

STRUCTURAL BUILDING COMPONENTS MAGAZINE

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The Bountiful Harvest: Securing America's Forest Future by Jim Petersen

Have you ever wondered why lumber prices fluctuate so wildly? Join the club. Everyone wonders why—and to some extent everyone can tell you why in exquisite detail. Some still blame spotted owls. Others cite the decade-long implosion of the federal timber sale program. Others believe that lifting restrictions on Canadian imports would restore price stability. As an old logger friend of mine used to say whenever he wasn't sure of the answer to a contentious question, "I can argue 'r round or I can argue 'r square."

This much is true. Softwood lumber price volatility increased more than 200 percent in the 1990s. This according to the Inland Northwest Forest Products Research Consortium based at the University of Idaho. The consortium, which is currently studying contractor perceptions of both price and quality, reports that residential builders, who generally price their softwood lumber three to four months before breaking ground, have in recent years experienced average month-to-month price variations of \$70 per thousand board feet, compared to \$15 in the 1980s.

Those in search of scapegoats will likely not be pleased to learn that the most plausible explanation for price volatility is simply fierce competition. Amid countless thousands of market participants—all of them exerting some pressure on both supply and demand—prices fluctuate constantly, often wildly. Though I am not an economist, simple logic suggests that such competition favors consumers more often than it hinders them. Imagine, for example, a world in which lumber could only be purchased from a handful of large multi-national companies. Contrast this with the current situation—a free market donnybrook in which the big outfits have to compete on price with literally thousands of small, mostly family-owned sawmills that, by their very nature, compete like cats and dogs, not only for consumer markets [frequently niche markets] but also for log supplies. I'll take my chances in the donnybrook.

I would not be able to advance this perspective were it not for the fact that I have spent the last 16 years of my life engaged in a long-running research and writing project known as Evergreen Magazine. We publish periodically (usually quarterly) under the auspices of the non-profit Evergreen Foundation, an organization whose sole mission is to try to advance public understanding and support for science-based forestry and forest policies. My work as editor has given me a rare inside look at an industry and a culture that is, in my opinion, making a mighty contribution to this nation's economic and environmental well being.

Can you guess how many forest landowners there are in the United States: 5,000? 10,000? 50,000? 500,000? Try 10 million. That's right. Ten million forest landowners contribute to this nation's wood fiber supply. Of course they don't all harvest timber every year, but virtually all of them harvest timber periodically. Talk about a prescription for market volatility!

Here's another surprise. Nonindustrial private timberland owners—the so-called "Mom and Pop" outfits—own nearly 58 percent of the nation's timberland base and provide nearly 60 percent of

the annual harvest. And you thought that the really big outfits were running the show! Nope. Now, again, I'm no economist, but if you've got a bunch of little outfits out there supplying nearly 60 percent of the market's wood fiber, you've got fierce competition. And I will argue that competition is holding prices lower than they would otherwise be. Can it be argued that price would be even lower if there were no restrictions on Canadian imports? Maybe, but let's see what happens after the Bush Administration gets done negotiating a level playing field with our Canadian competitors.

Meanwhile, America's private timberland owners now supply about 90 percent of the domestically grown wood fiber consumed in the U.S. The remaining ten percent is coming from publicly owned forests, mostly owned by individual states. The private lands story is an uplifting one, filled with surprises. For example, did you know most timberland owners are not, strictly speaking, in the commercial timber growing business? According to U.S. Forest Service surveys, most companies that harvest timber do so to create or maintain wildlife habitat or to improve the quality of their forests. This is particularly true east of the Mississippi River where 70 percent of all forestland is privately owned. (West of the Mississippi 70 percent of all forestland is publicly owned.) Of course, the global powerhouses, like Weyerhaeuser and International Paper, are most definitely in the business of growing, harvesting and manufacturing wood fiber, as are mid-sized outfits like Boise Cascade, Potlatch and Willamette Industries. But these publicly traded companies still supply only about 30 percent of the nation's annual harvest—about half the amount supplied by the country's nonindustrial, private timberland owners.

This two-year investigation also explains that different landowners use vastly different harvesting and management techniques to meet their chosen management objectives—a fact that contributes significantly to the diversity of plant and animal species found in the nation's forests. Equally important, you'll learn that logging's legendary hell-roaring era is long gone. Without fanfare, it has been replaced by a technologically advanced industry led by college-educated professionals who have definitely risen to the challenge posed by builders and lumber retailers pledged to using lumber from sustainably managed forests.

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