

THE PRIVATIZATION OF FORESTRY RESEARCH

The recent worldwide trend toward privatization in forestry research, along with a general tightening of public research budgets, has been viewed with alarm by forest researchers from all disciplines. As a public policy response to increasing public deficits, these trends fly in the face of a substantial body of findings indicating significant (for the most part) returns on public research investments and numerous benefits derived from previous investments. When combined with the public goods nature of many forestry research findings, the fear arises that future research will be underfunded and that substantial welfare gains will be lost. While some may feel that this position is rather self-serving, it is important to consider some of the implications of this change in the status quo.

The general concern regarding a change towards increased private funding of research will be that important forestry concerns will be ignored. By focusing research efforts only on those areas in which the monetary gains from research can be privately appropriated, areas such as the production of nonmarket goods and services, nonindustrial production systems, natural forest production systems and others are likely to receive short shrift. While these allocation decisions may make sense from a business point of view for the firms who are involved in research endeavors, the public good may be compromised. At the same time, it could also be argued that in the past, those areas in which potentially smaller or more diffuse impacts could be derived may have received too much research effort when priorities were set in a political context, rather than for economic reasons. These are empirical questions that cry out for clear and unbiased analysis.

It is necessary to consider the manner in which research agendas will be considered in the future. We can expect that funding will continue to be available for traditional objective oriented research designed to meet specific needs and answer specific questions. This research has

always had a clearly defined market and value which will continue to attract funding and provide opportunities. However, this research is unlikely to produce the great innovations that are the basis for significant gains in forest production and knowledge. This is because the happenstance manner in which innovation occurs may be at odds with the types of private funding mechanisms that have been used in forestry. When coupled with a decline in long term research programs, this bodes ill for the competitive position of forestry in an increasingly technological world.

An important implication for forest economics research will be that the quantity and quality of publicly generated data will continue to decrease as governments reduce funding for statistical data generation. Private sources will likely pick up some of these data gathering efforts, primarily where effective markets for the sale of this information can be created. This has been the case for some price and production data in many countries, but concerns remain regarding secondary markets and low valued outputs. Unfortunately, for those of us who have long been free riders in our use of government data, we may face new barriers in accessing needed data (i.e. we may actually have to pay for it). One interesting paradox arising from the rise of the internet for economists may be that while our ability to access diverse data at a greatly reduced cost increases, there may be less quality data to access. For those of who have long championed the role of markets in resource allocation, we have an important and very personal test of our hypotheses.

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