

Book Reviews

STRATEGY FOR THE UK FOREST INDUSTRY.

Centre for Agricultural Strategy Report No. 6, February 1980, £8.50 (sterling).

"The first effect of plenitude of inhabitants is the destruction of wood," said Samuel Johnson in his account of his celebrated visit to the Western Islands of Scotland at the end of the 18th century.

Forestry policy in the United Kingdom in the 20th century has been directed aggressively at reversing this tendency. The shortages engendered by two world wars provided the primary stimulus to this end. Two implementation mechanisms emerged; direct action, whereby the Forestry Commission acquired and afforested land on behalf of the state, and the provision of tax and grant incentives which resulted in significant expansions of the privately owned forest area. By 1977 there were 1.766 million hectares (4.364 million acres) of productive forest in the United Kingdom, of which 51 per cent was State owned, with the balance (49 per cent) in private hands.

However, the rate of expansion has fallen sharply in recent years, for a number of interrelated reasons: the investment opportunities easiest and/or most profitable to undertake have already been undertaken; those remaining tend to be less attractive. The Forestry Commission has been restricted in its land acquisition efforts by minimum rate of return requirements on its investments and by administrative constraints. The confidence of private investors has been shaken by sudden changes in the tax code which make future returns more uncertain. The strategic arguments which provided the *raison d'être* of British forestry in this century are considered to be no longer valid; the next war (we are told) will be short and probably final. The environmental implications of large-scale upland afforestation have given rise to adverse comment by influential environmental interests. Finally, the antipathy evinced by the current Conservative Government to public endeavour and expenditure generally, has combined with the other influences to leave the practitioners of forestry in the UK without a clear sense of purpose.

The report under review could be interpreted as an effort to define a mission for the profession, and to provide the intellectual and practical rationale for what is proposed. An incisive analysis of the causes of the malaise would provide a logical basis from which to derive some prescriptions. However, such an analysis has not been undertaken, although some of the issues listed above are touched on. The early chapters provide the context, by discussing current and prospective timber demand in the UK, the EEC and the world. In later chapters investment appraisal aspects are explored, alternative increased afforestation schedules are discussed, and the implications of these for regional development, agriculture, water, game, conservation and landscape, and recreation are examined. In the final chapter, aims and methods of achieving forestry expansion are outlined.

In its 341 pages of text (including appendices), the authors provide a storehouse of useful information, which will be of great value to analysts in Ireland and elsewhere. However, this report gives a sense of the converted addressing the converted. The evidence and arguments presented do not of themselves fully convince; one is expected to have the faith already. To illustrate: Taxpayers would more easily be

convinced to keep funding the expansion of the UK's forest estates if it could be shown that they have received value for money on what has already been expended to this end. However, the historic evidence in this regard was largely ignored. In similar vein, the robustness of the analysis presented depends to some extent on anticipations concerning stumpage (standing timber) price, which again are not in this study validated on the basis of actual UK experience. Much is made of price elasticity studies, but a simple time series of average stumpage prices actually received by the Forestry Commission (or other vendors) is not presented. The price of standing wood is a residual; if the costs of harvesting, transportation and processing rise faster than the price of the end product, a rising price for sawnwood can be associated with a declining price for stumpage, and the latter is the crucial consideration for purposes of investment appraisal.

It would also have sharpened this analysis, and the force of the conclusions, if a marginal approach had been adopted to the various scenarios. In this way the increment in cost associated with the first level scenario, could then have been compared with the associated marginal returns, and so on. This would focus data gathering, analytical and policy makers' attention on the most relevant dimensions.

For Irish readers then, the detail in the report makes it very worthwhile, but it provides little to guide us in answering the questions which we too should soon face, namely, how much forest is enough, and who should provide it?

Frank J. Convery.