

A Year in the Life...

BY MARK RASMUSSEN

When I tell folks I am a forest economist, they immediately assume that I am in the business of tracking prices, markets, employment, production, shipments, etc. Certainly, there is some of that, and I am always a sucker for a great graph that tells a story.



But economics is more than just tables and charts; economics is the science of how people make decisions. In a market, prices give the signal about how we value one thing relative to another. But in the realm of forestry, there are many outputs that don't have prices, or where the price signals are not clear, or the prices are so distant in the future they are based more on faith than on analysis. And given the nature of a forest, there is always tension between the short term and the long term. That's where being a forest economist becomes interesting.

As a consultant, I usually think of a consulting assignment as helping a client answer a set of questions. Here are a few of the more interesting questions we have worked on in the last year:

Forest Planning: How should we manage this forest to best meet some set of short- and long-term objectives? What would happen to this forest if we changed some of our past

policies and decisions? What can we do to make this forest more resilient, and what would that cost?

Biomass: What role can biofuel play in financing forest restoration? What policies, investments, or subsidies would be required to increase the amount of forest biomass delivered to a network of biomass power plants? Would any of that make a significant difference in efforts to improve forest health?

Carbon: Under what conditions would I consider selling carbon credits? What would be the impact of proposed carbon legislation?

Forest Restoration/Resiliency: What kind of effort is needed to make a large-scale difference in forest health and resiliency? What could we do with the material being removed? Is the existing milling infrastructure sufficient, or would we need more mills? Where would those mills go and how would they be designed?

Family Forest Legacy: How can a family forest be passed from one generation to another? How can the next generation organize itself to be successful timberland owners and managers?

Family Forest Partition: How should we split the deceased's forest into equal parcels for sale? (This is my least favorite kind of project and why we work hard on the Family Forest Legacy effort.)

Future Forest Products: What kinds of logs will our clients need from the next rotation? How should we manage the forest to produce

those products? What would a good hedging strategy look like, and how much would it cost?

Public Forest Management: What set of goods and services could we derive from this forest? What are the financial impacts of decisions to focus public forest management on conservation objectives? How can we ensure that future revenues are sufficient to cover management costs?

Trust Land Management: How can a fiduciary manage this forest so that both current and future beneficiaries have the same opportunities? Which long-term commitments meet the "prudent person" standard required by trust law?

Regulatory Impacts: What are the likely impacts of regulatory changes and/or proposed legislation?

Fire Damages: What is the value of the resources lost in a fire?

Trade: Do foreign competitors enjoy benefit from forest policies and practices of their governments? What are the impacts of trade policies and actions?

Appraisal: What is the value of this particular property? What values might other bidders contemplate?

Due Diligence: What should I know about this property before bidding on it? Can I rely on the inventory? What do the markets look like? What is the likely supply to the local mills?

Taxes: How much of my annual gain can be taxed as a capital gain? What is the value of this property when the owner passed away?

Education/Outreach: How can I possibly describe how interesting it is to be a forest economist?

I am one in a long line of forest economists at Mason, Bruce & Girard, and we've been helping people answer these kinds of questions for decades. It is interesting work, and I hope that in the long run, we are helping people make better natural resource management decisions. If you would like to talk about a career in forest economics, give me a call at 503-224-3445. ♦

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