MANAGEMENT OF BIRCH FOR OTHER USES

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Who Pays for Costs of Other Uses?

THE MANAGEMENT of any species for wood implies that there is a market, or confidence that there will be a market, for the wood. Certainly public programs to encourage forest owners to grow wood are based on the premise that markets exist and will continue to exist. Although the growing and cultivating of birches for wildlife and aesthetic quality also has direct costs, it has no clear market, no selling price. Thus the cost of managing forests for these uses must be borne by the public whenever the desired results incur costs over and above those that are a part of management for wood production. Or, if we assume that environmental quality (including recreation opportunities) is a public responsibility of those who own forests or who are charged with their management, then we have to demand that these owners and managers produce wildlife, water, and aesthetics in the public interest. The cost of producing these amenities would then become part of the costs of wood production and thus would be paid for by the buyers of wood—eventually the general public.

We are probably closer to this situation than most people realize. State, federal, and wood-industry forest lands are already being managed to include these amenities in management planning. The forest industries have to include these costs in their product prices. Government organizations are tax-supported; thus the general public pays either way.

For nonindustrial private woodlands, there is no clear picture. Some landowners are spending money on these other forest uses, some are not. Perhaps landowners whose forests are visible to the traveling public or whose lands are within urban sprawl areas will be forced to produce the social amenities desired by the American public. The responsibilities of land ownership would then be said to include maintenance of aesthetic quality.

If wood products must absorb the costs of producing environmental quality for Americans, then there is some danger of pricing wood out of competition with other materials. However, other industries will also have increasing costs as public pressures for pollution control force them to use more expensive and more effective control techniques. These costs will also cause increases in the price of competitive materials.

Wood producers and users can also help to keep wood competitive, in the face of increased costs of other management activities, by improving the efficiency of their management, utilization, and marketing practices. We have already heard some of the things that can be done to improve management and utilization of the birches. I would like to describe some marketing practices that could increase returns and therefore permit us to provide more in the way of management for other uses.

Birch Marketing

Both paper birch and yellow birch have brought top prices in the Northeast since 1960. A study of stumpage prices shows that yellow birch has consistently brought the highest price. From the New Hampshire Forest Market Reports, ratios were calculated to rank sawlog stumpage prices of the various species. Yellow birch ranked first, then white pine, hard maple and paper birch, spruce, and all other species, in that order. Thus yellow birch offers the top opportunity for returns to management efforts.

A similar study of sawlog delivered prices shows that yellow birch ranks first again, but paper birch is second, hard maple third, spruce fourth, and white pine fifth. A further study of the ratio of delivered price to the operating costs plus stumpage shows yellow birch and paper birch ranking first and second.

Because the ratio of delivered price to all operating costs plus stumpage is greater for birch, landowners should consider selling their logs at the millyard rather than as stumpage. This differential also indicates that wood-using industries would find it more profitable to operate their own lands than to buy other people's logs. This may also be a reason to purchase additional lands that are suited to paper birch and yellow birches. Since 1962, this difference between all costs and delivered price has increased. Regardless of the reasons for the difference—such as scarcity of the species—selling sawlogs at the millyard is more profitable for a landowner than selling his trees as stumpage.

A comparison of ratios between delivered price and operating costs plus stumpage for various birch products shows that birch should not be sold for pulpwood unless it in no way qualified for boltwood, sawlogs, or veneer (table 1). Thus a landowner can increase his level of management practices if he sells at the point where he gets the highest return —the millyard. Conversely, wood industries should look to intensified management of their own lands as these ratios increase.

All our large wood industries today consider market conditions for various species, and how possible changes in these conditions may affect their management programs. However, many of our wood industries do not relate markets to management opportunities, nor do they study future aspects to guide management practice levels. The decline of both quality and quantity in our birch empire is a clear example. Hardwood-using companies in the Adirondack region of New York were definitely on a cut-out and get-out schedule in the 1950's. Today they are no longer operating, despite increased market opportunities. They made no attempt to foresee the future of our wood markets, nor to invest in forest management.

The birches may contribute to the pulpwood supply at present, but price trends and market opportunities indicate that future calculations of wood supplies available for pulp should be reduced by the volume of the birches. To sell these species as pulpwood will be poor marketing practice.

Favorable marketing practices that allow intensified management for birch timber will also improve the other forest-land benefits. Insofar as paper and yellow birch areas are increased by timber management, the aesthetic and scenic qualities of our woodlands will also be increased. But more important, higher prices for wood will allow specific management for those other amenities that our population increasingly demands.

Table 1.—*Ratios of delivered price to operating costs plus stumpage for white and yellow birch, 1968*[1]

Product	Yellow Birch	Paper Birch
Veneer	3.19	2.47
Sawlog	1.80	1.32
Boltwood	1.29	1.08
Pulpwood	.82	.82

[1] New Hampshire Forest Market Report. Univ. N.H. Cooperative Ext. Serv., Durham, N.H. 1968.

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