

The Statist Governance of Forestry

Analytical aspects from
Comparative Political Economy (CPE)

Main sections

- Introduction
- Statist Forest Governance in a Historical Political Economy Perspective
- How does the model perform under increasing pressures for change:
Germany/France vs Russia

A comparison from CPE: „Germany Inc.“ and German Forestry

- Long-term time horizons in CPE:
 - Financial markets and industrial development: bank-led vs. equity-market led with different time-horizons
 - e.g. “Germany Inc.” (banks and business firms before the Schröder reforms)
- Time horizons in “statist” forestry:
 - „Nur der Staat wirtschaftet für die Ewigkeit” (Heinrich Cotta)

Basic Elements of Statist Forest Governance

- State ownership of domainial forests plus control of other forms of forest ownership (communes, private owners)
- prototype: Colbert 1669 – French law of 1827
Germany: varies between territories (South more statist than North)
- since 1750-1850:
- monopolization of entrepreneurial decisions by the corps of scientifically qualified foresters
(profession comparable to medical doctors?)

A CPE Framework:

Modes of economic governance

- “Markets and Hierarchies” (companies, states)
- “Clans” and “communities” (enforcement through reputation, shared values)
- Associations (“corporatism”)

Governance Modes in Statist Forestry

- Contrasting models of forest governance:
 - “corporate forestry”, “peasant forestry”
 - “community forestry”
 - Statist model
- None of these are pure forms, but rather mixes
- E.g. for the statist model:
 - State (specialized bureaucracy):
direct administrative controls + regulation of private actors
 - Community (based on cultural values of „sustainability“)
 - exclusion of competing users of forest resources

Path Dependence

- Origin of the concept with the history of technology (QWERTY)
- “lock-in” effects
- high transaction costs of change
- examples from statist forestry: Institutional stability after French revolution & Russian revolution 1917 (Lenin)

Sources of Change under Path Dependence

- Classical model: “Punctuated equilibrium” with change through external disruptions (“critical junctures”) - e.g. war, revolution, major economic or other crises
- More gradual concept: Long-term changes in the organizational/sectoral environment
 - market pressures
 - resource scarcity („fiscal crisis of the state“)
 - Consequences of globalization
 - Cultural change as challenge to hegemonic values (“post-materialist” values → environmentalism)

Drivers of Change in Statist Forestry

- Changing models of public administration in advanced industrial countries:
 - “New Public Management“ in Forestry
- Changes in Value Orientation:
 - Growing Role of Environmentalism
- Long-lasting competitive disadvantages of Western European forestry
- Eastern Europe/Former Soviet Union: post-communist transition

Origins of “New” Public Management

- Increasing public expectations towards government services
- Budgetary constraints < 1970s economic recession followed by 1980s tax revolts
- Simultaneous ideological shift towards greater role for markets, even within the public sector
- → Drive for “reinventing government” (Osborne and Gaebler 1992): efficiency orientation, make the public sector operate more like a private sector organization

"Old" vs "new" public management

	Weberian bureaucracy	NPM
Focused on	Process (rules, procedures)	Outcomes, targets
Coordination style	Hierarchy, authority	Contracts managerial discretion
Discretion	Low	High
Scope of public administration	Tasks handled inside hierarchy	Delegation whenever possible
Budgets	Detailed line-item	Block budgets

The Statist Model Under Pressure

Germany/France: adaptation and persistence

Russia: Radical Change

Germany and France: Sources and Strategies of Resistance to Change

- Institutional resilience of bureaucracies
- monopoly of professional expertise
- coalition-building
 - forestry –transformation industries (F since 1960's: filière bois, D: Cluster Forst-Holz)
- Elements of NPM as economizing device (“Forstreform”)

Russia:

From Stability to Radical Break

- Statist forest management going back to 18th century
 - Institutional persistence from Russian to Soviet times
 - Logging (final cuts) based on self-financing → final cuts not considered part of forestry
 - Organizational separation between forestry and forest industry largely maintained through Soviet history
- relatively close relations between forest service & ENGOs

Forest Code 2006:

“The worst forestry law in the entire history of Russian state forestry management”

- pre-reform ca 70,000 forest service officials
- post-reform ca 12,000 remain, with vastly increased load of paperwork
- Forest management turned over to regions & private lease-holders
- Detrimental effect on fire-fighting capacity as seen 2010

How did this happen?

- Pressure from industry interests (access to raw materials) & industrial policy advocates
- International consultants/NPM ideology
- BUT also deeply held normative convictions about ‘proper’ forest governance & public-private relationship

Forestry in Transition

- After 1992: forest industry is privatized, forestry remains public
- But: Insufficient funding
 - < general fiscal problems
 - intended funding from stumpage fees, but these are too low
- → forest service units resort to self-funding from forest thinnings - permitted by 1990s legislation but not intended as main (ca. 80% funding source)
 - primary motive is maintaining services rather than corruption
 - BUT does distract energy from conservation mission
 - violates normative convictions on “proper” public service
 - fierce criticism from NGOs, undermines their support for the status quo

Results

- 1990s: a heavily informal, highly ambivalent, underfunded but more or less working system
- New set-up overtaxes the administrative capacity of most regions and private lease-holders
- Federal transfers increased 2-3fold compared to pre-2006
- Reaction to 2010 fires: recentralization of flight service, independence of Forest Service, but subordination to regions remains → unlikely to truly solve problems