# Preconditions and Driving Factors in (Non-)Developing Financial Instruments in Swiss Forest Policy – A tentative Politico-Economic Analysis

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## Abstract

While the origins of financial instruments in Swiss forest policy are to be found in the 19th century, when the first Federal Forest Act was created, significant development of financial instruments started only recently. We analyse this development within the framework of political economics. Our principal thesis states that policy is shaped in favour of the general public. User restrictions have been established to guarantee collective non-wood services, and costs are borne to a large extent by forest owners. From the perspective of political economics this thesis is unusual. We explain it by particular characteristics of forestry in Switzerland.

*Keywords: non-wood services, ownership, natural disasters, political economics, property rights*

## 1. Introduction

In the second half of the 20th century there was a continuous deterioriation of the profitability of timber production in Switzerland (Schmidhauser and Schmithüsen 1999). Increasing labour costs, decreasing timber prices since 1980, and costs of regulations have not been offset by rationalization efforts. This development is partly due to the liberalization of the timber market that started in 1960 when Switzerland joined the European Free Trade Association. In the years following, interest groups of forestry politically failed to bring about trade or support measures in favour of Swiss timber production.

Since then, it has been debated whether through this development not only the survival of Swiss forestry is threatened, but also the supply of non-wood services (e.g. Steinlin et al.

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1975). Consequently, there has been a demand for financial support of forestry in order to improve the profitability of timber production and to compensate the non-covered costs of forest tending activities, in particular in forests with protective functions. Recently, this call has partly been successful. Although the origins of financial instruments in Swiss forest policy are to be found a hundred years earlier, when in 1876 the first Federal Forest Act was created, significant public funding of forestry only started at the end of the 20th century. This gives rise to our research questions: Why and how were financial instruments in Swiss forest policy developed, and who are the winners and losers?

We approach our research questions from the perspective of political economics[1]. A tentative, but comprehensive, explanation of the introduction and evolution of financial instruments in Swiss forest policy is proposed. Section 2 outlines the theoretical framework. In Section 3 we derive hypotheses and describe the methodical approach. Section 4 gives a politico-economic interpretation of the development of financial instruments in Swiss forest policy. In section 5 preconditions and driving factors of (non-)developing financial instruments are identified. Section 6 presents our conclusions and an outlook.

## 2. Theoretical Framework

The basic assumption of political economics is that economic processes and political decisions are analogous (Herder-Dorneich 1992).[2] Political economics applies the methodology of economics to the study of politics and is as such inherently interdisciplinary (Mueller 1997). It rests on an economic view of the world that is characterized by a close integration between human behaviour and institutions (Frey 1992). Human behaviour is determined by expected benefits and costs, and ultimately by wishes (preferences) and constraints that are mainly imposed by institutions. Institutions, e.g. laws or informal behavioural norms, can be regarded as agreements influencing expectations, and therefore, shaping repeated human interactions (Picot and Dietl 1990). The core of the economic view of the world is a model of human behaviour that helps to analyse human action. Frey (1992) distinguishes in this model five elements:

*Individuals act*: Any event that can be observed on the aggregate level is the result of individual actions. According to the postulate of methodological individualism the individual agent is taken as the fundamental building block for all economic analysis (Mueller 1997).

Incentives determine behaviour: It is assumed that individuals act systematically, and therefore, predictably. They compare advantages (benefit) and disadvantages (cost) of possible actions considering the information available to them (concept of 'bounded rationality'; Simon 1982, cited in Frey 1992).

*Distinction between preferences and constraints:* First, it is assumed that constraints are observable, and preferences not. Second, it is postulated that preferences will remain unchanged while we observe the behaviour (fundamental economic hypothesis; Varian 1996). Consequently, changes in individual behaviour can be attributed to observable modifications of constraints and hypotheses deduced from this model are empirically testable.

*Individuals generally behave selfishly:* Individuals are neither good nor bad; they reasonably pursue their own interests (Sen 1988, cited in Frey 1992). Selfishness may take

1 Together with B.S. Frey (1992) we prefer the expression 'political economics' to the more frequent 'political economy'. Through the term 'economics' it is stressed that we mean a discipline and a methodical approach in contrast to 'economy' (enterprises, households, markets, prices, etc.) that is the subject of traditional economic analysis.

2 Our approach applies the reasoning of behaviourally oriented economics, also known as 'new political economy', 'new institutional economics', 'non-market economics', or 'public choice' (insofar as it is restricted to politics).

quite different forms depending on the context. Among friends, selfishness means something else than in an anonymous environment.

*Institutions determine the individual's possibility set:* Institutions can be interpreted as constraints. Constraints are costs understood in an extensive way. We distinguish monetary constraints (e.g. income, prices), time constraints (e.g. time for consumption, action) and other physical or psychic restrictions (e.g. subjective risk perception).

On the basis of these five elements we can derive the generalized law of demand: If for an individual the cost of an action rises in comparison to other action's costs, the first action is carried out less. This trivial law explains how individuals act not only in economy, but also in politics or in other fields. In the same way, institutions are the result of human action and can be subject to economic analysis (Bromley 1989). Institutional change is synonymous with change in property rights (Demsetz 1967, cited in Bromley 1989).

## 3. Hypotheses and Methodical Approach

From this theoretical framework follows the general hypothesis that there exists no institution that pursues general welfare. In particular, while it cannot be expected that politicians, i.e. individuals in government and parliament, and administrators, should pursue common interests, they do have their own goals, which they seek to advance (power, prestige, income, job security) (Downs 1957, cited in Frey 1992). They supply political programmes that help them to pursue their own interests while staying in power. In a democratic system they need the support of voters and of the parliament. They prefer those programmes that promise high benefit (augmenting power, prestige, income, job security) and little cost (loss of votes, budget), or even on the contrary (gain of votes, budget). On the other hand there are demands from voters, taxpayers, consumers and interest groups for political programmes. Each individual prefers those programmes in which expected benefits (e.g. maintained forests) exceed expected costs (e.g. taxes, charges). In order to be politically successful, individuals have to organize themselves. An important hypothesis here is that, because of the 'free-rider' problem, the probability of organizing interests decreases with increasing number of persons concerned (Olson 1965). Consequently, taking free-riding seriously means that public goods are insufficiently produced.

Applying political economics reasoning leads to the following hypotheses about the expected behaviour of the most important actors involved in forest policy making:

Members of federal and cantonal governments and parliaments want to be re-elected. They look for opportunities to offer political products in order to acquire a strong image. They are interested in developing financial instruments in forest policy if the expected benefit (e.g. prestige, attention of mass media) exceeds the expected cost (e.g. resistance of taxpayers).

Foresters and officials of federal and cantonal forest administration are mostly interested in developing financial instruments, because this leads to an increase in available budgets and job security.

The more forest owners have difficulties in surviving in the markets the more they are prone to invest in rent-seeking activities, i.e. in getting financial support from the government while preventing property rights restrictions as far as possible.

Consumers of timber and non-wood services are not interested in governmental interventions unless the provision of these goods and services seems to be threatened. However, large user groups are not expected to be well organized. They are a typical example of so-called latent interests (Olson 1965).

Federalism and elements of direct democracy enhance tax resistance, and therefore, restrict possibilities of government, parliament and administration to expand public expenditure.

Consequently, the influence of consumers and citizens on the supply of public services is more effective (Kirchgässner and Pommerehne 1994).

Crises reduce tax resistance. In addition, citizens become used to higher government expenditure. Therefore, after a crisis expenditure does not decrease but is rather channeled to other tasks (displacement effect; Henrekson 1990, cited in Kirchgässner and Pommerehne 1994).

In order to find answers to our research question we look at the historical development of Swiss forest policy from the perspective of political economics. Our tentative, but comprehensive, approach refers to a period of about 170 years. In this paper we undertake a first step, i.e. we adhere to the qualitative method of 'appreciative theorizing' (Nelson and Winter 1982; cited in Nelson 1995: 50) or 'storytelling'[3] (Blaug 1990: 127). The basic features of this method are problem-orientation and connection to the historical context.

## 4. Politico-Economic Interpretation of Swiss Forest Policy

We distinguish five phases in developing Swiss forest policy and financial instruments.

*1. The stony path to a federal forest policy (1834–1874)*[4]. At the beginning of the 19th century, timber scarcity existed in Switzerland as in the rest of Europe (Schuler 2000). However, the call for a federal forest policy was engendered by concern about collective non-wood services, in particular the protective functions of forests (Marchand 1849, cited in Schuler 1995; Landolt 1856, cited in Tromp and Bloetzer 1974). Cantonal forest officers advocated a federal legislation. This was a challenge for the federalistic political system, where all competences belong to the cantons as long as they are not explicitly transferred to the Confederation by a majority of citizens and cantons (Federal Constitution 1848/1999, Art. 3). Motivated through the floods of 1834, 1837 and 1839 several cantons passed Forest Acts. According to Landolt (1870, cited in Bloetzer 1992) none of the mountain cantons had yet been successful in establishing an effective forest legislation. From the politico-economic perspective, forest owners were successful in preventing an erosion of their property rights.

An outstanding role in promoting a federal legislation was taken by the Swiss Forestry Society (SFS), which was founded by officers from mainly cantonal forest administrations in 1843 (Tromp and Bloetzer 1974). The forest article, which was finally introduced in the Federal Constitution in 1874 within the scope of a total revision, originated from the SFS (Tromp and Bloetzer 1974). It related only to mountain forests. Decisive in this process was another natural disaster in 1868. It provoked the introduction of the first financial instrument in Swiss forest policy (Federal Resolution concerning grant of subsidies for protection measures and afforestations, 21.7.1871; cited in Bloetzer 1992). These first measures were partly financed by private funds, collected after the inundations in 1868.

*2. Extension and deepening of federal forest policy (1874–1914)*[5]. In 1875, the first federal forest director was installed in office. He prepared the first Federal Forest Act (1876), which in its fundamentals remained unchanged until 1991 (third Federal Forest Act). Important restrictions of property rights were the obligation to maintain forests, ban on sale of public forests, the abolition of detrimental rights of forest use ('servituts'), the prescription of sustainable harvest in public forests, and the right of the cantonal government to expropriate land for afforestation to establish protection forests. A basic feature has remained the principle of auxiliary financing: federal contributions are conditional on cantonal financing.

3 'Storytelling' is a technique of institutional economics that according to Blaug goes back to Ward (1972). It is a 'method of theorizing that binds together facts, low-level generalizations, high-level theories, and value judgement in a coherent narrative' (Blaug 1990: 267).
4 For historical information on the development of forest policy and economy in the 19th century it is referred to Schuler (2000: 94-111).
5 The historical information in this paragraph originates mainly from Bloetzer (1992).

In the beginning, the federal forest legislation had little effect. Therefore, financial support was augmented and wage contributions for cantonal forest officers were introduced. In this phase, the only plebiscite concerning forest policy took place (1897). On the initiative of the non-mountain cantons, it demanded an expansion of the legislation to the whole country. It was accepted by a large majority (64% of population, 73% of cantons). The adaptation of the forest legislation was accompanied by further extension and deepening, particularly of financial incentives (second Federal Forest Act 1902): wage contributions to forest officers and foresters were expanded, and newly introduced were compensation payments for farmers, contributions to transport facilities and support of joint cultivation (private forest owners). On the other hand property rights of forest owners were further restricted by a ban on clearing in public and private forests with protective functions. Finally, forests were declared to be accessible to the public (civil law 1907, Art. 699).

An important reason explaining why it was possible to extend and deepen forest policy in this period is that costs of user restrictions tended to decrease. The costs of user restrictions mainly depend on the variables influencing pressure on forests. On the one hand these are the price and availability of wood and its substitutes (e.g. coal, cement); on the other hand these are scarcity of agricultural land for subsistence and market production (e.g. employment and income opportunities outside agriculture, availability and price of agricultural products). These developments were in harmony with the objectives of forest legislation (decreasing scarcity of timber, fuel wood and food because of trade liberalization, technological progress and improved transport facilities).

*3. Consolidation of federal forest policy (1914–1945).* Although during the First and the Second World Wars, timber production significantly increased, the forest conservation policy was, according to Bloetzer (1992), successful. It seems that in this time of crisis, timber production was profitable and restrictions were accepted (wartime economy and legislation). The most important institutional change in this period was the ban on clearing in private forests without protective functions of 1923. Another attempt to restrict property rights by prescribing reserve-funds for public forest owners in the federal legislation failed because of the opposition of forest owners who feared the loss of their financial autonomy (Ley 1981a). At the suggestion of the SFS, forest reserve-funds to compensate exploitation were established, but public forest owners were only temporarily obliged to keep such funds. Most public forest owners still dispose of forest reserve-funds (Schmithüsen and Schmidhausen 1998). Further efforts of the SFS for a major revision of the Federal Forest Act in direction of a comprehensive forestry law in 1919 (Bavier 1922, cited in Ley 1981a) and 1943 (Bloetzer 1992) were fruitless.

*4. Ineffective lobbying for forestry (1945–1983).* After the Second World War pressure on forests increased and profitability of timber production decreased. Despite a restrictive practice, in 1950–1970, authorizations to clear woodland for building activities steadily increased (Bloetzer 1992). By 1970 timber prices had approached the level of neighbouring countries and Switzerland had become a timber export country (Steinlin et al. 1975). For many public forest owners forestry turned from a source of income to a financial burden (Ley 1981b).

While the Swiss Farmer's Association in 1947 succeeded in bringing about a revision of the Federal Constitution concerning protection and support of agriculture (Baur et al. 1994), the forestry lobby, i.e. the Swiss Forestry Society (SFS) and the Swiss Forest Owner's Association (SFOA), failed in achieving a comparable treatment of the forest sector. And last, but not least, the forestry lobby was not successful because of the opposition of the cantons, which refused to shift more competences to the Confederation (personal communication, Bloetzer 2001). In the 1960s and 1970s, further efforts of forestry circles to mitigate the increasing pressure on Swiss forestry as a consequence of the liberalization of timber markets were not effective either.

Apart from that, most of the postulates the SFS formulated in 1943, concerning minor revisions of the second Federal Forest Act, were fulfilled (e.g. forest definition, administration of forest districts by full time foresters, forest education; Bloetzer 1992).

On the initiative of a parliamentarian in 1969, the Federal Department of Home Affairs set up a commission to analyse forestry and the wood industry in Switzerland and to elaborate a concept for future policy. This concept by Steinlin et al. (1975) contained important positions concerning the property rights of forest owners: (1) It was proposed that public forests owners are bound by law to minimal forest tending activities; (2) It was argued that global remuneration of non-wood services is neither sensible nor feasible. Both positions met with resistance by forest owners and forest officers.

In 1978 the federal government set up a commission to prepare the revision of the Federal Forest Act, but since the government programme 1979–1983 assigned it low priority, the revision was not pursued. Worse, in 1984, forest policy was reallocated to the policy field 'disentanglement and redistribution of competences of Confederation and cantons' (Swiss Federal Council 1988). This can be interpreted as a further weakening of forestry interests. SFS and SFOA did not succeed in attracting political attention to forestry. On the whole, their lobbying activities proved to be ineffective.

*5. Reorientation and widening of federal forest policy (1984–2001).* Until 1983 funding policy did not alter, although the economic situation of forestry had continuously deterioriated. The situation completely changed in 1984, when the phenomenon 'Waldsterben' (forest decline) was widely covered in the mass media and the political arena (Zimmermann 1991). Abruptly, politicians took vivid interest in forest policy, which is illustrated by the sudden increase of motions and postulates in the parliament (Swiss Federal Council 1988). The parliament reacted immediately and consented to give financial support to forestry. Instruments for financing forest tending activities were introduced in three steps (Bloetzer 1992): (1) the parliament passed the Federal Resolution to finance measures against forest damages (4. 5. 1984); (2) on the initiative of a further parliamentary motion, the legal basis for financing tending activities in mountain forests was created (Motion Lauber, 5.6. 1984); and (3) the Federal Resolution to finance tending activities in young forest stands followed (23. 6. 1988).

Of equal significance was that in 1985 the revision of the Federal Forest Act was removed from the policy field 'disentanglement and redistribution of competences of Confederation and cantons'. It restored the importance of forestry. In 1986, the federal government authorized the Federal Department of Home Affairs to pursue the revision of the Federal Forest Act. In the first draft, the federal government followed the arguments put forward by Steinlin et al. 1975 (Swiss Federal Council 1988). It was planned to introduce an obligation of minimal tending activities. The concerted opposition of forest owners and environmental circles prevented this drastic restriction of property rights. On the other hand, the federal government clearly rejected global remuneration of non-wood services, but decided to introduce new financial instruments to guarantee the provision of non-wood services.

The design of these new financial instruments reflects a subtle change in property rights. It distinguishes between indemnities ('Abgeltungen') and financial support ('Finanzhilfen'). Indemnities are paid when measures are ordered by public forest authorities and costs are not met (e.g. temporary minimal tending activities to maintain protective functions). Financial support is given to specified, but voluntary, measures of public interest (e.g. cost of measures to maintain forest reserves). The ultimate legitimization for financial instruments was and remains to maintain tending activities in forests with protective functions (Swiss Federal Council 1988). The third Federal Forest Act passed in 1991.

At last, the efforts of the SFS to reorient the Federal Forest Act from a forest police regulation ('Forstpolizeigesetz') to a comprehensive forest law ('Waldgesetz'), that encompasses all

significant forest functions (wood and non-wood services), had been successful. The phenomenon 'Waldsterben' made the breakthrough possible (Swiss Federal Council 1988). Forestry circles were able to establish new financial instruments and gain more finances through an alliance with environmental interests and research (Zimmermann 1991). The price of this success was the participation of more actors in the legislation process and consequently a partial weakening of forestry interests. For about 150 years, forestry interest groups had been alone in designing forest policy and in deciding about forestry practices (Kissling-Näf and Zimmermann 1996). Now they had to share their power with newcomers, in particular with advocates of nature and landscape interests (Schmidhausen 1997, cited in Schmithüsen and Zimmermann 1999). Furthermore, on the legal basis of the Federal Regional Planning Act, public interests were strengthened by the new forest decree that prescribes participation of local population in forest planning (Kissling-Näf and Zimmermann 1996).

However, the new forest policy was threatened from the start (Poffet 1994). It had been designed in a period of rather healthy public finances. As early as in 1991 the financial state of public households worsened and forestry administrations and circles had to prevent an erosion of forest finances, last but not least, because the phenomenon 'Waldsterben' had vanished from the political arena.

To sum up, financial instruments were initiated in 1874 because of the catalytic effect of a first crisis (floods). Until the second crisis (phenomenon 'Waldsterben'), financial instruments were developed in an incremental process, driven and designed almost exclusively by forestry circles (Kissling-Näf and Zimmermann 1996). During this process, restrictions on the property rights of forest owners were increasingly expanded from the mountains to the whole country, from public to private forest owners, from prescriptions for sustainable harvesting to a ban on clearing, etc. Only in the second crisis, though, was a significant expansion of finances possible. At the same time, the dominance of forestry circles has been broken by new interests, in particular by nature and landscape interest groups. Like the first and the second Forest Acts, the third Federal Forest Act also focused on allocative objectives (maintaining forests) in contrast to distributive objectives (remunerating forest owners). In addition, the new law institutionalized participation of the general public in forest planning.

## 5. Explaining (Non-)Developing Financial Instruments

The present politico-economic interpretation provides first empirical evidence for our hypotheses. In explaining developing financial instruments, we distinguish between preconditions and driving factors. Driving factors that helped developing financial instruments were natural events and lobbying activities of the Swiss Forestry Society. Preconditions that hindered developing financial instruments are particular characteristics of forestry in Switzerland concerning nature, and the political system, as well as ownership and forest organization. Thus, our model explains (non-) development of financial instruments.

Driving factors that helped developing financial instruments were:

*Natural events:* Swiss forest policy was the answer to a crisis, i.e. the flood disasters in the 19$^{th}$ century. The first Federal Forest Act (1876) initiated a significant change in property rights. Exploiting forests was basically restricted without compensation. Financial instruments were limited to investment contributions (roads, land consolidation, afforestation). A basic change occurred with the total revision of the Federal Forest Act in 1991, in which the legal basis for financing forest tending activities was created. Again a natural event, suspected forest decline because of emissions (phenomenon 'Waldsterben'), is seen as the driving factor of this policy change.

*Lobbying activities of the Swiss Forestry Society (SFS):* We conclude that apart from natural disasters the most important driving factor in developing forest policy including financial instruments has been the Swiss Forestry Society. The SFS filled the gap left by forest owners. Their political lobbying became successful because of the catalytic effect of natural events that attracted the attention of politicians and the public, and created acceptance.

Preconditions that hindered developing financial instruments are:

*Nature:* Switzerland is a mountainous country. Some 53% of the surface lies above 1000 m altitude. The potential damage by natural hazards related to mountains is great. Therefore, forests are an important means of risk mitigation. Some 80% of forest area lie above 600 m altitude, 53% of forests belong to mountain forests and 42% stand on surfaces steeper than 40% (Brassel and Brändli 1999). Since the beginning, forest policy has aimed primarily at maintaining and improving protective functions of forests (Schuler 2000; Swiss Federal Council 1988). In its main features it has remained a forest police regulation that helps to prevent damage. Consequently, there is no juridical public obligation to compensate ownership restrictions (Tromp and Bloetzer 1970).

*Political system:* The political system is based on federalism, direct democracy and communal autonomy (Linder 1999). According to several authors, the design of the political system in Switzerland restrains expansion of government expenditures (Kirchgässner and Pommerehne 1994; Frey 1997; Feld and Kirchgässner 1998). Recent empirical evidence is given by the fact that in the 1990s public budget deficits increased with the highest rates in the Confederation, followed by the cantons, while the municipalities showed the best budget discipline. Moreover, forest policy is a joint task of the Confederation and the cantons and is designed according to the principle of subsidiarity. The Confederation gives only auxiliary financing. If the parliaments of the cantons do not decide to increase financial support for forestry, neither does the Confederation. We conclude that the political system promotes a design of forest policy in accordance with public interests and slows down the development of financial instruments in favour of forest owners or the wood industry.

*Ownership:* 68% of forests are owned by corporate entities (boroughs, municipalities, corporations) and 5% are state forests (cantons, Confederation). With its high significance of communal forestry, Switzerland is a special case (Ley 1981b). Accordingly, short-term economic interests (production of marketable timber) are balanced by countervailing interests (provision of non-marketable non-wood services). Moreover, the survival of public forest enterprises showing deficits is in general not threatened. Deficiencies of timber production can be made good through extra incomes from other business activities or reserve-funds (boroughs, corporations) or through financial support (municipalities, cantons, Confederation). Finally, public forest owners have the drawback of not being a political clientele.

Private forestry also shows characteristics that prevent the establishment of further financial instruments. First of all, ownership is very fragmented with an average forest surface of 1.3 ha. Thus, it may provide extra income or serve for self-supply, in particular where forestry is integrated in agriculture, but in general it is not a major business activity. Further, for many private forest owners other values than income generation might prevail.

These particular and heterogeneous ownership characteristics contribute to the difficulties in organizing forest owners and help explain why rent-seeking activities of the Swiss Forest Owner's Association are hardly effective.

*Forest organization:* Swiss forest organization was built up by the Confederation and the cantons to execute the Federal Forest Act. Forest officers are assigned simultaneously economic and sovereign functions. Cantonal forest services largely plan and conduct timber production. Similar to corporate entities, forest services have ambivalent interests (timber and non-wood services). They may reduce their efforts, but in general they maintain a minimum

level of tending and harvesting activities. Consequently, many collective non-wood services are maintained even when timber production is not profitable.

## 6. Conclusions and Outlook

The present politico-economic interpretation of historical data detected 'anomalies' in Swiss forest policy. Our principal thesis states that forest policy is shaped in favour of the general public. Public funding can be seen as a means to guarantee the collective non-wood services of the forest, particularly a variety of protection services (floods, avalanches, falling stones, land-slippage, water protection, etc.), and more recently of nature conservation (close-to-nature silviculture, forest reserves). Property rights of forest owners have been restricted in an incremental process beginning in 1874 with the partial shifting of cantonal competencies in forest legislation to the Confederation. Corresponding user restrictions serve public interests and costs are borne to a large extent by forest owners. The design of the new financial instruments also favours public interests, because allocative reasoning (maintaining non-wood services) is predominant over distributive reasoning (remunerating non-wood services).

From the perspective of political economics our thesis is unusual. It means that latent interests of the public are unusually well represented in contrast to the interests of forest owners or wood industry. It is shown that these anomalies are to a large extent the result of natural characteristics (high damage potential in a mountainous country) and institutional particularities (political system, communal forestry, forest organization) of forestry in Switzerland. Forest owners were on the whole politically not important enough to succeed with their lobbying activities. The driving factor in establishing financial instruments seems to be the Swiss Forestry Society (SFS) together with the cantonal and federal forest authorities. Profiting from the catalytic effect of natural crises the forestry lobby was partially successful with its claims for financial support for forestry. Since the 1960s, however, it lost its dominant position in shaping policy. It has to consider other interests, mainly from the fields of nature and landscape policy.

For the future we expect the preconditions as well as driving factors to remain unchanged on the whole. First, politicians will be interested in forest policy mainly in relation to natural disasters (e.g. storm Lothar in 1999). Secondly, the prerequisites for successful rent-seeking are unfavourable: foresters are well organized but politically weak; forest owners are insufficiently organized, and moreover, public forest owners have the drawback of not being a political clientele. Thirdly, public household budgets are under pressure, and forest services and administration have to prevent an erosion of the *status quo* (e.g. New Public Management project effor2). Fourthly, the influence of interests and policy changes outside of forestry in shaping forest policy and financial instruments will further increase; in particular the influence of nature/landscape, energy and climate/$CO_2$ policies, but also the influence of policies concerning public administration (NPM) or education and research. Instead of investing in rent-seeking, Swiss forest owners are challenged to improve orientation of forestry towards their customer, i.e. consumers of timber and non-wood services.

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