

REVIEW

**FORESTRY SECTOR INTERVENTION :
The Impacts of Public Regulation on Social Welfare**

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The book presents an empirical analysis of public interventions in forestry sector. Empirical estimates of the impacts of a wide range of public regulations in forestry sector have been attempted and an assessment is made of their effect on economic efficiency and social welfare. The question of public interventions has been debated for quite a long time but no real attempt was made to assess their impacts on social welfare in empirical terms. The book under review is a pioneer effort in this field.

Comprised of nine, chapters, the book analyses empirically several representative examples of public regulations in the forestry sector. These include state forest practice acts, cost sharing and technical assistance programmes, price reporting services, minimum wage and occupational safety and health regulations, the Jones Act, taxation, and public ownership of forest lands. The traditional cost benefit analyses has been employed to assess their impacts.

Forestry is generally viewed as a sector which abounds in externalities. Accordingly one might expect that public programmes in this sector would produce positive impact on social welfare. But the findings of the authors point out to the contrary. Even cost sharing and technical assistance programmes lead to mis-allocation of resources and result in negative impact on social welfare. Empirical analysis brings out that the goal of social welfare is better served without the public interventions.

The developing economies differ in many respects from developed ones. The market structure in these countries is rigid and is afflicted with many imperfections. There exists a large subsistence sector which does not respond to market variations. Accordingly, public programmes are generally considered imperative to mobilize the idle resources of the subsistence sector. The empirical studies on the impact of such public programmes in forestry sector are needed badly for rational decision making with regard to allocation of resources.

The book is a valuable addition to the existing literature on the topic. The foresters, planners and public policy makers will all find it beneficial. It will certainly encourage researchers in developing countries to undertake empirical studies of public regulations in forestry sector.

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