

A STUDY IN FORESTRY AND LAND USE ECONOMICS

by I. G. Morison

Just four years ago in July 1957, Dr. H. P. Schapper, Reader in Agricultural Economics at the University of W.A., sought permission from the Conservator to show a party of his senior students the work being carried out by the Forests Department in the Blackwood Valley.

For many years economists had been aware of the economically unsound condition of farming over large areas within the forest belt and for many years they had put forward proposals for the correction of this condition, but these were largely ignored by governments and scoffed at by farmers, and the unhappy state of affairs continued.

Dr. Schapper saw in the Forests Department's action of re-purchasing farm land for pine growing most of his economic proposals being applied in practice, e.g. the change over from dairy farming to a type of farming more suited to the environment - in this case tree farming - the "assisting" out of the farming industry of people who were receiving below average returns for their labours - the Department's cash purchases "rescued" many such people. Who else would want to change places with them? - the Department's policy of buying (where possible) only the higher rockier areas, less attractive for agriculture, provided some farmers with much needed capital to further develop their more fertile lands. In some cases this capital was sufficient to allow farmers to purchase other small areas of fertile country and so amalgamate farms into larger and more economic units.

This example of theoretical agricultural economics in action and successful action at that, to everyone's mutual gain, set Dr. Schapper and some of his senior research students thinking seriously on the importance of forestry and the timber industry to the South-west as a whole. Here was an alternate primary industry utilising more fully the resources of soil and climate, more suited to the environment in that it was a natural forest habitat, and with marketing conditions that required no special subsidy or protection to make it operate profitably. This in fact was what agricultural economists had been seeking for years within their own various agricultural pursuits.

These thoughts led to further discussion between the Agricultural Economics section and the Conservator and it was decided to carry out a detailed investigation into the

economics of forestry in the south west and compare it with the economics of agriculture as practised in the same areas.

The agricultural side of the investitation was well covered by a Senior Research Student and an Economic Statistician under the direction of Dr. Schapper.

For the purposes of supplying the forestry and timber industry data necessary a departmental forestry officer was seconded to the University staff for a period of twelve months. It was intended that the forester, in addition to supplying the technical and economic data on forests and forest products, would become familiar with comparative budgeting, programming techniques and economic decision making, all of which could be applied to forestry thinking and planning.

This study has recently been completed and a full detailed report is being prepared by the research team and will be published shortly. This report will be a major contribution to land use economics in the south west of Western Australia.

A paper on the subject was read at the Annual Conference of the Australian Agricultural Economics Society in Canberra in February, and will be published in the December issue of that Society's Journal. This paper by Treloar and Morison entitled "Economic Comparisons of Forestry and Agriculture" deals in detail with economic implications of the study rather than with the results.

An article will be published in the next issue of the Institute of Forester's Newsletter setting out a description of the study method and a simple statement of the findings.

In all cases the results favour forestry and this must continue to be so while Forestry, or the timber industry, continue to make a profit, however small, because in every case Agricultural pursuits returned a net loss per acre after farmers wages and interest on invested capital were deducted.

Apart from any value the results of the study might have, there is no doubt that the close contact between the Forests Department and the Institute of Agriculture over the twelve month period has taught each a great deal about the other.

It was of course impossible for the agricultural economists and the foresters to work together without first having some elementary knowledge of the other's profession, and it was probably the efforts of each over a long period to understand the other's problems that the greatest long term benefits will result.

On numerous occasions the agriculturalists were taken into the forest and, with the assistance of senior officers of the Department, were taught the principles of silviculture and management.

Chartered aeroplane flights were made over the forest to indicate the scattered nature of agricultural development and the severe forest fire damage resulting from this development.

Apart from the seconded officer a number of other forest officers assisted in the study from time to time in their special fields of hardwood management and silviculture and pine management and these officers no doubt learnt something of the economic approach in the process.

The ideas of the economists are by no means unconditionally accepted by practicing farmers - in fact there is some strong feeling between the two. Even governments are loath to heed their advice. It looks for instance as if proposals put to the Dairy Industry Committee of Enquiry by the economists and recommended to the Commonwealth Government by that committee will be ignored.

The University Agricultural Economics Section has given assistance and training to the Farm Management Club Advisers and, in every case, these advisers while at the University have shown great interest in forestry, particularly in their own club area. Forestry officers are urged to make contact with these men if a club has to be formed within their divisions. At present Clubs have been formed in Manjimup, Margaret River, Pinjarra, Brunswick and Busselton.

The influence of the agricultural economist is increasing daily in our community. More farmers, politicians and laymen are listening to his ideas and teachings. Forestry in W.A. is fortunate that this study has brought out interests and claims into close and favourable consideration by these men.

We stand to gain a great deal in the future from this alliance so long as we can continue to show that tree growing and the wood using industries can operate profitably without any special assistance or protection.
