data will become available in the near future, permitting improved accuracy of estimates.

Discussion

Traditional methods of deriving multiplier estimates are input-output analysis and export-base analysis. Input-output analysis is a potentially costly procedure if accurate estimates are desired. Export-base analysis is less costly, but is of limited usefulness because it is not capable of deriving multipliers for individual sectors. The econometric method employed in this study appears to have strong advantages, in terms of cost and flexibility, when dealing with small areas such as counties.

As forests and other natural resources receive increasing use and as competition among alternative uses intensifies, it becomes necessary to develop analytical methods to assess the impacts of resource management activities on local economies. The multipliers provided by this study are a useful means of measuring the impacts on local employment and income of altering timber harvest levels in northern California. For example, the multiplier for Humboldt County indicates that for every one dollar reduction in payrolls of the lumber and wood products industry, total regional income decreases by $2.37. Furthermore, because of the close correspondence between income and employment effects, the multiplier indicates that for every job lost in the wood processing sector, total employment in the county will decrease by approximately 2.4 man-years. This type of information is particularly important in analyzing impacts on the economy of the North Coast counties because of their persistently high rates of unemployment.

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