

Forest Valuation

With Special Emphasis on
Basic Economic Principles

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PREFACE

This text is the successor to "Forest Valuation," 1925, and "Forest Finance," 1935. The authors hope that the treatment afforded the subject marks the final departure from the original European sources of forest evaluation and statics as set forth in Schlich's "Manual of Forestry." In its problems and economic bearings, forest valuation differs in no essential respect from other fields. Notably in the evaluation of mining property, the practices and valuation formulas, based on texts issued 30 years later than Schlich, are identical in mathematical principles with those employed so much earlier in forestry. Even the investment firms have within the last 2 or 3 years belatedly adopted methods of evaluating stocks based on probable future net earnings.

The key to sound appraisals of value is discount. Value is in final analysis dependent entirely on the future utility of the property as appraised in terms of net future income. The chief source of confusion in the past has lain in the lack of understanding of the limitations in the use of compound interest.

The basis of all economic discussions contained in this text is that of a competitive economy founded on private initiative and free markets, though the importance and economic role of public ownership and operation is given proper consideration and bulks large in forestry in all countries regardless of their forms of government.

The junior author prepared Chap. XVII on Determination and Application of Conversion Returns and has reviewed and criticized the entire text. The senior author is responsible for the remaining text. Important criticisms were received from Prof. Allan W. Goodspeed on Chap. VIII, Prof. J. H. Allison on Chap. XII, H. B. Shepard on Chap. XIV, Julian E. Rothery on Chap. XVIII, and David Bruce who critically reviewed the entire manuscript.

For the introduction of six chapters (Chaps. I to VI) on general economics the author presents no apologies. In his experience of 40 years of teaching this subject, the greatest difficulties always lay in the failure of the students to grasp certain fundamental economic laws. By emphasizing these principles in their direct relation to forest economics and valuation it is hoped that this subject has been vitalized and its importance made clear, both to professional foresters and to owners and operators of forest property.

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CONTENTS

PREFACE	v
-------------------	---

CHAPTER I

SOME BASIC PRINCIPLES OF ECONOMICS WHICH CONTROL FORESTRY ENTERPRISES	1
---	---

1. Definition and Scope of Economics.—2. Human Needs and Demand.—
3. Production, or Supply.—4. Capital.—5. The Functions of Money.—
6. The Mechanism of Price—Demand.—The Market.—7. The Mechanism of Price—Supply.—8. The Interaction of Price, Demand, and Supply.—
9. Distribution.

CHAPTER II

PRIVATE ENTERPRISE. THE BUSINESS UNIT. CAPITAL	24
--	----

10. Character of the Business Unit.—11. The Twofold Origin of Business Capital—Risk vs. "Security."—12. The Rate of Interest.—13. Deferred Interest.—14. "Profit" vs. "Interest."—15. Taxes as a Cost.—16. Contractual Interest as a Cost—Credit.—17. The Margin for Business Profits.—
18. Outlay and Income.—19. Fixed vs. Working Capital.—20. Dynamic Transactions, or Work, Involving Physical Changes.—21. Static Transactions, or Exchanges, Involving No Physical Changes.—22. Public Enterprise.

CHAPTER III

THE SOURCES AND ORIGIN OF ECONOMIC VALUES	43
---	----

23. Social Basis of Value vs. Individual Appraisals.—24. Buyers' Appraisal, Based on Present Worth of Property.—25. Sellers' Appraisal when Based Solely on Cost.—26. Monopolies.—27. Monopoly Strength.—28. Monopoly Strength in Land Exchanges.—29. The Chain of Economic Production.—
30. Markets and Market Levels.—31. The Effect of Market Prices for Raw Materials and Intermediate Goods.—32. The Final Margin for Land—Rent.—33. The Final Margin for Standing Timber.

CHAPTER IV

MARKET VALUES OF FOREST PROPERTY	55
--	----

34. Purchase Areas.—35. The Basis of Market Values.—36. Appraisal of Fair Market Values.—37. The Market Value of Land, Exclusive of Timber.—
38. The Market Value of Improvements.—39. Agricultural, Mineral, and Forage Values.—40. Recreational, Watershed, and Other "Intangible" Values—"Nuisance" Values.—41. The Market Value of Immature Timber.—
42. Market Values for Merchantable Timber.—"Stumpage."—43. Factors Influencing "Market" Prices of Stumpage—Previous Sales.—44. "Free" Markets.—45. Residual Values—Stumpage Value.—46. The Influ-