

The Long Term

Some people live by the day. Others start completing their calendars one year in advance. Notoriously, the planning horizon of New Zealand politicians is limited to three years. Major engineering projects are usually achieved with a decade. Almost nobody, it seems, is concerned about developments that take a century or more to reach fruition. John Maynard Keynes, the arch-guru of economists, famously said “Long run is a misleading guide to current affairs. In the long run we are all dead”.

So who speaks for the future? Where are the tohungas, the witch-doctors, the shamans whose visions once ensured the long-term survival of our tribal ancestors? What academic discipline regularly examines the implications of today's decisions on events that will not occur for as long as a century? Forestry is just that profession, as will be explained.

At one time forestry was a strategic asset - nations could lose wars (remember the Spanish Armada?) - because they had allowed their forests to deteriorate to the stage where they could not supply the nation's essential infrastructure. It is so easy to fell the largest and best-shaped trees without spending money on replacements - such behaviour could continue for generations, with popular low taxation. But exploitative practices would spawn a Time of Reckoning when young, sappy trees would not suffice to defend the nation. Sometimes ironically, the local barons in the old Forest Service were called “Conservators”. Why? Because their role was once “to conserve the forest maturity”. Foresters were the guardians of the future, although often despised for their anti-profit prohibitions.

The late Leith Knowles once talked to a large and prestigious farming conference. He was demonstrating his latest invention - the Agroforestry Estate Model. It showed how, after an initial adjustment period, a farm with a high proportion of forestry could yield a regular income flow many times higher than the existing all-farming operation. When he described the hypothetical situation half a century after the introduction of forestry, he was unsettled by a groundswell of derisory laughter among the audience. Mulling over it later, he concluded that the culture of farming was quite different to forestry - discussion of events in fifty years time was not only airy-fairy, it was *amusing*.

But the long-term view is critical. There are a number of land-based changes with unnoticeable implications over a short time-frame, but with cumulative effects that have devastating consequences in the longer term. A few examples (without even mentioning greenhouse gases and climate change): if you clear steep land of trees and grow grass, you may be lucky and farm it profitably for a century. But then - what bad luck! - there's that once-in-a-century storm and the topsoil slides into the river - with productivity losses for a thousand years thereafter. Choose the nation's flattest and most elite soils to build a town or

your new house, and what's the problem? The flat land is cheaper to build on, and comes with a good garden (at least until it is converted to concrete and asphalt a generation later). But then the rising tide of population forces farmers onto steeper and inferior land to supply the need for food. Allow those cattle to shelter under the patches of indigenous remnants in the paddocks? Why not, they like it - besides, fencing costs are prohibitive. But in the process we lose our lowland native forest - and extinction is forever.

Given that forestry is on the side of the Angels, environmentally speaking, it is ironic that in New Zealand the profession insists on using discount rates as high as 8% real. Such a discount rate, you'll understand, downplays the importance of the next generation compared to our own - and makes the lives and wellbeing of our great grandchildren absolutely worthless. Using such a discount rate, we can continue to place the equivalent of inter-generational time-bombs on our rural landscapes in the confidence that we are doing the right thing, according to the best current economic wisdom. So who cares if the seven billion people that crowd this planet will have food and wood shortages when their population swells to nine billion? When that happens, both writer and reader of this editorial will probably be dead. But the Journal of Forestry - at least under this editorship - does indeed care about our yet-unborn descendants and the world we will leave behind us when we die.

Of all people, foresters should be the ones with the long-term perspective. The survival of the world's future inhabitants is far more important than the miserable profit of our greedy and self-obsessed generation.

Piers Maclaren

Errata

In the February edition, Euan Mason's Table 1 (Impacts of the revised ETS on potential demand for carbon credits) was transposed from Fig. 1 in Bruce Manley's later paper (Discount rates - the 2009 Survey). In Bruce Manley's paper, Table 3 was also missing.

In Hamish Levack's paper on forestry taxation, the equations in footnotes ii and iii were incorrect. They should have read: “The reduction of 1.0 by 2% p.a. for 15 years = $1 \times (0.98^{15})$, i.e. 0.74 or a loss of 26%. The increase of \$100 by 3% for 15 years = $100 \times (1.03^{15})$, i.e. 155.80 or a gain of 55.8%.”

For the correct articles in all three cases, please refer to the electronic edition on <http://www.nzjf.org/>. We sincerely apologize to Bruce Manley, Euan Mason and Hamish Levack and thank them for the understanding they showed.