

Book Reviews

STATE FORESTRY FOR THE AXE

Robert Miller.

Hobart Paper 91, Institute of Economic Affairs, London, 1981. Price in U.K. £1.50.

After the Second World War, an intellectual consensus developed that State intervention on a substantial scale was necessary and desirable to assure prosperity and political stability in the democracies. The success of the Marshall Plan, the consequent near-miraculous economic and political revival of West Germany and Japan and the impressive post-War performance of the Scandinavian countries under socialist regimes, all encouraged this belief. However, during the past decade, inflation, unemployment, government deficits, levels of crime, drug addiction and family breakdown have been such as to diminish confidence in existing policies. The view that government should be more selective and parsimonious in its interventions in economic and social life has gained ground; among the major Western countries, this perspective has achieved political expression in the U.S., the United Kingdom and Australia.

One of the intellectual strands supporting this political philosophy argues that government intervention in commercial affairs should only be undertaken when it can be demonstrated that markets in the area in question are failing significantly. A variety of tests can be administered so as to assay the extent (if any) of such failure in particular circumstances.

The volume under review is in this tradition. The author examines State forestry in Britain. He takes in turn each of the arguments typically used to justify government intervention — a social rate of time preference which is lower than the market-determined rate, strategic and balance of payment considerations, amenity and recreation values, generation of employment in rural areas — and concludes that on none of these grounds can state investment be justified. For example, with regard to recreation and amenity, the author decides that forests, far from being a net contributor in these respects, instead “impose costs . . . reducing water resources, damaging the natural resources of the countryside, and harbouring pests”; a stockpile of ready-cut, imported timber would be cheaper than maintaining a large reserve of standing forest as a means of providing security in the event of an emergency.

This study is not wholly relevant to our situation in Ireland: to the limited extent that the rationale for State investment has been debated here, the tendency has been to argue that such investment can yield returns commensurate with commercial returns at the margin elsewhere in the economy; the market fails because of cultural attitudes and land-tenure considerations. This paper is also somewhat unbalanced in terms of the eagerness with which arguments against state forestry are embraced and counter-arguments are dismissed. In this respect it is an interesting counterpoise to the University of Reading study, *Strategy for the U.K. Forest Industry* (reviewed in *Irish Forestry* Vol. 38(2): 101-102), which was equally partisan in favour of additional state forestry investment.

Nevertheless, “State Forestry for the Axe” is an interesting and stimulating contribution. It does provide a methodology which should be helpful in analysing “privatisation”. It is very modestly priced at £1.50 sterling, and provides plenty of food for thought for those with an interest in Irish forest policy.

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