R. Clifford Hall
Forest Taxation Study 1926-1935
An Interview Conducted by Fern Ingersoll

and

Harold B. Shepard
The Forest Insurance Study
A Written Memoir

Berkeley
1967

Produced under the auspices of Resources for the Future
Fred Rogers Fairchild (l.) and R. Clifford Hall 1927
All uses of this manuscript are covered by agreements between the Regents of the University of California and the two interviewees, R. Clifford Hall and Harold Shepard, dated November 20, 1967 and March 25, 1968, respectively. The manuscript is thereby made available for research purposes. All literary rights in the manuscript, including the right to publish, are reserved to the Bancroft Library of the University of California at Berkeley. No part of the manuscript may be quoted for publication without the written permission of the Director of The Bancroft Library of the University of California at Berkeley.
PREFACE

This interview was made possible by a grant from Resources for the Future, Inc., under which the Regional Oral History Office of the Bancroft Library at the University of California at Berkeley embarked on a series of interviews to trace the history of policy in the U. S. Forest Service. Dr. Henry Vaux, Professor of Forestry, University of California, Berkeley, is the Principal Investigator of this project. Copies of the manuscripts are on deposit in the Bancroft Library of the University of California at Berkeley; also in the Department of Special Collections, UCLA Library; in the Forest History Society, Yale University; and in the library of Resources for the Future, Washington, D. C.

The Regional Oral History Office was established to tape record autobiographical interviews with persons prominent in the recent history of the West. The Office is under the administrative supervision of the Director of the Bancroft Library.

Willa Klug Baum, Head
Regional Oral History Office

Regional Oral History Office
Room 486 The Bancroft Library
University of California
Berkeley, California
The two manuscripts in this volume explain how two forest economic studies were authorized by the Clarke-McNary Act of June, 1924, how designed, executed, and what kind of effect they had on the forest practices and legislation. The author in each case is the man who led the study.

The first manuscript, "The Forest Taxation Study," is a transcript of a tape-recorded interview with the director of the project, R. Clifford Hall. The second is a description of the forest insurance study by its project leader, Harold B. Shepard, written to be "brief and concise" as was suggested by Christopher Granger, who originally arranged for Shepard to undertake the statement. Both Hall and Shepard were in Raymond E. Marsh's Division of Forest Economics, a research division of the U. S. Forest Service.

Amelia R. Fry
Regional Oral History Office
1967
THE RESOURCES FOR THE FUTURE SERIES
tape recorded interviews on
THE HISTORY OF FOREST POLICY, 1900-1950

1. Clepper, Henry, Executive Secretary, Society of American Foresters.

2. Dana, Samuel T., Dean, School of Natural Resources, University of Michigan


4. Granger, Christopher, Assistant Chief of the Forest Service, national forest administration.

5. Hall, R. Clifford, Director, Forest Taxation Inquiry.

6. Hartzog, George B., Director, National Park Service.

7. Hornaday, Fred, Executive Secretary of American Forestry Association; and Pomeroy, Kenneth, Editor for A. F. A.

8. Kotok, I. E., Assistant Chief of the Forest Service, state and private forestry; research.


10. Marsh, Raymond, Assistant Chief of the U. S. Forest Service under Earle Clapp.

11. Peirce, Earl, Chief, Division of State Cooperation, USFS.

12. Ringland, Arthur, Regional Forester, Region 3; Executive Secretary of National Conference on Outdoor Recreation.

13. Roberts, Paul, Director, Prairie States Forestry Projects;

14. Shepard, Harold B., in charge of Insurance Study, conducted by the Northeastern Experiment Station with Yale University.

15. Sieker, John H., Chief of Division of Recreation and Lands.

TABLE OF CONTENTS

PREFACE
FOREWORD

PART I  R. CLIFFORD HALL

BIOGRAPHICAL INFORMATION 1

INTRODUCTION iii

FAIRCHILD TAX STUDY 1
Forest Taxation in the United States

The Staff 1

Background of the Study 17

Organizing the Study 24

Developing a Property Tax Plan 36

Writing the Report 47

Effects of the Report 52

Legislative Efforts 58

TAXATION DISCUSSION

Subsequent Trends 64

Studies of Federal Payments to Local Governments(in lieu of taxes) 71

Capital Gains Tax for Forests 86

TAX CONSULTANCY IN JAPAN (World War II Occupation) 97

PART II HAROLD B. SHEPARD 103

FOREST INSURANCE STUDY 104

APPENDICES A, B, C,D, E, F, G, H 109

PARTIAL INDEX 118
PART I

R. CLIFFORD HALL
BIOGRAPHICAL INFORMATION

R. Clifford Hall


Graduated Northwestern University 1906, B. S. (Phi Beta Kappa, Sigma Xi); Yale School of Forestry 1908, M. F. (cum laude)


Valuation Engineer, Bureau of Internal Revenue, 1919-1926: Developed procedures applicable to hardwood forests of Eastern United States for determining timber values as of March 1, 1913, and examined claims for depletion and depreciation.

Forest Taxation Inquiry (U. S. Forest Service); Assistant Director 1926-1934; Director 1935-1943: Associated with Professor Fred R. Fairchild in comprehensive study of forest taxation, and later in charge of follow-up studies for practical applications in a number of states.

Head, Business and Industrial Research Division, Bureau of Internal Revenue, 1943-1946: Recruited and directed a staff of economists dealing with problems involved in administration of Section 722, Internal Revenue Code - excess profits tax relief provisions, involving claims for relief totalling nearly 4.5 billion dollars.

Member, Excess Profits Tax Council, 1946-1954: The Council was set up in 1946 by the Bureau as an appeals board reviewing Section 722 issues. Upon retirement, was granted the Gallatin Award of the Treasury Department.

Consultant to SCAP*, 1951: Released by the Bureau of Internal Revenue on request of General MacArthur's Headquarters in Tokyo for a three-months assignment in Japan - formulated recommendations designed to remove tax obstacles to private forestry and to adapt the tax system to Japan's forest policy - recommendations subsequently implemented by the Japanese government.

Memberships: Society of American Foresters, American Forestry Association, Japan Forest Technic Association (honorary), Washington Academy of Science, American Association for Advancement of Science(fellow), Cosmos Club.

*Supreme Commander for the Allied Powers.
As R. Clifford Hall remarks with a wry smile, "One phase of forest taxation--how should local governments be compensated for loss of taxes on public forests--seems to break out about every ten years in this country." From the vantage point of eighty-one years he can now look back over numerous, recurrent periods of concern with this and many other problems of taxation. More than the perspective of years, however, "R. C." (as he has been known to his colleagues) brings to these problems a lifetime of work in forestry and taxation.

The present interviews deal centrally with the Forest Taxation Inquiry of the U. S. Forest Service, which began research in 1926 and finally issued its comprehensive report in 1935. Mr. Hall, as assistant director of the study, brought education and experience as a graduate (M.F. cum laude) from Yale School of Forestry (1908); forest assistant-forest examiner (1908-17), from March, 1911, examining and appraising forest lands for purchase by the government for eastern national forests; captain in the Engineer Reserve Corps (1917-19) working on timber supply problems
in France; and valuation engineer, Bureau of Internal Revenue (1919-26). Following the study and publication phase of the Forest Taxation Inquiry, he became director in charge of follow-up studies for practical applications in a number of states. In 1943 he returned to the Bureau of Internal Revenue and soon became head of the new Business and Industrial Research Division for which he recruited and directed a staff of economists dealing with problems in administration of excess profits tax relief provisions, involving claims for relief totalling nearly 4.5 billion dollars. In 1946 an Excess Profits Tax Council was created to decide appeals on relief claims, and he became a Council member. Upon retirement in 1954, he was granted the Callatin Award of the Treasury Department.

Of the men most responsible for the Forest Taxation Inquiry, R. C. Hall was the one most continuously present during the long years of research as well as struggle for application. Throughout these years he held a distinct point of view, feeling always the need for a simple, practical method of forest taxation. His growing insight into the need for such a method and the problems involved in finding it might have been available as a chapter (written in 1946)
in a book on forest economics but for the death of the book's author, Roy Thompson. (Mr. Hall has given the manuscript of this chapter to Bancroft Library.)

Upon the suggestion of several former colleagues in the Forest Service, R. C. Hall was asked to do a series of interviews on the tax study. After familiarizing herself with the Forest Taxation Inquiry, Amelia Fry, of the Regional Oral History Office staff at Berkeley, and the Washington interviewer determined questions with possible relevance. Hall chose from these and in a preliminary, unrecorded talk indicated the directions he felt the subsequent interviews might most profitably go.

The three interviews were recorded during November 1965 in Mr. Hall's comfortable home in Alexandria, Va., where he lives with his charming wife. Books line the walls of his gracious living room and quiet study. A bright fall branch is held by an exquisite cloisonné vase given to Mr. Hall by the Japanese Forest Owners Association in appreciation of his work there in 1951 when he recommended a realistic forest taxation policy later implemented by the Japanese government.

A practical man who gets incisively to the core of what is needed, Hall's preparation and presentation of
information for these interviews was very like his approach to the solution of forest taxation problems. Feeling deeply the lack of an index in the final printed report of the Forest Taxation Inquiry, he went through the volume page by page pointing up on tape the significance of various parts and giving background concerning how and why each came to be. To this he added appreciative but frank appraisal of the contributions of those who worked on the study. In his mild way, he sought dispassionately to include the problems of lumber companies, citizens, and legislatures in his view of the struggle to make the results of the Taxation Inquiry applicable to use.

Although he had made extensive notes for most of his comments in advance, he was never loath to clarify points further or to respond to a spontaneous question posed to him. The touch of quiet humor with which he recalled anecdotes about himself and his colleagues brought the twinkle to his eyes that must have been there the morning he tried to be matter-of-fact in giving the news that at last a mathematical formula had been found to express his favored tax plan.

Following typing and minimal editing of the finished interviews, he went through the manuscript, inserting
additional and clarifying information.

This interview forms a part of a collection of special subject and autobiographical interviews conducted by the Regional Oral History Office with persons prominent in the field of forestry.

Fern S. Ingersoll
Washington Interviewer

31 July 1967
Regional Oral History Office
Room 486 The Bancroft Library
University of California
Berkeley, California
Ingersoll: You are listed as the Assistant Director of the Forest Taxation Inquiry in the major report issued by the Inquiry, usually referred to as the Fairchild Report.

Hall: Yes. This document is more properly referred to as Miscellaneous Publication 218, U.S. Department of Agriculture, Forest Taxation in the United States, by Fred Rogers Fairchild and Associates, published in October, 1935. The authors are more specifically identified on the inside of the cover page. On page 6 there is a list of the technical staff in order of their appointment.

Ingersoll: Who was responsible for getting this staff together?

Hall: Well, I'll answer that in connection with a review of the staff as listed on page 6. The Director, Professor Fairchild of Yale University, was selected because he was an outstanding taxation economist and had been interested in the field of forest taxation.
Hall: since the early 1900's. This selection was made by Chief Forester Greeley, Earl Clapp, head of the Branch of Research, and Raymond Marsh, Chief of the Division of Forest Economics. As Fairchild continued to discharge his regular duties as professor of political economy at Yale University, he was obliged to direct the Taxation Inquiry in his spare time and sabbatical and other leave periods. Accordingly, it was decided that he should have a full time assistant director, and the nature of the study indicated that he should be selected from the field of forestry.

It might have been logical to appoint Louis S. Murphy of the Division of Forest Economics to this position, as he had been representing the Forest Service concern with the forest tax problem for a good many years. There were a number of reasons why it seemed better to detail Murphy as a specialist to this study instead of giving him major responsibility. Besides being severely handicapped for supervisory duties by deafness, he did not want to move from his long established home in Washington to New Haven; in addition he could be very useful to the organization for many purposes on account of his location in
in Washington. Therefore Dr. Fairchild, with the assistance of the Chief Forester and the research staff in Washington, sought for his principal assistant a forester who had prior knowledge and experience in taxation, and who was interested in economics. My name had been suggested to Chief Forester Greeley when it seemed that this job would be coming up, because of my experience from 1919 in the Bureau of Internal Revenue, Income Tax Unit, where I had, since 1919, been engaged in valuing timber and related activities in connection with the administration of the federal income tax as it applied to forest owners and the forest industries. My earlier experience, 1911 to 1917, in connection with acquisition of forest lands for eastern national forests, had given me some further background in forest economics. I was offered the position and accepted it, effective April, 1926.

Taking them in order, Professor Herman H. Chapman, of the Yale School of Forestry, participated in the early background studies in the Lake States, an area with which he was particularly well acquainted. The other members of the staff were selected by
Paul Herbert (l.) and R. C. Hall at Crawford Lodge, Isabella, Minnesota, September 30, 1926, the first year of the Forest Taxation Study.
Fairchild, usually in consultation with the Washington office and myself.

Paul A. Herbert came from Michigan State College, where he had been assistant professor of forestry, and was chosen because of previous interest which he had shown in the economic aspects of forestry.

Jennie Goddard, senior statistical clerk, served only a short period and was succeeded by Miss Epps in the statistical field, who also left before the major part of the work was done.

Conrad Hammar, an assistant economist, had just received his doctorate at the University of Minnesota, and made substantial contributions to the background studies. Daniel Pingree, a young forester with special interest in economics, remained with us during the major part of the original project and assisted both in developing the background information and in the final report.

Bushrod Allin, who came from the University of Wisconsin as an economist, stayed with us about two years and then went to Washington with the Bureau of Agricultural Economics. His contributions to the study were negligible.
Otto Neiuwejaar was a graduate student working for a doctorate under Fairchild, and he made little contribution to the project.

Professor (Robert M.) Haig's role was simply that of a "big name" consultant who actually made no substantial contribution.

Paul Wager, from the University of North Carolina, gave valuable advice and assistance in the field of county and local government, in which he was a recognized authority.

Roy Thompson, a young forester with some training in economics, contributed both to the background studies and to the final report.

Wade E. DeVries came to us from the Michigan State Department of Conservation. He played an important part in the formulation of conclusions, as will be pointed out at a later point.

Besse B. Day (now Mrs. Charles E. Mauss) was a highly trained statistician whose broad knowledge of mathematics proved very helpful. Practically all of the complicated mathematical analysis and derivations in the report are her work.

Dr. Hiley (Wilfred Hiley) was employed solely to give us the information needed on forest taxation in Britain.
Part of the staff of the Forest Taxation Inquiry, 1929

Hall notes: "Lunch Hour at Marsh Hall [Yale University]
sitting: P. A. Herbert (my tennis partner),
Dan Pingree (on edge of picture),
lying down: Otto Nieuwejaar"
Ingersoll: Was he someone who had worked on forest taxation in England?

Hall: Yes. He was a well known forest economist. Hiley was, as noted, a lecturer in forest economics, Oxford University, and has had a great interest and success as consultant and manager in the field of private forestry in England.

Ingersoll: Does his inclusion on the staff indicate that there may have been some thought that we in the United States could follow some sort of an English pattern, perhaps better than a continental pattern—French or German?

Hall: It was more that Dr. Fairchild was insistent that this study cover every possible aspect, and therefore he endeavored to get information as to how forests are taxed in all of the countries of western Europe, including Great Britain, so that there would be no unanswered questions or doubt whether we had gone to all possible sources for models or advice. We really didn't expect too much from Britain because their forest conditions are even more different from ours than those in countries like France and Germany.

The inside cover of the forest taxation report
Hall: has a statement on authorship. Fairchild himself wrote the outline for the report, the first draft of the introduction, and other parts of the report in which he had special interest. A very considerable part of the writing and editing was done by myself, but Fairchild went over every word and phrase, as he was very meticulous in this aspect of the work, and wanted the report to be a model of consistency and clarity.

Besse Day, as indicated before, was responsible for the mathematical work and made an important contribution, especially to Part 3.

The others mentioned all helped with the writing. Murphy did the major work on Part 9. Wager made major contributions to Parts 2, 4, 5, and 8. As to Thompson and Pingree, I cannot recall precisely, but think that they did some of the original writing, probably on Parts 6 and 7.

Ingersoll: It was Wager whom you recently talked with at a time when he came to Alexandria, wasn't it?

Hall: Yes.

Ingersoll: Did you and he happen to talk over any anecdotal sort of material of the way these staff members
Ingersoll: worked together?

Hall: No, we didn't. We had so many other things to talk about, and of course all of that seems a good while ago.

Ingersoll: May I just ask you one question, while we're still talking about the staff members? It seems that a number of these men were rather young men who were graduate students perhaps or who were beginning as young foresters. Do you have any idea what these men went on to from there?

Hall: Yes, I could tell you about most of these, if you would like to pick that up at this time.

Dr. Fairchild's reputation and field and position were already made and assured, and it was just one more thing in his life. It didn't contribute to enhance his reputation, except in this special field. About the end of 1934, when the Taxation Inquiry had completed its major report, the remaining staff moved to Washington. Louis Murphy had never actually left that city. He'd just been occasionally on detail to New Haven. He continued as part of the reduced taxation staff that carried on for a number of years at Washington until his death in 1945.
As for me, this experience was very valuable, because my close association with Fairchild and work on this project had given me a knowledge of economics research methods, as well as training in incidental techniques, such as for presenting economic data. So much so that in 1943 I was able to qualify under Civil Service procedures for the position of "Principal Economist" in the Bureau of Internal Revenue, to which I was appointed in that year.

The occasion for setting up this position in Internal Revenue was that the Bureau, owing to the impact of the excess profits taxes, had on its hands a very difficult problem of administering certain relief provisions in the Excess Profits Tax Law, under which claims had been filed for refund of over four billion dollars, most of which hinged on economic factors. I was asked to come over and work on these economic issues. The suggestion that I be considered for this work came from an old forestry colleague, Eugene L. Lindsay, whom I had been instrumental in bringing into Internal Revenue in the early 1920's. He has risen from Timber Valuation
Hall: Engineer to Head of the Valuation Division. After a trial period of exploring the problem, I was called upon to recruit and direct a staff of economists for the purpose of advising solutions to these economic issues on which such large sums of money were riding. This staff became the Business and Industrial Research Division, and was later merged with the staff of the "Excess Profits Tax Council" which was established to act for the Bureau in resolving economic and all other issues connected with the relief provisions. I directed the Division until the Council was established, in 1946, when I was appointed a Council member.

Ingersoll: Yes. The responsibility there was really tremendous.

Hall: I might also add, that this opportunity came at a fortunate time for me. The forest tax problem as related to the property tax became of relatively minor importance on account of the changes brought about by World War II.

I had been working, after the completion of our comprehensive report, with the small taxation staff remaining, on studies for application of the
principles and proposals developed in that report--
specific applications to specific states; those
studies and advisory trips were made on request
from the states. And I could easily see that there
would be few, if any, such requests for a long time.

We had also completed a study of National
Forest contributions in lieu of taxes, and while
that was to remain a continuing problem, there was
not much more our staff could do about it, except
to stand by to give advice. After I left, the
taxation work in the Forest Service dwindled to a
one-man job in the Washington office and occasional
minor undertakings in some of the Forest Experiment
stations.

Ingersoll: I see. Other things were becoming much more important
during that time.

Hall: Yes. Also, at that time the Forest Service had
adopted a policy of calling upon its personnel to
retire at age sixty-two, which prospect did not appeal
to me. There were some other, personal factors
concerned too. In short, this opportunity to tackle
a new set of important and difficult problems was
especially welcome and timely. I wouldn't have had
the qualifications for it without this experience that I'd gained in the Inquiry project.

Of course, Professor Chapman was well established in forestry, and this was just a side issue for his career.

Herbert was in somewhat the same position, although a younger and less seasoned man, and he went back to East Lansing, Michigan, to teach, and became head of the forestry department, and later the Director of the Division of Conservation of the Michigan State University at East Lansing. He now directs a state research organization whose exact title I don't know, but which is also located at East Lansing.

I don't know about Miss Goddard, but I think she left to get married. And I can't say anything in detail about Conrad Hammar except that I've seen his name in connection with the field of agricultural economics, and I'm quite sure he's made a creditable career.

Daniel Pingree went into business after he left our work, and I don't know anything in detail about his further career.
Miss Epps married an able statistician, and I do not know whether or not she continued to do professional work herself.

Bushrod Allin went on to some important positions in the Department of Agriculture, but I doubt if the work he did with us could have been an important factor in his career.

Otto Neiuwejaar went into the teaching field, with what success I do not know.

I've already mentioned Dr. Haig. At the beginning of our study he was already a big name, like Fairchild.

Paul Wager continued until his recent retirement to do important work at the University of North Carolina, both in teaching and writing. Incidentally, if he'd been willing to leave Chapel Hill he could have had at least more important sounding and certainly more lucrative positions, but he was very much attached to Chapel Hill, and if one had visited in his home there, as I have, they'd see why.

He contributed, I understand from you, a good deal of information about county government. Has he ever said anything to you about having learned more about
Ingersoll: county government through working on something like this?

Hall: No, he hasn't. We haven't discussed the subject. I'm sure it broadened his experience, even if it made no great contribution to his career.

Roy Thompson, after working in forest economics in the Forest Service, became an assistant professor of forest economics at Duke University. His work on the Inquiry staff was probably the principal reason he obtained this position. He continued a successful teaching career at Duke until his untimely death in 1950.

Wade DeVries is a very unusual sort of person who has some very fine qualities but the disadvantage of being not only somewhat obstinate, but also inclined to antagonize his boss. Consequently, his subsequent career was somewhat checkered. When the group at New Haven broke up he was transferred to the Pacific Northwest Forest Experiment Station, and did some very good supplementary taxation studies there, of particular application to Oregon and Washington. And then he had a very fine opportunity with the Federal Reserve Bank at San Francisco. I think his
Hall: title was Land Economist. But he didn't stay there but a few years, and more recently, and until the time of his retirement, I think he was connected with the administration of real estate under jurisdiction of the Defense Department. In spite of his ups and downs he's always lived a very happy and resourceful life, and is now retired and doing a good deal of traveling.

Besse Day is a member of the staff whose selection was my sole responsibility. We hadn't been too happy in getting the kind of statistician who was really adapted to our work, somebody who was more than just a manipulator of figures, who knew what was behind statistical results and could tell us what they meant in terms of our problems instead of merely how they were derived. So I was sent to Washington to comb the Civil Service files, and I went through a great many papers and only turned up two statistical applicants with a strong mathematics background. I wanted to get somebody that had taken a lot of mathematics, because that would show both broad knowledge and interest, and indicate a mathematical mind. The other person wasn't available at the time,
Hall: and I interviewed Miss Day. She seemed to fill the bill. When we left New Haven she came with us to Washington, and worked on a variety of economics and forestry research projects. She was interested in improving the statistical work in the experiment stations, and I think she made some contributions in that field. Then near the outbreak of World War II she was appointed to the Johns Hopkins Applied Physics Laboratory. There, she handled the statistical work involved in developing the proximity fuse, which device was important to ending the submarine menace.

I recall that, at the time, she was extremely anxious to tell her former associates what she was working on, but of course she couldn't until after the war. Then she went with the Navy Department, working on quality control and other problems, and retired a few years ago. She made a good record in her profession, and among other honors, was called upon to go to London to give a paper before an international gathering of statisticians.
Background of the Study

Ingersoll: Could you say just a little bit about the genesis of this study proposal?

Hall: The immediate beginnings of the study are described at the very beginning of the report, pages 3 to 5 inclusive. This describes the general setting which led up to the provision authorizing this particular study as part of the program enacted by the Clarke-McNary Law of 1924. As stated on page 5, the Taxation Inquiry was organized and began work in April, 1926. Further background on the study is contained in Part 9, which is misprinted as "Part 2," beginning on page 341. This part deals with special forest tax legislation, but is preceded by a general, historical survey which goes back to the earliest efforts at dealing with the forest tax problem, which had been recognized very early in our history. In particular note that Governor Wolcott of Connecticut was concerned with this problem as early as 1817, and that even at this early date the true reason why property taxation is a burden on forestry was recognized.
Ingersoll: I found it interesting to read in the condensation of this book, [Circular 358] that after the middle of the nineteenth century, when the timber supply in New England was waning and the prairie states had a lack of timber, there was a good deal of concern for this, and certain states did design laws to grant the forest growing enterprise relief from burdensome taxation, as it's written here. But then it says, without more explanation, that these early measures were generally abandoned. Why was that?

Hall: I suppose because most of them weren't very effective. The earliest efforts were in the line of granting either bounties or some special favors, and the inertia on the part of owners was so great that unless the bounty or special favor was out of proportion to the public benefit that would result, they were not moved to do anything. If these benefits were made generous enough to overcome the owners' inertia and get results, they became so costly that the legislature would have to repeal.

*Appendix K: Bancroft Copy only
Hall: the law. I think that's the basic reason for the abandonment of these measures.

Ingersoll: Do you know whether just prior to this study there was any kind of pressure from the forest industry itself for a reconsideration of taxation, or did this all come from within the Forest Service where there was a feeling that better taxation methods would bring perhaps a longer growing period?

Hall: I think that the pressure was primarily from the lumber industry. Most of its representatives who appeared before the Senate Committee on Reforestation complained of burdensome property taxes. But that was, of course, colored by the fact that during the conservation movement, with Pinchot talking about the destruction wrought by the industry, and referring to the lumbermen as "predators" and "lumber barons," the industry was on the defensive. Whether or not their usual method of destructive cutting was motivated or forced by taxation, that was a very convenient excuse to use. Therefore there was a tendency on the part of the industry not only to complain about the tax burdens but to exaggerate their effect. We concluded (and that is stated in
Hall: the report) that there was little or no evidence that taxation had in fact had any great influence on the method or time of cutting, except perhaps in some marginal cases.

Ingersoll: And this, you think, would have been equally true in all parts of the country, either in the western forests or in the New England forests?

Hall: Taxation is likely to have had a more adverse effect in the western forests because, until the Second World War, timber values, which originally had had quite an increase up to 1923, turned almost stationary, and the debt burdens plus the tax burdens on forests brought about excessive liquidation. But it's impossible to say in many cases which was the controlling factor. Generally the debt burden (interest and amortization) was so much greater than the tax burden that it's presumable that taxes were not the major factor in excessive liquidation. The debt burden was so great it would have probably taken place anyway.

Ingersoll: You let me look at a letter that you had received in 1924 from David Mason and Carl Stevens mentioning

*Appendix B.
Ingersoll: this taxation study which they thought was going to be done, and saying that they'd like to have you interested in it. I notice from their letterhead that they were forest engineers. How did they become interested in a taxation study?

Hall: Mason and Stevens had made contact with forest owners, some of whom later became clients, when they were operating the Timber Valuation Section in Internal Revenue. They made tax studies for some of these clients as well as plans for sustained yield and other forestry measures. Therefore they were tax conscious and wanted the Forest Service to make a good job of this study.

Ingersoll: Oh, these men had been in the Bureau of Internal Revenue, and then went on to be consulting forest engineers?

Hall: Both of these men started in the Forest Service. David Mason was the one who had organized the Timber Section for Internal Revenue, and Stevens was his principal assistant. They naturally came in contact with the big lumber taxpayers in the Pacific Northwest, and these contacts were undoubtedly helpful in establishing their consulting work in forestry. They
Hall: assist forest owners in preparing their claims for depletion and depreciation under the tax laws, in addition to doing other work more closely related to forestry. This combination of tax work and consulting forestry gave them a good start, and the firm of Mason and Stevens and its successors, Mason and Bruce, and Mason, Bruce and Girard, have retained a leading position in the field of private consulting forestry. Mason has received many honors for his pioneering work in getting private forest owners to adopt sustained yield practice.

Ingersoll: I see. And from this letter I understand that Stevens had been in contact with Greeley and talked over plans for the tax study some time before it began.

Hall: Both Mason and Stevens had served directly under Greeley in the Forest Service, and so they were all good friends. In fact, in those days there were so few foresters in the United States that nearly everyone knew nearly everybody else.

The reason Mason came to head the Timber Valuation Section of the Bureau of Internal Revenue was that he'd made studies of the lumber industry
Hall: for the Forest Service under Greeley, and in that connection made a favorable impression on influential lumbermen who were consulted by Internal Revenue about this appointment. When they found they couldn't get a qualified lumberman who would take the job, they settled for a forester in whom they had confidence. At least the lumbermen felt that he understood their problems pretty well. I came into the Timber Section in 1919, a few months after it was organized, and before it began to decide cases.

Ingersoll: Was there any pressure, any ready acceptance perhaps, of the proposed forest taxation study from any level higher than the Forest Service—such as Cabinet level, Department of Agriculture, or even from the White House?

Hall: I don't think there was any special pressure from higher governmental eschelons for the study, beyond the fact that it was recommended, as already noted, by the Senate Committee on Reforestation, and authorized in the Clark-McNary Act.
Organizing the Study

Ingersoll: Can you give us any other information about how the study was conducted, besides the sorts of things that are mentioned in the report itself?

Hall: I might say in the first place that the Forest Service gave Professor Fairchild, inasmuch as he was an authority in the field, quite a free hand as to organizing and carrying on the study, in any way that he and his staff thought best. It was Fairchild's idea to make this a really comprehensive study and cover all phases of taxation affecting forestry, and even to include a survey of methods used in the countries of Western Europe, where forestry had been practiced for a number of centuries. The report includes consideration not only of the property tax but also of income taxes and death taxes.

Ingersoll: The death taxes would be involved with inheritance?

Hall: Yes. The term "death taxes" includes all taxes levied at death, both inheritance and estate taxes.

Nevertheless, the greater part of this report deals with the property tax, simply because, until the period of World War II, this was the only form
Hall: of taxation considered a special obstacle to forestry.

It was not until the great increase in income tax rates, the imposition of an excess profits tax, and the increasing burden of death taxes changes, that all came with World War II, that anyone thought seriously of a forest tax problem in any of these fields. By the same token, when these changes in the burden of other forms of taxation came about, the property tax burden for a time faded into relative insignificance, and forest owners were more concerned with these other taxes. The property tax burden again shows signs of catching up, and there presently is beginning to be more concern with that problem again.

The plan and method of this study is set forth in the report in pages 12 to 15. In fact, the background

* "The plan of this study comprised field investigation in various forest regions of the United States. Since each state has a financial and taxation system of its own, it was necessary to make the state the primary unit of the study. In each forest region one or more key states were therefore selected for special investigation: Minnesota, 1926-27; Wisconsin, 1927; Michigan, 1927; Oregon, 1928; Washington, 1928; New Hampshire, 1928; and North Carolina, 1930. First of all, there was gathered material sufficient to present a clear picture of the financial structure and tax system of the state as a whole, including a general view of the finances and taxation of its counties, towns or townships, and other local subdivisions. Thereafter, selection was made of certain counties, towns, or townships for special intensive investigation, intended to bring to light all obtainable facts bearing upon the local tax situation with special reference to forest property. Certain specialized studies, to be discussed at a later point, were also made."

Hall: studies described in this portion of the report occupied the staff from its beginning in 1926 through about 1930, and the more important factual material obtained in these studies was made available from time to time in mimeographed progress reports which were widely distributed among those interested.

The methods developed and used are described in more detail in one of these mimeographs. (R. Clifford Hall, 1930. Methods of research in forest taxation. Washington, D.C., March 1930. Progress report 8, Forest Taxation Inquiry, U. S. Forest Service) I am unable to furnish a copy, but they were sent to all forestry schools and many other libraries.

The formulation of conclusions and the writing of the report followed. The bulk of this later work was done in 1932 and 1933, and the final editing and getting acceptance from the Washington office and finally from the Department Editor consumed a good deal of the time in 1934. The Printing Office did not turn out the final product until October, 1935.

Ingersoll: Could you say anything about the different levels of co-operation that you got in different parts of
R. C. Hall (left) and Paul Herbert

June 15, 1927 on a field trip for Forest Taxation Inquiry
Ingersoll: the country? Did any of the various power groups, such as the midwestern farmers, affect the ease with which you gathered information?

Hall: No, I can't say that they did. We found that where we needed co-operation, particularly from the state agricultural departments, we were always able to obtain it. In fact, we chose the regions where studies were made because we thought there were places where we would get significant samples of the way taxation was really conducted. So we ordinarily had preliminary conversations, both with the tax office and with the agricultural people, also with state universities, and we got excellent co-operation everywhere. For one thing, the Forest Service has very good contacts in the field and is pretty well thought of by now wherever it operates. Also, Professor Fairchild had a lot of prestige among tax people--anybody in taxation knew who he was. All of those things gave us the entree where we needed it. Of course we weren't doing anything that could really bother anybody until it got to the legislative stage anyway, so there was no particular reason for opposition.
Ingersoll: Did local farmers who might have had to lose in the total taxation picture if forest land taxation had been reduced—did they in any way think ahead to this possibility?

Hall: In most of the regions where we worked, the local farmers were also forest land owners, so it didn't make too much difference to them. If there were a reduction of taxes on trees, they would benefit by it also. We didn't have any serious difficulty there. Of course it might have affected them when it came to actually getting legislation. Later on, some of the failure to get legislation wasn't, in my opinion, the result of active opposition. It was more just inertia. Any change in taxation, especially if it appears the least bit novel, has to have a lot of pressure behind it to get it through a legislature.

Ingersoll: Was there any response that you know of at all to this study from, for instance, farm bureaus in different states?

Hall: Not that I know of. I do not remember any.

Ingersoll: Were there any state citizens' tax groups at all, do you think, that took this up on one side or the
Ingersoll: other?

Hall: Well, if there were they didn't come to my attention. I'm sure there wasn't anything very important along that line. I couldn't say; there might have been some unfavorable discussion that was tactfully kept from my attention.

Ingersoll: But it couldn't have been probably very large without your having known something about it, since you were in on both angles.

Hall: No.

Ingersoll: During the days when the study was being set up and conducted, were there possibilities at any time of different emphases in this study?

Hall: You mean on the part of the states?

Ingersoll: No, I was thinking more on the part of the members of the staff, who were going to set up the background studies.

Hall: No, except that of course all foresters were practically raised on the yield tax from the day they cut their teeth, and it was quite difficult for the few I specifically mentioned to feel at all wholehearted about any other timber tax plan. Aside from that, I think the fact that we'd all participated in these
field reports had some effect. Of course, each member of the staff had read what the other staff members did on the projects that they weren't on, and were pretty close to unanimous as to the general lines along which we should move. An exception was Wade DeVries, who was wholeheartedly in favor only of ideas he thought of himself, and did not favor alternative proposals.

How about the period when the field reports were being planned? Was there discussion at that time about how these field reports should be done, what they should cover, where they should be done?

Well, yes, there naturally had to be some, but this didn't develop any real controversies. We thought that by the time we'd got through with the field studies that we had a pretty thorough coverage of the different types of situations, and that further investigations would not produce anything commensurate to the additional cost—that we'd run these studies to the point of diminishing returns.

Would there have been any other way, possibly, of approaching this kind of study?

Well, yes, you could to it wholly on a theoretical
Looking over the rocky cut-over lands near Ely, Minnesota
--October 2, 1926
Hall: basis, but I don't think your results would be worth very much in that case.

Ingersoll: No one ever suggested that they should be done in any other way, then.

Hall: No. I think if we'd had a less liberal appropriation, of course we would have had to make do with less. I think we could have cut some corners. As I've said a number of times, Fairchild was a perfectionist, and he wanted to be sure that everything was well grounded and nothing overlooked. We could have done without that trip to Europe, but we did get some things that were significant from the standpoint of having a complete picture in the countries we went into. We couldn't get that from the literature, except where we employed a man especially to do it, as in England.

Ingersoll: Can you think of any other anecdotes concerning turning points or sudden breakthroughs, like Miss Day's coming in with the differential timber tax formula?

Hall: No, I'm afraid I can't. We had quite a congenial group there in New Haven, and had a very good time socially on the side, and in general there was very
good spirit in the organization. I can't think of any other anecdote that would bear on the work particularly. There were some involving less important points, like one about Dr. Fairchild at the Club.

I might say that the relations between Dr. Fairchild and nearly all of the staff were most friendly. He and Mrs. Fairchild entertained the staff both at his home and at a summer camp he had near New Haven. One of our little jokes concerned what was undoubtedly one of our chief's most embarrassing moments. It happened at the very beginning of the project.

Paul Herbert and I arrived in New Haven one spring day to help get the work started. We called up Fairchild to let him know that we were there and ready, and would meet him where and when he suggested. He said to come and have lunch with him at the Graduates Club, which invitation we naturally accepted. Noon was the time set, and a few minutes before that time Herbert and I sat down in the room next to the dining room. We had a lot to talk about, and all of a sudden woke up to the fact that a good deal of time
had passed. Just then we spotted Fairchild coming out of the dining room, evidently having finished his lunch, and forgotten us completely. [Laughter] As he is very meticulous in such matters and not in the habit of playing the role of absent-minded professor, he was greatly embarrassed, and insisted on our sitting down, and signing a check for the lunch himself. We had a little fun over that, assuring him that we were going to order all the most expensive things on the menu, since we had a blank check. [Laughter] After that we kept up a pretense that we had something on him, which we could bring up if he were too severe with our shortcomings.

There were other incidents that hinged on personalities. Professor Chapman was with us in the first years of the study in Minnesota. He was the local authority because he came from that part of the country. Also, he'd been my teacher in forestry school. The fact that I was in charge of this field jaunt didn't cause any embarrassment or difficulty, because I had a lot of admiration for him, and never found him hard to get along with.
Hall: But of the many little incidents that had some connection with that relation, perhaps I might mention the time we attended the Minnesota State Fair.

Several of us went to the Fair together, and then agreed to separate, each to see what interested him, and meet again at a set time and place. When we met, Professor Chapman was greatly excited. He had just been to the art exhibit, and the first prize painting was, according to his account, a most terrible picture. He didn't see how they could even bother to hang it, let alone give it first prize. It was some very modernistic thing that you couldn't make head nor tail of, so he said, "You fellows come and see it." We weren't particularly interested, but he insisted, so in we go. Here was this picture, and one of our more curious members said, "Well, I wonder who painted that?"

And Chapman said, "I don't know. He must be some dope." Then the curious one went up and looked at it closely until he found a signature, and said, "Haupt...Haupt...Isn't that your middle name, Chappie?" Deep silence, then: "Goodness. That's my nephew!"
Hall: [Laughter] He really didn't know what to say then!

Do you want any more personal stuff, or am I taking too much time on this?

Ingersoll: No, I think this sort of thing helps to bring out a personality.

Hall: Well, Herbert had been around some in Canada, and he had learned to eat his morning egg the way the English do—out of the shell, standing up in a little cup. We were stopping at what was then a brand new hotel in Duluth, one that put on the dog a little bit, and we found, incidentally, that the prices in the coffee shop and the main dining room were exactly the same, and you got quicker and better service in the main dining room. So we went in there for breakfast, and Herbert asked for a boiled egg in the shell, with an egg cup. The waiter came back and reported he was sorry, they didn't have any egg cups. So Herbert did with something else that time. But the place being all new, they had a brand new head waiter too, and he came up and wanted to know if everything was all right, and Herbert said, "Well, yes. But I should think a hotel of your class this close to Canada certainly should have an egg cup."
R. Clifford Hall in the new Chrysler  --August, 1929
Hall: So the next morning Herbert ordered an egg as before, and the waiter wasn't posted, and said, "Sorry, we don't have a cup," and Herbert said, "Yes, I think you do. If you can't find one, ask the head waiter." [Laughter] So he got his egg properly set in an egg cup. Incidentally, I began to take my eggs done in that style, and have enjoyed them that way ever since.

Developing a Property Tax Plan

Hall: A very important part of the report is that portion of Part 12, pages 521 to 533, in which the problem is analyzed and the conditions which may make the property tax a handicap to forestry are distinguished and defined. As I recall it, Fairchild wrote much of this section himself and he also made the preliminary outline for the chapter. This led naturally, after assessing the importance of taxation in the broad forestry problem, to a consideration of remedies.

Early in the formulation of conclusions most of the staff were in agreement as to the reasons
why the property tax was an obstacle to forestry under the initial assumptions set forth in Miscellaneous Publication 218 [the study], pages 6 to 10. The first major problem after that was to decide whether to favor some form of the yield tax, which is a tax on the gross income from growing timber, measured by stumpage value at time of cutting, or to favor modifying the operation of the property tax, which obviously may be a complicated procedure. However, many other property owners outside of those who own forests are also interested in improving the operation of the property tax, so that in proceeding along this line the forest owners would not be alone.

Fairchild had been a prime supporter of the yield tax as the answer to the forest tax problem, going back to 1909, which led to an assumption widely held among interested foresters that the Forest Taxation Inquiry would recommend such a tax. The late leader in Forest Service research, Raphael Zon, both to Fairchild and others freely offered to save a costly research project by writing in advance its major recommendation, namely, a yield tax. However,
the first serious discussions revealed that nearly all of the Inquiry staff, including Fairchild, after study and evaluation of our long experience with yield tax legislation, had come to the conclusion that the yield tax approach was less promising than improving the operation of the property tax and adapting it to the special economic characteristics of forest property. It was only in appearance that the yield tax was simple. Experience proved that its effective application was exceedingly difficult if not impossible to achieve. I do not think that H. H. Chapman and Louis Murphy were ever fully convinced that we should sidetrack the yield tax. They had too long been advocating this form of taxation for forestry, and found the academic detachment of Fairchild a difficult example to follow.

Ingersoll: I found it quite interesting the way Professor Fairchild was flexible enough to have changed from his original ideas about the importance of the yield tax to seeing more value in a modified property tax. Do you recall if there were any particular field studies which were particularly influential on his change of feeling?
I think perhaps what influenced him most was the review which we made, with the aid of Louis Murphy's detailed studies of legislation, of the experience in attempting to get favorable results by the yield tax approach. The long history of negative results undoubtedly exerted considerable influence on Fairchild, as it did upon most of us.

The nature of remedies under the property tax system grew naturally out of our background study, but the basic theoretical correction for the effects of income characteristic of current forestry management presented serious difficulties. The first step was to find a theoretically perfect method of modifying the property tax, on the assumption that all of the administrative difficulties and other faults growing out of imperfect organization and operation of local government had been overcome. Credit for solution to this difficult problem belongs primarily to Wade DeVries, though he had valuable help from Besse Day in developing appropriate mathematical formulas. DeVries thought that his should be the only solution offered for this phase of the problem, and earnestly opposed all other ideas.
Ingersoll: It took him quite a long time to come up with this perfect formula, didn't it?

Hall: Yes. I really don't know how long DeVries was working on it before he got it worked out for presentation to Fairchild and the staff. In my opinion this achievement was of importance, not so much for practical application, but because it offered a precise mathematical analysis measuring excess excise tax burden on deferred income forest property resulting from a perfectly administered property tax. Most of the staff thought the adjusted property tax plan, as we named this set of adjustments, too complicated for practical tax administration, and another seemingly more practical solution was developed which retained the principle of the property tax in determining the total tax burden on the property, but used in part the method of the yield tax inasmuch as payments were deferred until the timber was actually harvested.

This involved a prepayment of property taxes by the state to the local units of government which levied them, and later recovery from the owners upon harvesting the timber. This we called the
deferred timber tax. I'm not sure just who worked this one out in detail, but I know that both DeVries, though he did not particularly favor it, and Besse Day and Paul Herbert were involved, and it was of, course, discussed by the whole staff. My experience with and observation of practical tax administration made me doubt the workability of either the adjusted property tax or the deferred timber tax modifications, although they would theoretically be correct in giving a proper tax burden under the broad assumptions of our study.

My thought was that since what we wanted to accomplish was a reduction in the property tax that would encourage forestry, the simplest solution was to just go ahead and find a way of giving forest owners a differential reduction based on the property tax, sufficient to make its burden tolerable. I proposed, so that forest owners would have an incentive to accumulate and hold an adequate growing stock in trees, that the tax on the trees, not including land value, be reduced by 50 per cent, either directly or through a cut in the assessment. Thus this plan would automatically make the degree of tax relief dependent
Hall: on the extent to which the owners built up their growing stock and thus made their forests more productive. This idea finally gained some acceptance after I conceded that the rate of reduction should be made more flexible.

However, Fairchild insisted that it could not be proposed in our report unless a mathematical formula for determining the reduction rate under different conditions could be found. This undoubtedly would give it more theoretical respectability. At first I did not think this would be possible, especially after I had worked on the problem myself. Besse Day was enlisted to find the answer, and it was not an easy one even for her mathematical abilities.

DeVries, in the meantime, was quite jubilant because he thought that Fairchild's dictum killed this rival idea which he did not like, and every morning he would appear at the door of my office with a grin and ask if we had the formula. This kept on for quite some time—at least for several weeks—until one evening after work Miss Day showed me her derivation, with a good deal of rejoicing, as it seemed she had finally succeeded. The next morning
Hall: when DeVries made his usual morning call, he was at first incredulous and finally much chagrined to find that, after all, this method of adjustment, which we called the differential timber tax, would go into the report. The formula to which I'm referring appears on pages 69 to 72 of the report, and I'm afraid it would take me a good deal of time now to explain it, or to follow it, though I grew quite familiar with it at that time.

Ingersoll: How do you feel about it now, as a man with a good deal of practical experience in taxes? Do you feel that something like this, a rather complicated formula, has greater assets than your simple formula of a 50 per cent reduction, which you originally suggested?

Hall: Well, I didn't make that point quite clear. The complicated formula would be used only at the highest level of administration. It would help determine a range of reasonable reductions, one of which would be written into the law. Thus a reduction factor of 50 per cent or 40 per cent or 30 per cent would be established by law, and that's all the tax administrator would need to work with. The formula was just to give the plan some respectability and
Hall: permit some theoretical comparisons with other plans, and in my opinion didn't have very great practical value, except that we got by Fairchild's dictum with its assistance. Of course it is a good thing to have, as I say, for theoretical studies, but the actual reduction that you could get in practice was bound to be pretty much a matter of common sense and political pressures anyway.

Ingersoll: And this would come to be, then, a standard deduction for a state?

Hall: Yes—for application by the assessor. My argument was that the property tax on growing trees should be thought of as a hurdle the owner had to take to develop a sustained yield forest, and that the practical solution was to lower the hurdle to the point where he would find it surmountable. Of course, it would require the co-operation of the local assessors, but the reason I felt it was practical was that in some rather widespread areas, particularly in New England, the local assessor was applying this very same principle, but without benefit of law. He saw that if trees were taxed too heavily, they would be cut, resulting in a long term loss in tax base.
Hall: So if differential assessment in favor of timber was legalized, I couldn't see how those assessors, at least, would find any reason for nullifying it by overstating their original assessment before the reduction. Of course there is always that danger, and in any operation of the property tax you have to have the co-operation of your local tax officials.

Ingersoll: Can you remember, were there any ideas that other people on the staff had which do not appear in the Report?

Hall: Not for this particular purpose. These three were the only ones that we considered as a basis for adjusting for the inherent defect of the property tax as applied to deferred income property. Of course, to understand the matter fully you have to understand that the property tax would be no handicap to a sustained yield forest if the yields were obtainable annually or at short intervals, because the real burden consists of the interest accumulation in advance of income, and that isn't important if the income cycle is short. A well-administered property tax gives you a perfectly satisfactory result and is no handicap under those circumstances. But under
Hall: our conditions many of our forests are far from being adjusted to that kind of organization. In the meantime, this burden stands in the way of holding them during the long adjustment period necessary to bring about an approximation to sustained annual yield.

Ingersoll: Is this as true today as it was at the time the tax study was done, do you think?

Hall: No, because we have more forest properties that are operated on a relatively short income cycle, although I think by and large it's still an important factor. So many of our forestry operations, especially in the South, start with cut-over forests, and don't reach full productivity until you have built up what we foresters call a normal growing stock.

The capital factor in a forest is not just land—it's land plus a growing stock of trees. That is the capital on which the value accumulates. Disregard of the true nature of forest capital leads to all sorts of fallacies found in many discussions of forest taxation. A very common saying is, "Forests are a crop; they ought to be taxed just on land value,
like the farmer—he isn't taxed on his crop."

Well, that isn't so, because the farmer's capital isn't just land; his buildings, equipment, and other improvements. All contribute to the value of his property, which is taxed. So that the comparison is quite fallacious. You can't conclude that the growing stock in trees should be exempt from taxation, any more than you would exempt the farmer's buildings and fences and other improvements from taxation. I saw just the other day in reading an article that same old argument. It's a hardy perennial among forest tax fallacies.

Writing the Report

The last field project was to complete a study which we made through library sources of forest taxation in Western Europe. This was conducted by Fairchild and myself from late April to early June, 1931. There were some later progress reports, but they gave the results of field work which had been done prior to the European study. At this point the serious work of formulating conclusions and recommendations and writing the comprehensive
Hall: report began.

The only staff member who made substantial contributions to the conclusions and recommendations and who is not included in the list of authors on the inside cover was Paul A. Herbert. Besides taking a major part in the field investigations, he contributed to the early stages of formulating conclusions. But being under pressure to return to teaching at Michigan State, he resigned July 31, 1931, before he could participate directly in the writing of the report.

The writing of the report was time consuming and arduous, as Fairchild was a perfectionist. In addition to the careful editing which I did, I think he watched every crossing of a 't' and dotting of an 'i' to see that everything in the report was consistent, clearly expressed, and that such things as design of tables and graphs were all done consistently and in a manner to make it as easy as possible for the reader to understand. Fairchild believed that the cost and magnitude of the project required a complete treatment of all phases of the problem as it was then understood, and the result
was a veritable textbook on forest taxation.

The task of getting approval of the Washington office was relatively easy, as Raymond E. Marsh, Head of the Forest Economics Division and later of the whole Branch of Research, had been in close touch with the project at all stages and was helpful in getting official approval from the Chief Forester.

After the final approval the report had no particular priority at the Government Printing Office and was not issued until October, 1935.

Some of the perfection of detail was lost through numerous unforeseen changes made by the department editor, and a few gross errors crept in because we did not have a chance to see the page proofs. The misnumbering of Part 9 is an example. Incidentally, the naming of what we called "chapters" as "parts" was a dictum of the department editor, because it appears that research reports should not have chapters. The various changes made in Washington, however—while damaging to the pride of authors and upsetting many carefully-thought-out perfections of detail and losing a lot of time in correcting those that did affect the sense—aside from these disadvantages, they didn't
Hall: do any substantial harm.

I might at this point say that the real blow--owing to no fault of the director, who had planned an index--came when the department editor took the position that as this was a research report, it didn't need an index. It appears that was an inflexible rule of the department. And although this report really was something more than a research report, and very much needed an index, it came out without one. Consequently, it is very difficult for anyone to find discussions of particular subjects and answers to specific questions. The tables of contents do give, of course, useful clues, especially to anyone who is familiar with the field.

In the meantime, it had become apparent that the complete report would be too bulky for very wide circulation and too long for most readers other than students or tax specialists. Consequently, it was decided to issue a circular which would present the conclusions and recommendations in a few pages so that the many people who were interested in the taxation study results could get a quick answer to their questions.

* See Appendix A.
Ingersoll: Was this Fairchild's idea, or somebody's in the Forest Service, do you think?

Hall: I think this was more the Forest Service's idea. Fairchild was not unsympathetic, but his main interest was in issuing a comprehensive report that would say all that could be said about the subject at that time. He regarded any further use as a Forest Service responsibility. So that I should say that this was mainly my own idea, backed up by the Division of Forest Economics. Or it may equally well have been their idea, concurred in and backed up by me, I don't remember. But in any case a short presentation of this kind was absolutely essential to get the ideas across to the people that we wanted to reach and to serve the purposes of the people who wanted to know what we'd concluded without trying to find it in the complete report.

This circular contains all that most people ever undertook to read on the subject.

Ingersoll: Is it fair to say, Mr. Hall, that one of your own orientations was that this whole effort be usable?

Hall: Well, I'm sure it was, but not mine alone. I think all who worked on the Inquiry Report felt that if we
Hall: were doing this at the taxpayers' expense, any useful results ought to be put in shape to be used.

Ingersoll: Was it necessary during the process of this study to emphasize that the end purpose of it was for use rather than a more academic purpose?

Hall: Well, I think we all assumed that, and I know Fairchild felt that way. All our thinking was directed towards developing something that would actually be put in use, only our ideas as to what was practical differed somewhat, owing to differing backgrounds. Particularly if a person had never had anything to do with tax administration and wasn't really acquainted with tax machinery and the kind of people you have to hire to operate it, they sometimes have exaggerated ideas as to what can be done in practice.

Ingersoll: Perhaps we can bring out this interchange of different points of view in one of our later interviews as we go along.

**Effects of the Report**

Ingersoll: What kind of method did you have for disseminating
Ingersoll: the information that was in the tax study? Did the supervisors and regional foresters get into the act at all?

Hall: I'm sure they all got copies of the reports, which were also widely distributed among libraries and forestry schools. The directors of our regional experiment stations have a forest economist on their staffs, and undertake local tax studies. Of course there were some experiment stations, I think, that weren't especially interested, because in the areas under their jurisdiction they didn't have any very urgent taxation problems or any pressure from the forest owners in their territories for help in this field.

Ingersoll: Would there have been any area, do you think, where this information might be disseminated through the Agricultural Extension Service, perhaps to farmers with large woodlands, so that they might exert some pressure for legislation?

Hall: No, I don't think that that avenue was used to any large extent. Later, when the income tax became important, the Forest Service Division of forest economics prepared a circular for the farmers on
Hall: handling their income tax with respect to forest land, which was disseminated through the extension service.

Ingersoll: Would any of this information have been at all applicable to that?

Hall: Not the information that we collected.

Ingersoll: What about the sections of your reports calling for reforms in local and county government as one side of the answer to the tax problem? Did this have any effect anywhere, do you think?

Hall: That's very hard to say, because there are others working in that same field. I don't know for certain, but I feel sure it's been useful to some groups who were thinking along similar lines. But I don't know anything specific about that. I nevertheless regard the parts of our report dealing with improvement in functioning of the property tax and in the organization and operation of local government as most important in that they direct the attention of foresters to the fact that a major part of the taxation obstacle to forestry resides in deficiencies in these respects, and are not peculiar to forestry.

Our studies of local government show clearly that it is unwise to take any steps which would tend
Hall: to freeze uneconomic units, where the government is overorganized in sparsely settled districts, for example, or where settlement is encouraged in districts not adapted to settlement. All that sort of thing is expensive from the standpoint of local government.

We felt that for foresters to lend their support to movements of local government reform would accomplish in many cases more solid gains than could be secured in other ways. And there has been progress in this direction. To what extent foresters informed by our report have been a factor in it, I haven't any way of telling.

Ingersoll: Is there any more to be said about the effects of the study, then?

Hall: If you want my assessment of the effects of these forest taxation inquiry publications—referring to both the big report and the circular and also to the progress reports, which did have quite wide circulation—I would say that their greatest contribution consisted in first providing a clear analysis of the problem. There had been a great deal of complaint without any pinpointing of the
real causes of the trouble.

The second contribution lay in diverting further efforts in some measure from the yield tax panacea to improving the basis for, and operation of, the property tax. A very important aspect of this latter program is the improvement of assessment practice. Remember that before the appearance of these reports the yield tax had been standard doctrine, almost to the complete exclusion of other remedies; it was taught to graduates of all American forestry schools for about thirty years. One could not expect the older foresters to accept a different approach off hand. Even the Forest Service had a temporary relapse, and in 1952, under a different Chief Forester from the one who had initiated our report, issued a publication on the yield tax which, without saying so outright, seemed to backtrack a little from the positions taken in our report with regard to the limitations of the yield tax approach.

I think these limitations have been fully justified by subsequent experience, not only with the older yield tax laws, but with the new ones
Hall: which were passed after 1935. By now students who have had the opportunity to study our report have come to positions of authority, further weakening the hold of tradition in encouraging further experiments with yield tax legislation. Of course, you can never get away completely from the fallacies and unproductive approaches, for the reason that when you come to taxation each man is apt to consider himself competent to go ahead and publish or orate on the subject without ever looking up any background to see what's been done or said before. So that every once in a while we have something that the author thinks is new promoting some old idea that's been pretty generally discarded, and such people don't know that there are any such reports as we have prepared. But that's inevitable.

Ingersoll: Was the forest tax study ever applicable to other problems in later years?

Hall: It was used in a somewhat broadened form to contribute to the Agriculture Yearbook of 1939, which dealt with the subject, "The Nation and the Soil." This material from the taxation report appears first on page 163 under the heading of "Land Taxation." The
Hall: analysis under this heading follows closely that of the Inquiry report. It is represented again in a section beginning page 265 entitled "Property Tax Reform," in which the recommendations of the Taxation Inquiry are quite fully reflected.

Legislative Efforts

Hall: Before printed copies of either Miscellaneous Publication 218 or Circular 358 were available, the Forest Service taxation staff, which transferred to Washington at the end of 1934, began an effort to get its recommendations into legislation. I spent some time in Oregon in late October and early December, 1934, to participate in consideration of new forest tax legislation. I was working with the Northwest Forest Experiment Station at Portland, and with industry representatives on a bill which would have enacted a plan with all the major features of our deferred timber tax plan. Not unexpectedly, we found it very difficult to fit this plan to established legislative and constitutional requirements. In fact, I was obliged to return in early 1935, as our
previous efforts had not been too successful. However, by gaining the interest and advice of Guy Cordon, a very able local lawyer and former County Judge (the Oregon equivalent of a County Commissioner), I was able to make some progress.

Ingersoll: What were the main difficulties involved? Were there interests who would be against this, or was it a technical kind of a problem?

Hall: The difficulties were largely technical, except for some chronic opposition of the lumber interests. As long as the bill was just something we cooked up in the forestry office, people qualified, like Cordon, to make it fit into the local structure of government, would look at it and say, "Well, yes, that's all right." Perhaps he would make some minor suggestions. But when the same people began to get really interested in getting a bill passed, then they would take another look and say, "Oh, no. This won't work and that won't work." Under our laws we can't do this and that. The county officers would be against this." And it wasn't 'til after I had left and gone back to Washington that Mr. Cordon, who, incidentally, became U.S. Senator from Oregon--it wasn't 'til then that Mr. Cordon got really interested and decided
Hall: it was something he ought to help get passed. And when he got to that point, then he was a great deal of help, and when I went back to Oregon early in 1935 we put together an entirely different draft. This we thought would be quite a workable law, carrying out, as I said before, all the main points of this deferred timber tax plan. As I recall it, this bill was introduced, and drew some good support, but it failed of enactment, and so far as I know it has never been revived.

Ingersoll: Do you have any idea why it failed of enactment?

Hall: I think it was still just a little too complicated in the drafting of it to appeal to the ordinary legislator who just wasn't given to very much study. Once passed, I don't think its actual operation would have been too difficult for the staff, but it was too difficult to make the legislators understand it. Of course, any legislation to benefit any particular class of property owners has a great deal of natural suspicion to overcome, which presents difficulties if the language sounds complicated. On a similar mission in the state of Washington I remember meeting a lady legislator in the corridor of the
Hall: State Capitol and talking about one of these forest tax plans. She said, "Well, if Guy Cordon's for it--I'm against it. It's a lumber bill."

[Laughter]

Ingersoll: He was a man with a good many followers and a good many enemies, wasn't he?

Hall: Probably, but I think the lady was expressing distrust rather than enmity. We also made a near hit in North Carolina, and persuaded the State Tax Commission, I think, that the differential timber tax plan had a good deal of merit. The Commission published a strong report by R. W. Nelson recommending an adaptation of this plan to North Carolina conditions. But again no legislation resulted. There just wasn't enough steam behind it.

Our staff also gave advice in connection with the first mandatory yield tax law which was enacted in Mississippi in 1940. It should be noted that the Taxation Inquiry took a co-operative attitude: if the local interests in the state wanted a yield tax plan, we were willing to help them devise the best one possible. This particular one had a great deal of merit because it was against a background of no
taxation at all of timber, simply because the assessors were in the habit of disregarding the law and leaving the trees out of their valuation. So I guess the forest owners felt that passing this type of law would probably keep timber out of the tax base permanently and that this yield tax would be a cheap way of preventing taxation of the timber under the property tax.

During the period I've been discussing, 1935 until 1943, the Forest Taxation Inquiry operated from Washington as part of the Division of Forest Economics. We had added three members to our staff, who had no part in writing the original report—R. W. Nelson from the University of Iowa, an economist, and Alf Z. Nelson, a young forester with some training in economics, and Tyler Haygood, an agricultural economist from the University of West Virginia.

Aside from a study of systems of assessment practice in the different states, conducted by Alf Nelson, these men were occupied with local studies of forest taxation invited by various state agencies. I should mention also that the state forest tax law digests were kept up to date by Louis Murphy.
Hall: These efforts did not result in any legislation which could be considered as enacting one of our special forest tax plans. I was consulted in formulation of a modified property tax law in the state of Washington, enacted in 1941, which was called a deferred timber tax but actually departed widely from the plan to which we gave that name.
TAXATION DISCUSSION

Subsequent Trends

Ingersoll: What seems to be the major trend now in forest taxation and the property tax?

Hall: The best source of information as to subsequent trends in forest taxation in relation to the property tax is found in an article in the National Tax Association Journal of June, 1961, pages 113 to 144, entitled "Trends in Forest Taxation," written by Ellis T. Williams, who has for a good many years represented the field of forest taxation in the Forest Service Division of Forest Economics.

Ingersoll: Could you make any comments on this from your own point of view and experience?

Hall: I would say that I agree with Williams' interpretation of the trends, and also with his estimate of where future progress in this field may lie. His emphasis is on the property tax approach.

The one exception is that I would place less reliance, except as a goal for the very long view,
on what he refers to as assessments based on productivity. This subject is discussed in our Report--Miscellaneous Publication 218--page 544, where we refer to essentially the same procedure under the heading of "The Discount Formula." The proposal is to substitute a value determined by a mathematical formula for computing the present worth of the future net incomes expected from the property, for the usual market value, which is fundamentally based on the judgment of buyers and sellers of such property.

As pointed out in our publication, the weakness of the formula method is that, unlike Europe, where the productivity concept is represented by definite figures based on long experience, we have to get our idea of productivity value by discounting expected future incomes. The factors can't be determined objectively, which brings one back to market or sale value. The methods which are proposed to measure productivity for the benefit of forestry are more or less subjective, and any tax criterion that can't be objectively determined is subject to the serious weakness that there can be no dependable check on
Hall: the administrative officers. If they're favorable to forestry, fine; if they shouldn't be at some time, the results would be unfavorable.

Of course, looking ahead to the future, I think that in the longer view the productivity value and market value would tend to coincide, simply because eventually we'll have the same knowledge of the ability of different types of American forests to produce income which has been gained by long experience in countries like Germany, France, and Switzerland, for example.

Ingersoll: But you think at the present time this is still a bit shaky?

Hall: Yes. I would say that if I were in Ellis Williams' position representing the Forest Service on taxation questions, I would certainly go along with any state which wanted to experiment with assessment based on productive capacity, as long as the proponents understood that the plan might have dangers as well as advantages. It would especially be worth trying if the local tax authorities were sympathetic and were willing to insert interest rates and other values in the formula that would produce a
conservative valuation for land with forest growing stock.

I might say that one of the favorite discount formulas where deferred income is involved is one in common use by mining engineers, known as the Hoskold formula. It differs from an ordinary discount formula only in that it assumes retirement of original capital through a sinking fund accumulated, at a conservative interest rate, usually 4 per cent, from equal annual payments out of future income.

I am probably the first forester that ever used Hoskold's formula for timber valuation purposes extensively, and the circumstances were this: In the early days of the Timber Section, the Bureau of Internal Revenue had no system for review and appeals to provide for taxpayers who were dissatisfied with the valuations set by its valuation engineers. So they were experimenting with setting up one, and naturally these valuations caused a great deal of controversy. The Valuation Division, which included sections dealing with oil, copper, timber, and other natural resources, set up a review procedure with a mining engineer as the arbiter who decided the cases
Hall: which were appealed. All this mining engineer knew about valuation was the Hoskold formula because that's used widely by mining engineers; the data don't exist for valuing mining properties by comparative sales, as is possible with forest lands. We had developed a method of comparative sales, which was far more reliable in judging market value than any formula method. But that didn't mean anything to this reviewer, so I found that I could apply the Hoskold formula to income data based on tax returns, and by a little manipulation of some of the factors, could always compute a plausible value not significantly different from my valuation determined by comparative sales. So when he didn't understand and didn't find convincing my method of valuation, I gave him one that he thought he understood, and it was very successful in getting approval for our valuations.

But it didn't lend me any confidence in the method, because although I never had any trouble in supporting sound values (otherwise determined) by the Hoskold formula, any other "expert," by making almost imperceptible changes in some of the factors, could have come out with different values. This
Hall: experience is the basis for my lack of confidence in the reliability of "productive value" determined by formula as a substitute in property taxation for market or sale value.

This Hoskold formula was later publicized by a classmate of mine named Julian Rothery, who has since passed away. The Industrial Forestry Association of Portland, Oregon, employed him to make a study of forest taxation in the Pacific Northwest. His report, published by the Association in 1952, advocated use of the Hoskold formula in assessing timber as the major solution of the forest tax problem. Rothery got his understanding of how the Hoskold formula is applied in appraisal of timber by numerous consultations with me.

Ingersoll: In reading over Ellis Williams' article, I noticed that he mentions that in the states of Ohio and Washington there was a kind of modified property tax passed--an amendment to the Ohio law in 1939 and the Washington law in 1941. However, he said that there was very little if any acreage that was classified under these laws. They were optional, I believe.

Hall: Yes. That illustrates again the futility of optional
Hall: laws which is emphasized in the Taxation Inquiry Report. Those laws may have embodied some ideas taken from our report, but they did not follow its recommendations which favored universal laws, with no choice to the owner.

Ingersoll: I see. What do you feel are the strongest drawbacks when these laws are made optional?

Hall: It isn't a natural, normal procedure in taxation to give a choice on such an important feature, and if the choice involves a departure from the way in which most property is taxed, the owner hesitates to go out more or less by himself on a limb, and prefers the protection of being taxed in the same way as other owners. In the cases where a large number of owners do adopt a favorable option, it is usually too favorable. That is, it offers enough advantages to offset the risk, and it's likely to become so expensive that the law is later repealed. That is what happened to early bounty and exemption laws, as noted before.

Ingersoll: Do you agree with Williams that deferred payments just aren't very promising because forest owners, like other taxpayers, really like the pay-as-you-go
Ingersoll: plan better than looking forward to a heavy tax in the future?

Hall: I think that's generally true. Yes.

**Studies of Federal Payments to Local Governments**
*(in lieu of taxes)*

Ingersoll: Can we move on, then, to your thoughts on payments in lieu of taxes?

Hall: I think it would be a good time to begin that.

The manner of compensating local governments for the loss of taxes from national forests was established on a basis of sharing of revenues soon after the forest reserves were transferred to the Department of Agriculture. The rates of sharing for the national forests were finally set at 25 per cent of gross receipts from sales of stumpage and other sources, plus an additional 10 per cent to be used by the Forest Service on local roads.

Ingersoll: These would be roads going through the national forests, probably.

Hall: Yes. As early as 1927 Leon Kneipp made a study of federal-state-local relations with respect to the national forests, which was essentially a defense
Hall: of the 25 per cent payment and related policies. This conclusion as the years went by came more and more in question, and at a regional foresters' conference in April, 1935, there was discussed a report by Kneipp and Kircher calling attention to the danger of high payments, but still adhering to the idea that the 25 per cent plan would be maintained.

Ingersoll: When you speak of the danger of high payments, would this be a payment higher than the 25 per cent?

Hall: No, I meant that the 25 per cent payments at this time in certain areas were increasing, so that they seemed, at least to these men, to be over-generous to the localities. They felt that this system should nevertheless be adhered to, but that they might be able to get legislation which would permit using part of the money to make advances to counties in areas where the receipts from the 25 per cent fund were very low.

In June, 1935, Marsh asked me to make arrangements for a study by the Forest Taxation Inquiry of this whole subject. It was under the Branch of Research, Division of Forest Economics. A preliminary statement and plan of study was worked out and approved. The
Hall: Field work involved conference with regional officers, forest supervisors, and county officials concerned with thirty widely-scattered and carefully selected counties. A preliminary draft of a part of the report was submitted for criticism in November to a committee of representative forest officers.

Ingersoll: These men at that time were working with you on the study?

Hall: I should rather say they were reviewing our preliminary results. They were mostly regional foresters who were in immediate contact with this problem.

The report was mimeographed in final draft under the heading of "National Forest Contributions to Local Government," and distributed under date of January 25, 1937.

The review committee had a number of suggestions to make, and raised questions, but in general there was very little change made in the report. Their questions, however, were very helpful in indicating what should be included in this draft to clarify the ideas presented.

I do not know how wide a circulation this report was given outside the Forest Service. I do not think
that it was sent out very widely, but was given wide internal distribution, so that forest supervisors and other officers in touch with the problem would have a chance to study the matter and make their suggestions.

Ingersoll: What were the recommendations of this report?

Hall: The recommendations proposed two alternative plans for meeting the various shortcomings and difficulties of the existing plan: one approach was by modifying the revenue sharing plan. The other we called the "property value plan," which involved sharing only as a possible limitation at certain points. Further consideration by the Forest Service and by others indicated a general preference for the gross receipts plan, modified along the lines proposed by the Taxation Inquiry. As we originally proposed the two plans, we didn't state a preference; that grew out of subsequent discussion.

When it came to the point of getting clearance from the Bureau of the Budget, in order that necessary legislation could be requested, which was in March of 1937, the reaction of the Bureau of the Budget was that this problem ought to be approached on a
Hall: department-wide basis. It was pointed out that the Department of Agriculture had under its jurisdiction numerous other types of lands, many of them held for conservation purposes, aside from the national forests. Consequently, a departmental taxation committee was set up, after an inter-bureau conference.

Ingersoll: Were you on this committee?

Hall: Yes, I was the Forest Service representative on that committee, as I recall. A departmental policy was evolved by this committee, applying the same ideas that were developed by the Taxation Inquiry in the broader context. The chairman of the committee, B. R. Stauber, circulated a draft of the departmental report which he had largely written himself, in August, 1938. This was under consideration when on January 14, 1939, President Roosevelt established by executive order the Federal Real Estate Board. This matter naturally fell under the jurisdiction of the new Board, and the departmental committee report was pretty much the basis for the recommendations of the Federal Real Estate Board. These recommendations, together with an appendix, were printed in House Document 216, 78th Congress, First Session, the title
Hall: being "Message from the President of the United States transmitting a Report on Federal Contributions to State and Local Governmental Units with respect to Federally Owned Real Estate." I have an extra copy which can be attached.

Ingersoll: Yes, that would be interesting to have.

Just briefly, did all this concerning the national forest land make very much change in the earlier 25 per cent revenue policy?

Hall: Yes, there would have been substantial modifications designed to bring about greater stability of contributions and an improved method of distribution.

Ingersoll: What would stability of contribution involve in this particular case?

Hall: It would involve making the basis for sharing a moving five-year average of receipts, rather than the receipts of a particular year. Revenues would also be stabilized by changing the method of their distribution. Thus receipts from a forest would be divided among counties on the basis of national forest timber value instead of on the basis of acreage, as is done under the existing law.

*See Appendix C.
Ingersoll: You mentioned some time ago that some of the foresters close to the problem had felt that there was perhaps too much money going to some regions, and maybe legislation could be passed so that some of this would go to localities that were getting very little income. Would all of this have any effect on that problem?

Hall: We didn't propose to deal with it in just that way. We proposed a limitation, but we met the question of insufficient revenues in certain areas, particularly in areas where the government had acquired a large area of land, by a different method.

Ingersoll: Was this limitation that was then proposed acceptable to the regions where the limitation had to be enforced?

Hall: This question never came to the test, because no legislation was ever passed. I'm coming to that in a minute.

I should explain that B. R. Stauber was appointed Department Representative on the Real Estate Board, and had a large part in preparing the draft of this report in early 1941. This draft was circulated, and later in the year was revised with the assistance of
A. Z. Nelson of the taxation staff. In 1942 Ernest A. Wiecking took Stauber's place on the Board, and a subsequent re-writing of the report for publication was done by me and reviewed chiefly by Wiecking, Wolfson for Interior, Labovitz for Budget, and Church for P.B.A. (P.B.A. means Public Buildings Administration, I think)

During this same year that the report of the Real Estate Board became available, 1943, there was a very large number of bills before the Congress dealing with the subject. All told there were seven Senate bills and eleven bills introduced in the House, six of which were similar to or identical with one of the Senate bills. A bill, S 406, sponsored by Senators Hatch and Hayden, corresponds rather closely to the Department policy on contributions, previously referred to.

Was that maintaining the old 25 per cent, or making the modifications that had been suggested?

That included the modifications that were proposed by the Taxation Inquiry and adopted by the Departmental Committee. However, none of these bills, so far as I can recall, were enacted. Certainly nothing of
Hall: importance was changed.

Ingersoll: Do you have any idea why these bills, particularly S 406, failed of enactment?

Hall: Simply because of inertia and not enough people being convinced that the changes were necessary or desirable.

Ingersoll: So the old 25 per cent formula was maintained without any changes?

Hall: I think so. Soon after that I lost close touch with the problem on account of my leaving the Forest Service. Then too, the whole subject was a little later transferred to the newly constituted Commission on Intergovernmental Relations. This Commission issued a report dealing with "Payments in Lieu of Taxes and Shared Revenues," conducted by a study committee on behalf of the Commission, which was published in June, 1955.

Ingersoll: I was smiling because I was wondering how much of all of the former work that had been done would have been included in something like this.

Hall: This report again, so far as its recommendations affecting forest lands, followed pretty much the previous work done initially by the Forest Service
Hall: through the Inquiry, broadened and sharpened somewhat by the Departmental consideration. This report I haven't really studied in detail. I see though that they do not propose any change in the existing apportionment of income receipts, on the basis of national forests, which they hold is quite satisfactory. It may be that changes in the national forest organization have made it more satisfactory since we studied the subject, because as I understand it--though it's distinctly out of my field--I think the national forests were reorganized so that their boundaries would not cross state lines, and that meant often that the new national forests would be somewhat more homogeneous as to the type of land included than they were at the time the Taxation Inquiry made its study. I still think, however, that the distribution basis which we proposed is superior to an area distribution, as the area basis takes no account of the differing values of timber in the differing jurisdictions, and to that extent would offer a less equitable equivalent to a property tax, the essence of which is that value is its basis.

Ingersoll: Yes. This problem of revenue to the states from
Ingersoll: national forests, then, really—in the form of studies over a period of twenty years, from 1935 to 1955, perhaps longer—went through three committees at least, then, didn't it?

Hall: Yes. Probably more than that, if you want to call them committees. It was considered by and large by a great many people. Our initial proposals were examined very carefully not only by the committee of the Forest Service, but by a great many of the administration men. Supervisors, regional foresters, assistant regional foresters, and those who had any ideas on the subject were given a chance to be heard. Then there was this enlarged department committee. Then the Real Estate Board, and then finally this Study Committee of the Commission on Intergovernmental Relations. So that there's been a wide variety of heads on it, and nothing so far has come of it, so far as I know.

Ingersoll: Do you think that the number of people who had to study and restudy this was partly due to the changes in administrative setup that were coming under the New Deal, coming perhaps more frequently than they would under other kinds of government? Or from
Ingersoll: your rather long experience with different administrations, would you feel that this was rather normal government procedure for a problem of this type?

Hall: Probably fairly normal, simply for the fact that there were so many different people concerned with it. It was hard to get any agreement--it was hard to get people to study it, even--and when the people that had studied it reach an agreement, then there are a large number of other people who know a little about it and are on the sidelines, but they can exert more or less influence or authority and they have to be won over. And then your legislators always carry a big burden--I refer to the Congress--and it was nothing that appeared urgent enough for them to devote the necessary study to get an agreement.

Ingersoll: When was this Commission on Intergovernmental Relations established?

Hall: That was set up in 1953. In the meantime the Forest Service was not idle, although I only knew what it was doing by occasional informal contacts. Ellis Williams, who was handling taxation for the Division of Forest Economics, conducted a detailed study of
Hall: the contributions problem on a sampling basis covering the year 1952. He published an excellent paper comparing the 25 per cent fund payments with what property taxes would have been, taking into account contributions in kind (i.e., services to local government by the Forest Service).

Ingersoll: This would have been in addition to the 25 per cent, wouldn't it?


There may have been some bits of legislation applying the ideas developed by the taxation inquiry on this subject. Just recently I noticed an article by Marion Clawson, the economist for Resources for the Future, in *American Forests*, March, 1965, page 55. This article makes reference to a law passed in 1964, giving counties affected by purchases of wildlife refuges in North and South Dakota the option of receiving, instead of a share of revenues, payments equal to .75 per cent of the cost of purchases. This idea of relating contributions to

*See Appendix D.*
the cost of purchases by a percentage approximating the current average rural property tax rate, adjusted to actual value, originally came out of the Taxation Inquiry study, and is also repeated in the Federal Real Estate Board report. Incidentally, Mr. Clawson makes it the main point of his article the proposal that public lands be "taxed" under the property tax, and one of the reasons he gives is that the existing contribution of a portion of gross income, which is, of course, a form of the yield tax, is unfavorable to forestry. This conclusion seems curious to anyone familiar with the literature of forest taxation, because for many years the yield tax had been advocated as ideal for forestry, and the property tax one of its chief enemies. To advocate a property tax as a cure for the evils of the yield tax which was originally invented to cure the evils of the property tax brings us around in full circle!

Ingersoll: How do you think he reasons that the yield tax would be detrimental to forestry?

Hall: Because it is a gross income tax. And of course he's right. In fact, his summing up of the things he found wrong with the yield tax are nearly all pointed
out in the Forest Taxation Inquiry report, which he doubtless never read. If he had, he would have seen that there were even more solid obstacles to good forestry practice in the property tax, unmodified, than in the yield tax. I think his conclusions are kind of a shining example of the other fellow's pastures being greener. You don't like what you're in and you jump out into something else without knowing what you're getting into. But I'm not concerned that Clawson's proposal would ever gain acceptance, even if it were desirable, because there are just too many interests involved that would be hurt by it. The counties, towns, and cities themselves would be very unlikely to press for it, because the doctrine of intergovernmental immunity in the field of taxation is so important to protection of their borrowing power that they would not be too happy about infringing it, even though this particular modification might be of immediate advantage. The big thing is that if you might persuade Congress that you could make such a radical change as subjecting all federal property to taxation, Congress might be more readily
Hall: persuaded that we should tax the income from securities issued by the counties and other local governments.

Ingersoll: The possibilities that anything like this could be used as a precedent are very strong, aren't they?

Hall: Yes.

I think that's all I have to suggest on the problem. I am sure there are probably things I have overlooked or do not know about.

**Capital Gains Tax for Forests**

Hall: At this point I might mention that I prepared in 1946 a quite comprehensive discussion of forest taxation.

Ingersoll: You were with the Internal Revenue Department at that time, weren't you?

Hall: Yes, I was, but this was an undertaking that I did on my own time, as a chapter for a proposed textbook on forest economics.*

*See Appendix E, Clifford R. Hall, unpublished forest taxation manuscript.
The proposed book was never completed because of the death of the principal author, Roy B. Thompson, one of our former members of the forest taxation staff, who at this later time was professor of forest economics at Duke University.

He had worked with you as part of the staff on the original Fairchild report, hadn't he?

Yes. We'd reached an agreement by which I would write two chapters of his book, one on forest taxation and one on forest appraisal. I am prepared to make the University a gift of my original chapter on forest taxation for reference purposes if they would like it, of course with the understanding that in any extensive use of it for publication, if that should occur, I would be given credit.

I'm sure that understanding will be honored, and I'm sure that they'll be very very pleased to have this with the other information.

This chapter contains, of course, a statement on contributions or lieu tax payments covering the ground that I have already given insofar as it could be covered at that date. I also have a discussion of the income tax in relation to forestry,
Hall: including the matter both of the treatment of depletion and of capital gains. The treatment of capital gains through what are known as the timber tax amendments is a somewhat controversial subject.

Ingersoll: Was there more than the one amendment, which was proposed in 1943 as the Bailey Amendment, the timberman's capital gains clause in the tax bill that year?

Hall: I'm not familiar with it under that name, but there were, I believe, two amendments introduced at the same time and all part of the same package.

Ingersoll: I see. And was that the year 1943?

Hall: Yes. The legislative history is rather interesting. With World War II, the big tax concern of all taxpayers became income and excess profits taxes. The rates of income tax were sharply increased, and an additional temporary excess profits tax was imposed, to partially meet war expenses, and the level has continued high ever since the war. The weight of these taxes made the weight of property taxes shrink into relative insignificance and removed the immediate interest of forest taxpayers.
Hall: from property tax concerns to income tax concerns.

The idea of the timber tax amendments is that the increase in value of stumpage should be treated as capital gain rather than current income, regardless of how the timber was liquidated. Under the then-existing law, if it were sold it would be capital gains, if it were manufactured into lumber, then that would be current profits and not subject to capital gains treatment.

Ingersoll: Would the tax be higher if it were subject to capital gains treatment?

Hall: No, the tax would be lower. The capital gains treatment gave a very decided advantage; in fact, the highest capital gains tax would be limited to 25 per cent, and the other rates together—both the income tax rates and the excess profits tax rates—could go very much higher. Capital gains were not subject to excess profits tax at all.

These amendments, the nature of which is explained in the appropriate section in my chapter, were proposed by representatives of the forest industries. One of the chief proponents was my old friend David T. Mason, who did much towards lining
Hall: up support for them among foresters outside the Forest Service. Hearings were held by the appropriate committees of Congress, and the amendments, along with quite a number of other relatively minor tax adjustments, were passed with the Revenue Act of 1943. President Franklin Roosevelt vetoed this bill, citing his own experience as a forester and on his own authority stating that these special favors were not needed, and the bill as a whole he characterized as "relief for the greedy but not for the needy." Probably it would have been much better to leave out this gibe, which was probably concocted for him by some smart writer on the staff, because it aroused the ire of influential members of Congress and was undoubtedly a substantial factor in getting the bill passed over his veto in 1944.

Ingersoll: I read in this article, "Trends in Forest Taxation," * by Ellis Williams, that Senator Alben Barkley resigned as the majority leader in protest over this veto, and apparently had a rather interesting comment to make on the President's speaking as a timber man. Barkley said that he didn't know quite what the

---

Ingersoll: timber business of the President was, but imagined it might be something like selling Christmas trees, which of course would be annual profit. Comparing a Christmas tree type of industry to the large scale thing they were trying to legislate for would be "comparing a cricket to a stallion!"

Hall: The Forest Service was not in a position to take any position on this matter, as federal revenue questions are solely the province of the Treasury Department, and the Treasury Department had recommended against the enactment of these provisions.

Ingersoll: Was the Internal Revenue Department's reason for this simply because capital gains taxation would mean less revenue for the government?

Hall: I do not think so, though that could have been part of the story. However, the general position of the Treasury and Internal Revenue Bureau was against special adjustments and favors which complicate the law and make administration more difficult.

Also, many of the arguments advanced in favor of this adjustment were quite specious. Purely from the taxation viewpoint I gave my opinion at the time, when asked for an opinion, that it was not a
desirable enactment. However, when the question of its repeal came up--within the last few years there was a movement to repeal these timber tax amendments, initiated by a recommendation of the Administration--this of course brought a very great cry of distress from both the industry and from foresters employed by or otherwise sympathetic to the industry. In the years since the enactment of these provisions a great deal of folklore had grown up, and the amendments were given credit for being the prime factor in the tremendous increase in the practice of forestry which has actually occurred since their enactment, ignoring the fact that this increase undoubtedly would have taken place anyway because of the increase in timber values. What really happened during this period was what economics-minded foresters have been looking for from the very earliest days when I was in school and was taught that forestry would be widely practiced as soon as timber was worth the cost of growing it. Speaking of folklore, no less a writer than the editor of American Forests, in dealing with the subject, represented that the legislation had had
the blessing of that great conservationist, Franklin Roosevelt! [Laughter] This assumption, as we have seen, is the reverse of the actual situation.

My own view of the matter is that from the standpoint of taxation, the amendments do not conform to sound principles. But considering the hodge-podge of "equitable adjustments" (meaning the loopholes that favor me) and unjustified loopholes (meaning those that favor somebody else) with which our federal tax legislation is shot through, I wouldn't want to be in the position of urging repeal of these amendments unless it were part of a comprehensive reform which would eliminate all special favors, including the extraordinary benefits to the oil industry, and introduce a real simplification into federal taxation—a worthwhile goal but one which is politically very difficult if not impossible to achieve.

Ingersoll: Didn't you tell me a few minutes ago, before the tape recorder was turned on, that you really didn't think that such a repeal was apt to pass when the matter came up within the last couple of years?

Hall: Yes, I had some interchange with my old friend and
in large part author of these amendments, D. T. Mason, in which he was worrying as to whether he should take a vacation in Hawaii when the matter was still unresolved. I sent him a message he could go ahead with an easy mind--I don't know that I put this in, but I felt that there were so many people with similar interests that reforms or changes of this kind were not likely to be enacted. Anyway, I made the flat prediction that the timber tax amendments wouldn't be repealed, and they weren't.

I do think, though, that in the minds of most foresters and lumbermen, that the effect of these provisions on forestry is greatly exaggerated. I might say first that that is also the opinion of Ralph Staebner, who until his recent retirement headed the group that administered these provisions for Internal Revenue. However, this is a matter strictly of opinion, as there are no data to permit a positive conclusion one way or the other.

It is clear that the forest industries profit by them tax-wise and therefore have more money to spend on forestry if they want to. But on the other hand
there is nothing in the provisions that require them to spend the tax savings on forestry. I know that probably most foresters wouldn't agree in downgrading the effect of these tax amendments on forestry. Nevertheless I think it could be shown that the increase in stumpage value during the period since the enactment of these amendments has been so great that the gain from this source overshadows the tax savings; no matter how estimated, both taxes paid and tax savings are only a percentage of the gains from increased prices and stumpage values. These gains would have occurred anyway, regardless of whether or not there were any special tax savings by this avenue. On the other hand, there are many much less justifiable special provisions all through the federal revenue code, so that it would be distinctly unfair to rule out this one and not the others, especially as the lumber industry is highly competitive and does not benefit by "administered" prices as do natural resource industries dominated by a few large concerns.

Ingersoll: Yes. Do you foresee an effort in the future to eliminate the special advantages to forestry and
Ingersoll: to other types of special interests as well?

Hall: Well, that's a big subject, and a good many people who know much more about it than I do have written at length on the matter. In my opinion, for what it's worth, we won't see any improvement in the early future. Perhaps the best chance of improvement is that the mess will get worse and worse until the administration of the federal tax system approaches the breakdown point, whereupon it may become apparent to all that a thorough and complete simplification and reform is needed.
Ingersoll: I notice that beautiful Japanese vase that you told me had been given to you when you did some work in Japan. How did that figure in your career?

Hall: Some time in 1950, when I was busily working as a member of the Excess Profits Tax Council in the Internal Revenue Service, I was asked to take a three-month assignment as advisor in forest tax problems to the General Headquarters of the Supreme Commander for the Allied Powers, known as SCAP, to advise on forest tax problems. The request was a formal one, coming through the Pentagon, with no details, and I declined, inasmuch as it seemed to me that in a foreign country three months was far too short to do any kind of an effective job, and I did not think Internal Revenue would consider releasing me for any longer period.

However, the man I suggested as a substitute found that he could not go, and I was later approached again. By that time I had been pretty much sold on the idea that my first judgment was wrong, because
I was told that the American staff in Japan made extensive preparations for such consulting work and used consultants mainly for two reasons. First, they could do an important job that might be within the competence of the Army's own staff, but which the staff men could never get time to do under pressure of day-to-day duties. Second, by using consultants who had an established reputation in the specialized field, recommendations and suggestions would carry more weight with the Japanese. I was strongly urged by a number of my friends who had served assignments of a similar nature in other fields related to forestry, so I made the trip in the spring of 1951, owing to the generosity of Internal Revenue in releasing me for that period.

I should say the reason that there was a forest tax problem in Japan was that the occupying authorities for the Allies had imposed an American tax system with some of the features that we had found burdensome to forestry operations in this country. Also, some additional features, relating to the new Japanese income and death taxes imposed by the
Hall: Occupation were extremely burdensome, not only to private forest ownership but to private enterprise generally. A decedent's estate, in addition to heavy death taxes, would have to pay income tax on all unrealized appreciation on property in the estate as if it had all been sold at time of death. I understand that these ideas have been advocated for application in the United States by Professor Shoup of Columbia University, who headed the staff that formulated the tax system imposed on Japan. I'm sure the Japanese benefitted by and large by the Shoup recommendations, and threw these extreme ideas out of the window as soon as they got rid of the Occupation.

In the meantime forest owners of Japan asked our Division of Forestry in the Occupation set-up to bring somebody who would suggest ways of adapting the then current tax system to forest properties, which might also be useful later in building up an intelligent forest taxation policy at the end of the Occupation. It was expected that their own policies would be generally based on the policies established by SCAP, although at that time they
would be free to make such changes as their own best judgment dictated.

This proved to be an extremely interesting assignment. A forest economist regularly on the staff had done much of the spade work in collecting information, and my job was to go around and meet with forest owners and with the tax administrators in different parts of the country, and then formulate and explain recommendations. These were quite well received.

I had one very great advantage which the foresters in SCAP exploited to the utmost. Inasmuch as the complaints of the forest owners, as would be natural under the circumstances, were regarded very skeptically by the Japanese tax administration, as well as by some of the taxation men in the Occupation, I had the advantage of coming as a forester, but as one who at present held an important position in the United States tax administration. Therefore, the Japanese tax administrators felt that what I said would not be too heavily prejudiced by my interest in forestry. I'm afraid that Colonel Donaldson, who was running the forestry section at that time, gave
Hall: out considerably exaggerated accounts as to the importance of my job in Washington, because they seemed to think I was pretty close to being Commissioner of Internal Revenue. But it did, I think, help in gaining acceptance for my recommendations. Colonel Donaldson told me afterwards that the more important ones were implemented very shortly, and he felt certain that they would be continued to the extent they would be applicable after the end of the Occupation.

Ingersoll: Do you have any idea whether there had been any special Japanese forest taxation policy before the time of the American occupation?

Hall: No, I don't think there was, most likely because prior to the Occupation the forest owners had no problem. Taxation of the wealthy was very light in Japan under the old system by which a few large families, the "Daibatsu," controlled the economic destinies of the country, including the larger forest enterprises, and naturally they didn't tax themselves too heavily.

Ingersoll: Have you heard at all in recent years anything about Japanese tax policy and what parts of your
Ingersoll:  recommendations may still be working there?

Hall:    I haven't had any recent reports at all, so I don't know. I have an extra copy of my report; if you'd like to append it I'd be glad to turn it over to you.

*See Appendix F.*
PART II

THE FOREST INSURANCE STUDY

A Forest Economics Research Project

Conducted by the U. S. Forest Service

1929 - 1939

Submitted to the Regional Cultural History Project

by H. B. Shepard
The Forest Insurance Study was one of the means by which the Forest Service endeavored to encourage and aid the advancement of good forestry practices on privately-owned lands. The Clarke-McNary Act of June, 1924, which authorized co-operative forest fire protection with the States, and studies of forest taxation and forest insurance, was one of several items of forestry legislation that the Congress enacted during the 1920-1930 decade.

There was wide recognition of the fact that established methods of applying the property tax to forest lands were unfavorable to the practice of good forestry. It was also believed that if practical fire insurance were available to private forest owners at reasonable cost, another handicap could be removed.

A considerable number of people displayed interest in forest insurance during the years following the end of World War I. A 1928 bibliography contains nearly one hundred titles on aspects of the subject. W. R. Brown of Berlin, New Hampshire, published several articles. E. A. Sterling, Consulting Forester in New York, contributed literature, and Paul A. Herbert on the advice of A. B. Recknagel submitted a thesis on forest insurance as partial fulfillment of the requirements for his masters degree in forestry at Cornell.
E. T. Alleq, Executive Secretary and Forester of the Western Forestry and Conservation Association, worked closely with Senator McNary and deserves much credit for the legal authorization of the study of forest insurance by the Forest Service.

Meanwhile W. R. Brown had organized the Timberland Mutual Fire Insurance Company of New Hampshire which did business in that state for about two years. It then sold its business to the Globe & Rutgers Fire Insurance Company of New York, which continued to offer coverage for a period of years.

The Home Insurance Company of New York and the Automobile Insurance Company of Hartford, an affiliate of the Aetna Life Insurance Company, also offered insurance against damage to forests by fire during the 1920-1930 decade. They were later joined by the Hartford Fire Insurance Company. Neither these companies nor Globe & Rutgers ever developed any great volume of forest fire insurance business. Their premium rates were high and the policy terms were restricted. The amounts of liability they would accept were quite limited.

Funds were allotted to the study of forest fire insurance by the Forest Service in 1929. The study was concluded in 1939 and resulted in the publication, in 1937, of U. S. D. A. Technical Bulletin No. 551, "FOREST FIRE INSURANCE IN THE PACIFIC COAST STATES" and in 1939 of U. S. D. A. Technical Bulletin No. 651, "FOREST FIRE INSURANCE IN THE NORTHEASTERN STATES". These
bulletins carried the by-line of H. B. Shepard, Senior Forest Economist, project leader of the study.

Essentially, the study comprised an effort to take the measure of forest fire hazard, general and specific. The main purpose was to determine, as accurately as possible, the feasibility of applying the insurance principle to forest fire losses. It involved the identification and measurement of the problems a practical forest fire insurance underwriter would encounter.

Average areas burned annually were shown by the recorded statistics in relation to total forest land areas, and this record gave rough approximations of percentage losses. It was necessary, however, to confirm and refine these quite crude figures. The significant figures for insurance purposes are dollar values; it was necessary to provide a basis for translating the area figures into value figures. For this purpose timber cruises were made on many recently-burned areas to determine the exact effects of the fires (and also to check the area burned as reported).

It was also necessary to determine the standard (least hazardous condition) and to measure the variations due to localized hazards, causative and contributive. Examples of variable contributive hazards are forest type, age class, topography, climate and the effectiveness of protection.

The study included appraisal of these and other factors affecting forest fire hazard and liability of loss in general,
and with detailed specific references. The final result was a set of suggested premium rate schedules adapted to major forest regions, which it was hoped would meet the needs of practical forest insurance underwriting.

No study was made of other regions because it was believed that the conclusions of the study of these two widely differing regions disclosed the governing principles involved and established an adequate basis for incorporating and administering the business of forest fire insurance in all parts of the nation. No real difficulty was anticipated in allowing for specific variations in the different regions.

Efforts to interest timber owners in forest insurance and to persuade the established insurance industry to enter the business met with indifferent results.

In the early nineteen forties the Department of Agriculture made a study of the feasibility of including insurance of farm woodlots and forests against loss and damage by fire in its crop insurance program. Marsh & McLennan, General Insurance Agents, later displayed interest in forest fire insurance. After intensive study they endeavored to persuade a group of insurance companies to form a pool for the purpose of providing large-scale forest fire insurance facilities in the Pacific Coast States. Seibels, Bruce & Company, Agents of the South Carolina Insurance Company, also made intensive studies of forest fire insurance and a concerted effort to promote business in the southern and West Coast regions. The American Forestry Association, the
United States Chamber of Commerce and Resources for the Future displayed concrete evidence of interest in forest fire insurance as a means of improving the prospects for good forestry in the nation, for the forest products industries and for adequate future supplies of forest products.

For a variety of reasons, not all readily understood, none of these efforts resulted in the establishment of forest fire insurance on a scale commensurate with the magnitude of the forest resource or the importance of the wood-using industries. There is evidence that some business is being done but that it is really only a small trickle.

The hurricane of 1938 in New England and the typhoon of 1962 in Oregon were extremely wide departures from climatic normals. By converting previously healthy forests into explosive tangles of inflammable blowdown, they brought appalling increases in the forest fire hazard.

Surprisingly, perhaps, no great holocaust ever resulted from the New England hurricane. Subsequent forest fire losses have occurred at much lighter rates, differing significantly from pre-hurricane rates. This favorable result may likely have been due, to some extent at least, to stepped-up protection measures. We can hope that Oregon will have a similar experience. The prospects of successful forest fire insurance practice will nevertheless unquestionably be improved if the possibilities resulting from such weather phenomena are taken into account.

Perhaps a charitable way to comment on the small practical results of the forest insurance study is to speculate that it came too far ahead of its time.
Mr. R. Clifford Hall  
316 Mansion Drive  
Alexandria, Virginia  

Dear Mr. Hall:

Attached is a list of some thoughts about what you might include in your statement of the forest taxation study. I am careful not to call it an "outline" because it does not pretend to be comprehensive; but it does include those items which are important to this study of forest policy and which might relate it to the larger areas of public concern, state government, the conservation movement, and political considerations. I am leaving it to you to fill in the major portions of the outline with your own knowledge of the progress of the study and its chronology.

I have read the summary of the study report, plus the article you wrote three years later for the Journal of Forestry; it brings to mind that actually you might be able to comment on a sort of evaluation of tax trends since the study which would serve to update your account as far as possible. Naturally, we are interested in anything more recent you can include.

Mrs. Bezirnov and her political-scientist husband are moving from the State Department to U.C.L.A., so you will have a new "leg man" in the form of Mrs. J. C. Ingersoll whose phone number is 528-0972. She is already on the payroll and I shall send her a copy of this letter; she will be able to help you in gathering reference and source material and also in being a general liaison between you and Berkeley.

Thank you very much for attempting this opus. When we get your manuscript, we will have it typed, approved by you, then bound. (You will receive a copy for your files, too.) I hope you can furnish us with interesting pictures for illustration. It would be helpful for future researchers, too, if we could have a copy of that summary bound in the appendix for the Bancroft Library copy; do you have an extra copy around that could be so used?

Sincerely yours,

(Mrs.) Amelia R. Fry
I. Genesis of study proposal:
In response to any concerns felt by outside (of Forest Service) groups? Who began it in the "gleam-in-the-eye" stage, and who? How in the Forest Service it had greatest receptivity. Any interest shown higher co-cabinet level or White House?

II. Any additional information regarding the actual conducting of the study that is not mentioned already in the report.
(One example might be the differences in levels of cooperation which you experienced in different parts of the country--the influences of various power groups (such as farmers in the midwest, etc.) who might have affected the ease with which you gathered information, or designed the inquiry.)
Perhaps some anecdotal material would be good here.
Also interesting are decisions you and your staff had to make regarding emphasis of the study, mention of the "paths not taken" and also anecdotes of turning points, "break-throughs, etc.

III. Effects of study:
Your appraisal of this. Just how would you want to cut this particular pie? Especially interesting would be an account of methods you were able to use to disseminate the information--Did Supervisors and Forest Extension Servicesgin on the act? Forest extension services? Agriculture Extension?
What, if anything, came about as a result of your plea for reforms in local and county government?
What about response from special groups of the public, such as Farm Bureau, state citizens' tax groups, and so on.
Were you able to give direct help to legislative efforts interested in your proposals, such as your testifying at committee hearings, etc. What is your appraisal of the states' efforts to legislate changes in tax laws?
Your staff: What happened to the young men who were able to use their experience on your staff to increase their knowledge of economics? If you know of their subsequent assignments, it would be interesting to assess the value of a study as a sort of post-graduate training ground.
The Forest Service: What effects did it have on forest policy, if any? This might deserve some comments on operations of State and Private and how it related to your study when it was being pursued and later when the report was written.
APPENDIX B
Mr. R. C. Hall,
Timber Valuation Section,
Bureau of Internal Revenue,
Washington, D. C.

Dear R. C.:

Not long ago I had a letter from Clapp in which he asked my advice about the organization of the "tax investigative work" planned by the Clarke-O'Mary bill, followed this by a statement that they would need additional personnel and asked my recommendation on this. Yesterday I had a talk with Greeley, who is in Portland, on the same point.

I found Greeley quite well in line with the recommendations for procedure which I had already suggested to Clapp. There would be no use in attempting to go into them here. The important thing is that I found Greeley quite well in line with some of my suggestions for personnel. The even more important thing, from your standpoint, is that your name was among those which I had suggested and which seemed to fit in with Greeley's ideas. Incidentally, I had a talk with Tanner about this same thing and in view of the fact that he also suggested you, it seemed quite sure that no opposition to the change could be anticipated from there.

The reason for this letter lies in the fact that I want you to be thinking about the possibility of such a change in order to have it mature in your mind when it does come up, as it seems almost certain to. I want you to realize just what this thing means, and be in a position to make a really intelligent decision as to your course of procedure. Of course, nothing much can be done until the authorization which has been passed is converted into an appropriation. It is Greeley's intention to put a request into the December session, but the money will not be available until after that at least. This to the point that an immediate decision is not required and that there is time within to give this idea some thought.

In this tax situation we have one of the two great big basic factors which lie back of the present and future development of Forestry in the United States. In my opinion, from the point of view of fundamental work, the tax problem has more in it and is more important than the other, protection. The fire problem presents features which are relatively simple. It is important, Yes! but it will develop by growth from its present foundation, quite naturally and easily. It will develop remarkably, no doubt; much must be known about the basic factors and methods. But, in this tax problem we are cultivating what
by comparison is virgin soil. We are going to grow a terribly important and influential plant and, more to the point yet, its permanence will be largely determined by its root system, from this seedling which we are about to attempt to grow.

All this to the present point that if you are asked to take a part in this movement you are being invited into a work of absolutely basic importance and, in my opinion, you must give it serious consideration. I cannot see how you can very well afford not to accept.

Sincerely,

"Stero"

C.S/S
APPENDIX C
PARTIAL LIST OF PUBLICATIONS

R. Clifford Hall


Methods of Research in Forest Taxation. Progress Report No. 8 of the Forest Taxation Inquiry, March 20, 1930.


Forest Taxation in the United States. U. S. Department of Agriculture Miscellaneous Publication 218, Fred R. Fairchild (Senior Author), and Associates. October, 1935.


Taxation and Sustained Yield. The Idaho Forester, 1940, p. 7.


Adaptation of Taxation to Japan's Forest Policy. GHQ, SCAP, Tokyo, Japan, June, 1951 (Minn.)
Appendices D – H are in a separate portfolio.
PARTIAL INDEX
Agriculture, Department of, 1, 107
Agriculture Yearbook, 57
Allen, E. T., 105
Allin, Bushrod, 4, 13
American Forestry Association, 107-108

Barkeley, Senator Alben, 90
Brown, W. H., 104
Bureau of Internal Revenue, 67, 91

Business & Industrial Research Division, 10

Capital factor in forest taxation, 46-47
Chapman, Herman H., 3, 38
Clapp, Earle, 2
Clarke-McNary Act, 17, 104
Clawson, Marion, 83
Congress, U.S., 59-61, 82, 85, 88, 90, 93
Cordon, Senator Guy, 59

Day, Besse B., 5, 7, 15-16, 39, 42
DeVries, Wade E., 5, 14, 30, 39, 42
Differential Timber Tax, 43
Donaldson, Colonel, 100-101

Education
Professional Schools, 56
Excess Profits Tax Law, 9

Fairchild, Fred Rogers, 2, 6, 8-9, 24, 31, 38
Fairchild Report: Forest Taxation in U.S., 1-63
Federal Real Estate Board, 75
Fire Protection, 104
Forest Insurance Study, 104-108

Forest Taxation Inquiry Recommendation Anecdote, 37
Forest Taxation in the U.S., 1-63

Greeley, William B., 2, 22

Haig, Robert M., 5
Hammar, Conrad, 4, 12
Haygood, Tyler, 62
Herbert, Paul A., 4, 12, 41, 48, 104
Hiley, Wilfred, 5

Industrial Forestry Association, 69
Insurance, 104-108
Inter-national influences and comparisons, 6, 24, 31, 66

France, 66
Germany, 66
Great Britain, 5-6, 31
Japan, 97-102
Switzerland, 66
Kneipp, Leon, 71-72
Land use, general comment, 57
Legislatures, 28, 58-63, 93
Lindsay, Eugene L., 9
Local governments, 54-55, 66
Lumber industry, 22, 59, 94-95
Marketing, 20, 66, 68
Marsh, Raymond, 2, 49, 72
Mason, David, 89, 94
Mining, 68
Mississippi, 61
Murphy, Louis S., 2, 38, 62
Neiuwejaar, Otto, 4, 13
Nelson, Alf Z., 62
Nelson, R. W., 62
New England states, 44, 108
North Carolina, 61
North Central Region 9, 3, 69
Northwestern Region 7, 108
Ohio, 69
Oregon, 58-60, 108
Pacific Northwest Region 6, 63, 69
Pingree, Daniel, 4, 12
Policy, general comment, 81
Private investment in timber growing, 19, 41, 99-102
Public interest vs. special interests, 27
Recknagel, A. B., 104
Reforestation, 18
Research
Methods, 49-51, 62, 73
Projects for, 17, 72, 104-108
Effects of, 52, 54-57, 79-80, 108
Role of, 37
Roosevelt, Franklin D., 75-76, 90
Rothery, Julian, 69
SCAP (Supreme Commander Allied Powers), 97
Shepard, H. B., 104-108
Shoup, Professor, 99
Southern Region 8, 46, 61
State forestry, administration, 40, 62
Stauber, E. R., 75
Sterling, E. A., 104
Summary of Forest Tax Study, 50-51
Taxation
Computation, 67, 70, 80
Property tax, 17, 24-25, 39-41, 45, 58, 64-66, 69, 84
Yield tax, 29, 37-38, 56, 61-62, 84
Thompson, Roy B., 5, 7, 14, 87
Timber management, 19, 22, 44
Timber owners, 18, 21, 24-25, 42, 62, 104

United States Forest Service, 11, 51
And Congress, 19, 78
Department of Agriculture Relations, 74
Experiment Stations, 11, 53
Northwest Experiment Station, 58
Field activity, experiences, 53
Private Industry Relations, 19, 105
Public Relations, 51, 60, 79, 107
State Relations, 27, 58-63, 71
Timber Sales, 76
Training, 29

Wager, Paul, 5, 7, 13
Washington, 63, 69
Wildlife management, 83
Williams, Ellis T., 66, 69-70, 82-83
Woodlots, 107
World War II, 10, 25, 88, 97

Zon, Raphael, 37
Fern Schoonmaker Ingersoll

Amelia R. Fry

Graduated from the University of Oklahoma in 1947 with a B.A. in psychology, wrote for campus magazine; Master of Arts in educational psychology from the University of Illinois in 1952, with heavy minors in English for both degrees.

Taught freshman English at the University of Illinois 1947-48, and Hiram College (Ohio) 1954-55. Also taught English as a foreign language in Chicago 1950-53.

Writes feature articles for various newspapers, was reporter for a suburban daily 1966-67.

Writes professional articles for journals and historical magazines.

Joined the staff of Regional Oral History Office in February, 1959, specializing in the field of conservation and forest history.