recreational use, wildlife, investment, or other.

Having five different discussion groups, each with a different subject, discussion leader, and recorder was good. The smaller discussion groups facilitated discussion and gave everyone a chance to contribute. The discussion leaders and recorders did a fine job and kept things moving along well. On the last day, the various group discussion leaders reported to everyone in a general meeting. This provided insights as to what took place in the other meetings and was therefore time well spent.

The discussion items which dominated the meeting proved to be information, education, and technical advice with all groups mentioning at one time or another the need to do a much better job in each area. Toward this end, various means were suggested, such as a "hot line," an 800 number, the need for a leading agency to coordinate, establishing a regional laboratory to develop and disseminate information, pilot testing, having a "Welcome Wagon" for new landowners, declaring a "National Forestry Day" emphasizing forests rather than trees, etc. Everyone seemed to have a pet solution. Followup is therefore necessary in determining areas of interest and need.

¹Kingsley, Neil P., 1979. Attitudes of landowners toward timber harvesting in the northeast. Northern Logging and Timber Processor, April 1979.

The landowner group especially wanted to know how to more easily tap into the delivery system. They were especially interested in multiple-use forest management and said that unless the information was in a language they could understand it wouldn't be of much use. It was felt that persistent landowners with enough time could eventually obtain the information they wanted, but that others would have real difficulties doing so.

By way of illustration let's look at where private landowners get their information when they decide to cut timber. Who decides which trees to cut:

56% said they (landowners) did it themselves
28% said the buyer chose all the timber
6% said a forester was involved

Presumably the remaining percentage receive their advice from various and sundry sources.

The point is this--that 80 percent of the time, the landowner and/or buyer will be making the decision as to which trees to cut. If we are interested in putting into effect good forest management through better cutting practices, it would behoove us to develop a better information-education-technical assistance delivery system. This would be especially helpful to the landowner as well as the timber buyer.

Wood for energy and the possible involvement of private non-industrial forest landowners surprisingly, was not discussed at the meeting. I thought this certainly would come up for discussion in a region where wood is increasingly being used for fuel. New England uses considerable quantities of firewood. In 1978 it was estimated that 1,716,000 full cords were used for heating in New York.² This is just about twice as much wood as was used for pulpwood production in 1978 (802,000 cords) and translates into an energy savings of 3,128,000 barrels of oil or 4 percent of the total residential fuel oil used in New York in 1977.

At the outset I mentioned the interest and enthusiasm evident at the meeting. This interest and enthusiasm was helped considerably by the coordinating committee. They kept everyone well informed and promptly provided reports on the meeting itself. I felt that this excellent communication had a great deal to do with the sustained interest and success of the meeting.

There was talk at the meeting about wanting to keep the group intact and get together again within a year in order to chart

²Pellerin, Roger A., Everett D. Markwardt, and Richard K. Koelsch, 1979. Wood Energy Survey. Cooperative Extension Special Report.

progress. As further proof of their real interest, some wanted to know what could be done right now about getting things started "with the resources we have now."

I believe there's a clear message in the above. The New England-New York meeting was a good one and did just what it was intended to do. Strong grass roots support and interest in private non-industrial forest ownership and management is definitely evident. This meeting today and what follows is going to be important. Prompt followup and further action is imperative if we are going to keep things moving. The New England-New York region expects action and will be looking for it, and if their meeting was any criterion they can be counted on to more than do their share.

REPORT--NORTHCENTRAL PNIF CONFERENCE

By Thomas J. Rausch, Deputy State Forester, Wisconsin

Forest landowners in 13 north central States held their conference in Milwaukee, Wisc., on August 20-22. The participants identified eight priority areas of problems and opportunities in need of National, regional and local attention if the private non-industrial forest owners and their forest lands are to play a significant role in the supply of forest goods and services in the years ahead.

The eight issues that the landowners addressed in the 2-day conference were:

1. Tax problems of the private non-industrial forest owners at the local, state and national levels.
2. Markets and forest products pricing information--the lack of available information and confusion in understanding the traditional marketing and pricing practices used in forestry.
3. Forestry incentives--those sponsored by industry, States, or agencies of the Federal Government with accompanying restrictive requirements and funding uncertainties.
4. Diversity of landowner objectives - rapid changes in land ownership, absentee ownership, lack of landowner understanding of the multiple use concept, and nontimber harvest ownership objective, result in loss of forest acreage for commercial timber production.
5. Assistance to private non-industrial forest owners--existing delivery systems are both confusing to the landowner and often a source of conflict among public, industrial, and consulting foresters as to who will do what for whom.

6. Costs, returns and investments in forestry--lack of understandable information for the private owners was listed as a constraint to owners' goals and objectives.
7. Benefits--problems of private non-industrial forest landowner associations--the establishment of an umbrella organization available to private landowners with objectives in keeping up with needs and services to the private forest owner. The common concern voiced was "who speaks for the private forest owner locally and especially nationally."
8. Landowner rights--new areas of concern within the past decade--liability, trespass, off-road vehicles, zoning and expanded activity in utility easements. These were not common concerns to private forest owners a few years back but must be considered today even though landowner rights are undergoing dramatic change in the name of public health and safety.

With this brief and somewhat oversimplified view of the major problems and concerns of the private forest landowners, the conferees focused attention on several significant recommendations that I would like to share with you:

- 1) Immediate attention and action must be taken in matters related to taxation of forest land, its products and costs to heirs in transfer of ownership.

At the Federal level, income tax procedures must be simplified. This will necessitate interpretative tax information prepared by the IRS.

At the State level, property tax modification legislation must be developed in those States presently without such statutes, and updated and continued in those States currently having such provisions. It is recommended that the National Association of State Foresters and the Forest Service urge the Council of State Governments to provide model legislation to those States without such legislation or in need of revisions. This should be prepared with input from the forestry segment.

- 2) States with a significant number of private forest landowners and commercial forest acreage should implement or expand a periodic price reporting program, possibly as an adjunct to existing agricultural crop reporting services. Under current conditions nationwide, going prices for timber products are not readily available to the seller. This deficiency makes timber marketing a one-sided market practice.

- 3) The Forest Service should take steps to recommend that the Federal Land Bank extend guaranteed forestry loans to the Midwestern and Western States. This is viewed as a positive step in improving the financial capabilities of the private non-industrial forest owners in overcoming their expressed concern that the lack of long term capital availability directly affects their forest management practices.
- 4) The National Association of State Foresters and Forest Service should explore ways and means within the U.S. Department of Agriculture to provide necessary funding and support to organize, develop and strengthen forest landowner associations on a State-by-State basis.

The USDA Extension Service has provided assistance to the State Christmas Tree Growers, Maple Syrup Producers, cooperatives and numerous other agricultural groups. Since they provide staffing and financial backing during the formative stages of a landowner association, those States presently without such an organization could proceed to form one.

Secondly, a need was expressed that efforts be made to support the formation of a national organization of State forest landowner associations to coordinate and increase the effectiveness of those individual organizations in their dealings with forestry and related matters at the National and State levels. Presently, there is no voice of the private non-industrial forest landowner in Washington.

- 5) The National Association of State Foresters and the Forest Service urge the Council of State Governments to prepare model legislation on liability related to the landowners permitting use of their lands by others for or without a fee. Only a very few States have enacted necessary legislation to relieve the landowner of liability. The participants in the Milwaukee Conference expressed deep concern that this threat seriously restrains how they permit their lands to be used for such activities as fuel wood production, snowmobiling, and hunting. Opportunities to generate income from these uses are often denied the landowners because of this liability. Conference participants expressed the opinion that income generated from nonconsumptive uses would permit investment in forest management activities such as stand improvement, thinnings, and other cultural work.

While the recommendations made by the Milwaukee Conference represent a very small group of private non-industrial forest landowners, their concerns were deemed valid. If there is any

national success in implementing some or all of the recommendations, forestry as practiced by the non-industrial landowner at the State and National level should have the desired result of increasing timber production from these lands.

I think the conferees would urge the forest policy decision makers at the State and National level to use the results of the four regional conferences, and this national conference, as the thrust for future policy alternatives and direction for forestry in the U.S. The landowners have told us their problems, concerns and needs; I hope we can "measure up" in solving this most critical forestry problem nationally.

LANDOWNER REACTION--NORTH CENTRAL PNIF CONFERENCE

By Ernest Brickner, Whitehall, Wisc.

I would like to commend Bill Towell for the outstanding job he has done in coordinating the regional workshops and in making this conference possible.

Tom Rausch is also to be commended for his fine job of summarizing the work of the North Central PNIF Conference which was held at Milwaukee.

I wish to thank the NASF for inviting me to participate in the regional workshop and this National Conference on Private Non-Industrial Forestry.

Education, awareness, and cooperation have been mentioned at previous sessions. No organization has done more in these areas than the American Forest Institute. Richard Lewis is to be commended for his fine leadership in the organization. The American Tree Farm System, of which I have been a member for 18 years, is sponsored by the AFI. Their recognition of county, State, regional, and National Outstanding Tree Farmers each year has inspired private woodland owners nationwide. My wife compiled a scrap book of news media articles, pictures, and awards relating to our 1977 Outstanding Wisconsin Tree Farm and 1978 Midwest Regional Outstanding Tree Farm. The news media helped promote education and awareness for private woodland owners by covering these awards. The Tree Farm News published by AFI is also an awareness and educational tool. The American Tree Farm System logo with the caption "A Sign of Good Forestry" is displayed with pride by all members and is seen by many.

Again, thanks to the AFI for their cooperation, education, and awareness programs in promoting interest in private non-industrial forests.

I will not take the time to sharpen the axe on all of the comments made by Moon Mullins and Merle Schotanus. I do agree with them on the issues presented.

At this time let us consider and discuss the following issues, terms, and ideas that need our attention to achieve the objectives and goals of this conference: multiple use, awareness and education, diversity of interests and objectives of owners, diversity of timber types and markets, stewardship, incentives, legislation, and land owner rights.

I will use some of my own experiences in my presentation. Many people are not aware of or concerned about a multiple use program. Working in the Forest Service, I became aware of its

wood, water, wildlife, recreation, and forage programs. This awareness caused me to look at and develop a wood, wildlife, recreation, water, and education plan for my farm.

As in most cases, a forester helped with the technical assistance needed in reforestation and management of the wood.

Water and wind are the vehicles for transporting soil. Trees and shrubs help to reduce runoff and check the winds. Secretary of Agriculture Bob Bergland stated that "2 tons of soil erodes for every ton of corn harvested." This need not take place if lands are properly managed.

Wildlife, animals, and birds will thrive where they have shelter, food, and water. Den trees, nut trees, fruit trees, shrubs, berries, and water holes provide the necessary habitat.

Recreation is made possible by the development of 13 miles of access trails, not only for management, but for hiking, snowmobiling, cross country skiing, nature study, biking, and hunting. Anywhere from 5 to 75 people take advantage of the recreational opportunities on weekends, coming from cities as much as 50, 100, or 250 miles away.

You will note that education was substituted for forage. The steep slopes in our area must be protected from grazing. One of my hobbies is promoting multiple-use of woodlands through education. This is done with slides and lectures to Lion's Clubs, church groups, Sierra Clubs and school groups, as well as conducted tours on the farm for Boy Scouts, farmers, forestry students, 4-H Clubs, school groups, and others.

We realize all woodland owners are not going into a five-phase, multiple-use program. However, it is difficult to manage a woodlot without automatically having a two- or three-phase program.

Bill Towell in Objectives of the Private Non-Industrial Forestry Project, puts it this way: "The important thing is to manage these forests for whatever purpose their owners desire and in the process do anything we can to keep these forests in production."

We must recognize the diversity of interests and objectives of the private non-industrial woodland owners when trying to get some degree of involvement.

As we cover the Nation from east to west, from north to south, and even the areas within a State, one must be aware of the diversity of timber types and markets when rendering technical and legislative assistance.

Education was stressed at the Milwaukee Conference. Who do we educate? How can we educate? Let us consider the first question. The private woodland owner should receive priority. School children have been mentioned. Then teachers must have some background in woodland concepts. Curriculum planners and State department of public instruction staff must be knowledgeable in order to be sympathetic. The sportsman needs to be aware of landowner rights. Merchants should be aware of the economic benefits of well-managed forests. The adult urban population should not be ignored. Last, but not least, our legislators ought to be knowledgeable.

The landowner can receive information from fellow farmers, county foresters, consulting foresters, University Extension, woodland owners associations, news media (radio, TV, newspapers, periodicals), publications of American Forestry Institute, departments of natural resources, and forest products laboratories.

Children can be taught some forestry-related concepts in the classroom; they can be exposed to forestry in field trips, and resource people are sometimes available to speak. Teachers, without somewhat of a background in forestry-related concepts, could use films, elect to participate in workshops, or take college courses. They could also receive forestry publications at the school. The State department of public instruction may receive encouragement from University Extension to recommend that forestry concepts be taught in the schools.

Sports magazines and films or resource people at club meetings would be the media for influencing the attitude of hunters.

News media carrying data on the economic impact of forest products to the area could have a positive influence on merchants.

TV programs could be designed to reach the urban population.

Legislators are to be made aware of the needs of voters by voters, through the forestry organizations, and lobbying.

We must search for a means to develop a spirit of stewardship.

Landowners' rights and incentive programs are high on the list of private woodland owners' needs.

In closing, we must reach the private woodland owners. As has been said before, take a lesson from industry, advertise.

APPRAISAL--NORTH CENTRAL PNIF CONFERENCE

*By Jay Greenfeld, Forest Resource and Management Consultant,
Lewiston, Idaho*

Included here is part of the report made on October 1, 1979 in Springfield, Ill., on the North Central Conference that was held in Milwaukee, Wisc. on August 20-22, 1979, plus additional comments especially regarding program priorities.

This report will be more meaningful if the following basic assumptions about people and current federal budget plans are reviewed.

1. People usually act according to what they believe is in their self-interest. However, people often act based on emotion rather than logic.
2. Under our system, in the long run, the politically active voters will usually get what they ask for.
3. Protection of private property rights is of extreme importance to landowners and the Nation.
4. Communications failures are perhaps the major cause of people problems.
5. The government will not massively increase the dollars available for intensified forestry. Another Soil Bank is not a viable alternative.

Comments from the North Central Meeting

The following are a few of the notable quotes that give the flavor of the meeting.

1. "Landowners are not interested--the only way to do it is to show it's to their benefit."
2. "There is a great lack of information on the non-industrial private owner."
3. "Need more education on forestry starting with elementary school." "There is a real fear that the land won't heal."
4. Private landowner: "The more people we can get out there on the ground, the more we can sell forestry."
5. "You've got to lead 'em, not push 'em."
6. "Forestry is part of our heritage."

7. "Industry is not helping enough--just takes from the land."

EXAMPLES OF CONSENSUS OR MAJORITY COMMENTS BY PARTICIPANTS

1. The problem of increasing the level of productivity of the private non-industrial landowner is so complex and massive that its resolution is going to require effort from the landowners, industry, States, Federal agencies, and other organizations.
2. Although public agencies need to cooperate, the leading public role for improving the productivity of private forest land should be taken by the State Forestry Associations because of the variability in requirements by the State, and the basic advisability of decentralized management.
3. The various efforts to assist the landowner
 - a. require coordination, preferably at the State level;
 - b. need to be communicated more clearly since the landowner is often confused and/or uninformed.
4. Retention of private property rights
 - a. is a major objective of both small and large private landowners and represents a strong common bond between them;
 - b. by itself is reason for strengthening forest landowner associations.
5. Communications between large and small landowners, industry, educational institutions and involved public agencies must be improved.
6. In every subgroup emphasis was placed on the necessity for increased education of today's youth about forestry.
7. Support the American Tree Farm System. This effort, although industry oriented and catalyzed, utilizes all agencies to improve the productivity of private forest land. It now includes 38,000 members owning 79 million acres of forest land. This program gets public agencies, small private landowners, and industry working together.
8. Tax incentives were the preferred method of increasing the productivity of private forest land.

9. Improved logging performance is necessary. More logging training would help achieve this goal.
10. Peer pressure is an underutilized motivator for improving private forest land management.

SURPRISE AT BOTH NATIONAL AND NORTH CENTRAL MEETINGS

There was almost no mention of environmentalists and their impact on private forest land management.

MESSAGES TO INDUSTRY

An evaluation of the messages to industry would include some of these basic points.

Industry would be wise to make more of an investment in protecting its political and raw material future by:

1. Increasing its help to the small forest landowner.
2. Assisting in the formulation of landowner associations.
3. Acting as though it fully recognized the importance of the small forest landowner as a political ally in addition to being a source of raw material.

SUGGESTIONS BY THE WRITER ON PRIORITIES AND PROGRAMS

1. A concerted effort should be made to involve more Chief Executive Officers and other top level industry management in the tasks of improving the productivity and increasing production from private non-industrial land. Industry isn't doing enough and, this is against its self interest.

Industry needs to do more on this issue, and industry top management is an integral part of the solution. They set industry priorities.

2. To expedite a solution there must be improved communication between all elements, e.g. industry, public agencies, environmentalists, and the public. Improved communications will result in better goal establishment. Our "system" lacks the common purpose shown by our competitors such as Japan, where industry, financial institutions, government, and labor communicate and cooperate to establish goals that are in the national interest.

The goals here are massive enough to require new ad hoc organizations that include a good blend of policy makers

and technicians. The experience of the Western Forest Environment Discussion Group and AFA's Areas of Agreement Group should be useful.

3. Obviously there must be an improvement in the objective education of people, starting in the elementary schools, on forests and forestry. This was the consensus of all the regional meetings and the national meeting.
4. There is a need to activate environmentalists self-interest in this project, so that they support programs which will result in more wood production from private lands. Again, improved communications will help.

SUMMARY COMMENT

These meetings were intelligently arranged and formatted, and received excellent and useful input from the participants. Once again communications provided useful information that will aid in the achievement of an important goal--improvement in the management of private non-industrial forest lands.

REPORT--WESTERN STATES' PNIF STUDY

*By Paul E. Krauss, Deputy Supervisor
Washington State Department of Natural Resources, Olympia*

Thank you for inviting me to participate in this PNIF Conference. The Western States chose to develop their private non-industrial forest land program by utilizing a model outline that was to be completed by all 17 States. The Western States' report was developed from 13 completed outlines and represents the Western States' summation of needs. To that extent, it differs from the other reports submitted for the Nation.

The western State Foresters met in Portland last spring for a discussion of their previous efforts for a non-industrial forest program. They concluded that conferences on these subjects simply did not reach the nongovernmental participants; the active participants of past conferences remained unchanged, as well as not being totally representative of all non-industrial landowners. During the meeting, it was decided that representatives of State agencies actually working on the ground with the landowner were the best source of information concerning all the issues of that particular management program. They have a vast knowledge of the existing programs, and participate daily with the non-industrial landowner in helping arrive at solutions for the issues. Most important, they can identify the barriers preventing final solution.

On June 13, representatives of the western State Foresters met in Salt Lake City to establish the format for this report. They identified 13 program elements, and classified all activities into one of these in order to maintain continuity in summarizing a report for such a vast area. Once identified, the outline went to the States coupled with instructions in a questionnaire. The replies were returned to Washington State and the information for each State was compiled into the summary presented today.

As chairman of that group, prior to my summarizing and recommending the Western States' position, I would like to cite

some observations. The entire project has an elusive unqualified national goal! The States are in the position of having the cart before the horse. Are we to:

1. Maintain present cut?
2. Maximize production of commodity output?
3. Produce State's share of national commodity needs from private non-industrial forest lands?

We do know the Nation is faced with the need to produce more wood. The Forest Service predicted a rise from actual consumption of 49.9 billion board feet in 1976 to 67.6 billion by 2000 and 78.7 billion by 2030.¹ That is a form of assessment. If that shortfall is going to occur in the next decade or two, the wood must come from existing stands, a conclusion of many State Foresters in the West. The RPA desired outputs are currently identified at the State levels as targets, prepared with the understanding or approach that needed funds would be unrestrained at the Federal level. The ratio of State and Federal funds would remain as it is today. Of course, we need to know the size of our production base, its producing capacity, the owners involved, and how they perceive their needs. Why do they own timber producing lands? I am rambling somewhat, but I feel the loose direction from the national level concerning the goals the States were to be concerned with has permitted varied interpretation by the States.

The 13 program elements identified by the Western States are the basis for a total PNIF program. Each State representative then identified the condition of that element in his or her State on Attachment 3 of the report, simply a checklist so that each subject was not overlooked. The next step was to identify the importance of that element or order of priority in the State, whether or not the given element existed. At a glance, Attachment 4 of the report shows the importance the States put on the various elements of the total program.

I will continue to work with Attachment 4 in my summary, although Attachment 5 was intended to align the additional program needs. It appears that too much emphasis was placed on the rating procedure to the extent that attempts were made to make each program stand alone. That cannot be done. The lack of a well-defined goal throughout the mission was the probable cause. One must go back to the individual State narratives for finalization of a summary. Protection, resource management assistance, and

¹U.S. Department of Agriculture, Forest Service. January, 1980. An Assessment of the Forest and Range Land Situation in the United States. Figure 6.4, p. 386, and Table 6.5, p. 337.

technical assistance were identified by the majority of States reporting as the three most important program elements.

Summary

Protection from fire, insects, and disease in the Western States ranks first or second in order of importance in nearly every instance. Without protection, it would be very difficult, if not impossible, to have any successful program. One simply cannot let up on protection. There is no magic formula for determining the exact protection level for a given value of land and timber asset. There are so many variables involved that one must almost become philosophical to be able to sleep with the most analytical conclusions. Private landowners are investing from \$150 to \$800 per acre for the establishment of a second crop, to say nothing of the value of the remaining old growth timber.

The next two elements in order of priority were considered to be "technical assistance" and "resource management assistance." More than half of the States had these two elements ranked second or third. This summary will treat those two elements together since they both deal with the expansion of intensified forest management; "how to" get the landowner to complete the practices which will net him and the Nation the benefits of production on his or her timberland base. The goal obviously is more wood for the nation. The individual State narratives identified the following needs:

1. Current reforestation and T.S.I. programs need to be improved.
2. Tree improvement programs are needed.
3. Relief is needed in the taxation processes.
4. The submission of some financial consideration or leverage is needed to encourage landowners to invest in reforestation.

Various incentives coupled with legislation are the actions needed to expand productivity on non-industrial forest land. Increases in reforestation activities and T.S.I. are urgently needed. Site productivity data by species, tree improvement programs, training exercises with the landowner, and followup are required. Many areas experience difficulty in finding the trained labor force necessary to accomplish the work under these programs. Timing is critical for the practice. We need to explore the possibility of a coordinated program between all agencies to solve the problems of available planting stock, trained labor, and equipment.

Some States have a forest practices act that requires reforestation after logging. This includes any necessary site preparation, and gets the first step done. However, we cannot depend on that totally as the answer. Methods of paying those reforestation costs, together with the continual stand maintenance costs, are needed.

Various legislative proposals are currently being circulated that would provide some tax relief solution. A committee or task force needs to take charge of reviewing all such proposals with the intent of seeing that all aspects of these identified needs are covered. In this way, the total picture of incentives and legislation can be submitted as one complete package for the purpose of answering the needs of the non-industrial landowner. That is the Western States' position and the challenge facing all of us today.

THE WESTERN STATES PNIF REPORT

RESOURCE BASE

One of the greatest needs is a periodic inventory program. Progressive withdrawal of forest land is occurring in all ownership categories. A national inventory system is needed which can track these shifts in landownership and gain information about all forest resources and their condition on the various categories of forest ownerships. These inventories need to include soil and vegetation mapping.

With few exceptions, we do not have reliable timber inventories. The ones we do have lack the detail needed for current planning purposes. There is a fundamental need for a detailed, accurate timber inventory of private non-industrial forest land, that is updated on a timely basis.

Available inventory data have been primarily timber oriented and restricted to commercial forest land. There is a serious need to have multi-resource information for both commercial and noncommercial timberland.

OWNERSHIP BASE

In general, it is known that the number of private non-industrial forest landowners is increasing, and that the average size of ownership is decreasing. There must be an inventory system that will give us reasonably current information if we are to develop programs and target technical assistance for the maximum return on investments.

Throughout most of the Western United States, formal verification of landowner objectives by size class has not been attempted. As a result the States are often flying blind when attempting to develop programs and policies for private non-industrial forest lands. In order to develop private forestry assistance programs that have appeal to landowners, the States must periodically survey the private forest landowners to determine their objectives of ownership and then tie these objectives to the overall objectives of the State program to produce a comprehensive program. The final program will vary widely from State-to-State, depending on the State and landowner objectives.

In summary, before development of programs and policies for private non-industrial forest landowners, the problem needs to be defined.

First, the number of owners by size class, location, objectives of ownership, productivity (present and potential) of ownerships, species composition, conditions of their stand, etc., must

be determined. With this information at hand it is then possible to understand the problem and develop programs that are tailored to needs; programs that owners will be responsive to, that are most cost effective, and that have a greater payoff. This inventory system must then be kept current.

GOALS, OBJECTIVES AND ISSUES OF THE PNIF

One of the major objectives is to assure a reasonable supply of goods and services from private non-industrial forest lands, although the level of management on these lands appears to be lower than in any other ownership class. Thus, a major issue is the conversion of significant acreages of non-industrial forest land to uses which preclude timber harvesting and multi-resource management.

It is essential to gain a better knowledge of the needs of landowners and understand the issues as they perceive them. In so doing perhaps agency and landowner goals can be better aligned. The reasons, results, location and classes of landowners involved in forest land conversion must be identified and understood. Perhaps then specific programs to modify this trend can be developed, either jointly or in concert with other entities.

Basic to the preceding is increased and continuing support of the State forest resource planning effort so that after assessment data are completed, programs that are tailored to the specific States' needs are developed. Once these programs are developed, the States need full support to add the qualified personnel necessary to do the job.

PROTECTION--FIRE

While the average annual acreage loss to wildfire has declined, the value of forest resources has risen. Encroaching subdivisions and development in the rural areas, as well as in the rural-urban interface, increase both the numbers of fires and the costs of suppression. Fire protection in rural communities and developed wildlands is not keeping pace with the values at stake. Sizable acreages of wildlands do not receive any fire protection at all.

There are several pressing and widespread needs in the West:

1. A comprehensive prevention and protection program for the expanding urban-wildland interface based on a thorough study of needs.
2. An aggressive prevention program based on a comprehensive analysis of major causes.

3. An in-depth and continuing fire management planning process.
4. Equipment and training for rural fire departments and other cooperators.
5. Further integration of local governmental fire protection organizations into statewide systems.
6. Expansion and enforcement of the legal responsibilities of property owners to reduce the risk and hazard on their properties.
7. Identification of large forested blocks and areas of high economic value or unusual risk in order to emphasize them in fire district planning.

A situation which, because of its scope, should be specifically pointed out is Alaska's critical need for fire protection. Having recently acquired protection responsibilities on 24 million acres of land, Alaska needs support in developing fire protection districts capable of handling this job.

PROTECTION--INSECTS AND DISEASE

Losses due to insects and disease are extremely high. Many States are receiving more requests for assistance than can be serviced.

Additional support and an expanded program is needed to assess and control forest pests.

There is a good opportunity to emphasize to landowners the effectiveness of pest control through forest management practices and activities. A feasibility study to explore the possibility of joint ownership salvage sales between private non-industrial landowners and State and Federal landowners is needed.

There is also a need to further develop and refine integrated pest management procedures especially for the pests not currently picked up by their systems.

In several States there is a need to clarify and reassign responsibilities and authorities regarding pest infestation and assistance, through administrative action, interdepartmental agreement, etc. The number of "sick tree" requests is high and climbing. This is an educational situation which may best be handled by county Extension agents. If so, they need assistance to develop this capability.

PROTECTION--THEFT AND VANDALISM

Theft of equipment, materials, firewood, high value species, and vandalism of improvements, property, etc., is a significant problem. This is known intuitively, even though a lack of records precludes a precise assessment of the scope of the problem.

Several States need statutes to address this. Most States need to assess the scope of the problem and develop strategies of public education, damage prevention, and law enforcement. The law enforcement community and local governmental officials need a greater awareness of the nature and magnitude of this problem as it impacts on the landowner, the forest community, and the State economy.

INFORMATION AND EDUCATION

There appear to be at least four areas where more intensive effort would bear good fruit--

- The public lacks information and an understanding of the important position held in our society by the private non-industrial landowners and the contributions that are possible from their land.
- Most non-industrial landowners do not realize that technical assistance and other services are available to them through the State Forester.
- Many State forestry organizations have a public identity crisis which hinders their effectiveness in this area. They are not known by the public, and are not recognized by the public or industry as the leader and voice for forestry in the State.
- The agricultural landowner as well as the public lacks information and understanding of the key role shelter belts fill in soil conservation and wildlife management.

We need an expanded program to increase the public's understanding of the multi-resource contributions that are possible from the non-industrial landowner and awareness of the benefits to society and the compatibility with environmental goals.

Equally important is the need to develop effective ways of communicating forest management opportunities and assistance to the landowner. We must show the landowners that there is some level of management or practice that is compatible with their ownership objectives. In addition, a program on current research and technology should be given to landowners and small operators.

Education of non-industrial landowners for specific forestry oriented problems is a role that might best be handled through an expanded Extension program in several States. Akin to this would be a desired capability to concentrate information and education efforts, as needed, in specific geographic and program areas and for specific client groups.

Basic to all is the need for State forestry to come to the point where it is recognized by the public, the landowners, and industry as the leader and voice of forestry in the State.

Another method that has been discussed heavily but infrequently used is demonstration areas well spaced to show various types of management under various owner objectives.

UTILIZATION AND MARKETING

Material loss and waste due to poor utilization, lack of utilization, lack of markets and poor log grading is unacceptably high. Investments in improved utilization and marketing and utilization of residues would pay for themselves many times over while greatly extending the yield from existing resources at the same time.

Some of the approaches that need to be studied are:

- 1) Research and development for the less used species and small tracts of forest land, including equipment development and possible wood energy potential.
- 2) Research and development on collection, transport, and use of waste material including equipment development.
- 3) Utilization of more residue (especially mill waste material) through the development of new product lines (industrial fuel, animal feed, wood energy, etc.).
- 4) A utilization-wood energy program incorporating new equipment or procedures for handling small diameter material from nonmerchantable or thinning stands.
- 5) Develop a method to disseminate localized "utilization and marketing" information, including specific market information and proper utilization during logging to landowners, operators, and mill owners.
- 6) Expand present utilization assistance to include logging systems, transportation, and mill yard log handling.
- 7) A program to inform the non-industrial landowner of expectations from loggers and timber growing service

contractors, how to specify reasonable performance and enforce provisions of performance contracts.

- 8) A wood products analysis inventory to help develop new products and set mill potential and positioning.
- 9) Cooperatives for specific products such as small roundwood.
- 10) Industry support for current key utilization programs to increase effectiveness.

RESOURCE MANAGEMENT ASSISTANCE

Reforestation and T.S.I.

Current reforestation and T.S.I. programs are as inadequate as shelter belt programs in the Plains States. Increases in these programs, such as broad gauge tree improvement (breeding, production, and number of species), site productivity data by species, crew training, and followup are urgently needed.

Related to this is the need for modification taxation schemes and financial considerations that inhibit landowner interest in reforestation.

Many areas experience difficulty in finding the trained labor force necessary to accomplish the work under these programs. We should explore the possibility of a coordinated program between State and Federal agencies and industry to solve the problems of available planting stock, trained labor, and equipment.

The number of consulting foresters is inadequate in many areas.

Urban and Community Forestry

The importance of and need for an urban and community forestry program is becoming increasingly apparent. The continuing development of subdivisions and the expanding urban-wildland interface will maintain the pressure for this program.

Dutch elm disease and the plantings that follow it add to the need. The Urban and Community Forestry Program should incorporate genetic tree improvement for street trees as an important aspect, as well as management of a woodland in an urban environment and the potential from these small woodlands.

Wood For Energy

Wood for energy programs are embryonic. This is a unique opportunity to develop a comprehensive coordinated program rather than allow it to develop on a piecemeal, disjointed basis.

Some of the things to consider are statewide inventories of source locations, quantities, duration of supplies, etc. Data are needed on growth and energy values by species. Research and development are also needed to find equipment and/or methods of harvesting and processing logging slash, T.S.I. residue, small diameter unmerchantable stands, etc.

Another needed program is coordination of multi-resource use access road systems.

TECHNICAL ASSISTANCE

Our technical assistance capabilities are severely limited. The number of qualified State service foresters are inadequate in numbers to service the requests now received. Most private non-industrial harvesting operations are occurring without assistance. This is partly because we can't service all requests, partly because the landowner doesn't know that assistance is available, and partly because in many cases there is no system or procedure for learning where harvesting operations are being planned.

There are several approaches that should be used or explored--

1. A more reliable and stable level of support at the Federal level.
2. In some instances, State appropriations so that programs other than Federal co-op programs can be undertaken.
3. Increased technical assistance in the fields of business practice, financial planning, and market information.
4. Improved coordination of technical assistance at the local level between State and Federal agencies and the forest industry.
5. Encourage industry to seek long term harvesting agreements with private non-industrial landowners.
6. Provide technical assistance to landowners during logging operations on non-industrial forest land.
7. Improve the training of service foresters that work with landowners.

8. Encourage landowners to use consultants, especially for timber appraisals.
9. Where applicable, promote cooperatives to coordinate sales, market timber, and improve management on non-industrial forest land.
10. County level workshops for landowners.
11. Stocking research especially for harsh climates, and proper techniques and timing of planting.

INCENTIVES

Tax Treatment

Most State forestry organizations feel that existing tax laws, both Federal and State, are disincentives to forest management. Thorough studies of this problem have been published. We need to consider how to go about getting the necessary adjustments made in these tax laws. This is extremely critical to the future management of private non-industrial forest ownerships. Three of the key items are allowing tax writeoffs for site preparation and reforestation costs within a reasonably short time period, allowing inheritance of forest land without the costs now associated with this land transfer, and rollback tax problems.

Subsidies and Cost Shares

Many landowners are currently not taking advantage of the available cost shares, and many that do apply never complete their practices. A strong program is needed to sell these programs and their benefits. Once this is successful, we will need increases in the Federal Incentives Program. The State forestry agencies must have more latitude in picking practices that fit their state needs and more of a voice on county committees to ensure that forestry practices receive their allotment of cost share dollars.

Future cost share programs must also consider the multiple uses of the forest resource, and allow funds to be allocated for these purposes.

Loans and Insurance

Low interest loan programs should be expanded to help the non-industrial landowners and processors in providing a market for previously unmarketable or marginal forest products. Low cost crop insurance programs are also needed to take the serious risk factor out of the forestry investment.

Cooperatives and Other Programs

Cooperatives for management needs should be assisted in every way possible. This would allow landowners enough acreage within their cooperative management practices for the large landowner discount prices per acre. This could also allow for hiring of professional help where availability is scarce or nonexistent.

Followup time for assisting persons in cooperatives, cost sharing, etc., is minimal. This must be increased for greater long term success. In many cases this could be a coordinated effort between agencies.

REGULATION

Most Western States feel that if the proper amount of time is spent on technical assistance, learning landowner objectives and keying to these needs, regulation is not necessary or desirable. Where regulation is desirable, it must be accompanied with high level training and insure that regulation design includes the problems faced by landowners and operators. There is a need for more regulation and enforcement in the area of theft and vandalism of forest products and equipment.

Land use regulation to minimize conflicts and stop the conversion of prime timberland is needed immediately. An understanding of the value and need of private non-industrial and other forest lands by county planners must be accomplished before land use regulation will come.

Environmental laws must be streamlined and brought within as few agencies as possible so that understanding and enforcement are not disincentives to landowners.

MULTI-AGENCY COORDINATION

There are many agencies involved with forestry and conservation needs within the Western States. Landowners must have no question in their minds where to go for service and assistance. In order for this to happen these agencies must be in full agreement as to which ones have what service and assistance responsibilities in which areas. This minimizes duplication of effort and other problems that can happen without understanding. Many of the Western States feel that this type of understanding must be reached before an acceptable non-industrial forest land program can be fully applied.

Research, administrative studies, and publications must also be coordinated carefully between agencies so that priority projects are accomplished first, and information being given to landowners is as current as possible.

Many of these tasks can be accomplished by the State forestry planning committees.

EVALUATION AND REPORTING

Benefit/Cost

In many cases benefit/costs have not been adequately researched and have not been assigned monetary amounts. This is especially true for multiple-use and social benefits, and costs that have been identified in the objectives of the overall program. One item in calculating benefit/cost is owner's objective, which is rarely given space in a benefit/cost analysis. These need to be done on State programs as a whole, but cannot be done adequately until all the benefits and costs have been fully explored and developed.

Delivery Systems

Little if any evaluation is currently being done to test effectiveness or efficiency of delivery systems. There is agreement that most of the current delivery systems are not working, but this is a calculated guess based on acceptance and use of forestry services and technical assistance. An evaluation system must be designed to test the delivery systems so that design of future systems can be that much better.

Goals Achievement

In order to target the best use of funds, manpower, facilities, and equipment, there must be a system of evaluating the effectiveness of current uses. A coordinated effort must now be made to establish this type of system in all States and to accomplish societal goals. Established Federal goals for the programs are a key start to this coordinated effort. States must communicate their methods and successes to each other. This communication link could be best accomplished through improvements in coordination done by State and private personnel within the Forest Service.

The State agencies must be able to discuss changes in units of measure where evaluation systems dictate, because accomplishment comparisons cannot be made with current units of measurement.

Current Federal reporting forms are poorly designed for State program flexibility. A well-balanced national committee should study this matter and make recommendations immediately.

WESTERN STATES PRIVATE NON-INDUSTRIAL FOREST LAND PROGRAM
CURRENT CONDITION AND NEEDS SUMMARY

PROGRAM ELEMENT	STATES													
	AK	AZ	CA	CO	HI	ID	KS	MT	NE	NV	NM	ND	OR	SD
I. Assessment														
A. Resource Base	0	+	+	+	+		+	X	+		+		X	+
B. Ownership Base	0	0	0	0	+		+	+	0		0		X	0
II. Program														
A. Goals, Objectives, and Issues of PNIF	+	X	X	X	0		X	X	+	+	+		X	+
B. Protection	+	+	+	X	+		+	+	X		+		+	+
C. Utilization	+	+	+	+	0		+	+	0		X		+	+
D. Marketing	0	+	+	+	0		+	+	0		+		0	+
E. Information and Education	+	+	+	+	0		X	+	+		+		+	+
F. Resource Management Assistance	+	+	+	+	+		X	+	+		+		+	0
G. Technical Assistance	+	+	+	+	+		X	+	+		+		+	+
H. Incentives	0	+	+	+	+		+	+	0		+		+	+
I. Regulation	X	X	-	-	X		-	+	-		+		+	+
J. Multiagency Coordination	+	X	X	X	X		X	+	X		X		X	+
K. Evaluation and Reporting	+	+	+	+	0		+	+	+		X		X	+

SYMBOLS: X = Have, Adequate to Reach Goals
- = Do Not Have, No Need
0 = Do Not Have, Need in Order to Meet Goals
+ = Have, Inadequate to Meet Goals

PROGRAM PRIORITY SUMMARY

PROGRAM ELEMENT	STATES																
	AK	AZ	CA	CO	HI	ID	KS	MT	NE	NV	NM	ND	OR	SD	UT	WA	WY
I. Assessment																	
A. Resource Base		3	12	6	2	10	1	2	9		8		8	6	6	2	4
B. Ownership Base		4	5	6	6	11	12	3	5		8		9	7	7	2	10
II. Program																	
A. Goals, Objectives, and Issues of PNIF		5	13	3	9	9	5		7		4		10	1	8	3	11
B. Protection	1	1	3	3	1	1	2	1	4		1		4	2	1	1	1
C. Utilization	4	10	4	3	5	3	6	8	3		3		6	12	5	8	7
D. Marketing	5	12	10	3	11	8	7	9	3		5		3	12	4	9	6
E. Information and Education	6	11	6	3	10	7	9	4	2		7		2	8	10	6	2
F. Resource Management Assistance	2	6	9	3	3	4	3	7	1		2			5	2		5
G. Technical Assistance	3	2	2	3	8	2	4	6	1		1		5	3	3	7	3
H. Incentives	7	9	1	6	7	5	8	10	6		2		1	11	13	10	8
I. Regulation	8	13	7	10	12	13	13	12	8		9		7	9	12	11	12
J. Multiagency Coordination	9	7	8	6	4	6	11	5	11		10		11	4	11	5	9
K. Evaluation and Reporting	10	8	11	3	13	12	10	11	10		6		12	10	9	4	13

Rank these elements in order of their priority for your State, whether or not a given program element exists in your State.

PROPOSED ADDITIONS PRIORITY LISTING

Entries should be made only in program elements where you feel additions need to be made. List these additions by priority.

LANDOWNER REACTION--WESTERN PNIF STUDY

*By A. P. Fries, President,
Washington Farm Forestry Association*

I am very pleased to be here this morning and to present some of my views about private non-industrial forest land owners to you.

It has been said on many occasions that the non-industrial owner is the most studied, with the least results, of any segment of the forest industry. I have no doubt as to the truth of this statement. For the most part, these studies have been conducted by skilled technicians who, however well-intentioned, have had very little, if any contact with the actual "nonperforming" landowners they claim need help and attention. I am happy to see that this conference is taking a bit more realistic viewpoint of the problem.

Perhaps in defense of the non-industrial owners, I must say that growing commercial timber on small acreages is a very young industry, at least in our section of the country. As little as 30 years ago, timber land and small second-growth timber were worth little more than nothing. Very few saw a future in growing a crop of trees. Thirty years is hardly enough time for a viable timber-growing industry to evolve, especially when you consider the nature of the industry and the length of time it takes to grow trees.

There are forces, not of our making and perhaps beyond our control, that have played a great part in the evolution of this industry, and will no doubt continue to do so. The increasing value of our land, accompanied by the increased investment cost and tax burden, has and will continue to cause landowners to take a more serious look at returns received on this investment.

As the price and demand for second-growth timber increases, landowners begin to manage their land to obtain a return on their investment as well as to maintain a sound stewardship of their land. However, these forces by themselves will not accomplish desired goals. Other competing uses for land meet landowners requirements just as well, or perhaps even better than growing trees. In addition, the returns individual owners expect from their land vary greatly from individual to individual and locality to locality, depending mostly upon the interests and objectives of each individual owner. Monetary returns on an investment are very likely not the primary objective of most non-industrial owners. However, growing trees for commercial use can, in most cases, be compatible, and can even complement the primary objective of the landowner. He must, of course, first be aware of the potential, and the opportunities that exist.

Before a landowner can consider whether or not to invest his time, money, and land resources in a commercial tree growing venture, there are several conditions which have to be met. We must first have public acceptance of the fact that tree growing and harvesting, without undue encumbrances, are a valid and necessary use of our land. Certainly the production of wood and fiber ranks close behind, if not with, the production of food as a commodity necessary for survival. The general public, including forest landowners, needs to be told of this fact, perhaps in much the same manner as the Extension Service has told, and is still telling, of the importance of food production and the agricultural community.

We must next have acceptance by governmental and regulatory agencies. When a non-industrial owner plants his trees he can only visualize a return 35, 50, or even more years down the road. However, he can immediately see the effects of excessive and destructive taxation on both the local and Federal levels. Over-regulation also restricts his pursuing personal objectives. The public is increasingly demanding a voice in the management of his lands, especially in the area of environmental and aesthetic considerations. I am sure everyone agrees that some environmental and aesthetic requirements need to be met. However, these requirements should not dictate the management, or in some cases the non-management, of our commercial forest land.

Only when these two conditions are present, to at least a tolerable degree, can we approach the non-industrial owner with some reasonable expectation of success. In the past the primary governmental approach to these owners has been through the use of a variety of cost sharing programs or incentives. I am sure these programs have contributed a great deal to the well-being of the non-industrial forests. However, they have as yet not solved the problem and very likely they, by themselves, never will. Incentives are not attractive to a landowner if they do not completely counteract the negative impact of the disincentives that may be forced upon him or his land. Neither can we expect incentives to be the total answer as long as they are provided only for those who request them.

Landowners who are interested enough in managing their forest land to be aware of and request cost share programs would undoubtedly manage their lands without this additional assistance, even to a lesser degree. These are not the owners that concern me the most, rather those owners who are, for whatever reason, neither interested in nor knowledgeable about the potential that exists for their land.

In conjunction with this we must, of course, more realistically determine the actual land base of the non-industrial owners so that our efforts will be directed toward land where a potential for success exists. I agree with the philosophy that all land

capable of growing trees, and not used for some purpose incompatible with growing trees, should be in forest production. However, this is an idealistic viewpoint and not valid in a practical sense. There are valid and logical reasons why some land will not remain in forest production. Generally, non-industrial ownerships are particularly vulnerable to these logical land use shifts. Establishing a national policy or goal for non-industrial forest owners is indeed a risky business when you consider the vast differences in forest types, growing conditions, and economic and social variations throughout our country. The great variation in the resources, objectives, and needs of each of these individual owners should also be considered. If careful consideration is given to these obvious facts, I am sure a sound and successful policy could be designed.

I, for one, would support any reasonable and sound program that would promote the production of forest products on non-industrial lands, provided that this program recognizes the individual owner's personal objectives for his land, and his legal and moral right to pursue these objectives along with those of society.

APPRAISAL--WESTERN PNIF STUDY

By Don Lee Fraser, Olympia, Wash.

One of the first things we must do in considering establishment of a national policy regarding increasing timber growth is to project what future timber shortages will exist if no additional effort is made by government to increase it.

Historically, we often seem to set our production goal at (1) maintaining the present timber harvest in a State or region or (2) fulfilling national domestic consumption at acceptable price levels. In the broader view, we need to consider and strive for the expanded export of wood products and for the development and promotion of new domestic uses of wood.

The Forest Service has developed projections of future timber demand that history may prove to be conservative. Still, the knowledge of such a possibility should make us strive all the harder to meet at least those demand projections.

Simultaneously, we need to re-estimate the growth (supply) projection from our forest lands assuming no change in government programs or national policy regarding timber growth and harvesting. Historically, information on current forest inventory and current (and projected) growth rates have stemmed from the forest surveys conducted periodically by the Forest Service. While the schedule for resurvey in the West is every 10 years, it's been about 20 years since a full-fledged resurvey has been conducted by the Forest Service in the State of Washington. Inasmuch as present consideration for program change puts special emphasis on private non-industrial forest land ownership, we, at the minimum, need to have better information on them. (I personally believe their acreage is considerably overstated in the State of Washington.)

Upon agreement of supply and demand projections, under present governmental policy and programs, and assuming a shortfall, we must determine the benefit/cost ratios of alternative government programs designed to produce additional units of wood. Benefits to the Federal Treasury, both direct and indirect, and any and all other benefits to the general public from the production of additional units of timber nationwide, must be identified. We need these data to wisely decide what action, if any, should be taken. Certainly we will need this information in order to change government programs. (The RPA also requires a benefit/cost analysis.)

Obviously, State programs can have different benefit/cost ratios and different objectives than the national programs we are addressing here today.

All benefit/cost analyses must consider predictions for changes in real prices of stumpage. The current draft RPA documents seem to include such price projections in determining future demand, but do not predict price increases in calculating the benefit/cost of specific investment examples.

If the benefit/cost analysis supports Federal effort and dollars to increase timber growth on private non-industrial forest lands, what programs are apt to be most effective?

1. On the one hand, we could merely try to do a better job of selling these landowners on the merits of investing more time and money in growing additional wood under the present, ongoing economic and environmental climate. I'm sure we can improve our delivery system and get some additional results, but I think they will be somewhat limited. If we are looking for commitment on millions of acres, in a relatively short period of time, this option is not apt to get us there.
2. We could resort to government regulation. This has been done in several States in the West, but such regulations are limited to minimum requirements and apply only to reforestation. The climate for expanding government regulation of forest production seems totally absent today.
3. The third alternative would be to change the economic climate through government incentives. Such incentives may be:
 - a. Establishment of direct incentive payments or tax credits of low interest loans (although I don't think the latter will produce big results on private non-industrial forest lands). From my limited review, it seems that the major extensive reforestation efforts worldwide on private lands have depended on government incentives--direct payments or tax credits up front. Refer to the December 1978 article on Brazil in the Journal of Forestry and the more recent article in the Journal of Forestry regarding reforestation in Great Britain. Here in the United States, our most impressive effort was through the Soil Bank Program. (It would be interesting to see a tabulation of acres of plantations and T.S.I. on non-industrial forest lands in the U.S. to date, with and without some type of government subsidy.)
 - b. A second way to change the economic environment is to reduce existing government disincentives, i.e., allow crop establishment costs to be expanded in the year made, the same way nonforest crops are treated. The

inequity in treatment under the inheritance taxes would also be corrected. The present capital gains treatment must be maintained to provide equity in taxing timber crop harvest income, which accumulates for many years and then often creates disproportionately high tax rates in single years, high tax brackets when the timber is harvested. Also, the timber must get capital gain treatment in order to be equitable to owners who sell land or land and timber. Currently, a sort of de facto continuity of land use exists by forest landowners not being forced into selling their land at the time of harvest, in order to get capital gains treatment on their timber.

- c. The economic climate could also be improved by development of better timber management techniques, better utilization practices and better forest protection. Government can help in development, dissemination, and assistance in all of these areas.
- d. Extension of the government crop insurance program to forest crops would provide another financial incentive and certainly seems justified considering the long period of time it takes to grow a forest crop and its dependency on the Government for protection.
- e. A climate has to be maintained that convinces the landowner that society will allow him to harvest his timber 25 or 50 years down the road. The more uncertainty in this area, the higher direct financial incentives will need to be.

The uncertainty of government actions for a 25- to 100-year period is a serious deterrent to planting a tree. The government can severely affect the price of stumpage through manipulation of interest rates for building; it can turn imports and exports on or off; it can drop aid for protection programs; it may limit harvesting; it can drop capital gains tax treatment; and it can and does restrict transportation, etc. At the minimum, we are asking landowners to really have "faith" in government, which of course needs a little help up front from government.

I think that help can be justified by doing a benefit/cost analysis, especially if one can learn to properly analyze the public value of future production. Surely, the public values the maintenance of long term productivity of our agricultural and forestry soils (and of long term forest crops). This transcends the limitations of discounted values accruing to individual landowners.

In review of the survey of priority items considered by the Western States as necessary to increase timber growth on non-

industrial forest lands, it seems to me that the items cannot be listed in a strict 1, 2, 3 priority because of their frequent interdependence. What we really seem to need is that particular package of items, in proper amounts, that will result in the most cost effective program.

If I take the prerogative of grouping and correcting some problems inherent with the questionnaire, giving more weight to the States with high timber growth potential, the Western States would apparently agree to a program placing high priority on a package that would increase efforts to:

- Get better inventory and growth data (including better identification of non-industrial landowners).
- Improve protection (A current State program to hold annual acreage losses to one-quarter of 1 percent results in 12-1/2 percent of the total acreage being burned in a 50-year rotation period.) Insect and disease control also need help.
- An incentive program.
- Improved extension and technical assistance.

Still, if we really want extensive acres treated (planted, TSI, fertilized), in my mind the incentive program is going to be the key.

I think it is in the government's own self-interest to invest more to increase timber growth, if the investments will not otherwise be made for timber production.

Lastly, I would be remiss if I did not point out that any short-term shortage in softwood saw-timber harvest will have to come from existing inventories, largely from Federal lands which contain over half of all standing inventory of softwood saw-timber volume.

SUMMARY AND IDENTIFICATION OF PRIORITIES

*By Rexford A. Resler, Executive Vice President,
American Forestry Association*

It is an honor and humbling experience to be invited to participate in this national conference, and to attempt to summarize the primary conclusions of the regional conferences. As one might expect, and as has been evident in the preceding statements, there has been a great deal of agreement among both the landowners and the agency participants as to the priority needs that must be addressed, and acted upon, for realization of the kind of improvement in the management of private non-industrial forest lands we all seek. As might also be expected, there is substantial variance of opinion among the many participants as to the specific actions that ought to be pursued; actions that would provide the kinds of incentives that would assure the landowners that their highly variable objectives will, or may best be, achieved.

I shall endeavor to summarize those conclusions as best I can, although I am considerably apprehensive about my ability to do so. But my personal interest and efforts for many years, and the strong commitment of The American Forestry Association, has been, and will continue to be, in support of those actions that hold promise of creating both the investment climate and the assistance needed by private forest landowners to enhance the productivity of their lands for (1) their personal objectives and goals, and (2) provision of the benefits and goods that flow from well-managed forest lands to the general public.

My objective will be to summarize the regional conference conclusions and not to impose my personal bias unduly.

The regional conferences pointed out the substantial differences that exist between the several regions in terms of forest land ownership, productivity of forest lands, availability of markets, State and local tax structure, and attitudes of the public toward the private forest landowner. Two broad groupings

of interest, both of which have to be recognized and dealt with effectively, were evident. I would categorize those interests as follows:

- the interests of the landowner, and
- the interests of the public and their constituency, the agencies, and the professionals involved in land management activities.

The former, the landowner, clearly is concerned with those aspects of public policy and programs that influence the profitability of investing in forestry activities in holding forest property.

The latter leans toward the identification of actions and programs that will provide encouragement to the landowner to produce an array of goods and services that are more conducive to public benefits. Because the perspective is different, it is not surprising that the priorities differ somewhat in the actions that are proposed. My purpose is not to overstate the differences of interest between the landowner and the public, but to underscore the necessity of finding solutions that are reasonably compatible with both areas of interest.

Any "solution" that unduly impinges upon the rights of ownership of property is no solution at all. By the same reasoning, the use of public funds to provide services, incentives, or financial aid to any individual carries with it an obligation, and an expectation, of some public benefit, either directly or indirectly.

I believe the regional conferences highlighted these differences in interest and at the same time acknowledged the need for actions which will result in both private and public benefits.

The conclusions of the regional conference seem to fall into about nine broad categories which I will review with you in descending priority.

1. TAXES

Tax relief was universally agreed to be the principal incentive to improved forest land management. The Atlanta forum, consisting of private non-industrial forest landowners, heavily underscored the essential character of disincentives of tax structure at the Federal, State, and local levels. But at all the conferences, and in the report of the Western States as well, improvement in tax structure was the universally identified, high priority need.

The proposed changes took many forms but generally followed the objective of providing strong and direct tax incentives for holding and managing forest land.

- a) Tax reductions (property, capital gains, and inheritance).
- b) Tax incentives for management (investment tax credits, expensing of reforestation and TSI costs, accelerated writeoff).
- c) Repeal the carry over basis rule.
- d) Simplify the tax code and provide competent tax advice to forest landowners.

This series of conferences has put the spotlight of attention on the need to bring about substantial changes in the tax codes at the Federal, State, and local levels as an inducement to improve the management of privately owned forest land. As was stated, the objective ought to be to bring about equity in the tax structure so that forestry--the management of forest land for timber and all other related forest values--is treated as a management activity and not a depletable, exhaustible resource. If these conferences lead to a broader public understanding of, and more favorable climate toward, this one issue alone, they will have been of immense value to society.

2. TECHNICAL ASSISTANCE

The need for greater technical assistance to the forest landowner was prevalent throughout the conferences. However, the form of that assistance was highly variable--ranging from the conventional form of one-on-one technical advice to the landowner, to the expansion of research effort into genetically improved planting stock. Still, the basic objective is to improve the research base and to make that knowledge readily available to the landowner (and not, incidentally, to the general public).

Thus, the broad objective is to strengthen those programs and activities that lead to informed judgments by landowners. That responsibility involves many participants. It involves several Federal agencies whose programs deal with research or Extension activities. It involves technical specialists in many aspects of forest management, ranging from logging technology, to forest planning and timber marking, wildlife habitat improvements, erosion control, road construction, tax and estate planning, and many others. It involves agencies whose function it is to communicate with the public through the media and through symposia such as the one in which we are currently involved. Finally, it involves a major effort by the State institutions who have parallel responsibilities at the State and local levels for research, and for the transfer of that technology which comes to fruition ONLY when applied on the ground, in the mill, and in the related forestry infrastructure.

Clearly, the recommendations identify a major role in technical assistance for the private sector, the forest products industry, the consulting forester, and the practitioners who come into contact with the landowner and the user of that technology.

Throughout the conferences, there was a clear definition of need for broad public understanding of what forestry is all about, simply because public policy is influenced by public attitudes. In the absence of sound public attitudes as to their own best interest in maintaining prime forest and agricultural lands, the risks of regulation, proscriptive taxation, and other disincentives can be easily legislated.

Programs to inform the public are, therefore, essential.

3. MARKET INFORMATION

In all areas, lack of good and timely information on product markets was identified as essential to sound landowner decisions as to the when, what, where, and how to sell.

Many landowners expressed concern over the fact that they were subject to the advice of the log buyer, feeling that their advice was not always in the interest of the seller. An objective and competent market reporting system that assures the landowner access to independent market advice is needed.

In addition was the expressed need for development of markets for minor species and products, including wood for energy, and advice on how to secure better utilization of the material the landowner offers for sale. This service could be shaped after the existing crop reporting system.

4. FINANCIAL ASSISTANCE

The need for continuation and expansion of financial assistance programs was broadly discussed. The form of assistance considered most valuable fell into two categories; direct assistance in the form of cost sharing, such as FIP and ASCS programs, and indirect assistance, such as extension of crop insurance coverage to timber, forestry loan programs to alleviate cash flow problems of the small landowner, and guaranteed loans.

5. IMPROVED PROTECTION

Because of growing public use and decreasing pest control capability, timber values are increasing, as are the risks of losing capital investments for management activities. As such, the need to increase protection from fire, insects and disease is pervasive. Recent curtailments or cutbacks in Federal support for protection activities are not being offset by increased State funding of protection activities.

It seems clear that efforts to strengthen protection from natural and man-caused losses are fundamental to greater forest productivity, and better investment opportunities.

6. RESOURCE INVENTORIES

The lack of timely and detailed inventory information is heralded as a deterrent to sound resource judgments--judgments that must be made by many people at all levels, the landowner, the investment counselor, local and Federal policy makers, and others.

As such there is broad consensus that inventory cycles need to be shortened, and classes of information broadened to better depict not only the status of growth, inventory, and losses, but to reflect changes in land status and ownership.

7. LANDOWNER RIGHTS VS PUBLIC RIGHTS

Growth in public use with the attendant risk of loss of property, vandalism, and liability to the landowner is perceived as a deterrent to public use of private lands, and therefore, delimits opportunities for public use and income to the landowner.

Income from nonconsumptive uses of forest land could offset the burden of forest management investments, and simultaneously reduce the need for "no trespassing" posting on forest land.

8. REGULATION

Throughout the conferences, the risk of excessive regulation was held up as a depressing influence, and a deterrent to the landowner.

I don't think it is an exaggeration to summarize the conclusion of the conferences by saying that regulation is neither necessary nor desirable, if the proper amount of effort is invested in the foregoing actions; voluntary forms of inducement to good management coupled with adequate levels of technical assistance.

We can't escape some order of regulation in our lives. The trend will continue upward as long as we collectively support legislation that mandates regulation.

Therefore the objective is to hold it to a minimum, to resist the trend by getting the job done well by other means.

9. ANALYSIS OF COSTS, RETURNS, AND BENEFITS

There seems to be a general recognition that we have not done an adequate job of displaying the costs and benefits of forestry activities. Nor have we adequately conveyed those benefits to the landowner, the investor, and/or to the public.

More is known about the costs and returns of timber production than is known about the other values (including nonconsumptive uses) of well-managed forest lands. These multiple values must be thoroughly analyzed and the information conveyed, if we expect both the landowner and the public to support investments in private non-industrial forest lands.

CONCLUSION

Within these broad categories of consensus, there are myriad specific actions that must be pursued if a significant change is to be expected. These details will hopefully serve as a catalyst for actions at all levels.

In my view, thus far the conferences have been a great success, and I commend the Department of Agriculture, the Nation's premier natural resources Department, and the National Association of State Foresters for their support. To the hundreds of participants whose time and talent have contributed to the identification of both problems and solutions, I salute you.

But the success of these efforts will be measured by what happens on the ground, in the forests of the Nation, and in the market place--what happens to the productivity of our land and to the quality of our environment.

If we believe in the old adage that "a job begun is half done," then I suggest we are only half done. Now it is time to renew all of our efforts to make it happen.

Let's look at some realities:

We can expect continuation of a tight budget climate which will result in sharp constraints on budget proposals for natural resource activities. We can expect continuation of efforts to eliminate from the Federal budget expenditures that are perceived to be offsets to costs that should be borne by either the States or by individuals. Although the RPA program for the 1981 to 1985 period is progressing on schedule, I think the Administration may propose a program level that will fall far short of the indicated need for resource development work. The Forest Service and the Department of Agriculture understand very well the needs for tax relief for the landowner and financial support for research, extension, technical assistance, and accelerated levels of protection that have been advocated at this series of conferences.

The point I want to make is that the Department of Agriculture is not a free agent; the Secretary must, and will, conform to Administration policy. It is not realistic to expect the Department and/or the Forest Service to be outspoken advocates of tax incentives, unless the Administration agrees to support such a policy. This is not to say that the Department or the Forest

Service will not strongly advocate the need for revision of the tax codes, which will provide stronger incentives for forest landowners. But, they must work within the system. The Treasury Department, the Internal Revenue Service, the Office of Management and Budget, and the White House will also be involved in the internal decisionmaking process of the Administration. So it's important to recognize that continuation of efforts to bring about an understanding of the need for tax relief throughout the Administration will be essential.

To foster this understanding, I think it necessary to develop a coalition of interests involving conservation and environmental groups in addition to forestry interests. In this way, a broad base of political support may be generated to bring about the political actions necessary to revise the tax codes. AFA has been working with the National Association of State Foresters, other landowner groups, and several national organizations in an effort to create this kind of understanding and action.

I think it's going to be important to develop stronger ties at the national level with State Forestry associations and other conservation groups interested in improving the financial climate for sound forest management, and thereby improving the condition of the total forest environment.

In conclusion, it seems that in order to implement the recommendations of this series of regional and national conferences, we must concur on the specific workable actions that are needed. We must develop a strong basis of support not only within the forestry community but among other groups that are interested in what happens on forest lands. In addition, we must develop a favorable climate through improved public awareness of the many benefits that can, and will, flow from the improved condition of productivity and quality of the forest environment.

I pledge my personal support, and the support of the American Forestry Association, to help make things happen for our mutual benefit.

PANEL RESPONSE TO PNIF REGIONAL REPORTS AND TO SUMMARY

By R. Max Peterson, Chief, Forest Service, Panel Moderator

First, just a word of appreciation to all those who have contributed time and talent to regional and national conferences on private non-industrial forestry--particularly Bill Towell; Ted Natti, President, National Association of State Foresters; and Rex Resler, Executive Vice President, American Forestry Association.

It is a privilege to preside at this panel discussion. Three things make the job particularly attractive:

1. You, as participants and delegates representing the four regional working conferences, have brought terrific energy to bear on the subject at hand.
2. The panel has a breadth of experience and depth of concern to handle their charge well.
3. The subject of this conference is safe for a Chief of the Forest Service to deal with. I see only friendly faces out there drawn together by a shared problem--the short-fall of productivity on private non-industrial lands.

I intend to take only a few minutes from the panel. The few remarks I will make come from my personal conviction that great things are beginning to happen, partly as a result of your being here, and partly because the American people have a history of meeting great demands with great resourcefulness--once they are convinced there is a real problem.

"Never in our Forest Service history have we (including the State Foresters) had better tools to work with or a greater desire to get on with a tough job than now, as we approach the dilemma of non-industrial private land management."

I believe that. Let me explain.

It is a matter of history and record that the Clarke-McNary Act, undergirded by a much older relationship, and supplemented by the Pest Control Acts, the Cooperative Forest Management Act, and the River Basins and Flood Control programs, has moved most States into a position of major professional prominence in their own right. That was the guiding principle and aim of these legislative efforts, and they have now been recast into our modern Cooperative Forestry Assistance Act of 1978.

True, not all State forestry programs are strong--not because of lack of will, or skill--but primarily because of competition for limited budgets and manpower ceilings. Oh boy, does that sound familiar!

I mention the turmoil of the last 10 years, the period during which John McGuire guided us, because it was that very turmoil which has yielded our present posture of strength. We are strong today--strong in resolve, strong in direction, and strong in legislative sanction. Both the public and Congress are better informed on forestry than at any point since the turn of the century.

The RPA assessment process clearly shows the importance of private non-industrial forest land in meeting future needs.

Several great pieces of legislative direction came out of this era:

- Agriculture and Consumer Protection Act of 1973 (which gave us the Forestry Incentives Program).
- Forest and Rangeland Renewable Resources Act (RPA) of 1974 (the vehicle of Forest Service program planning and the springboard into State forest resource planning).
- The National Forest Management Act of 1976.
- Renewable Resources Extension Act of 1978.
- Forest and Rangeland Renewable Resources Research Act of 1978.
- Cooperative Forestry Assistance Act of 1978 (which recodifies and adds some program status to Cooperative Forestry).

The direction and promise of public support to private non-industrial forestry under these Acts will give us the tools to attack the monumental job being addressed. At this point, USDA and the Forest Service are in an excellent posture, from the legislative authorization standpoint, to do those things we can do best--support State and private efforts, provide expert training and management assistance to the State Foresters and other leaders of the forestry community, and provide technical assistance.

Since technical assistance is and has been a winning cooperative venture, we are strengthening that effort. For example:

1. State Cooperative Extension as applied to food, grain, pasture, and the general quality of farm life, which directly contributes to the greatest standard of nutrition in the world, has maintained a prominent role in technical information dissemination.

State Cooperative Extension in forestry has, on the other hand, been an unloved stepchild. We are working to turn that situation around. As an interim measure, the Forest Service has cofunded in the South, a liaison and coordinating position between State and Private Forestry and State Extension, and it has been manned by a person with excellent credentials.

2. We have shifted the technology transfer function and cadre from Research to State and Private Forestry, and our Area and Regional offices are reorganizing to give this effort a major push.
3. Several old experimental forests are soon to be converted to working demonstrations of "farm forestry."

The potential is great, but competition for funds will be difficult. From a partnership role, I want to reinforce a few points which must not be neglected.

1. Protection of the resources by Federal, State and private interests (timber, environment, and amenities) must be maintained at a level in keeping with value.
2. Environmental awareness, and regard for the quality of life in its broadest sense, will be an important ingredient in future forestry programs.
3. Energy, and the part wood can play as a renewable source of energy, must be carefully programmed and conducted to improve management of forest land or it could develop into a disaster from which we and our forests will not easily recover.
4. Solving the private non-industrial forestry dilemma will take great strength and unity.

Now let's get to the responses from our panel members.

PANEL RESPONSE--INDUSTRY

By Sidney G. Hawkes, National Forest Products Association

Ladies and Gentlemen:

It is a great pleasure to talk to you about industry's national efforts to assure a stable, adequate future timber supply from private non-industrial lands. Forecasts indicate that both industrial and non-industrial timber growers can expect expanding markets for their products. The unfortunate fact is that there may not be enough available timber in the future to allow us to take full advantage of that market opportunity. The projected shortfall is recognized as a major problem confronting both the industry and the Nation. For the past several years, I have worked with NFPA's Private Woodlands Subcommittee and the timber tax committee to respond to this problem, and I would like to share some of our ideas with you.

We have followed the outcomes of the regional private forestry conferences very closely, and are pleased with the results. In summary, the ideas which non-industrial landowners view as important to increasing the productivity of their forests mesh very well with industry's goals and philosophies. We believe that through these conferences, several important principles can be identified.

First, the landowners emphasized the economic aspects of forestry. They are in business to make a profit; therefore, the need for investment in forest management to be a paying proposition cannot be overemphasized.

Second, while the landowners recognized legitimate roles for government, including information, education, and research, they were clearly opposed to increased governmental controls, preferring that good forest management be encouraged by incentives, not regulations.

Third, if industry wants the wood from non-industrial lands, then industry must take steps to help grow it. Industry needs to expand its efforts to help non-industrial landowners achieve timber productivity goals while recognizing the landowner's individual goals and objectives. Support for non-industrial owners must be broad and comprehensive, ranging from intensified landowner assistance programs to support for appropriate public programs.

Finally, the landowners recognized the need for increased public recognition of the benefits of good forest management. We must strive to establish a public climate favorable to governmental support of forestry programs and tax incentives.

I'd like to go over each of these principles in detail and discuss with you industry's specific proposals. But before I do, I think it would be beneficial to share with you some of the work that has been done to develop industry's program.

In 1976, senior executives in our industry recognized the need to quantify the opportunities for increasing timber productivity and the costs of doing so. They also sought to determine what must be done to capture those opportunities. To do this, we created the FIC Forest Productivity Study as an in-depth look at the timber situation in 25 States. This study has taken 3 years to complete.

Let me highlight the findings of the productivity study as it is related to private non-industrial forest lands.

The major investment opportunities which can provide a six percent real return on investment are (1) conversion of large value hardwood species to softwoods, (2) regeneration following harvest of mature stands, (3) timber stand improvement, (4) regeneration of stands which are currently understocked, and (5) planting currently idle cropland. Together these opportunities total 78.7 million acres, and if realized, would increase growth by 6 billion cubic feet annually.

While the opportunities to increase growth are significant, the most disturbing fact is that we are not doing the job with respect to current levels of forest management. Our data indicates that in the South, only 1 in 9 harvest acres on private non-industrial lands is reforested through a conscious decision by the landowner. Other acres are regenerated adequately through a natural means, but the regeneration gap is still very large.

To more fully evaluate the implications of these investment opportunities on future supply/demand projections, we coupled our productivity data with that used by the Forest Service in developing the 1980 RPA draft assessment projections. In doing so, we were able to estimate a balance between future needs and supply of timber from all ownerships, in addition to the investments needed to meet that demand. On non-industrial lands, our studies show that demand will rise from 4.4 billion cubic feet in 1977, to 8.3 billion cubic feet in 2030. Meeting this demand will require investments of approximately \$100 million annually over the next 50 years, beginning right now. Failure to make these investments will mean that we will not be able to maintain adequate supplies of wood products at reasonable costs to the consumer.

Having identified a rather challenging situation, how is the industry developing and implementing specific solutions? This task has been given largely to the National Forest Products Association and is being handled through the Private Woodlands Subcommittee. This Committee is in the final stages of completing its

work, and will soon present, for industry's approval, a comprehensive program designed to achieve timber production goals on non-industrial lands.

I can give you a preview of what this program will contain. In doing that, I'd like to relate our specific proposals for non-industrial forest landowners.

Let's go back to the first principle--forestry must be able to pay its way. I think we can all agree that a basic part of the productivity equation is that forestry investments be financially attractive. Given this need, which has been a recurrent theme in the regional conferences, here are our proposals.

First, we must retain capital gains treatment for income from timber investments and thereby lower the effective rates. This is of paramount importance, since capital gains is presently the only federal tax incentive which is beneficial to all private timber ownership. In this way, both large industrial and small private ownerships can share in the benefits of this tax treatment.

Second, we need to achieve passage of an investment tax credit, plus rapid writeoff for capitalized timber investments. In practice, the investment tax credit would allow private landowners to subtract ten percent of their site preparation and reforestation costs from Federal income taxes owed in the year in which the taxpayer carries out the practice. In addition, he could deduct one-seventh of the capital cost from his gross income each year for 7 years following the original investment. Bills are under consideration in both the House and Senate which would provide these tax incentives.

Another area of concern to private forest owners is taxation of inherited property. A controversial provision known as the "carryover basis rule" will go into effect January 1, 1980, unless Congress passes legislation before then to repeal or defer it.

The carryover basis would make heirs responsible for paying capital gains taxes when selling inherited property on all increases in value dating back to the original acquisition. This tax would be in addition to the estate tax. The increased tax burden would make it more difficult for timber owners to pass property from one generation to another, and would thereby hasten the decline of family-owned timber lands. It could force liquidation of privately-owned lands to pay taxes, and would make long-range reforestation investments extremely unattractive.

Individual companies within the forest industry have been very active for the past year in working toward the repeal of this provision--to us the only solution. It was gratifying to see that

the Senate recently voted 81-4 in favor of repealing the carry-over. In addition, there are now 278 cosponsors for repeal in the House, and we are somewhat optimistic about seeing the repeal by the end of this year.

Direct subsidies alone (currently the Forestry Incentive Program is the only Federal subsidy program) cannot solve the productivity problem on non-industrial lands. New approaches are necessary, and one of these which is presently before Congress is the Forestry Loan Act. This bill would provide, on a pilot project basis, a cash flow incentive to private landowners to invest in forestry by allowing them to borrow money periodically against the future value of their standing timber. The borrowed money would be repayed with interest when the timber is harvested. This would allow landowners to receive a periodic cash flow from their timber investment, and would help mitigate the long time period necessary before landowners receive income from their timber. The funds borrowed could be used in any manner the landowner wishes, as long as he carries out an approved management plan which spells out the steps he must take to manage a highly productive timber stand. We view the forestry loan act pilot program as the first step in developing a mechanism to facilitate the financing of forestry investments.

Another avenue being explored is crop insurance for private timber owners through public and private insurers. We feel there is a need and market for reasonably priced timber insurance, offered by private companies, to protect landowners from economic losses through natural hazards. Initially, insurance would probably be developed for managed stands alone, and would include coverage for fire and insect damage. Group insurance coverage could be offered through State forestry associations, landowner associations, the Tree Farm System, and industry landowner assistance programs. In addition, Congress is considering legislation to provide timber insurance, and it is likely that some trial programs will soon be enacted.

Now let's consider the supportive elements of technical assistance and communications, both of which are equally important parts of the equation.

The forest products industry, for its part, must become more attentive to the needs of private forest owners for better technical assistance and adequate equipment support. We believe the industry must encourage the development of programs by individual companies for providing technical assistance and contractor services to landowners. The industry should hold its foresters accountable for at least discussing with landowners their management options whenever the opportunity arises--especially when a company buys a landowner's timber.

The industry can also foster improved technical assistance for private forest owners by working for effective State forestry programs. Industry should offer to help State Foresters and the Forest Service analyze the effectiveness of public forestry programs in increasing forest productivity. It should seek increased funding for State programs and move toward ending the State's reliance on Federal funding. Failure to strengthen State programs will increase the risk and uncertainty of forestry investments, and result in reaching only those landowners who are candidates for industry assistance programs or consultant services.

Communications is a vital link in the effort to increase productivity of non-industrial lands. It will do little good to create a better financial climate or to improve technical assistance if people don't know they exist. The responsibility of "passing the word" lies with the communicator.

A major communications goal of the forestry community should be the creation of a public climate in which foresters and landowners can operate effectively. Mass communications programs, such as advertising and media relations, need to be aimed at relating forest management to the public need for products. Only if good forestry management is perceived as having positive public benefits will there be governmental policies and action favorable to forest management.

Before closing I'd like to say a few words about the proposals I've discussed. We need to get down to basics. We have the opportunity and the potential to furnish an increasing share of the world's wood needs, and to do so makes both political and economic sense. Wood is renewable, energy efficient, and competitively priced. It should be very unsettling to those of us in the timber industry that the United States, with the greatest overall timber growth and manufacturing capability in the world, is a net importer of wood and wood products. Last year we imported about twice as much as we exported. To continue to neglect our great potential would be a costly mistake.

Given proper incentives and support to assure that a fair profit be made from forestry, we can prevent future timber supply problems. But we cannot rely on government alone to solve our problems. The primary responsibility rests with the private enterprise system, and ladies and gentlemen, that means us. If there was ever a time to become involved in forestry problem solving efforts, this is it. There is a job for everyone, and I'm sure your State, regional, and national associations will be happy to put you to work. I appreciate this opportunity to share our views with you.

PANEL RESPONSE--CONSULTANTS

By Wm. C. Humphries, Jr., Consulting Forester

After listening to the various participants in this conference, it becomes apparent that every region has its own special problems that require attention. However, there is overwhelming agreement that two common needs exist: taxation incentives and technical assistance.

It is also apparent that government, industry, consultants, and the landowners themselves have a responsibility and a role to play in increasing timber production on the private non-industrial lands of America. Government has the responsibility of redirecting and restructuring methods of taxation to provide incentives to improve existing stands and plant trees. The greatest single incentive that can be provided is through taxation; allowing the landowner to expense each year, or preferably amortize over a short period of time, site preparation and tree planting costs. Certain timber stand improvement work should also be treated as an expense item to be deducted against ordinary income, rather than as a capital expense.

The current carryover basis law should also be repealed and inheritance tax laws restructured in a manner that will encourage one to keep lands in timber production. Under current law, many tracts are cut prematurely in order to provide income to satisfy estate tax demands.

The government through the Forest Service should also provide reliable and up-to-date inventory data to better access the Nation's timber supply situation.

It has been said, "Problems are really just opportunities in work clothes." If this be the case, then I view the need for technical assistance as a great opportunity for the private sector, particularly consultants. In the New England area, it was cited that one-third of the owners did not know where to go for information. This is not so in the South where most people know where to go for information, even if it is inadequate.

Many of the needs cited during this conference can be serviced by the consulting forester. Some specific needs cited were: lack of technical management assistance, lack of market and price information on stumpage, lack of information on the cost-benefit ratio for various forestry practices, and handling the diversity of owner objectives as related to timber and nontimber uses. The answer to many of these needs fall squarely into the lap of the forestry consultant. It has become more apparent to me during this conference that consultants are simply not telling their

story. There needs to be an organized national effort by consultants to make the public aware of the services offered by consultants. Further establishment of consultants should be encouraged and government should encourage use of the private practicing forester.

The reports that have been presented should excite the Nation's consultants and make them keenly aware that their services are in demand. They must expand their staffs and improve their training and services to help meet the challenge of improving private non-industrial lands.

Several problems that have been cited during this conference can best be solved by industry. It is the consultants' view that industry is responsible for improving logging practices on private non-industrial land, and should develop equipment and delivery systems to better accommodate the private non-industrial landowner's management objective.

Most logging equipment has been developed for a clearcut and plant system of management which is often not compatible with private non-industrial landowner objectives. There is an overwhelming need for the development of equipment that can operate on small tracts or small compartments with minimal damage to residual stands. Mr. Merle Schotanus, landowner from New England, made particular reference to this problem. Mr. Schotanus even suggested that loggers be licensed or registered before they are permitted to operate on private lands. While I feel that this is a drastic measure, it does point to the fact that the landowner has a problem with the harvesting industry and it is industry's responsibility to work toward resolving this problem.

It is very clear that government, consultants, and industry have the responsibility of working to improve the production of private non-industrial lands. But, what about the landowner?

Participants in this conference state that self-motivation on the part of the landowner is necessary. Mr. Schotanus said that we must "make it socially unacceptable not to manage your land wisely." Secretary of Agriculture Bergland has said that the "ACP program won't buy good conservation practices. People have to exercise and measure responsibility to carry out good conservation practices."

The ability to make a profit from growing trees is the greatest incentive that can be provided to the non-industrial landowner. While it might be argued that in the interest of national welfare he has a social responsibility to grow trees, it is a relatively meager motivator. I agree that more landowners should view good conservation and good timber management as a social responsibility, but we live in a country dominated by profit motive. Be it right or wrong, agreed or not agreed, stimulating the landowner's

conscience with the thought of doing something because it is socially responsible is simply not going to increase timber production enough to meet the Nation's needs, at least not in the short term of 25 years. The greatest incentive or stimulus for increasing production is providing the ability to make a profit.

As a consultant, I am glad that the private landowner has at least been heard. Secretary Bergland has assured us that he will read the material that has been presented. He has an open mind and a willingness to serve as an advocate for the needs of the private non-industrial landowner. We will be watching closely the series of events following this conference.

On behalf of the consulting foresters in this country, we thank you for the opportunity to serve on this panel and give a response from the consultant's point-of-view on this conference.

PANEL RESPONSE--EXTENSION SERVICE

*By Merrill L. Petoskey, Asst. Deputy Director, Natural Resources,
Science and Education Administration, USDA*

It is very clear from all the discussion that has taken place about how to solve the problem of private non-industrial forest land that there is no single solution. It reminds me of the energy problem, inflation, and world crises; there is no single solution. But it is also clear that we must work with and convince millions of private owners and users that there are opportunities and better ways for them to manage their land. Educational programs are a component of any solution. Therefore, the reporters for all groups addressed this.

Education did not always surface as the most critical concern, but isn't better understanding a component in solving the forest taxation problem? Isn't it involved in tree planting needs, and most of the other needs that surfaced?

Secretary Bergland spoke about the finiteness of our resources now that we can no longer expand into the West. But, we are sitting on an underutilized resource with tremendous potential. The beauty of the wood resource is that it is renewable. Properly managed, Mr. Secretary, we can assure you that forests will not lose the 2 tons of top soil per acre, per year, that you are concerned with when growing corn. That is significant.

Yes, we can and do make gasohol from corn, but we can also make it from wood. It may cost more to make it from wood at the present time but, one of the significant hidden costs with corn may be the soil that is lost. Is corn as renewable a resource as wood? Whether we use the forest for gasohol, for firewood, for traditional wood products, for recreation, or for wildlife, we can do it and it is renewable.

We are most pleased with the results of this conference. It tells us that we do not need to create a new system of agencies to deal with these problems. We simply need to adequately fund the present system.

We are on the right track. In passing the Renewable Resources Extension Act of 1978, Congress recognized the need to provide earmarked funding for expanded extension programs in renewable resources. It can do for forestry and other renewable resources what education has done for agriculture. At the same time, and as one package, Congress passed a Forestry Research and a Cooperative Forestry Bill. These three Acts provide the authorization for the public programs that are needed. President Carter signed all three, almost in succession (PL 95-306, 307, and 313). The most

important thing that remains is for Congress and the Administration to "put its money where its mouth is." Appropriations are needed to match (or exceed) the authorizations.

The "Renewable Resources Extension Act of 1978, (PL 95-306) authorizes \$15 million for education programs on forest and range-land renewable resources for owners, processors, and consumptive and nonconsumptive users of these resources. Renewable resources are defined as fish, wildlife, forage, outdoor recreation opportunities, timber, and water.

There is a considerable difference between authorization and appropriation. The reason that all legislation is passed is because people (usually special interest groups) want the results of such legislation. They encourage their Congressmen to introduce the legislation they want. Usually, simple majority is all that is needed to pass legislation. In the case of the Renewable Resources Extension Act, the vote in the House was 377 to 7 in favor of the Act. It was passed with unanimous consent by the Senate and was signed into law by the President on June 30, 1978. This Act authorizes \$15 million annually to be used for renewable resources extension activities, beginning in fiscal year '79 and continuing for 10 years thereafter. We are now in the second year of this 10-year period. Fifteen million dollars could and should have been spent in fiscal year '79 for productive education programs, and \$15 million more should have been requested for congressional consideration for FY '80. To date, nothing has been requested for renewable resources extension activities for either of these 2 fiscal years. One can only conjecture as to the reasons why the USDA failed to respond to the needs identified by Congress. Perhaps the Executive Branch did not request funds because national energy and inflation programs received more attention.

Those people and organizations who were interested enough to encourage the passage of legislation must not quit now. They must carry on their initiative by following through and seeing that the legislation they worked so hard to pass is implemented with the necessary dollars. Otherwise, very little happens on the ground in the way of implementing the programs and policies which the legislation authorizes, because the needed programs are never funded or inadequately funded. We've talked about this need for 15 years. The time for action is now. All of us, working together, can insure that funding is provided. The sooner the better. Remember, 1980 is already a year late.

PANEL RESPONSE--CITIZEN GROUPS

By Kenneth R. Hampton, National Wildlife Federation

There are relatively few natural resource conservation subjects that people in the forest products industry have in common with the environmental advocates. But in my judgment, private non-industrial forestry is a topic that those interest groups and others can and do rally on, even if it is for different reasons. The timber industry is concerned because small woodlots, which comprise close to 60 percent of U.S. commercial forests, have historically produced wood products at far below their potential. Conservationists share that concern and are anxious to have better forest management practiced on the small woodlots, but not only to increase timber production, but to enhance the full array of natural resource values contained on a "typical" woodlot. These include wildlife habitat, recreation, and water quality, as well as the annual production of wood fiber. In turn, some of the development pressures will be taken off the National Forest System. Their views are shared by other special interest groups and by most government officials.

Why is it, then, with such broad based support, that management of small woodlots continues to be deficient? This conference has identified a number of reasons, and Rex Resler has done an outstanding job of summarizing the shortcomings and developing a list of nine principal national needs. As I see it, two of them stand out--greater tax incentives and better information transfer. A few observations about each are in order.

Clearly, the average small woodlot owner is not going to be motivated sufficiently to improve the management of his (or her) land unless, and until, tax laws are revised to provide more equitable treatment of capital investments on that land. In my judgment, however, it is unlikely that any major changes will be made in Federal tax laws until a general groundswell of public opinion favoring that change is forthcoming. I don't see that happening until a better job is done of educating the public on the need for such change.

That leads me to the second point; information transfer. Simply put, the average woodlot owner, much less the average citizen, lacks sufficient information to make intelligent judgments. My organization, the National Wildlife Federation, fully endorses the remarks made by "Pete" Petoskey concerning the urgent need to beef up renewable resources extension efforts with the USDA. Along with a few other private organizations, the Federation worked hard to get legislation passed in the summer of 1978. This finally became the Renewable Resources Extension Act (PL 95-306). All of

us must work now to get the resources (money and people) to implement that Act effectively. If we don't, I am pessimistic about the chances of ever realizing the broad resource potential of PNIF Programs.

I pledge to you that NWF will continue to do all that it can to highlight the needs and the still largely untapped potential of the PNIF Program through our publications, our participation in the annual federal budget review process, and our involvement in congressional hearings.

PANEL RESPONSE--STATE FORESTERS

*Donald L. McFatter, President,
National Association of State Foresters*

It is my privilege today to appear on this panel and respond as 1979-80 president for the National Association of State Foresters.

The National Association of State Foresters, as the sponsoring organization of these regional and national conferences on the private non-industrial forest landowner, is extremely pleased with the outcome, with both the method in which the conferences were planned and carried out, and the results derived from each.

In our search for an individual to coordinate these conferences we looked for a person who is without prejudice and who possesses a broad base of knowledge and experience. We found this person in Bill Towell. I want Bill to know right now just how much the Association appreciates the great amount of effort he had to expend to make these conferences an overall success. Bill put together quite a team of planners, and I would be remiss if I did not take a moment to express to all these individuals--consultants, industry people, associations, and many private individuals--our gratitude for their immensely important contributions.

We feel that in each of the regional conferences there has been a very broad base of participation. The small private non-industrial owner, the very person whose lands will make or break our efforts to meet the future demand for wood fiber, has probably been heard from to a greater extent than ever before. This input will contribute significantly in future efforts to work with these owners. Of course, this National Conference has only strengthened our belief that this has been a milestone effort.

If I were able today to put across to you only one point concerning the Association's feelings toward this effort, it would be that we do not intend--and I repeat--we do not intend to allow our efforts to conclude with these conferences.

In fact, we have already held two meetings--one in Washington and one in Atlanta--in preparation of today's presentation. I believe these conferences have established certain basic points which I hope will guide our organization's deliberations as we proceed from here to the development of programs to achieve the nation's forest resource needs in concert with the non-industrial owners' needs:

1. First and foremost, our Nation must accept and continue to respect the private citizen's right to purchase land and pursue personal objectives on that land free of

governmental interference and regulation to the maximum degree possible.

2. The acceptance of this principle mandates that the basic element of any national program be the forest landowners' own objectives.
3. The Nation should expect good stewardship by the private landowner. He should be expected to accomplish his objectives without unnecessary adverse effect on other forest values needed by society. This is a moral obligation of one person to another.
4. The Nation does not have the right to expect private landowners to spend money on their forest land to achieve public objectives. One cannot expect more forestry investment from the private non-industrial owner than the amount these landowners believe to be in their own self interest.
5. Need must be established. Before involvement by government in the affairs of the private citizen is justified, an overriding public need or benefit must be evident. The shortage of critical forest products shortly after the turn of the century, as predicted by some experts, is such a need.

Other experts do not agree. If it turns out that the latter experts are correct, we are still left with a tremendous opportunity considering the export market and the increasing importance of wood as an energy source.

During the two recent meetings previously mentioned, we considered points of the various regional conferences and put together the following as tentative Federal initiatives. They are being reported to you so that you know where we stand on this matter. It will be refined by deliberations at this conference.

1. We support tax credits for reforestation and timber stand and other forest resource improvements, with stepped up amortization of these forest management costs.
2. We support amendment of inheritance tax laws so as to encourage retention and management of forest stands to maturity, rather than early liquidation to meet inheritance tax obligations.
3. We support retention and improvement of capital gains benefits for timber income, in order to encourage increased timber productivity.

4. We support a pilot loan program to provide for annual income to forest landowners.
5. We support modification of the various Federal manpower programs so as to allow work to improve forest lands, whether owned by State, Federal or private non-industrial owners.
6. We support full annual funding of the Forestry Incentives Program (FIP).
7. We support increased funding for needed forest research and expanded resource data.
8. We support full funding for the Renewable Resources Extension Act of 1978.
9. We support Federal crop disaster insurance for timber to cover full value of timber at the time of loss.
10. We support full funding for the Cooperative Forestry Assistance Act of 1978 consistent with the principles and recommendations of the Resources Planning Act of 1974 as approved by the Committee of State Foresters and mandated by RPA.
11. We support adequate Federal funding for all forestry programs, since resource protection is basic to their well-being.
12. We support full utilization of renewable forest resources, since they might be used to replace nonrenewable resources, especially for energy conservation and generation.

We are also encouraging States and industry to develop stronger individual programs within each State. Such initiatives would include, for example, greater uniformity in ad valorem tax policies, State and industry supported incentive programs aimed at the small owner, forest resource planning, etc. We are strongly encouraging each State to intensify efforts to work closely with the other public agencies at the State, as well as the county level. Many State Foresters are already doing this through their State forestry advisory committee.

Concluding my comments, I wish to state again that the National Association of State Foresters views these conferences as a wonderful opportunity for embarking upon a program designed to serve the Nation's needs for forest resources on privately owned forest land, and at the same time protect private ownership rights to the maximum degree consistent with the public good.

Many of you in this room today were participants in these regional conferences. By your presence there and here, at the national conference, you have expressed concern and interest. I call upon you today to join with the NASF and let us together seek a solution to this national dilemma.

I thank you for this opportunity to speak for the National Association of State Foresters.

PANEL RESPONSE--CONGRESS

*By James W. Giltmier, Counsel, Senate Committee on Agriculture,
Nutrition and Forestry*

There are various forces which presumably work together to encourage the management of private non-industrial forest tracts. The consulting foresters, Extension agents, forest products companies, and State Foresters must provide services to help meet the landowners' objectives and, as many have pointed out, to follow through to see that good advice is translated into sound management action.

Basic to landowner assistance are some goals, particularly of the governmental units involved that must be driven by an enumerated understanding of what the economic, environmental, and social returns will be from the public investment.

Further, this sector has been bitterly marked with controversy and a lack of coordination. This is a criminal waste, when one considers the general lack of resources available to the non-industrial landowner.

The role of the Forest Service is to provide assistance to the organizations which support the landowner, and forestry in general, and to supply policymakers with a rationale for national public investment in forestry on private lands. This will require an improved data collection system which fortunately is being implemented.

The timber industry as a whole must make a commitment to encouraging sound management of private non-industrial forests, over and above that of individual companies. Thanks to the leadership of the National Forest Products Association, and others, this commitment has been made, and should provide us with some payoffs in 2 or 3 years.

Appropriate interest groups must agree that conservation on private land is every bit as important as on public land, if for no other reason than private lands are more extensive than are public. I believe the reason that this consensus has not yet been reached is that too much is circulating about past Agriculture Department conservation program failures. But this was as they once were constituted, not as they are now in law.

It has been said that the public does not understand forestry. This is true. But recently, a number of polls have shown that there is a deeply ingrained conservation ethic in the soul of the republic, and a strong feeling that people can live in harmony with nature. However, unless consensus can be reached among the

public and conservation organizations, that message cannot be productively sold to a primarily urban society.

Finally, it behooves all of the organizations and institutions that are concerned with the productivity and conservation of the private lands to begin to sell ourselves creatively. But, expensive, institutional ads placed in publications aimed at upper-middle class audiences of businessmen that appeal to reason, the profit motive, and the free enterprise system have not been successful. Neither the public nor the policymakers have received the message.

Gifford Pinchot sold the creation of national forest reserves with the specter of a timber famine. Hugh Hammond Bennett sold the creation of the Soil Conservation Service during the Dust Bowl. Senator George Norris sold the Tennessee Valley Authority, with the idea that economic development could bring an end to endemic malaria in the Tennessee Valley.

The message must be conveyed in new and appealing ways if conservation is to compete with other national priorities for money and attention.

In short, there is a role for each of the organizations and institutions now in the arena of private non-industrial forestry and conservation. Those roles must be more sharply defined and coordinated, and then sold to a public which the pollsters say is now more receptive to a correctly delivered message.

FUTURE DIRECTIONS FOR PRIVATE NON-INDUSTRIAL FORESTS

*By M. Rupert Cutler, Assistant Secretary for Natural Resources
and Environment, U.S. Department of Agriculture*

I appreciate the opportunity to respond on behalf of the Department of Agriculture to the ideas presented during this national conference on private non-industrial forests.

This conference culminates important nationwide efforts to assess the needs and opportunities for improving outputs from private non-industrial forests. You have assumed the responsibility of speaking for some four million independent forest landowners.

There is a superabundance of diversity in the forest owners you represent. Some of these owners are farmers. They call their forested lands "woodlots," use the wood for fuel, and graze their cattle on the understory vegetation. Some work in the city and prefer a lifestyle of living among the trees. Perhaps they like frequent encounters with the birds and other wildlife found there, or the shade that keeps their homes cool in summer.

Some are absentee owners, using their lands for vacation sites, for hunting and fishing, for mineral development, or for leasing to others. They may be holding them as a means of financial security and a hedge against inflation.

Some own their forest lands simply because they like the idea of owning trees, while others derive an important share of their income from the planned, systematic harvest of their timber. Some replant the cutover land with seedlings of commercially valuable species. Others let nature take its course.

These owners are of varying occupations, and are individuals, families, institutions, hunting clubs, estates, trusts, and nonforest-product corporations.

Some know or hire the skills necessary for producing timber, logging, and marketing. Some are misinformed and badly misjudge

the value of their timberlands. Still others have practically no knowledge and no apparent interest in learning about forestry practices.

These owners are found in every State in the Nation, with the corresponding differences in climate, topography, economics, and culture.

Given this diversity of ownership, it is amazing to witness the almost unanimous agreement you have reached on the problems and opportunities we face, and the solutions for tackling them. In this era of turbulent public participation, this sense of unity is rarely experienced. I hope you haven't swept any strongly differing views under the rug, or failed to invite representatives with differing views to your meetings.

We've "talked to ourselves" long enough. Our audiences must also include bankers and other businessmen looking for new investment opportunities. Furthermore, as Jay Gruenfeld pointed out, we must include environmentalists seeking alternative sources of forest products to reduce commodity output pressures on public forests.

In all four regions, you have said that current tax treatment is not only unfair to long term investors in private tree crops, but is also a major disincentive to growing trees at all. You expressed concern about property, estate, capital gains, and income taxes as related to forestry. Some of the needs you identified were tax credits, writeoffs for reforestation, and stabilization of taxes over the lifetime of the timber crop.

At the national level, I pledge that representatives of the Department of Agriculture will work with the White House, the Congress, the Treasury Department, and in consultation with the Internal Revenue Service to "turn the corner" on Federal tax treatment.

Through provisions of the Cooperative Forestry Assistance Act, we will intensify technical assistance to State Foresters, and direct that assistance toward eliminating oppressive and "highest use" taxation of forests. We will also help with impact analyses of State and local laws when requested.

We will have additional ammunition with which to address the tax issue when the National Agricultural Lands Study is completed in January 1981. This study is cochaired by Secretary of Agriculture Bob Bergland, and J. Gus Speth, chairman of the Council on Environmental Quality. The staff of this study is finding that taxes on land affect decisions to develop forested open spaces and green belts. The U.S. Department of Agriculture is "going to be in there" when the Administration develops its tax policy positions next year.

Forestry incentives are another of your primary interests. You report that direct economic incentives to assist the small woodlot owner are good, but they're not good enough. When the Forestry Incentives Program (FIP) was first proposed, only one State had its own cost share effort. That effort has now spread from Virginia to six or seven other States. That's a real vote of confidence and is convincing evidence that we're on the right track.

Another vote of confidence is Tom Mills' article in the October 1979 Journal of Forestry. Mills' study concluded that FIP did increase cost effective timber production, and that with some minor program honing, these investments would remain economically attractive.

We will continue to strive for optimum appropriations for the Forestry Incentives and Agricultural Conservation Programs of the Agricultural Stabilization and Conservation Service (ASCS). We will use every authority we have to help landowners finance site preparation, reforestation, and timber stand improvement.

To the extent that the planting of trees constitutes a "best management practice" to enhance water quality, and is provided for within the Environmental Protection Agency approved nonpoint source water pollution abatement plans, 1980 Rural Clean Water Program funds may be used to cost share private land reforestation.

All of the regions report the need for increased market information and marketing assistance. Material loss and waste, due to poor utilization, lack of markets, and poor log grading, are unacceptably high. Reported needs include improved contracts and market incentives that encourage careful logging. Marketing information should be a part of that package. I am asking the Forest Service to take the lead in initiating a national price reporting system which will provide a market news service for timberland owners. We'll give this project high priority attention.

In response to those needs, I can assure you that Department of Agriculture foresters and economists will work closely with State Foresters, Cooperative Extension personnel, and landowners to develop the information, technical assistance, and incentives that are required. An important first step was taken at this meeting when Jim Neal and Tony Dorrell agreed to create a joint timber pricing and marketing information distribution system in the South. It will be funded by the Forest Service and implemented and operated by the Cooperative Extension system, through its county agents. There will be a trial and evaluation period, then consideration of its expansion to a nationwide system.

Each of the regional reports calls for further development of landowner associations, which could fill a wide variety of needs. Some regions suggest cooperatives to provide small landowners with

large landowner discount prices per acre for custom management practices. Others would produce and market specific wood products.

Working with national associations and with State Foresters and Extension personnel, we will explore, develop, and promote the establishment and effectiveness of local landowner associations and cooperatives.

You report interest in developing a comprehensive, coordinated wood energy program. As you know, President Carter has committed his Administration to the most massive effort in history to obtain energy from sources other than petroleum. He also has proposed a bold program to encourage energy conservation. At this time, the chances of affirmative congressional action on his proposals appear favorable.

In this scramble for energy, we offer the National Forests' fair share of fuelwood. But wood for fuel must be where the need is. For the same reason, wood must substitute for oil. Due to the scarcity and high cost of oil, bulk wood cannot be transported economically over long distances to be burned. However, pellets, alcohol, or gaseous derivatives might be transportable.

Secretary Bergland announced last month that we are expanding pilot fuelwood projects to 50 counties in 6 New England States. These projects provide technical and cost sharing assistance to woodlot owners to prepare forest stands for the sale of fuelwood, including the building of access roads. All cutting is in accordance with long term management objectives.

Your reports are loud and clear about the urgent need to provide more technical assistance, education, and information to non-industrial forest owners. In addition to those issues previously mentioned, the reports identify a large number of specific needs.

Many of those needs point out the value of information and guidance from a professional forester. Landowners need help with on-the-ground problems of site preparation, tree planting, release, timber growth, thinning, integrated pest management, logging and marketing--essentially, all aspects of forestry.

For many years, technical assistance, education and information services to private landowners have been cooperative efforts of Federal and State agencies, the forest industry, and private landowners. The public funds going into this effort have been modest. Only about 1 percent of the forest landowners are contacted each year. This is much less than the annual landownership turnover of about 12 percent.

The results of this modest effort, however, have been spectacular. During the past 25 years, the annual growth of softwoods and hardwoods on private non-industrial lands has nearly doubled.

This is true not only for the national average but also for every region and most States. Extensive fire protection, modest reforestation, and technical assistance from both public and industry sources have been responsible for this growth. The capability of State forestry programs has improved markedly, and our increased technology for fuller utilization of the timber we grow and harvest has also contributed to the favorable growth/harvest balance.

During this 25-year period of accelerated annual growth, the amount of timber harvested has remained nearly constant. As a result, a huge inventory of potentially useful timber has accumulated on private non-industrial lands. For softwoods, this amounts to 124 billion cubic feet; for hardwoods it is 180 billion cubic feet. In terms of saw timber this inventory is 430 billion board feet for softwoods and 410 billion board feet for hardwoods.

This enormous increase in potential supply from private non-industrial lands comes at a time when harvests on forest industry owned lands are exceeding growth, and increases in National Forest harvests are limited. It's clear, therefore, that the future thrust of technical assistance, education, and information programs should be to bring about more effective management in order to realize this supply potential.

It is time to step up the amount of management planning assistance available to private forest landowners. This will require a joint effort of the State Foresters, the U.S. Department of Agriculture, the Extension system, and the private sector. We have set a goal of developing management plans for 400,000 private non-industrial landowners each year.

Management of both production and harvest should be emphasized for softwoods. Some persons have projected, for example, that the rate of harvest in the South could double in the next 10 years. If this happened, the current rate of regeneration wouldn't sustain forest yield. Therefore, promotion of reforestation is essential, along with improvements in the investment environment that will make softwood regeneration an attractive private landowner enterprise.

In addition to promotion of reforestation, I am asking that a goal be set so that within 10 years each tree seedling planted will be from genetically improved seed. Until that goal is reached, let's join together to assure that seedlings are grown from selected seed of known source and quality.

For hardwoods, the need for technical assistance, education, and information is different. The current harvest of hardwoods is only one-half the annual growth. If landowners are going to profitably increase the harvest of hardwoods, new hardwood products, new logging and manufacturing processes, and new markets are needed.

The forest products industry accounts for about 5 percent of our gross national product. Less than one-half of one percent of Federal research and development funds is devoted to the solution of forestry problems, including the development of new wood products. This level of research funding is not adequate for such a major industry. The Renewable Resources Extension Act of 1978 reinforces and expands our authorities to get on with this job. We are going to make every effort possible to provide the research required.

To carry out the expanded programs needed for both softwoods and hardwoods, all the actors--States, the Federal Government, universities, industry, consultants, and landowners--must cooperate. The States have the primary role. Cooperative Extension also can play a key role. Federal Government, industry, and consultants play supporting roles.

In the past, the States have responded to this responsibility by increasing their share of public funds expended on these programs. The most dramatic expansion of this has been in fire protection. We welcome this because, even though the Federal Government has played a role, we believe private land fire protection is essentially a State and local responsibility. We agree with you that fire, insect, and disease protection must be high priority programs.

We expect the States to continue their support and leadership. We also will make every effort to ensure that the Federal Government carries its share of the costs of planning and technical assistance. We will target our support in ways that give proper emphasis to the difference in needs of States, regions, and the Nation. We also will target on opportunities to maximize the effectiveness of Federal resources and State roles.

A number of States have used and expanded forest survey information to develop a comprehensive assessment of their forestry situations. Michigan recently produced a high quality assessment which may be of interest to other States. I'm sure State Forester Hank Webster would be glad to have his effort serve as a model!

Such an assessment, of course, is the basis of a comprehensive State forest resources plan. I am delighted to report that almost every State is participating in the State forest resources planning program authorized by the Cooperative Forestry Assistance Act of 1978. The resulting plans will provide each State with a coordinated policy for providing services to landowners.

The Cooperative Forestry Assistance Act redefines and reinforces Federal-State relationships. The department will work within the provisions of that Act to obtain maximum results from our mutual efforts. I am confident that Einar Roget, our new

Forest Service Deputy Chief for State and Private Forestry, will provide excellent leadership for our S&PF program.

The Renewable Resources Extension Act calls for expansion of Extension efforts for private forest landowners and others. "Pete" Petoskey, assistant deputy director for natural resources extension in our Science and Education Administration, is working with Extension administrators nationwide to implement this Act. The resulting programs not only will intensify Extension efforts but will also integrate them with those of State forestry programs. Our Soil Conservation Service (SCS) foresters also are looking forward to assisting these programs.

In addition to tax relief, incentives, market information and assistance, landowner associations, wood energy, and technical assistance, several other needs were mentioned in your reports. Some apply only to certain regions--but all are important.

Protection against theft and vandalism is an example. I'm very concerned, for example, that when walnut trees are "rustled," owners can't interest law enforcement agents in their problems--even when evidence which would lead to conviction is placed in the hands of authorities. I've encouraged the Federal Bureau of Investigation to help on such cases.

Other needs cited include crop insurance, action on both desirable and undesirable regulations, landowner rights, and forest inventory information. In addition, more involvement of our information and education specialists in this campaign is needed to improve communications with landowners.

I hear you say that our existing "delivery system" is confusing to the landowner. It's no wonder that they're confused. For example:

The local extension agent to whom they address their agricultural questions probably is not a forester--although some are. Extension foresters, being few in number and spread thinly throughout the State, concentrate on educational programs with groups of landowners.

The local SCS district conservationist from whom they obtain their farm conservation plan probably is not a forester--although again, some are. Neither is their local ASCS representative. They are the ones who either encourage or discourage the landowner's use of the department's Forestry Incentives, Agricultural Conservation, Rural Clean Water, and Great Plains Conservation Programs to improve the productivity of private timber as well as crop lands.

The State's local service forester is the only governmental employee to whom the landowner can turn for one-on-one technical

forestry advice. As has been suggested, we must integrate forestry information delivery and assistance at the county level.

Only if local extension SCS, ASCS, State forestry agents, private forestry consultants, and industry work as a team will the job get done. Only then will landowners be well served. The combination of professional advice and cost-share assistance available should be well publicized through jointly written, jointly sponsored, easily understood publications, supplemented by television spots, 800 toll free telephone numbers, telephone hot lines, and other means of easy communication.

The State forestry plans and Renewable Resources Extension Act declare that plans must be closely coordinated and meshed to provide the right kind of direction from the top of the State agencies to their personnel, direction to cooperate and provide complementary services to landowners.

You have developed a full list of actions which, if properly carried out, can accomplish the objective of increasing and maintaining harvests on private non-industrial forest lands. With these ingredients, we can help create an environment of tax, loan, and market incentives which will give landowners a new awareness of the productive value of their forest holdings. Through Federal, State, university, and industry cooperation, we can provide the assistance and knowledge landowners need.

Your reports have primarily addressed the problem of timber supply. That is certainly appropriate. All of us know, however, that the owners of these forest lands have a variety of uses for them. This variation must be given full consideration in all our efforts and in our expectations regarding harvest levels. Whatever we do must be in harmony with the multiplicity of goals of the owners of these lands.

Bill Towell and the National Association of State Foresters have made a tremendous contribution to the future of forestry on private non-industrial lands by conducting these conferences. It is clear that we, and they, share the same view of what forest productivity goals should be in the future. We all agree our efforts should aim at:

- Minimizing real consumer cost impacts by assuring an adequate domestic supply of forest goods and services.
- Developing a net international trade surplus for forest products, which will help us achieve a stable overall trade balance.
- Providing more energy from a native renewable resource, as our country moves toward energy independence.

-Protecting and improving the quality of life of individuals and communities dependent on forest and related resources.

Private non-industrial forest landowners are stewards of a vast and important resource base. They hold a key to this Nation's future. The Department of Agriculture intends to support them and you to the best of our ability as we move forward together and meet the future.

CLOSING COMMENTS

By William E. Towell, PNIF Project Coordinator

There it is, ladies and gentlemen. I think we have heard real commitment from both Secretary Bergland and Assistant Secretary Cutler. Rex Resler's "National Program" is outstanding. I'm excited. We have established a momentum for private forestry in America that will last for a long time. We have defined specific needs and priorities. We know what needs to be done, and we have grass roots justification and support for getting it done.

This does not conclude the private non-industrial forestry project; it's just the beginning. We know where we need to go from here. We can quit being negative and be positive about private forestry in America. We have a blueprint. It may not be perfect, but it's better than we ever had before. So, let's get on with it.

I thank you for your participation and look for your continued help. It is impossible to thank everyone by name, there are so many--the national steering committee, the regional committees, regional co-chairmen, the speakers, and all who attended--we are grateful to you all.

APPENDIX A

NATIONAL STEERING COMMITTEE

Private Non-Industrial Forestry Project

Dr. John C. Barber
USDA-Forest Service

Dr. Gene Bergoffen
National Forest Products
Association

Mr. Bob Bommer
Association Consulting
Foresters

Mr. Charles Boothby
National Association
Conservation Districts

Mr. William Condrell
Forest Industries Committee
on Timber Valuation and Taxation

Dr. Frank Convery
Duke University

Dr. Gordon Cunningham
Wisconsin Extension Forester

Dr. Robert Day
Society of American Foresters

Dr. Charles H. W. Foster
Yale University

Dr. Ernest Gould, Jr.
Harvard Forest

Mr. Kenneth Hampton
Natural Resources Council
of America

Mr. Joe Hinson
National Forest Products
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APPENDIX B

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APPENDIX C

*Northcentral White Paper Summary
John Slusher, Extension Forester
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My assignment today is to summarize for you the white papers that each participant received before the conference. I found out two things that made me more appreciative of the role of the reporter and editor. First, when I saw the amount of material in the white pages I became more appreciative of the job of the editor. Then when I tried to objectively report what the white paper authors had said in an abbreviated form I discovered how difficult a job the reporter has. I tried to resist the temptation of adding my own observations and comments so what I will give to you is largely direct quotations from the papers, often out of sequence, and often lifted out of context, but retaining their essential meanings.

I will try to follow this outline in presenting the material in some type of logical sequence:

1. The Situation
 - A. Land base
 - B. Timber resource
 - C. Trends
2. Methods of Increasing Supplies
3. The Private Woodland Owner
4. A Listing of Recent Studies
5. A Brief Summary of the Studies
6. Assessing the goals of Woodland Owners and of Society
7. The Subject of Taxes
8. About Profitability and the Need for Incentives
9. Summary

1. The Situation

A. Land Base

Dwight Hair's paper, Future Timber Requirements -- Expectations for Private Lands, points out that the United States has a very large timber resource--about one third of its land area, or 740 million acres. Nearly two-thirds of this forest area is classified as "commercial"--land capable of producing 20 cubic feet of industrial wood per acre per year and not reserved for uses that are not compatible with timber production.

Farmer and other private owners (doctors, housewives, businessmen, etc.) own 283 million acres, some 58 percent of the commercial timberland. Another 68 million acres (14 percent) is owned by forest industry. The remaining 28 percent is in public ownership. The largest portion of this public ownership, about 65 percent of it, is under the management jurisdiction of the Forest Service.

It's anticipated that the amount of forest acreage will continue its present decline and that more and more public forest will be withdrawn from timber production.

B. Timber Resource

The forests classified as commercial timberlands contained some 801 billion cubic feet of roundwood in 1977. About 63 percent of the total volume was in sawtimber trees. Another 26 percent was in poletimber trees, and the remaining 11 percent was in sound rotten, cull, and dead trees.

The current growth-removal balances show that domestic hardwood forests and eastern softwood forests can support higher levels of timber harvests.

C. Trends

1. Assumptions underlying projections are: (1) Radial growth and mortality rates in existence during the late 1960's and early 1970's will continue; (2) commercial timberland area will continue to decline throughout the projection period from about 500 million acres to 455 million acres by 2030; (3) real stumpage prices will continue to increase in the future as they have in the 1960's and 1970's; (4) timber harvest decisions will respond to stumpage price and inventory characteristics much as they have during the base period for 1950-74 and (5) the current even-flow harvest policy and the non-timber management objectives on public lands will set a harvest ceiling (for public land).

2. Supply-Demand: In recent decades, in response to increases in population, economic activity, and income, the consumption of nearly all timber products has risen rapidly. Projections show that demands are likely to continue to grow rapidly in the decades ahead. Such growth means that the Nation is faced not only with the task of meeting the resource demands of an estimated additional 81 million people by 2030, but the demands of 300 million people with much greater purchasing power than today's population. Hair points out that increases of such magnitude can be substantially discounted and still mean large increases in demand.

Some selected examples of the project demand are:

- a. Lumber consumption: From 47 billion board feet in 1977 to 61 billion board feet by 1990 (largely housing and pallets).
- b. Plywood: Similar trends.
- c. Pulpwood: From 75 million cords in 1977 to 105 million cords in 1990. By 2030 pulpwood will account for more than one half of the total demand for roundwood as compared with one third today.
- d. Fuelwood: Will grow in response to increasing cost of energy minerals.

Projections show rather large increases in demand for both softwoods and hardwoods. With base level prices, the medium projection of demand for softwoods is up by two thirds by the year 2030. Demands for hardwoods are projected to triple (but end up at the same time at about the level that softwoods now occupy). The faster rate of increase for hardwoods reflects the projected rise in demand for hardwood roundwood for pulp products, hardwood lumber for pallets and railroad ties, and hardwood plywood and veneer for furniture manufacture.

A comparison of supply projections with demand projections shows demand rising much more rapidly than supplies. Preliminary projections show softwood stumpage prices (measured in constant dollars--net of inflation) rising substantially in all regions. The largest increases are in the southern regions, the smallest in the north central region.

The supplies of hardwood roundwood potentially available under base level assumptions exceed projected demands through 2000 but fall increasingly short thereafter. As a result, projections of percentage increases in regional

hardwood stumpage prices between 1976 and 2030 are generally smaller than for softwood stumpage.

Rising relative stumpage prices will benefit many stumpage owners although the rise in returns per unit of stumpage sold may be offset by reductions in the total volume sold. The timber processing industries, however, will face the loss of markets and reductions in net revenues relative to what would have been realized if timber supplies were large enough to meet projected demand.

Shifts to substitutes with more environmental damage and use of more energy are possible.

2. Methods of Increasing Supplies

Hair states "there are only three ways of meeting these prospective increases in demand."

- A) Improving the efficiency of use of the timber harvested.
- B) Increasing net imports
- C) Increasing yields of timber from domestic forests.

The projected growth in imports above exports can meet part of the projected increases in demand for timber products. In total, however, the increases are small in comparison to the growth in demand for roundwood.

In recent decades the use of slabs, edgings, veneer cores, shavings, and similar materials has grown rapidly, nearly all in the manufacture of pulp particle board and for fuel. However, in 1976 a half billion cubic feet of such material was still left unused in primary manufacturing plants. Much of this is in such small volumes or in locations so remote from processing facilities that it is not economically usable. Prospects for the use of this material are limited.

From the standpoint of increasing the total timber supplies, the potential is largest in the lands of farmers and other private ownerships. Most of the commercial timberland in these ownerships is in "mid" or "high" productivity classes. Most of it is also advantageously located in relationship to roads, processing facilities, and the major timber markets.

3. The Small Woodland Owner

Rich Lewis, states in his paper Who Are the Four Million?: "On a national basis, the four million non-industrial private landowners generally defy classification. Broad national programs to influence all ownerships will probably not be effective, however, carefully tuned state or regional efforts could work well."

He also states, "It is generally accepted that non-industrial private landowners own their property long enough to accomplish significant forest management activity, if they desire to do so!"

In his papers, Barriers to Private Forestry, Dr. John Gray observed:

"Public policy makers, administrators, analysts and planners are handicapped by almost complete lack of comprehensive information concerning private landowner and ownership characteristics generally and private non-industrial forest owner and ownership in particular. In addition, their interpretation and application of existing information have often been erroneous or ineffective because of a lack of perspective and familiarity with on-the-ground conditions."

In particular, Gray believes policies and programs and their implementations have failed to give proper priorities to individual owner goals and welfare. "Foresters," he says, "and other renewable resources professionals employed in organizations involved with private non-industrial forest owners have also often approached such owners with a bias towards serving the goals and welfare of their employer rather than those of the owner." They also have often overemphasized resource physical conditions and practices oriented towards timber production with insufficient consideration of economic amenity and environmental dimensions.

Gray believes that private non-industrial forest owners need a great diversity of information ranging from material to make them aware of use and management possibilities to detailed economic and technical information for management planning and implementation. Further, the information, advisory, assistance, and service system needs to be better integrated and coordinated and public efforts prioritized toward those owners most likely to find the information applicable.

Bill Towell in Objectives of the Private Non-Industrial Forestry Project put it this way: "The important thing is to manage these forests for whatever purposes their owners desire and in the process do everything we can to keep these forests in production."

4. Recent Studies Listed

Everette Towle, in Summary of Private Non-Industrial Studies and Reports listed the following recent major studies and reports dealing with the small private non-industrial issue:

- A. The Federal Role in the Conservation and Management of Private Non-Industrial Forest Lands.

B. Policy Alternatives for Non-Industrial Private Forests (SAF and Resources for the Future Workshop).

C. Southern Pine Harvest and Regeneration Trends.

D. Timber Yield and Financial Return Performance of the 1974 Forestry Incentives Program.

E. Economic Management Opportunities To Increase Timber Supplies in the Southern United States.

F. An Assessment of the Forest and Range Land Situation in the United States (review draft).

G. Improving Outputs from Non-Industrial Private Forests

5. What the Reports Said

A. The Role in the Conservation and Management of Private Non-Industrial Forest Lands:

Many landowners are reluctant to make long-term investments in forest management because of:

1. Higher interest costs on borrowed or invested money than can be recovered from investments in forests.
2. Unacceptable timelags between investments and returns.
3. Lack of liquidity of forestry investments for unacceptably long periods of time.
4. Risk of losses to fires, insects or diseases that cannot be accepted or insured against.
5. Difficulty in finding equipment and trained workers for jobs.
6. Burdensome tax laws.
7. High management costs and market disadvantages because of the relatively small acreages held by these owners.
8. Lack of information on forestry practices and marketing.

¹USDA. The Federal Role in the Conservation and Management of Private Non-Industrial Forest Lands. 1978. Washington, D.C.

The report also points out that the U.S. Department of Agriculture has programs designed to encourage and assist private non-industrial forest landowners in increasing the productivity of their lands. They fall into four categories: 1) Education, 2) Technical Assistance, 3) Incentives, 4) Assistance to states in developing forest resource management and development plans.

B. From² Policy Alternatives for Non-Industrial Private Forests:

The traditional view perceives the economic function of the non-industrial private forests as primarily that of producing wood fiber. However, if their economic function is viewed more broadly to include the production of other forest outputs, it may well be that their highest value use is some set of outputs other than fiber; for example, owner amenities.

Several important findings emerged from the workshop. First, (although certainly not a unanimous view) a majority of the participants seemed to believe that there was little evidence that serious future timber supply problems are likely. Second, it was generally agreed that many existing programs directed at the non-industrial private forests have been poorly coordinated, overlap, and often appear to lack clear purpose. Third,--areas that seemed to be almost unanimously recognized as being important to the problems under discussion were:

1. International trade impacts upon future demand and supply balance.
2. Markets and market formation.
3. The future role of wood fiber as an energy source.
4. Taxes and changes in the tax structure as they affect forest production and productivity.
5. Education.

²Sedjo, R. A. and D. M. Ostermeier. Policy Alternatives for Non-Industrial Private Forests. 1978. Society of American Foresters and Resources for the Future, Washington, D.C.

C. From Improving Outputs from Non-Industrial Forest Lands:³

Improvement requires assessing goals of the owners and of society, a reorientation of approach, numerous enhancements in specific programs, appropriate training of foresters, and strong cooperative planning and coordination among public and private organizations.

The task force believed that enlightened self-interest is the most effective force in bettering forest and land management in the long run.

D. Information needs suggested by the Society of American Foresters Task Force were:

1. Awareness of management possibilities.
2. Analysis of alternatives offered by individual situations.
3. Technical advice for implementing the chosen alternative.
4. Where and how to get the physical operations carried out.
5. Sources of funding and how to arrange for it.
6. Follow-up evaluation and advice to see that operations are satisfactorily performed and to make improvements as indicated by initial results.

6. Assessing the Goals of Woodland Owners and of Society

To the area of assessing goals of the owners and of society, Dr. Gerald Stairs' paper, Alternative Use Issues and the Nonindustrial Private Forest Lands, makes some interesting points. Dr. Stairs observed:

"While wood products are usually mentioned when addressing the production capacity of non-industrial, private forest land, there are many alternative uses to be considered. The classical multiple-use list of wood, water, wildlife, grazing, and recreation is added to by other objectives such as open space, second home sites, minerals extraction, real estate investment, wood for energy, or the psychological benefits of land ownership. These various uses may or may not be directly marketed but all have an intrinsic value."

³ Study report of a task force of the Society of American Foresters, March 1979, Washington, D.C.

Stairs suggests that the following things are needed:

A. The need to develop locally relevant data systems that provide information about the alternate uses available from non-industrial private forest land.

B. The various land use planning efforts now under way in almost every locality should more clearly recognize the private non-industrial forest lands and its multiple uses.

C. Economic studies are needed to identify and place values upon alternative issues. There is a need for improved cooperation by public agencies in assuming responsibility for research and education programs.

Dr. Stairs also points out, "At the federal level, Congress has placed a legislative responsibility upon the U.S. Forest Service to provide, (through the office of the Secretary of Agriculture) assessment reports on natural resources programs. These reports issued at 5-year intervals (the next due in 1980) and referred to as the RPA (Resources Planning Act) Reports, are a benchmark in our efforts to document the nation's forest lands and their current uses." Dr. Stairs comments, "Unfortunately, there is no concentrated advocacy group that speaks for the data needs of the non-industrial private forest landowners."

One of the recommendations he makes is: "That planning for [private non-industrial forest land] be placed in the context of on-going community and state planning efforts as an identifiable classification, fully recognizing changing land values as a major factor. Increasing developmental pressures, coupled with growing demands for alternate goods and services on [private non-industrial forest lands] require that we carefully define both public and private values." He states, "The role of the [private non-industrial forest land] as a major component in rural economic development must be recognized, and taxes and regulations must be modified to provide a healthy investment climate for the production of goods and services in demand therefrom."

7. Subject of Taxes

The subject of taxes is one referred to often, and several of the white papers addressed them at length. I'm not going into detail but I do want to wet your appetites to read the papers by giving you a couple of quotes from Bill Siegel's The Impact on State and Local Taxes on Noncorporate Private Forest Landowners in the south and Bill Sizemore's Tax Problems of Small Landowners.

A. Sizemore says: "The tax impact on a given owner can vary according to which of the five different methods he used to

acquire his forest property, his handling of the three kinds of costs for tax purposes, and which of the six methods is used for disposition of the property. Cumulative tax impact can be different with any possible combination of the groups. Thus, it would be possible to have ninety different tax situations from combinations of just those variables we have discussed."

B. Some extracts from Siegel's work are:

1. From a business or investment point of view the practical impact of taxation on timber growing is probably greater than that of any other economic institution.
2. Three categories of taxes at the state and local levels have the most impact on noncorporate private woodland ownership and investment.
 - a. The general property tax and/or special taxes enacted in lieu of the property tax.
 - b. Death taxes.
 - c. Income tax.

Siegel deals primarily with the property tax--he discusses:

1. A 1935 study of forest taxation (the Fairchild report) which diagnosed the tax problem in three headings:
 - a. The high cost of local government.
 - b. The faulty administration of the property tax, whereby forestry may be bearing more than its fair share of the cost of government, and
 - c. The inherent disadvantages of the property tax in respect to deferred yield forests.
2. Siegel continues: "There is no indication that the property tax will soon disappear from the scene. Despite all of the criticism, and all the predictions of its demise, great strides have been made in property tax administration during the last several decades--and not the least of the reasons is that the general property tax produces more than 70 percent of all local government tax receipts. However, in recent years, as populations have increased, land use and speculative pressures have driven up values. Prevailing market prices for second growth forest lands have, in an increasing number of instances, reflected non-timber considerations. In this type of

situation, assessors have had difficulties, under the doctrine of 'highest and best use' in justifying valuations based on the timber producing capacity of the land."

3. "The possibility always exists, however, that pressure for additional revenue, administrative reform or court action could force revaluation in full market value. Such actions have been occurring in recent years with more and more frequency. To a large extent they are responsible for the renewed attention that is now being given to forest property taxation."

4. "Perhaps the most serious issue in forest taxation at the state and local level is neither the rate structure nor the form of the tax but rather tax stability. Elimination of uncertainty has been the focal point in the drive by southern forestry interests for woodland assessment systems based on use valuation or income capitalization". . . . "Private owners need to be certain at the beginning of a rotation that future taxes will not destroy their investments."

8. About Profitability of Growing Timber and the Need for Incentives

A. First, the much maligned incentives: There are studies that indicate that in certain types of woodlands and with certain practices incentives are cost effective--probably more so and in a greater number of instances than their critics will admit. The jury is still out on incentives, however.

B. As for profitability, I will not even attempt to address this. I strongly urge you to read Lester Holley's paper Growing Timber as an Investment on Nonindustrial Private Lands in the South. While it addresses southern forests, it is a good short course in investment analysis.

Lester talks about the impact of cost-sharing and I give you his summary of his paper:

1. Timber growing is a complex investment.
2. Each landowner is a special case and will probably need technical help to evaluate the economics of his specific timber growing operations.
3. Timber growing is beginning to look like an excellent investment on private lands.
4. Many landowners probably don't yet realize the fact.

Specifically a couple of statements made by Dr. Holley struck me as significant; they are:

1. "The major problem is that Return on Investment doesn't consider the relative size of investment alternatives, and sometimes the investment with the highest ROI is not the most profitable. For example, a 20 percent return on \$100 generates four times more revenue a year than a 50 percent return on a \$10 investment. This is an important consideration in timber growing. ROI can be very high (indeed infinite where nature produces some salable timber in the absence of any investment in timber management. But the volume and value of the harvest will be relatively low: chances are good that more wealth and income could be generated by managing one's timberlands more intensively and accepting a lower return on investment."

2. Private landowners are always surprised to learn that they've been labeled a problem to society. Why should anyone expect them to make personal sacrifices in growing more wood for society? Farmers grow hogs for the income it brings, not because the nation needs more pork. How is wood any different? Our economic system is supposed to work best when every individual goes about pursuing his own economic self-interest. If more timber production is needed by society, the real problem is how do we make the private landowner's self-interest correspond with the needs of society?

9. Summary

In looking for a summary, I find that my good friend Bill Towell usually says it best so I quote from his paper (with some rearranging of his sentences):

A. "It is time the national policy for private, non-industrial forest lands can be declared and supported. One of the best vehicles for such policy declaration would be the new program for all forest lands called for in the Forest and Rangelands Renewable Resources Planning act of 1974, that is due this year. If private nonindustrial forests are to fulfill their desired role in meeting future needs they must be represented fully in the Act. . . . It is imperative that priorities and needs be established now."

B. "Inconsistencies in program support, and especially funding, could be eliminated if the RPA Program is fully comprehensive and adequately supported both by the Administration and the Congress. Implementation of the Cooperative Forestry Assistance Act, the Forest and Rangeland Renewable Resources

Research Act and the Renewable Resources Extension Act of 1978 is imperative. Either we should support existing laws or establish new national policy."

C. "We will fail in our mission if we try to over-simplify the solutions.--But first we must objectively identify needs and priorities."

•U.S. GOVERNMENT PRINTING OFFICE : 1980 O-620-222/3716