

Il Dipartimento di Economia Organizza il Seminario

THE PATTERN OF FORESTRY IN THE COURSE OF ECONOMIC DEVELOPMENT

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Abstract:

Forest use and development, everywhere in the world and for any period in historic time, seem to follow a similar pattern. This seminar lays out that pattern in three distinct sequential stages proceeding from natural forest extraction at the frontier, extending with time to include an eventual region of degraded forest and, finally, including a region of managed (plantation?) trees and forests. The geographical extent of each region and the rate of progress, from the first stage including only the region of natural forest frontier to the final stage including trees and forests in all three regions, depends on local property rights which we can show to be closely related to both the quality of local institutions and the opportunity costs of local commercial and subsistence forest users.

The tradition in forest economics has been to focus on managed or plantation stands (the Faustmann formula). Economists do discuss harvesting at the natural forest frontier, although I would argue that we often minimize the difficulty of establishing secure property rights at this frontier. This is crucial because more than one-half of all wood and trees harvested for any purpose whatsoever, even today and for any region of the world, originates from unmanaged natural stands. Therefore, understanding the full 3-stage pattern and the sources of transition from one stage to the next is of utmost importance for management and policy. It is all the more important because many of the usual policy instruments; taxes, subsidies, technological assistance, restrictions on quality or on shipment; affect trees and forests differentially in the different stages, sometimes even having opposite effects in two of the three stages. Of course, the preferred regions for protecting non-market values like forest recreation, biodiversity, watershed and especially carbon, and the costs of that protection also vary differentially with the regions and the three stages of forest development.

We will reason through the three stages (building more on von Tunen's economic geography, without rejecting Faustmann), then consider that data difficulties associated with measuring forests in each and, finally, consider the potential impacts of a couple illustrative policies.

For those who may be interested, this seminar is extracted from William F. Hyde, *The Global Economics of Forestry*. New York: RFF Press by Taylor and Francis, 2012. Chapter 2 summarizes the 3-stage pattern.

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La partecipazione è aperta a tutti gli interessati