RE: FS-2022-187  
"Active Timber Management by Outsourcing Price Uncertainty with the American Put Option"  
Decision: RECONSIDER AFTER MAJOR REVISIONS Decision Date: Dec 08, 2022  
  
Dear Dr. Chang,  
  
Manuscript FS-2022-187, "Active Timber Management by Outsourcing Price Uncertainty with the American Put Option," has been read by an Associate Editor. His comments are appended below. We both would like to see the overall presentation of the manuscript cleaned up a bit before sending the paper out for review. Therefore, I have decided that your manuscript may be suitable for publication in Forest Science should you choose to make the suggested revisions.  
  
I encourage you to revise this submission for further consideration by Forest Science. Please note that your revision will still need to undergo peer review, and my willingness to encourage a revision should not be taken as an indication that the paper will ultimately be accepted for publication.  
  
A revised manuscript should be submitted within 40 days of the date of this message (January 18, 2023). A revision submitted after this time may be treated as a new submission.  
  
When you prepare the revision, please carefully read and follow the Forest Science style requirements at: <https://nam04.safelinks.protection.outlook.com/?url=https%3A%2F%2Facademic.oup.com%2Fforestscience%2Fpages%2FGeneral_Instructions&amp;data=05%7C01%7Cxp2610%40lsu.edu%7C0d1f10b0514b4dd6580d08dada126367%7C2d4dad3f50ae47d983a09ae2b1f466f8%7C0%7C0%7C638062069757716276%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C3000%7C%7C%7C&amp;sdata=picKNXc%2BuQGAtZ1wF9KX%2B6WRY%2Fgu5YscO6bX56GE1aU%3D&amp;reserved=0>. To submit a revision, go to <https://nam04.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.editorialmanager.com%2Fforsci%2F&amp;data=05%7C01%7Cxp2610%40lsu.edu%7C0d1f10b0514b4dd6580d08dada126367%7C2d4dad3f50ae47d983a09ae2b1f466f8%7C0%7C0%7C638062069757716276%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C3000%7C%7C%7C&amp;sdata=YOxp0IK%2FrTOEMpay3%2ByULcjBbwLayxWOsSdZj06nyo0%3D&amp;reserved=0> and log in as an Author. You will see a menu item called Submissions Needing Revision where you will find your submission record. You should also prepare a separate, fully blinded document indicating your point-by-point response to the review comments and the changes you have made in the manuscript. Please upload this file into Editorial Manager along with your revised manuscript. Do not upload a tracked changes version of your revised manuscript.  
  
I appreciate your effort, and I look forward to receiving your revised manuscript.  
  
Regards,  
  
Dr. Scott D. Roberts  
Editor-in-Chief  
Forest Science  
  
  
Comments from Editors:  
  
Editor's comments:  
  
I, like the Associate Editor, felt that the writing needed some improvement. I think that the paper would be better received by reviewers if it were cleaned up a bit.  
  
While it is certainly implied, I'm not sure that I ever read an explicit statement of objectives for the paper.  
  
I found some errors in the Literature Cited, such as dates being given twice. Please review this section carefully to make sure all citations are correct and correctly formatted. Also, there is no need to include the DOI numbers.  
  
  
Associate Editor's comments:  
  
General Comments  
Please go through the manuscript carefully as there a quite a number of misspellings, awkward wording, and grammatical errors.  
  
Specific Comments  
Abstract - Lines 15 and 16. The clause "since the beginning of commercial forestry" seems a bit much. I would recommend ending this sentence as "price taker".  
  
Lines 3 and 4. There are many citations that could be used here and as this paper focuses on price fluctuations, I think it would be very appropriate to include them here.  
  
Line 13: Please define the difference between risk and uncertainty in the context of your research. It appears that you use these terms interchangeably throughout the manuscript. In classical economic thought, these terms have different meanings that are derived from Frank H. Knight's 1921 work.  
  
Line 26: Ok, but Brazee and Mendelsohn did this in 1988 and this work is foundational to yours. So, in your opinion, why has it not been put into practice?  
  
Line 30 - 31: In my opinion your definition is too terse. Please translate this into a "forestry" example.  
  
Line 38 - 39: This assumes that the reservation price reflects the actual quantity and quality available at time t.  
  
Line 44 - 53: This paragraph is very awkward and hard to follow without a more concrete example.  
  
Line 63: Does it matter if the analysis is nominal or real?  
  
Line 78: What is A in $/A? As you have defined A in equation (1) this is awkward. You use these units throughout the manuscript.  
  
You have defined an LEV and rotation age. Does this value make empirical sense relative to Loblolly pine for the given area and product?  
  
Line 80: The end of this time period is 7 years ago. While it includes the Great Recession it does not include Covid. Does this matter?  
  
Line 81: Is this a nominal price? What is MBF as it is never defined.  
  
Line 82: Is the interest rate nominal or real?  
  
Line 84: 61.6171 $/MBF Why this level of precision? Would not 62 $/MBF be more defensible? What is the product associated age 15 and is that reflective of the price and the units of $/MBF?  
  
Line 88: 1153.46 $/MBF please use a comma: 1,153.46 $/MBF  
  
Line 90: The term in the parentheses - Why? is this due to equation (2) if so please reference. If not, please provide a better explanation.  
  
Line 92: "an immediate timber harvest would be justified" This seems awkward. If the stumpage prices reflected above are for sawtimber, then justify why a 15-year-old loblolly pine stand is sawtimber.  
Line 95: I am assuming the units on the target price are $/MBF not just $.  
  
Line 97: I am assuming this is "the B&M method"  
  
Line 102: You have this throughout the manuscript. An optimal rotation of 46.15 years. Is this level of precision defendable?  
  
Line 113: Should this "insurance" cost be part of the LEV calculations? If the landowners are buying, who is selling?  
  
Line 117 - 121: Ok, but these then would have to reflect prices and products going from pulp to chip-n-saw to sawtimber at the least given loblolly pine.  
  
Lines 122 - 124: Does this make sense given the possible product of pulp.  
  
Lines 126 - 129: Again do the rotation ages need that level of precision? Does the LEV number make empirical sense given your example? Do they reflect actual LEVs?  
  
Lines 161 - 163: Does this make sense with respect to loblolly pine in the south?  
  
Line 176 - 177: I would recommend highly deleting the sentence: This efficacy ...  
  
Table 1: Why is Q(t) being estimated using a simple equation from Brazee and Mendelson (1988) and not one of the many loblolly pine growth and yield models?  
  
Table 2: Please provide units that are associated with the table.  
  
Table 3: Do these harvest age frequencies make sense given the context of loblolly pine in the south?