THE REAGAN ADMINISTRATION'S
FEDERAL LAND SALES PROGRAM:
ECONOMIC, LEGAL AND JURISDICTIONAL ISSUES

by

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This report describes the first 17 months of the Reagan administration's federal land sales program from the time of its introduction in February, 1982. Important historical background pertinent to the program is also provided. A brief description of significant events that have transpired during the period of July 15, 1983 through November 20, 1983 may be found following the conclusion of the report.
INTRODUCTION

Upon assuming office in 1981, the Reagan administration brought with it a new outlook concerning the role of government, particularly at the federal level, in the lives of all Americans. Throughout the past two decades, previous administrations had adhered to a political philosophy in which the federal government was viewed as a key instrument in the functioning of the public economy. The ability and desirability of government as an active participant in efforts to achieve such vital national interests as economic stability, equitable distribution of income, and other macroeconomic concerns remained unquestioned. While not advocating the complete elimination of governmental influence in these areas, the Reagan administration has embarked upon an economic program that has as its primary focus the effective functioning of the private sector in a free market economy, with the federal government assuming primarily a peripheral role in such a process.

The political ideology of the Reagan administration encompasses what has been described as a fourfold shift of resources in the following areas:\(^1\):

(a) A shift of resources from the public to the private sector of the economy;
(b) A shift of resources and responsibilities from the federal to state and local levels of government;
(c) A shift of resources from the civilian to the military sector;
(d) A transfer of income and wealth from lower to upper income groups.\(^2\)

---


\(^2\) The administration has claimed that lower income groups will benefit substantially in the long run from increased investment by upper income classes and a resultant healthier economy. It is clear to date, however, that short-term consequences of administration policy have resulted in a less equal distribution of income at the expense of lower income groups. See: Lee Bawden and Frank Levy, "The Economic Well-Being of Families and Individuals," in J.L. Palmer and I.V. Sawhill, eds. The Reagan Experiment (Washington, 1982).
Each of these four ideological tenets has different implications for the conduct of public policy. This paper examines the efforts of the Reagan administration to apply the above ideology in its policies concerning the nation's federal lands. In doing so, it focuses primarily upon the administration's interpretation of the appropriate mix of public and private land ownership; and of the proper relationship between federal and state control over lands within the public sector. In lieu of a comprehensive discussion of all actions of the administration in these areas, the report focuses upon a FY 1983 budget proposal which called for the sale of 5% of the nation's federal lands (excluding Alaska) within the next five years. In examining the land sales program, the administration's policy regarding federal land transfers to state jurisdictions is also considered.

Following a brief historical sketch of the role of federal lands in the nation's development, the report focuses upon the Bureau of Land Management as the principal executive agency through which proposed land sales would be achieved. Although not discussed extensively, the role of the U.S. Forest Service in this process is also addressed. The legislative framework for conducting federal land sales is described, as are efforts to date by the administration in implementing its land sales program.

The paper then examines major issues concerning the program from both an economic and legal perspective, as well as the effects of the initiative on state and local governments and land management agencies. The report concludes with a brief synopsis of the success of the program to date and of its prospects for the future. In effect, the federal lands provide a substantive policy area for addressing current and potential effects of the application of two of the four major ideological tenets of the Reagan administration.
THE FEDERAL LANDS: PAST AND PRESENT

Public lands policy is inherently part of the national agenda. As social policy, it addresses the same kinds of goals as do other national policy areas such as health and education. There is potential in land policy for redistribution of important resources. The current status of the public lands, as well as the ideological bases for their disposition and management, have evolved over a period of two centuries. A brief description of events that have transpired in this evolutionary process may aid in interpreting the current situation and in identifying key issues which still remain regarding the role of public lands in American society.

Eras of Federal Land Ownership

From the earliest days of independence, the federal government has played a significant role in the ownership and distribution of the nation's land resource. The course of public land policy has been a dynamic one for most of this country's existence. Only since 1950 has it settled into what, at least in the short-run to date, could be termed a relatively stable evolutionary pattern. Clawson and Held, in their seminal work, The Federal Lands, describe the historical evolution of federal land ownership in terms of the five stages depicted in Figure 1.

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3For a more detailed discussion of this topic, see Judith Innes de Neufville, Land Policy as a Social Policy: A Historical Perspective (Berkeley, 1977)
4Marion Clawson and Burnell Held, The Federal Lands: Their Use and Management (Baltimore, 1957).
Source: Clawson and Held, 1957.

Figure 1. Major eras in federal landownership and land management in the United States, 1800-2000.

The initial goal of the newly-formed nation was to solidify its sovereign status by acquiring as much of central North America as was reasonably possible (Figure 2). Major land purchases from foreign nations were negotiated; also, early in the acquisition era states ceded some of their lands to the federal government in order to settle disputes regarding colonial grants and as a source of revenue. Beginning in 1800, while the Federal government continued to acquire land from foreign countries, public land policy shifted in favor of transferring federal lands to private individuals and states. Individuals were granted land as an incentive to migrate to unsettled areas and thus hopefully contribute to developing the nation's agricultural potential. Revenue generated from land sales was also of great importance to a developing national government.

Although still significant, federal land disposals declined steadily through the first quarter of the 20th century. By 1900, moreover, national policy began to reflect strong public sentiment that some federal lands should be reserved
for special purposes. These motivations were generally not preservationist in nature, but rather were concerned with mineral resource development, protecting watersheds, and stabilizing prices of forest products. The era of reservation policy also reflected negative public reaction to widely-perceived abusive practices of the 1800's involving indiscriminate disposal of federal lands.

For most of the reservation era, the federal government acted merely as a custodian of the public lands. Little attempt was made to identify or develop their resources. The 1950's ushered in the era of intensive management, in which the potential value of public land resources to a developing national economy became increasingly apparent. Since that time, the federal government has assumed an active role in managing the public lands for a variety of objectives.
Early Legislative History

During the era of public land disposal, the U. S. Congress enacted a number of laws to facilitate the transfer of federal lands to individuals and states. Table 1 summarizes the major pieces of legislative enactments that accompanied the gradual shift from policies of disposal to those of reservation and custodial management.\(^5\)

Table 1. Important Legislation Related to the Disposal and Retention of Public Lands: 1850 - 1930

<table>
<thead>
<tr>
<th>Disposal Era</th>
<th>Reservation Era</th>
</tr>
</thead>
<tbody>
<tr>
<td>Swamp and Overflow Act (1850)</td>
<td>Transfer of swamplands to states</td>
</tr>
<tr>
<td>Homestead Act (1862)</td>
<td>Land grants to individuals for agriculture</td>
</tr>
<tr>
<td>General Mining Law (1872)</td>
<td>Land transfer to individuals for mining</td>
</tr>
<tr>
<td>Desert Land Entry Act (1877)</td>
<td>Sale of arid lands to individuals for irrigation</td>
</tr>
<tr>
<td>Timber and Stone Act (1878)</td>
<td>Land sales to individuals for timber and stone production</td>
</tr>
<tr>
<td>Withdrawal Act (1910)</td>
<td>Broadened president's power to withdraw public lands</td>
</tr>
<tr>
<td>Weeks Act (1911)</td>
<td>Authorized land acquisition by federal government</td>
</tr>
<tr>
<td>Taylor Grazing Act (1934)</td>
<td>All public lands withdrawn for classification</td>
</tr>
</tbody>
</table>


\(^5\)A summary of all public lands disposed by the federal government from 1781-1981 may be found in Appendix A.
The best known of these early laws was the Homestead Act of 1862. This permitted any head of household to obtain 160 acres\(^6\) of federal land for agricultural use, subject to certain land improvements and residence on the land for five years. Culhane\(^7\) notes that about 287 million acres—or one-sixth of the public domain—was transferred into private ownership under this and subsequent Homestead Acts. A slightly higher percentage of public domain lands have been granted to states and railroads.

The gradual reversal of policies favoring federal land disposal led to the passage of the Withdrawal Act of 1910 and the Weeks Act (1911), the latter of which authorized the federal government to acquire lands in the public interest. Large-scale disposal of federal lands effectively ended with the enactment of the Taylor Grazing Act of 1934, although the final closing of the public domain was not legislated on a permanent basis until 1976.

**Federal Lands Today**

In 1981, federal lands comprised one-third of the land area of the United States, some 737 million acres. Ninety percent of these lands either include or are west of the Rocky Mountains. Excluding lands in Alaska\(^8\), which are not considered within the context of this report\(^9\), approximately 410 million acres of federal lands are found in the continental United States. Table 2 summarizes the administrative status of these lands as of 1979.

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\(^6\)This was subsequently amended to 320 acres in 1909.

\(^7\)Paul J. Culhane, Public Lands Politics (Baltimore, 1981) 76, 79

\(^8\)Currently the Bureau of Land Management has jurisdiction over 168 million acres of Alaska lands; as a result of P. L. 96-487, these holdings will eventually diminish to 77 million acres. The U. S. Forest Service administers an additional 23 million acres in Alaska. Bureau of Land Management, Public Lands Statistics—1981, 32, 33.

\(^9\)Federal land transfers to the state of Alaska and Alaska natives are authorized under separate legislative mandates than those which apply within the lower 48 states. These are: the Alaska Statehood Act of 1958 and the Alaska Native Claims Settlement Act of 1971.
Table 2. Federal Lands in the Continental U. S. by Administering Agency, 1979

<table>
<thead>
<tr>
<th>Administrative Agency</th>
<th>Public Domaina</th>
<th>Acquiredb</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Department of Agriculture:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Forest Service</td>
<td>139.6</td>
<td>27.5</td>
<td>167.1</td>
</tr>
<tr>
<td>Other USDA Agencies</td>
<td>0.3</td>
<td>0.1</td>
<td>0.4</td>
</tr>
<tr>
<td>U.S. Department of the Interiorc:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bureau of Land Management</td>
<td>172.9</td>
<td>2.3</td>
<td>175.2</td>
</tr>
<tr>
<td>National Park Service</td>
<td>13.2</td>
<td>6.7</td>
<td>19.9</td>
</tr>
<tr>
<td>U.S. Fish and Wildlife Service</td>
<td>4.9</td>
<td>4.4</td>
<td>9.3</td>
</tr>
<tr>
<td>Bureau of Reclamation</td>
<td>4.7</td>
<td>1.9</td>
<td>6.6</td>
</tr>
<tr>
<td>U.S. Department of Defense</td>
<td>14.3</td>
<td>14.1</td>
<td>28.4</td>
</tr>
<tr>
<td>U.S. Department of Energy</td>
<td>0.8</td>
<td>0.7</td>
<td>1.5</td>
</tr>
<tr>
<td>Other Federal Departments</td>
<td>0.02</td>
<td>1.4</td>
<td>1.4</td>
</tr>
<tr>
<td><strong>Total Continental U. S.</strong></td>
<td><strong>350.8</strong></td>
<td><strong>59.2</strong></td>
<td><strong>410.0</strong></td>
</tr>
<tr>
<td>Additional Federal Lands, including Alaska and USDI Bureau of Indian Affairs</td>
<td>327.0</td>
<td>0.59</td>
<td>327.6</td>
</tr>
<tr>
<td><strong>Total U.S. Federal Lands</strong></td>
<td><strong>677.9</strong></td>
<td><strong>59.8</strong></td>
<td><strong>737.7</strong></td>
</tr>
</tbody>
</table>

a Those lands that were acquired by the federal government without first having been owned by a state or private individual.

b Those lands purchased by the federal government from a state or person for a particular use or purpose.

c Excludes lands administered by Bureau of Indian Affairs, which are held in trust by the federal government for Indian tribes.


The Bureau of Land Management and the U.S. Forest Service\(^{10}\) have jurisdiction over 83% of all federal lands in the continental United States. Thus they are the primary agencies through which land sales and transfers proposed by the Reagan administration would be implemented. Although this report focuses primarily upon the BLM and its role in these programs, current proposals for disposal of lands within the Forest Service's National Forest System are also briefly addressed in later sections of the report.

\(^{10}\) The Forest Service is an agency within the U. S. Department of Agriculture.
Bureau of Land Management

In 1812 the General Land Office was assigned responsibility for all forest reserves and other public domain lands in the United States. For more than a century thereafter the Office maintained this jurisdictional status. However, reflecting government policies of the disposal era, its activities prior to 1900 were geared primarily towards the disposal of public lands. Little active land management was undertaken by the GLO. In addition, the Office was regarded as "rife with scandal and the dupe of western exploitative interests".\(^{11}\)

Culhane describes several adverse long-term consequences of GLO land disposal policies. Land parcels surrounding water sources and railroad lines were quickly claimed by western ranchers, effectively nullifying the potential value of surrounding lands. Laws prohibiting fencing on public lands led to overgrazing, invasion of rangelands by undesirable forage species, and massive soil erosion. In effect, while supposedly fostering the settlement of western rangelands, GLO policies precluded the settling of a major portion of the public domain.

In part reflecting adverse public reaction to these abuses, Congress in 1934 passed the Taylor Grazing Act, which reflected fundamental changes in the land disposal policies of the federal government. Permanent grazing districts were established on vacant public lands, and a fee structure\(^{13}\) for the leasing of grazing privileges was also enacted. Today approximately 75% of all BLM lands

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\(^{11}\) Culhane, Public Lands Politics, 80

\(^{12}\) Ibid., 80, 81

\(^{13}\) The issue of grazing fees was a major source of friction between ranchers and the federal government for the succeeding 30 years; even today it has still not been completely resolved.
(excluding Alaska) fall within grazing districts. The Act also created the Grazing Service\textsuperscript{14} within the Department of the Interior to administer the provisions of the law, and provided considerable latitude to the Secretary of the Interior for classifying lands for inclusion within grazing districts, as well as for exchange or sale.

An important consequence of the Taylor Grazing Act was the issuance by President Roosevelt in 1934 of an executive order withdrawing all public lands west of the 100th meridian (except Alaska and Washington) for classification purposes. This was primarily a reaction to an expected homesteading rush in response to the Taylor Grazing Act. Although initially this withdrawal was to be temporary in nature, the order was never rescinded and essentially marked the end of the homesteading era.

In 1946 the General Land Office and the Grazing Service were consolidated to form the Bureau of Land Management. The Bureau assumed all functions of the previous administrative units. During the next decade most of the conflicting and inequitable practices that had plagued the preceding offices were gradually eliminated. With respect to the nation's public lands, a significant event occurred in 1964\textsuperscript{15} with the presidential establishment of the Public Land Law Review Commission. The Commission was authorized to undertake a comprehensive review of existing laws and regulations concerning public lands and of the policies of all federal land management agencies. In reporting its findings in 1970, the Commission strongly reaffirmed the national policy in favor of retention of public lands and declared large-scale federal land disposals to be against the public interest.

\textsuperscript{14}This was originally the Division of Grazing; several years later the title was changed to the Grazing Service.

\textsuperscript{15}Another noteworthy occurrence that year was the passage of the Wilderness Act, which established a national system of wilderness areas and assigned 9.1 million acres to be given immediate wilderness status.
The creation of the Bureau of Land Management in 1946 was not accompanied by permanent enabling legislation for the agency. Despite several attempts by Congress to remedy this situation, it remained unchanged for the next three decades. With the expiration of temporary enabling legislation in 1970, the BLM operated for the following six years without any organic act. In addition, the Bureau continued to conduct its land ownership and management activities as it had done from its inception - under the Taylor Grazing Act and several thousand land laws, often obsolete and conflicting in nature. This situation was finally resolved in 1976 with the enactment of the Federal Land Policy and Management Act (FLPMA).

Under the provisions of this act, the Bureau of Land Management was given statutory status as a permanent federal agency and provided with a comprehensive legislative charter. The BLM also received an explicit mandate for multiple-use and sustained yield management of lands under its jurisdiction. Included in the act were provisions for its enforcement by the agency, as well as guidelines for such activities as land use planning, range management standards, and issuance of rights of way across public lands.

The Federal Land Policy and Management Act also marked the final closing of the public domain. Many obsolete land laws were repealed, including the Homestead Act of 1862. In their place, national policy for the management of the nation's public lands were redefined in a series of 13 statements. Appendix B contains a summary of these declarations. The underlying philosophical basis for this policy is the premise that retention of public lands in federal ownership is in the best interests of the American people.
In addition to the above, FLPMA established a process for the review of executive withdrawals of federal lands and defined the conditions for the sale, exchange, or acquisition of lands by the Bureau of Land Management. The sale of a given tract of land is authorized if, as determined by the land use planning process mandated by the Act, any of the following three criteria are satisfied: 16

(1) such tract because of its location or other characteristics is difficult and uneconomic to manage as part of the public lands, and is not suitable for management by another Federal department or agency; or

(2) such tract was acquired for a specific purpose and the tract is no longer required for that or any other Federal purpose; or

(3) disposal of such tract will serve important public objectives including but not limited to, expansion of communities and economic development, which cannot be achieved prudently or feasibly on land other than public land and which outweigh other public objectives and values, including, but not limited to, recreation and scenic values, which would be served by maintaining such tract in Federal ownership.

The act mandates that all land sales must be at fair market value, and that they must generally be executed via competitive bidding. Congress was also permitted to veto, if deemed appropriate, any sale of public lands exceeding 2500 acres in size. FLPMA also contains provisions for land exchanges initiated by either the BLM or the U.S. Forest Service. Consideration of the needs of states and localities in the exchange process is explicitly required, and the value of federal land to be transferred must generally not exceed that of the non-federal land to be acquired.

When considered within the historical context described in the preceding pages, the Federal Land Policy and Management Act is a legislative landmark in the history of public land management policy in the United States. In addition to defining national policy regarding the public domain, it also provides that any land transfers involving federal lands be accomplished in accordance with standards established by Congress; and that decisions concerning the management of public lands be subject to judicial review. This legislative framework furnishes the background for examining the current program initiated by the Reagan administration for the disposal of federal lands to the private sector and to the states.

THE FEDERAL LAND SALES PROGRAM OF THE REAGAN ADMINISTRATION

The Reagan administration has proposed a significant shift in the direction of federal land management policy. Reversing an acceleration of land acquisition and withdrawals by the previous administration (primarily for additions to national parks and monuments), the current administration has called for the sale or transfer of certain public lands considered to have more productive potential in either the private sector or under the jurisdiction of state or local governments.

Implementation of policy changes began several months after the administration took office in 1981. The Bureau of Land Management was reorganized to help facilitate more intensive development of energy and mineral resources on federal lands. The position of Deputy Director for Energy and Minerals was established within the Bureau, and mineral leasing programs were given added priority. By the end of the calendar year, it was rumored that the administration was giving serious consideration to selling as much as 100 million acres of federal lands.
Some members of the President's Council of Economic Advisors had supported such a move for some time. Enthusiasm for a land sales program was particularly strong among proponents of the so-called Sagebrush Rebellion, a coalition of western states favoring title transfer of federal public lands in the West. An aide to Senator Paul Laxalt (R-Nev.) predicted that with active White House support, legislation necessary to implement the program might be forthcoming by August of that year, and surely by the end of the Congressional session.  

The President's budget for FY 1983 contained a proposed program for the sale of 35 million acres, or 5% of all federal lands excluding Alaska, by executive order within the next five years. Also included within the program was the sale of surplus government property by the General Services Administration (GSA). Revenues from these sales were projected at $1 billion in FY 83 and $4 billion per year for FY 84 through FY 87, thus totaling $17 billion for the entire program. Excluded from potential sale were Indian trust lands, national parks and monuments, wildlife refuges, and historical and environmentally critical sites. Subsurface mineral rights would be sold with lands of no known mineral value. The program also called for a reduction in payments-in-lieu-of-taxes to states proportionate to the amount of land returned to the private sector. The program was to be conducted under existing appropriations.

In implementing its program for the sale of federal lands, the administration envisions that three major benefits will result:

(1) A higher and better use for some surplus land and real property will be achieved by selling those assets surplus to the government's needs;

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17 *Public Land News*, 7(2), January 21, 1982
18 The FY 1983 budget was released in February, 1982.
(2) The cost of government will be cut by eliminating unnecessary management of land and real properties excess to federal needs;

(3) Revenues from land sales may help reduce the size of the national debt.

The land sales program is to be administered by the Property Review Board, a White House - cabinet level board created by executive order in February, 1982. The Board's primary function is to review and develop policies governing the acquisition, utilization and disposition of federal real property. In addition to determining which lands will be offered for sale, the Board has also been instructed to establish annual targets for the disposal of property by the various federal agencies involved in the program; and to advise the General Services Administration in their efforts to simplify and expedite the earmarking of excess real property by federal agencies. The Board will also evaluate the potential need for new laws or regulations in implementing this program. In contrast to boards of this nature that were established in previous administrations, the Property Review Board has the authority to recommend substantive policy changes to the President.

According to administration policy, the focus of public lands disposal efforts will be upon residual BLM lands and a limited amount of U.S. Forest Service lands with certain ownership-related problems. OMB Budget Director David Stockman has identified the following types of lands as prime candidates for disposal:22

(1) Lands that cannot be efficiently managed, due to the small size and location of the parcels;

21 Members of the Property Review Board include the Counselor to the President, Director of OMB, President's Assistant on National Security, and other presidential appointees.
(2) Parcels proximate to urban or suburban areas that would contribute to local economic development;

(3) Properties managed by U.S. Army Corps of Engineers and Bureau of Reclamation that may no longer be needed for efficient project management, but may have high value for private development;

(4) Properties that may have potential for higher and better use in private ownership.

In order to identify lands with a potential for disposal, the Property Review Board in 1982 ordered a review of all lands administered by the Interior and Agriculture Departments and by the Corps of Engineers. In response to this request, the Bureau of Land Management and the U.S. Forest Service initiated land review activities, termed Asset Management by each agency, to identify lands to be considered for sale. The review of lands represents the first step of a three-fold process established by the Property Review Board through which federal land would be sold. This involves:23

(1) Inventory of land and other real property of the federal government;

(2) Assessment of current value of this real property; and

(3) Sale of property no longer needed at fair market value.

Thus prior to setting land disposal targets for individual agencies, the Board must determine the location and value of the property to be sold.24

With respect to the Bureau of Land Management, the land review process was

23Ibid, 1.
24BLM AND Forest Service property reviews pertain to lands the vast majority of which are within the public domain (see Table 2). Lands that have been acquired by the U.S. Government are disposed of by the General Services Administration (GSA) under the Federal Property and Administrative Services Act of 1949. GSA has also been ordered to conduct an inventory of their property, a large portion of which consists of vacant buildings, structures, facilities, etc. Results will be reported to the Property Review Board. Land and other real property disposed of by the GSA are included as part of the projected revenues of the administration's land sales program.
designed to build upon a BLM survey in 1964 which identified 11.5 million acres of expensive-to-administer lands for disposal. A later BLM survey identified 3 million acres for disposal and assigned 22 million acres to unclassified status.

While both the BLM and the Forest Service were conducting their land review processes throughout 1982, several specifics related to the implementation of the land sales program were released by the administration. Also during this period, Congress and public interest groups voiced their reactions to the proposal. In May, Secretary of the Interior, James G. Watt announced that his department would not dispose of any federal lands on which mineral deposits were known to exist. This followed a May 15th hearing by the Senate Committee on Energy and Natural Resources which revealed "a wide gap between those who support the excess land sale program as an appropriate attempt to balance the budget and those who believe that the sale could have ramifications that government planners do not see." At the end of June the Property Review Board released "a preliminary inventory of 307 parcels of federal real property totaling approximately 60,000 acres that will be sold to reduce the national debt." The majority of lands to be sold were administered by the Corps of Engineers and it was indicated that the sales would be for fair market value and would be conducted for the purpose of stimulating local economic development through more productive land use and by enhancing the local tax base. Forest Service and BLM lands, which were still under review, were not included.

26 This review was mandated by the Classification and Multiple Use Act of 1964.
In 1982, the 97th Congress enacted only two minor pieces of legislation in connection with the disposal of federal lands. This involved a delineation of certain requirements to be met by the Department of the Interior prior to disposing of any tracts of land.\footnote{P.L. 97-394 and P.L. 97-276.}

The initial announcements of lands being considered for sale by the Bureau of Land Management and the U.S. Forest Service were issued in March, 1983. The BLM inventory assigned all of the 175.2 million acres of BLM lands in the lower 48 states to one of the following three categories:\footnote{U.S. House of Representatives, Committee on Interior and Insular Affairs, 97th Congress, 2nd Session, Public Land Management Policy (Public Land Sales and Transfers) (Wash., D.C., USGPO, 1983), 133.}

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
<th>Acres (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Lands and mineral resources which will be retained in federal ownership and not available for sale.</td>
<td>30.4</td>
</tr>
<tr>
<td>II</td>
<td>Lands and mineral resources designated for sale or transfer.</td>
<td>2.6</td>
</tr>
<tr>
<td>III</td>
<td>Lands and mineral resources requiring further study.</td>
<td>140.0</td>
</tr>
</tbody>
</table>

If all lands managed by the Department of Interior agencies listed in Table 2 (including Alaska)\footnote{No action will be taken regarding Alaska lands until all state and native claims have been settled. Thus all lands in Alaska would currently fall under Category I.} are considered, Category I increases to 397 million acres.

The BLM identified some 2.6 million acres for potential sale (Category II), the vast majority of which are situated in 10 Western states (Table 3). This represents approximately 1.5\% of BLM lands within the lower 48 states. From among these lands the Bureau planned to offer approximately 250,000 acres for sale in FY 1984, with projected sales revenues of $300 million. An additional 140 million acres have been identified for further study for potential sale.
Table 3. Public Lands Identified for Sale Potential from BLM Lands (Excluding Alaska)

<table>
<thead>
<tr>
<th>State</th>
<th>BLM Acres (millions)</th>
<th>Acres Considered For Sale</th>
<th>Percent of State BLM Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nevada</td>
<td>48</td>
<td>516,000</td>
<td>1.1</td>
</tr>
<tr>
<td>Utah</td>
<td>22</td>
<td>79,000</td>
<td>0.36</td>
</tr>
<tr>
<td>Wyoming</td>
<td>18</td>
<td>289,000</td>
<td>1.6</td>
</tr>
<tr>
<td>California</td>
<td>17</td>
<td>267,000</td>
<td>1.6</td>
</tr>
<tr>
<td>Oregon</td>
<td>16</td>
<td>214,000a</td>
<td>1.3</td>
</tr>
<tr>
<td>New Mexico</td>
<td>13</td>
<td>74,000</td>
<td>0.57</td>
</tr>
<tr>
<td>Idaho</td>
<td>12</td>
<td>398,000</td>
<td>3.3</td>
</tr>
<tr>
<td>Arizona</td>
<td>11</td>
<td>580,000</td>
<td>5.3</td>
</tr>
<tr>
<td>Colorado</td>
<td>8</td>
<td>143,000</td>
<td>1.8</td>
</tr>
<tr>
<td>Montana</td>
<td>8</td>
<td>20,000</td>
<td>0.25</td>
</tr>
<tr>
<td>All others</td>
<td>.056</td>
<td>12,000</td>
<td>21.4</td>
</tr>
<tr>
<td>All BLM Lands</td>
<td>173</td>
<td>2,592,000</td>
<td>1.5</td>
</tr>
</tbody>
</table>

a Includes land in Washington.

Source: Bureau of Land Management, 1983

Table 4. Public Lands Identified for Sale Potential from the National Forest System (Excluding Alaska) in Selected States

<table>
<thead>
<tr>
<th>State</th>
<th>National Forest System Acres (millions)</th>
<th>Acres Considered For Sale</th>
<th>Percent of State National Forest Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Idaho</td>
<td>20.4</td>
<td>186,709</td>
<td>0.9</td>
</tr>
<tr>
<td>California</td>
<td>20.4</td>
<td>723,975</td>
<td>3.5</td>
</tr>
<tr>
<td>Montana</td>
<td>16.8</td>
<td>872,054</td>
<td>5.2</td>
</tr>
<tr>
<td>Oregon</td>
<td>15.6</td>
<td>277,091</td>
<td>1.8</td>
</tr>
<tr>
<td>Colorado</td>
<td>14.4</td>
<td>442,323</td>
<td>3.1</td>
</tr>
<tr>
<td>Minnesota</td>
<td>2.8</td>
<td>237,144</td>
<td>8.5</td>
</tr>
<tr>
<td>Mississippi</td>
<td>1.1</td>
<td>271,081</td>
<td>23.8</td>
</tr>
<tr>
<td>North Dakota</td>
<td>1.1</td>
<td>239,239</td>
<td>21.6</td>
</tr>
<tr>
<td>Illinois</td>
<td>0.26</td>
<td>69,694</td>
<td>26.6</td>
</tr>
<tr>
<td>Ohio</td>
<td>0.18</td>
<td>63,093</td>
<td>35.6</td>
</tr>
<tr>
<td>All others</td>
<td>74.5</td>
<td>2,689,590</td>
<td>3.6</td>
</tr>
<tr>
<td>All NFS Lands</td>
<td>167.7</td>
<td>6,071,590</td>
<td>3.6</td>
</tr>
</tbody>
</table>

Source: U.S. Forest Service, 1983
The USDA Forest Service has extremely limited authority for the sale or transfer of lands within the National Forest System. Congressional approval is required for any sales to the private sector. Legislative authority for sales and exchanges is contained in eight separate acts.\textsuperscript{33} The inventory of National Forest lands revealed approximately 60,000 acres for which the agency believes it has disposal authority under existing legislation. In addition, the Forest Service identified six million acres, scattered among 39 states, for intensive study for possible sale (Table 4). These lands account for 3.6\% of the 167 million acre National Forest System (excluding Alaska). This represents a substantial reduction from an earlier estimate in late 1982 of 18 million acres to be designated for potential disposal.\textsuperscript{34}

The Forest Service describes the lands to be studied for sale as limited to isolated parcels; those that are characterized by checkerboard ownership patterns; lands needed for community expansion, and some land used for single purposes and unlikely to be needed for public use in the future.\textsuperscript{35} Estimated revenues from potential sales were not provided since the acreages have not been appraised. However, the FY 1984 Forest Service budget provides for $200 million from the sale of National Forest lands.\textsuperscript{36} Since the Forest Service does not currently possess legislative authorization for such a land sales program, it plans to request such authority from Congress within the next few months.

Although no BLM or Forest Service lands will be offered for sale under the program until 1984, initial reactions by Congress, the states, and the

\textsuperscript{33}See: Huston, Federal Land Disposal Policies, 44-47, for a description of legislation pertaining to the sale and exchange of Forest Service lands.  
\textsuperscript{34}U.S. House of Representatives, Public Land Sales and Transfers, 136.  
\textsuperscript{35}New York Times, March 16, 1983.  
general public to proposed sales suggest that the issue will remain an important
one throughout the coming months. As noted previously, when the program was
first announced House Committee members differed widely in their assessments
of its potential impacts. However, when it became apparent that the acreages
to be evaluated for possible sale (including not only those described in Tables
3 and 4, but also the 140 million acres of BLM "Category 3" lands identified
for further study) would be quite large, Congressional sentiment soured con-
siderably. Congress ultimately expressed this growing concern regarding the
scale of the program on September 23, 1982, when the following amendment was
attached to House Joint Resolution 599:

None of the funds provided in this joint resolution shall be
obligated to dispose of any large public land tracts, real estate
and lands with national, environmental or economic value until such
time as the Property Review Board has specifically identified them
as no longer being needed by the Federal Government, inventoried
them as to their public benefit values; provided opportunity for
public review and discussion of the property proposed for disposal
and provided notice to Congress of that property proposed for dis-
posal and of plans for carrying out such disposal.37

Initial responses of the states to the land sales program varied consider-
ably by individual states. In the latter part of 1982, the States Rights
Coordinating Council, a group comprised of western state legislators, passed
a resolution calling for privatization of federal public lands. Led by
Nevada, states that had originally supported the Sagebrush Rebellion were in
general agreement regarding the merits of the program. However, when it
became apparent that Federal lands that had previously been transferred to
states at discounts of up to 100% would now have to pass through the Property

37U.S. House of Representatives, Public Land Sales and Transfers, 143.
Review Board for potential sale, a distinctly different scenario presented itself to states in which land sales were most likely to occur. A number of western states criticized this turn of events. In Idaho, where "Sagebrush" sentiment remains quite strong, the Senate approved a memorial asking the President to "terminate the land sales program under the Property Review Board and to eliminate the board's jurisdiction over public sales."38 Governor Bruce Babbit of Arizona described the administration's efforts as a "badly flawed, misguided program" that represents a "unilateral act of arrogance" on the part of the Department of the Interior.39 A further discussion of the impact of the land sales program on state governments and economies will follow in a later section of this report.

Announcement of prospective sales of lands by the U.S. Forest Service generated immediate criticism from some members of Congress. Particular concern was voiced regarding the high proportion of many eastern states' National Forest lands to be evaluated for disposal. Opposition by environmental and sportsmen's groups to National Forest sales has been particularly vociferous, producing immediate political consequences. A typical example is that of an editorial entitled "They're Selling Our Forests" in a leading sportsmen's magazine,40 regarding which the magazine later noted that "resultant denials, particularly by Republicans running for office, were heated."41 However, editorials in several Western newspapers noted the positive effects of transferring some lands to the private sector and advocated patience until specific parcels to be offered for sale are identified. "The idea of raising

40 Outdoor Life, December, 1982.
a few dollars via the sales, controlling maintenance costs and putting some of
these lands back on the tax rolls may well make sense when the entire process
has been completed. In general, however, press coverage has tended to em-
phasize fears voiced by many environmental groups that the land sales program
might eventually lead to an indiscriminate clearing of federal property books.

The potential for controversy in certain areas with respect to future
large-scale land sales by the Forest Service may be inferred from a recent
offering by the agency in August, 1982 of 60,000 acres of "land utilization"
property purchased in the 1930's from farmers in financial difficulty. The
prospective sale of a 13,000 acre tract in upstate New York under this clause
resulted in intense local opposition in the form of petitions and testimony at
hearings. To date, none of the "land utilization" acreage targeted for dis-
posal has been sold.

Perhaps the least anticipated effect of the administration's land sales
program has been the negative response to first-year property offerings by
the General Services Administration. These small parcels, primarily in urban
areas, were expected by program officials to be disposed of rather easily.
Adamant local opposition has prevented most of these properties from being sold.

The implications of initial adverse public reaction to the sale of these
small parcels for future large-scale offerings in less-populated areas are
difficult to determine. It is clear, however, that public opposition has had
a substantial effect upon the administration's estimated revenues from the
land sales program for FY 1983 and beyond. By January 1983, the original goal of

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43. Congressional authorization is not required for the sale of "land
utilization" properties.
44. Approximately 1,000 people attended three hearings on the proposed sale;
no individual testified in favor of the sale. (USA Today, March 7, 1983).
$1.25 billion in land sales revenues for FY 1983 was reduced to $640 million.\textsuperscript{45} After initial forecasts that the U.S. Department of the Interior would generate more than $1 billion from land sales in 1984, the Department predicted sales of $300 million.\textsuperscript{46} Moreover, the combination of current land inventory results and public opposition to potential sales resulted in a reduction in estimated revenues from the 5-year land sales program from the FY 1983 budget figure of $17 billion to a new 5-year goal of $4 billion. The administration's reaction to events that transpired since its initial announcement of the program in February 1982 were summarized in a statement of Secretary of the Interior James Watt that "we've not handled that (program) well. The program has not gone well at all."\textsuperscript{47}

In light of the complex political, social and economic factors associated with the large-scale disposal of federal lands, it is worthwhile to take a closer look at some of the major issues involved in both advocating and implementing such a program. The following pages briefly examine several of these issues and their relevance to the land sales program of the current administration. This may in turn provide a better understanding of events that have transpired to date and of prospects for the program's success in the future.

FEDERAL LAND SALES:
ECONOMIC AND LEGAL DIMENSIONS

Each of the four philosophical tenets of the Reagan administration described previously (page 1) involves judgements with both social and economic ramifications. Perhaps the most basic economic decision concerns what share

\textsuperscript{45} General Services Administration, 1983.
\textsuperscript{46} Daily News Digest, U.S. Forest Service, February 15, 1983. The BLM expected to sell 250,000 acres in 1984, accounting for most of these estimated revenues.
\textsuperscript{47} Meet the Press, NBC News, March 27, 1983.
of the total productivity of this society shall be provided by the public sector and how much will emanate from the private sector. The current administration believes that the public sector, and in particular the federal government, has exerted too pervasive an influence on the nation's economy, and that without government action this trend will continue to worsen. It also believes that policies of previous administrations have been so restrictive that competition in the marketplace has been impeded. In addition, the administration feels that, with public control over the production process, government officials are never directly and solely responsible for the consequences of their decisions. Thus the proper course of action consists of shrinking the size of the public sector so that the free market economy may be able to function more effectively.

While advocating these changes, the Reagan administration also believes that the functional relationship between the federal government and state and local governments has gone awry. This has resulted primarily because the federal government has assumed too many responsibilities that would be better executed by state and local governmental agencies. The "New Federalism" proposals of the administration are intended to restore what it sees as the proper balance between levels of government by releasing many federal functions and some revenue sources to the states.

The remainder of this report will focus upon the issues involved with the administration's application of these two philosophical tenets to public lands policy in this country. The federal land sales program is examined as a concrete example of the administration's efforts at implementing privatization, or the transfer of resources and responsibilities from the public to the private sector. The transfer of federal lands to state and local governments is also briefly considered as representative of the administration's applica-
tion of its "New Federalism" to public lands policy.

**Public Land Sales/Transfers and the Reagan Philosophy**

In interpreting the historical pattern of public land management in the United States, the Reagan administration believes that the federal government has been a poor manager of the nation's public lands. It is also seen as having provided little impetus for utilizing these lands in a way that would benefit the nation's economy. The present Council on Environmental Quality summarizes this viewpoint:

The most striking lesson to be learned from the nation's environmental history is that resources held in common, that is, resources which have not been assigned as a property right, have almost inevitably deteriorated.\(^{48}\)

This situation in turn is regarded as but another manifestation of inept performance of government, with adverse effects upon the well-being of many Americans.

As with many other governmental activities, the administration claims that the private sector could do a far better job of providing effective management for the public lands. These lands would both become more productive and in the process be more closely linked to the market system. The sale of federal lands is one mechanism through which the administration is attempting to correct this perceived imbalance in land ownership between government and the private sector. At the same time, the disposal of federal lands would also have the simultaneous benefit of helping scale back the size of the federal government. As stated by one official at the Office of Management and Budget (OMB): "We want to sell properties as a way of coming to grips with exactly

what size the federal government ought to be.\textsuperscript{49}

The administration also believes that land sales would greatly enhance the efficiency of the federal government in managing those lands it retains. Isolated parcels or those uneconomical to manage could be sold. Besides enabling the government to better focus on managing its real property assets in a cost efficient fashion, the sales would also generate revenues which could be applied to reducing the size of the national debt. Initially, this latter benefit was cited most often as the driving force behind the current land sales program.

Even without privatization of public lands, the administration believes that the objective of increased efficiency of federal land management could be better achieved through the exchange and/or transfer of lands expensive to manage from federal to state control. By blocking up small parcels into larger contiguous areas, management economies for both federal and state agencies might be achieved.

Figure 3 depicts the relationship of the current administration's land sales and transfer programs to the Reagan philosophy as expressed in two of the basic ideological tenets previously described (see page 1).\textsuperscript{50} Benefits from public land sales would be manifest primarily in the greater productivity of these lands within the private sector; in addition, revenues would accrue to the federal government. The desirability of land transfers and/or exchanges

\textsuperscript{49}Time, August 23, 1982.

\textsuperscript{50}The dynamic effects of land sales and transfers upon income distribution are not represented in Figure 3; however, they are addressed in the following pages. While there undoubtedly exist certain relationships between the administration's goal of a stronger national defense and the status and management of public lands (ex. diversion of potential resources for land management for military purposes, the impact of the M-X missile on public land status, etc.), for this report these interactions are not explicitly considered.
Figure 3. Federal land sales and transfers and the Reagan ideology

with the states does not reflect a belief that state governments should increase in size (although with more lands and resources to administer this could conceivably occur in a limited way). Rather, the administration believes that by maintaining jurisdiction over these lands the federal government has hindered the states' accessibility to local resources, thus precluding their potential for economic development.

In order to obtain a better perspective of how public land sales and transfers are reflective of administration policy, as well as to provide a framework within which the current land sales program may be assessed, the
principal goals of the Department of the Interior regarding the nation's public lands are presented below:51

(1) To make more public lands available for multiple uses in addition to recreation, wilderness, or single uses;
(2) To develop a strategic mineral production policy;
(3) To work towards national self-sufficiency in energy;
(4) To upgrade the management of parks and recreation land.

The opening up of the public lands via sales and leasing is viewed as having great potential for administration goals related to domestic energy production. These programs also would allow public and privatized lands to be managed for "highest and best use", a phrase which appears repeatedly in administration statements supporting its proposals.

From an overall perspective, the public land policies of the Reagan administration reflect the view that too many problems related to natural resources and the environment have been passed on to the federal government for resolution. This in turn has contributed to a strongly centralized federal influence in these areas, leading to the imposition of uniform solutions for problems that may vary in both nature and scope for particular states or regions. In short, "the federal role should be one of supportive partnership with state and local governments and private individuals. States should be given more authority and responsibility to determine the optional use of natural resources within their borders."52

This brief description of the role of federal land sales and transfers

within the Reagan philosophy provides a framework for examining the economic and legal issues associated with current administration actions in these areas. As noted previously, the primary focus is upon the privatization of federal lands through the current land sales program. Issues arising from administration efforts to implement its New Federalism policy through land transfers to states and local governments are also briefly addressed.

Sale of Federal Lands: Economic Dimensions

The proposed sale of federal lands represents one element of a broader ideological concept referred to by its proponents as privatization. From a conceptual standpoint, the following definitions are relevant:53

privatize: to invest control and ownership to a private person or a private legal entity.
privatization: the act or process of privatizing.

Privatization of public assets is advocated by those who believe that government, particularly at the federal level, has become so large and cumbersome that its ability to efficiently allocate goods and services it should be providing has been substantially reduced. Impacts are seen as permeating the economy and concretely reflected in increasing government expenditures for health, education, income maintenance, housing, and a host of areas. Individual autonomy has been reduced, and the responsibility for societal welfare has been assumed by collective institutions – principally government.

53Steve H. Hanke, "The Privatization Debate: An Insider's View", in Cato Journal, 2 (1982): 653-662. Although the meaning of these definitions may appear obvious, a great deal of confusion has resulted from the manner in which the current administration has linked these terms to its land sales program. This is discussed further in the following section pertaining to legal aspects of the program.
The goals of privatization⁵⁴ are to reverse the above process by reducing government provision and/or subsidization of certain services, greater use of service-delivery arrangements provided by the private sector, employing user charges to make costs more visible, and utilizing competition to reduce or eliminate effects of unnecessary government monopolies. All of these reflect the belief that the market system is a more effective mechanism than the political arena for assuring that consumption of goods and services is linked to their costs of production, and that individuals have more freedom in determining the quantity and quality of goods they wish to acquire. This inherent superiority of the market system is the major force contributing to the Reagan administration's philosophy of enhancing the role of the private sector in American society.

When applied to the nation's public lands, privatization implies that many of the goods and services being produced by government on these lands are more suitable for production in the private sector. Market forces would assure that both production efficiency would be enhanced and users of resources would be more responsible for assuming cost differentials. In short, while these lands are currently producing benefits to society, in many instances the opportunity costs of public ownership are viewed as excessive.

As described previously, the administration has claimed that its land sales program is designed to dispose of surplus land assets that would result in "higher and better use" under private ownership; to enhance management efficiency by selling lands that are uneconomical to manage; and to generate revenues which could be applied to reducing the national debt. Stimulation of

⁵⁴These and other aspects of privatization, along with numerous examples, may be found in E.S. Savas, Privatizing the Public Sector: How to Shrink Government (Chatham, N.J., 1982).
local economic development has also been cited as an important objective of this program.

These objectives may be better assessed within the context of six national benefits of the land sales program as described by Steve H. Hanke, who, as former senior economist for the President's Council of Economic Advisors, was instrumental in the development of the program.\footnote{Hanke, The Privatization Debate, 656. Although in this article Hanke is referring to grazing lands, the arguments apply equally well to the nation's forest lands.}

1) Consumers would be served more efficiently and lands would be allocated to their most highly valued uses.

2) The annual federal costs...exceed the revenues generated from federal lands. Therefore, privatization would eliminate negative cash flows for the federal government. This would obviously benefit all U.S. taxpayers.

3) Current federal revenues would be generated and earmarked to retire the national debt.

4) The productivity of federal lands would increase, and the cost per unit of output would fall, since private landowners would not have to jointly manage lands with federal bureaucracies.

5) Land use decisions would become less politicized and commercial and non-commercial land users would have to spend less of their time and money in attempting to obtain land use rights through the political-bureaucratic process.

6) A state and local tax base would be created. Western dependence on in-lieu payments from Washington would be eliminated and federalism would be enhanced.

The remainder of this section addresses the first five of these proposed benefits, while the impacts of federal land sales on state and local revenues are discussed in a subsequent part of the report. The first benefit represents a specific case of the much-debated argument concerning the allocative efficiency of private vs. political markets; the remaining benefits pertain to specific aspects of the land sales program.
Consumer Preferences/Market Accountability. As a special case of the more general concept of privatization, the basic tenet underlying the sale of federal lands is that the market system provides high quality information and incentives for owners of land to produce and allocate goods and services efficiently. At the same time the market is seen as providing the most effective means through which consumers may register their preferences for quantity and quality of products, to which producers may then respond accordingly.

With respect to the land resource, the principal mechanism that allows market forces to act effectively is the establishment of private property rights. Such rights provide owners with incentives to use their land efficiently or dispose of it via sale at fair market value. From an economic perspective, both discipline and responsibility are seen to be enhanced. Should producers face unfavorable circumstances, they may adapt accordingly. However, when the public sector assumes property rights to land, no such incentives for management efficiency are perceived to be in operation. Effects of inefficient resource allocation are not borne by managers from whose actions they arise. Allen summarizes the critical importance of property rights:

Inefficient resource management by government has little to do with integrity and skill of government managers, but is the inevitable result of property rights not belonging to private individuals, whose wealth would be increased or decreased according to their success or failure in evaluating preferences revealed in the market place.

The market system is also recognized as stimulating responsibility on the part of the consumer, who in choosing to purchase one good over another, compensates the producer for any additional costs and bears any

56William Allén, Remarks presented at Symposium on Selling the Federal Forests, College of Forest Resources, University of Washington, April 22-23, 1983, Seattle.
positive or negative effects of his own decision. The consumer of public goods, however, who pays only a minimal share of additional costs, has every incentive to both overstate benefits received and advocate increased production of desired goods, regardless of cost.

It is widely recognized that nonpriced goods and services comprise an important part of the output of public resource management organizations. Proponents of federal land sales point to the fact that without market mechanisms the relative values of these outputs and the resultant levels at which they should be produced are most difficult to estimate. In addition, the costs of additional production to meet these demands are externalized to non-users in the form of increased budgets for public agencies. Market forces are viewed by those favoring land sales as effective checks upon these undesired effects of public ownership.

The owner, in seeking to maximize his return, will sell the resource to the individual who places the highest value on it and excludes potential users who are not willing to pay the market clearing price. Thus the difficult problem of identifying the value of a resource is overcome when the users reveal their preferences by paying the market price...this is the usual process through which resources are allocated in a private property economy.57

With respect to nonmarket services, Allen argues that with either government or private ownership, the government can make plausible estimates of values of such services from public lands, which then could be included in calculated management decisions.58 However, the private sector would be more economic in those calculations that can be made with market data. This task would be further facilitated by market-induced expressions of consumer

preferences. "People willing to vote for environmental quality should also be willing to buy it for themselves to use and hold as an investment."\textsuperscript{59}

Supporters of land privatization also criticize the politicized nature of decision-making processes within public resource agencies, and maintain that political forces often prevent adequate agency response to consumer preferences. As opposed to being dictated by market transactions, critics claim that the bulk of managerial decisions in public agencies result from bargains among officials, administrators and groups that have organized to promote their own special interests. Some argue that even the influence of elected officials on agency allocation is limited to initiating broad legislative or policy guidelines, and that administrators and interest group representatives ultimately determine output levels for various goods and services. Benefits received by these groups from public decisions are seen to be at the expense of both individual users who do not belong to such groups as well as all non-users of the outputs in question. While private ownership of lands would not preclude groups from obtaining benefits, it would temper excessive demand by requiring compensation to producers of the desired goods or services. Hence the negative effects on non-group members and non-users under public allocation would be reduced.

Critics of the political market also assert that public managers lack incentives for responsible decision-making. Since they are unable to directly benefit from increasing efficiency and do not bear the consequences of decisions that lead to inefficient resource allocation, there is great potential for decision-making to address political, as opposed to economic, concerns.

In addition, because bureaucrats in land management agencies receive no budgeted or other benefits from the liquidation of government property, they are viewed as afflicted with the institutionally-derived "cancer of asset hoarding." 60

Those favoring land sales see the effective expression of individual preferences as further inhibited by a voting process occurring only at periodic intervals. In the market place, however, daily refinement of preferences occurs at the margin via the price system. A voter is also handicapped by having to vote for a single candidate promoting a "package" of views on a variety of issues; some of these views may not coincide with those of the voter.

The cumulative effect of these problems within public bureaucracies is seen to result in a very limited time frame for public resource managers. Current benefits take precedence over future return and long range planning. Baden and Stroup observe:

The bureaucrat must rely upon political allocations for budget increases. He is competing in the public sector with alternatives such as a space program, a foreign military adventure, or expanded welfare programs. The primary issues are not efficiency and equity, but rather skills of political mobilization and leverage. Because elections come every two, four or six years, the discount rate in the public sector may be very high. Thus there is underinvestment in programs whose payoff is more than an election or two away. 61

In short, the lack of private property rights means that capitalization possibilities are absent for decision-makers in the public sector.

In summary, with respect to the nation's public lands, proponents of federal land sales maintain that major deficiencies plague public resource

allocation through the lack of market-induced responsibility on the part of both producers and consumers. Within the market framework, private property rights would assure that a diverse number of producers allocate resources efficiently, or suffer the consequences. At the same time, users would pay for the resources they consume and critical information regarding both market and non-market values, as well as producer costs and consumer benefits, would be generated via daily refinement in the market place. Since incentives and information are handled through prices, market forces would effectively determine levels of investment appropriate for diverse preferences found in society.

Opponents of the administration's land sales program recognize the general validity of arguments that the market system provides a number of important incentives that contribute to efficient resource allocation. However, they regard these incentives as being linked primarily to the production of commodity goods which, in the case of land resources, consist of products such as timber, minerals, and forage for grazing. Problems may arise, however, when the effects of production processes for private (i.e., market-controlled) goods are experienced by those other than producers or users of those goods. Such effects are referred to as externalities of production.

Externalities may have positive or negative effects. Positive externalities result in benefits from production accrued to others in addition to buyers and sellers of a particular product; from the producer's standpoint, therefore, these benefits represent a portion of output for which no compensation is received. A private corporation or individual producing timber on forested land will likely provide opportunities for hiking, camping and other recreational activities. Since this producer is often not able to capture the benefits of producing these services through user charges, benefits accrue to recreationists who are not assessed any of the costs of production for the services they consume.
Externalities may also reflect negative effects of the production process. This occurs when the production of a good generates costs that are borne by those other than buyers or sellers of that good. Environmental pollution is an oft-cited example of this phenomenon. In the absence of governmental regulations to "internalize" pollution costs within the production process, such costs are borne by society in the form of reduced environmental quality. In addition, producers would have little incentive to eliminate these undesirable effects since they would not be compensated for doing so.

With respect to the production processes for resource-based commodity goods, the basic argument of opponents of federal land sales is that incentives for and resultant production of commodity goods generate negative externalities and register faltering if not failing private markets for certain services desired by consumers. While private producers have every incentive to produce commodity goods, for which prices indicate appropriate (i.e., profitable) output levels, no such motivating force operates to stimulate their production of non-commodity services such as dispersed recreation opportunities, wildlife enhancement, or resource amenities. In the absence of such incentives, it is argued that the quality of such goods will inevitably deteriorate. In short, the market system is regarded as failing to provide an adequate linkage among valuation, demand and supply that is essential to efficient resource allocation of these services. Thus while private property rights may enhance producer responsibility with respect to market goods, they are seen as decreasing responsibility in the production and preservation of non-market services.

Opponents of large-scale federal land sales also reject the notion that incorporating estimates of non-market services within the market framework will lead to efficient resource allocation, since the production of these services is only peripheral to that of commodity goods. Thus the only truly
effective way to eliminate negative externalities is to remove the production of non-market services from the market framework via public land ownership. This viewpoint reflects the traditional argument that public goods, if privately produced, tend to be undersupplied.

Another notion that advocates of public land ownership do not accept is that the public sector is unresponsive to consumer preferences. They argue that such preferences for non-market goods are very strong and that, given the mechanism to do so, consumers can and do express their desire for these goods via the political market. As a case in point, it is noted that in 1976 voters in the state of Missouri approved a constitutional amendment increasing the state sales tax by 1/10 of 1%, with receipts earmarked for wildlife programs of the state's Department of Conservation. The success in several states of wildlife "check-offs" on state income tax returns, whereby a portion of a taxpayer's return is donated to state wildlife programs, is viewed as another example of the ability of the public sector to respond to consumer preferences for non-commodity goods and services. Market failure would preclude expressions of demand for these services in the private sector.

The political power of interest groups in public resource management is recognized by land sales opponents as an inevitable, if not entirely desirable, consequence of the American system of government. However, the distribution of power within private markets is also perceived as being far from equitable. Prior to pursuing this argument, it is worthwhile to briefly examine the positions of various interest groups with respect to the administration's land sales program (Table 5).

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62 Passage of this amendment effectively doubled the budget of the Missouri Department of Conservation in one year.
With the exception of a few environmental groups, most interests are not opposed to the disposal of scattered, isolated parcels of land that may present management problems for public agencies. Even with respect to these lands, however, environmental and recreational groups feel that the government should carefully evaluate those parcels that might represent the only public land holdings in a particular area. Such lands, they maintain, are important for both maintaining wildlife diversity and as sources of public recreation. Table 5 reveals that, with the exception of the real estate sector, support for the administration's sales program for federal lands is rather limited. Most interest groups feel that both the costs of obtaining goods and services from these lands would greatly increase and that in many instances they would not be able to compete for these goods on the open market.

Table 5. Concerns of Interest Groups Regarding the Administration's Land Sales Program.

<table>
<thead>
<tr>
<th>Interest Group</th>
<th>Position Regarding Land Sales Program</th>
<th>Concerns/Interests</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ranching</td>
<td>Mixed</td>
<td>+ Acquisition of isolated federal land parcels</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Compensation for existing grazing rights</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Inability to purchase land on open market</td>
</tr>
<tr>
<td>Environmental</td>
<td>Opposed</td>
<td>- Could evolve into massive disposal program</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- High cost to future generations</td>
</tr>
<tr>
<td>Recreation</td>
<td>Opposed</td>
<td>- Failing markets for recreational services</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Restricted access on private lands</td>
</tr>
<tr>
<td>Wildlife</td>
<td>Opposed</td>
<td>- Habitat deterioration on lands sold</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- State fish/wildlife plans compromised</td>
</tr>
<tr>
<td>Timber</td>
<td>Mixed</td>
<td>+ Large industries might expand resource base</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Small firms could lose public timber sources</td>
</tr>
<tr>
<td>Minerals</td>
<td>Mixed</td>
<td>- Increase in access costs relative to those</td>
</tr>
<tr>
<td></td>
<td></td>
<td>under current leasing policies</td>
</tr>
<tr>
<td>Real Estate</td>
<td>Favor</td>
<td>+ Enhanced local economic development</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+ Increase in state and local revenues</td>
</tr>
</tbody>
</table>
Among groups representing producers of commodity goods, cattlemen favor the sale of small parcels of federal lands entirely surrounded by private grazing operations. This would eliminate public access problems involving the crossing of private grazing lands to reach these areas. On the other hand, many ranchers currently holding grazing rights, leased from the federal government at less than market value, fear a substantial rise in the cost of their operations should these lands be sold. They note that "it must be understood that in many cases a federal grazing tract, when allied with a commensurate private tract, makes possible a ranching operation that is economically viable." Many ranchers are concerned that their operations might collapse without grazing rights to adjacent federal lands, for which they would be unable to compete should they be offered for sale.

With respect to forest lands, small-scale timber firms express similar concerns. Most of these operators depend almost exclusively upon timber supplied from public lands. With their primary source of supply eliminated and without the resources to purchase lands offered for sale, many small firms fear they would be forced out of business. Conversely, larger corporations within the wood-based industry, with adequate capital resources to purchase lands, might welcome the opportunity to enlarge their resource base through the purchase of some federal lands.

Environmental, wildlife and recreational groups are united in opposition to the land sales program. Wildlife interests fear restricted access to private lands and that less attention will be paid to habitat protection and restoration than would be the case under public ownership. The recreation community doubts that under private ownership there would exist any incentives

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for multiple-use management and that short-term economic gains from commodity goods would dominate the production process.\textsuperscript{64} Environmental groups express similar concerns with respect to public goods such as soil and water conservation and air and water quality. They claim that the land sales program makes no provisions for compensating those with prior existing rights to the use of the nation's public lands nor does it guarantee traditional user rights in the future. They are suspicious of the administration's repeated references to "higher and better uses" for these lands, and claim the administration is attempting to assume complete responsibility for defining what these uses may be. In short, such efforts "ring of pro-development and fail to recognize what might be called "intrinsic values" of the lands - values which are recognized in some existing laws.\textsuperscript{65}

In response to claims by land sales proponents that interest groups wield inordinate power within the political market, it is observed that private markets are often dominated by the powerful forces of corporate interests. With large capital assets relative to small firms or individuals, these groups would be assured first choice among any lands offered for sale, with others left to bid among themselves for whatever residual, and likely less productive, lands remain. Thus the question of who would buy the public lands is of major concern. The administration has indicated that, with respect to grazing lands,

\textsuperscript{64}Within the past several years, the recreation community has begun to assemble an increasing amount of concrete information representing the value and economic importance of recreation to society. They note that outdoor recreation is now a major industry generating more than $110 billion per year. They also point to the fact that combined recreational visitor days (RVD's) on Forest Service and BLM lands in FY 1981 totaled over 270 million RVD's and that demand for activities such as camping and canoeing is expected to increase by 50% and 40%, respectively, by the year 2000. Source: Derek A. Crandall, "America's National Forests: An Essential Link in Recreation Supply", paper presented at Symposium on Selling Federal Forests, Seattle, 1983.

\textsuperscript{65}Simmons, Baldwin, and Bea, Federal Real Property, 11.
current lessees would be given first option on purchasing lands to which
their leases apply; as noted previously, however, many ranchers feel they
could not compete with larger, capital-secure private interests. The current
acceleration of oil and coal leasing programs by the administration without
adequate consideration of potential price-depressing effects is cited by
critics as indicative of favoritism that will only serve to strengthen cor-
porate influence regarding natural resource utilization.66

The perceived dominance of corporate interests within private markets
also leads land sales opponents to strongly reject the claim that the time
frame for public managers is substantially shorter than that for managers
within the private sector. Lekachman notes in this regard:67

Proponents of privatization assert but utterly fail to demon-
strate that private and public time horizons and interests
coincide. How could they? However imperfectly it performs
its mission, government acts as trustee for generations as yet
unborn. In contrast, the average tenure in office of chief
executive officers in major corporations is less than seven-
years. Top executives must make their mark rapidly or face
speedy ejection from positions of power.

In short, while private investment no doubt occurs and is essential to the
success of any firm, the "long run" for corporate interests is viewed as
being substantially shorter than that for public agencies charged with inter-

66 Regardless of specific viewpoints on this issue, major questions have
been raised by members of both parties in Congress concerning the large in-
creases in acres for oil and coal leases being offered by the Department of
the Interior, irrespective of current market conditions. With respect to the
Department's coal leasing program, Monte Pascoe, Executive Director of the
Department of Natural Resources in Colorado observes: "At a recent meeting of
the synfuels industry, I heard a representative of the Department of the Interior
describe how lease sales of public land have not been going well and actually
pled with the industries to bid on upcoming sales. The message was clear: 
Interior has gone out on the limb to lease. Sales are slow. If you don't buy,
we will not be able to continue selling. If you need reserves, buy now."
(Source: Monte Pascoe, Libertarian Longing, Privatization and Federalism,
67 Robert Lekachman, Remarks presented at Symposium on Selling the Federal
Forests, Seattle, 1983.
generational concerns. Furthermore, corporate pressures to minimize costs in the short-run are seen to favor production of commodity goods at the expense of other less tangible services such as recreational opportunities, wildlife enhancement, and the like. Even as this occurs, it is argued that benefits would accrue not to consumers, but to corporations themselves:

Ostensibly, consumers will benefit as cheaper prices for resources are passed along. What will really happen is that, as industries obtain land and leases at artificially low rates, they will hold on to their gains until prices rise once more—perhaps well into the next century. In a recent article in The Times, Robert Jones quotes several industry sources to that effect. "Everybody understands the deal," one said. "Lease the coal now, as fast as possible, and hang on to it for as long as possible." The same principle applies to other resources.68

Those favoring retention of public lands dismiss as unrealistic the argument that sale of these lands will facilitate income redistribution through the resultant reduction of administrative costs and resource agency budgets. Market forces, they maintain, will lead to precisely the opposite effect. "We're a long distance in politics between the one person/one vote state in real life, but we are a lot longer away from a one person/one dollar vote in the private market. Money is distributed with increasing inequality and with only limited relation to merit."69

The lack of responsiveness to consumer preferences which land sales advocates attribute to the public sector is also dismissed by critics as not reflected in real world situations. Despite the acknowledged influence of interest groups and other institutional pressures on public managers, they argue that the political market does lead to accountability on the part of elected officials and public bureaucrats. The recent reorganization of the

68Los Angeles Times, August 10, 1982.
Environmental Protection Agency, along with actions by Congress to restore substantial budget cuts previously imposed on the Agency by the administration, are cited as evidence that public preferences can and are effectively expressed in the political marketplace. However, the ability of stockholders to address corporate management inefficiencies with similar effectiveness is strongly questioned.

Thus from an overall perspective, opponents of the administration's land sales program feel that it would result in dedicating any lands that were sold to the production of commodity goods at the expense of other resource values for which financial compensation is difficult to obtain. They believe that for numerous goods and services produced on federal lands the private market cannot be used to establish desirable levels of output; therefore, it must be replaced by a political method for making economic decisions. Although they recognize that the political market is characterized by numerous imperfections, they maintain that it is both accountable and far superior to private markets in addressing consumer preferences for non-market services and in representing the interests of future generations in the use of the nation's natural resources.

**Cash Flows, Capital Charges and Management Efficiency.** Many of the preceding positions concerning the relative efficiency of private and political markets in resource allocation are relevant not only to the administration's land sales program, but to all aspects of the privatization debate as well. The remaining topics in this section pertain to other potential economic effects of the program that are tied more closely to the specific nature of public natural resource management.

The administration believes that a significant portion of the management costs for both BLM and Forest Service programs can in many cases be traced to the distribution of land ownership. Particularly in the West, current land-
ownership patterns are often haphazard in nature, with federal, state and private lands intermingled in checkerboard fashion. This situation arose both as a result of how states originally acquired their lands from the federal government (and subsequently returned some lands to federal control), as well as through past federal policies of land disposal to the private sector. The present day fragmented patterns of land ownership that occur in some areas create problems of administrative efficiency in the development and use of resources on these lands. The administration maintains that the blocking of larger land areas under a single ownership, which could be achieved through land sales or transfers, does offer potential for increasing management efficiency - both on lands disposed to other sectors and on those retained by the federal government.

Noncontiguous land ownership patterns are regarded as adversely affecting federal land management operations. When considering the Bureau of Land Management and the U.S. Forest Service as the primary agencies with jurisdiction over lands targeted for disposal, it is noted that annual expenditures exceed receipts both for BLM grazing programs and for the Forest Service as a whole.70

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70 For the BLM, agency-wide receipts exceed expenditures. This is due to the large proportion of total receipts derived from outer-continental shelf (OCS) leases and mineral leases/permits on public lands. As an example of the relative proportions of BLM receipts attributed to these activities, total FY 1981 receipts for the agency are presented below:

(Millions of Dollars)

<table>
<thead>
<tr>
<th>Total Receipts</th>
<th>$11,279.4</th>
</tr>
</thead>
<tbody>
<tr>
<td>OCS Receipts</td>
<td>10,137.9</td>
</tr>
<tr>
<td>Mineral Leases/Permits</td>
<td>1,141.4</td>
</tr>
<tr>
<td>Receipts from Other Programs</td>
<td>822.0</td>
</tr>
<tr>
<td></td>
<td>319.5</td>
</tr>
</tbody>
</table>


Since no lands with known mineral reserves are included within the land sales program and OCS receipts do not arise from the public lands, land sales proponents focus upon cash flows related to grazing programs as opposed to those of the agency as a whole. BLM expenditures for all agency programs totaled approximately $640 million, in FY 1982.
Table 6 summarizes these facts.

Table 6. Cash flows for BLM grazing programs (FY 1982) and U.S. Forest Service operations (FY 1979)

(Millions of dollars)

<table>
<thead>
<tr>
<th>BLM Grazing Lands (FY 1982)</th>
<th>USFS Operations (FY 1979)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Costs</td>
<td>Total Expenditures</td>
</tr>
<tr>
<td>$38.1</td>
<td>$1,595.0</td>
</tr>
<tr>
<td>Range Management</td>
<td>Total Receipts</td>
</tr>
<tr>
<td>$36.1</td>
<td>780.0</td>
</tr>
<tr>
<td>Payments-In-Lieu-of-Taxes</td>
<td>Cash Flow</td>
</tr>
<tr>
<td>2.0</td>
<td>-815.0</td>
</tr>
<tr>
<td>Receipts from Grazing Permits</td>
<td></td>
</tr>
<tr>
<td>21.0</td>
<td></td>
</tr>
<tr>
<td>Cash Flow</td>
<td></td>
</tr>
<tr>
<td>-17.1</td>
<td></td>
</tr>
</tbody>
</table>

Source: Bureau of Land Management, 1983  
Source: U.S. Forest Service, 1983

With respect to federal grazing lands, those favoring land sales consider the $17.1 million cash flow deficit for BLM grazing programs as a government subsidy to ranchers at taxpayer expense. Sale of rangelands would eliminate both management costs and state in-lieu payments and thus also erase the negative cash flows for this program. On an agency-wide basis, a similar result could be expected from the disposal of National Forests. However, there is general consensus among most advocates of land sales that lands designated as natural preserves – i.e., wilderness areas, wildlife refuges, etc. – should remain in public ownership. However, they maintain that negative cash flows could still be substantially reduced through the sale of scattered parcels that are uneconomical to manage.

In addition to cash flow deficits, it is claimed that there also exist hidden costs of public ownership that do not appear in the figures within Table 6. These reflect the value as capital of the resources on public lands. Timber inventories of the U.S. Forest Service are used to demonstrate this point; however, the premise applies equally as well to forage resources.
on public rangelands.

Current Forest Service inventories represent capital assets held by the government. Economic theory states that present consumption of a good or service is preferable to future consumption of that same good; thus consumers will pay more for goods now than later. Conversely, therefore, one would expect that society should be compensated for any delay in the availability of timber held by the government as capital assets. This compensation is reflected in the interest charges assessed against capital goods (i.e. timber inventories) over time until they are converted to final products available for consumption.

Proponents of the administration's land sales program maintain that under existing public management no capital carrying charges are assessed against timber (and forage) inventories, charges which represent the costs to society of holding these resources for future, as opposed to present, consumption. Furthermore, it is argued that public managers have no incentive to consider such costs, since they do not bear the consequence of delaying the availability of these resources to society. In addition, government policies such as non-declining even flow for timber from public lands are regarded as contributing to the deterioration of some capital assets, namely, mature and over-mature trees which should be harvested but are left to decay on the stump.

Dowdle maintains that the real cost to society of public timber management includes both negative cash flows of public timber agencies as well as capital carrying charges for timber inventories - the latter of which comprise the greatest expense incurred by public management. With respect to the 90 million acres of commercial (i.e., productive) forest lands managed by the U.S. Forest Service, he offers the following scenario to demonstrate
this fact:

Ignoring the wilderness exclusive use lands, if commercial forest lands on the National Forests are conservatively priced at $50/acre and timber at $100 per thousand board feet, the National Forests would be worth at least $104.5 billion. But if we assume the 10% interest rate that the capital costs of the National Forests represent, these costs would be over $10 billion per year. Now if we add that to the $1 billion cash flow deficit that the Forest Service is running, then we get an approximate revenue of roughly $11 billion more than revenues that are being generated... the question is, whether society is getting $11 billion more in nonpriced benefits from the National Forests than they would otherwise get.71

Thus the sale of these lands to the private sector is viewed as the mechanism whereby capital carrying costs of timber to society may be substantially reduced, for then timber resources would be harvested efficiently in response to market forces.

Advocates of retaining federal lands assert that these arguments place excessive emphasis upon economic theory, with insufficient consideration given to what actually would occur were these lands to be offered for sale. They note that the elimination of negative cash flows, which assumes a concurrent termination of all federal subsidies to public land users, would in reality not be attainable unless all federal lands were sold. The likely scenario under the land sales program, however, would be that only the most productive lands - i.e., those presently generating cash receipts to the federal government - would be purchased by the private sector. The remaining lands retained by the public would either require some form of federal subsidies for management, if only at current levels, or become part of a newly-

formed unmanaged "commons".

The possibility that many of the lands offered for sale within a large-scale land sales program would attract no buyers is described by Hyde, who in considering the eleven western states in the continental U.S. observes:

Were federal lands in these states offered for sale, nearly two hundred million acres would fail to attract private purchasers at a price sufficient to compensate for public protection against the offsite liabilities of land ownership. Therefore, these lands would likely continue under public management. 72

Under this scenario, critics argue, those lands likely to be sold are precisely those that have the highest potential for generating positive returns from management. On the other hand, ignoring for the moment issues regarding non-priced benefits, the government would end up retaining those lands that contribute most to existing cash flow deficits.

Those who favor retention of federal lands generally do not object to the sale of numerous, widely-scattered or isolated parcels that are both difficult and inefficient to manage. As noted previously, they do emphasize that consideration should be given to retaining those lands that represent the only source of public access in a particular locality. They are particularly concerned, however, with the establishment by the Property Review Board of annual targets for the disposal of property by each of the federal land management agencies. Critics find this action totally inconsistent with the concept of identifying isolated or otherwise inefficient-to-manage parcels for potential disposal. The combination of pre-determined targets and

repeated references to utilizing sales receipts to help pay off the national
debt (a topic to be discussed shortly) is regarded as indicative of the
administration's intentions of pursuing a sales program that encourages
considerably more than disposal of widely scattered lands that are uneconomical
to manage.

With respect to capital carrying costs for public resources such as
timber and forage, advocates of retaining public lands do recognize that such
costs exist; however, they point out several perceived inconsistencies and
omissions within the arguments advanced by land sales proponents regarding
these capital charges. These costs are represented in the previous argument
as accruing to society and are contrasted to the benefits received by society
from nonmarket services of public lands simultaneously incurring such capital
costs. Since society is the established perspective, and if society is to be
compensated for unharvested timber on public lands, it should be equally
compensated for unharvested timber on private lands. While critics might
agree that corporate interests would take capital charges into account (al-
though they do not appear on corporate balance sheets), they do not agree
that nonindustrial private owners would do so. With respect to timber re-
sources, for example, numerous studies suggest that many of these landowners
have other objectives of greater importance to them than the production of
timber from their lands. Although, as noted previously, critics believe
that corporate interests would have first choice of all lands offered for
sale, the fact remains that a substantial amount of these lands would be
purchased by nonindustrial interests. It is questioned whether many of
these landowners would incorporate capital charges within their management
strategies.

It is also noted that in the previous argument capital costs are
assessed against all timber on public lands — costs representing the value to society of timber foregone today by leaving these lands unharvested. However, opponents maintain that society could only absorb a limited amount of standing timber today, and that beyond that amount any additional timber harvested would in actuality represent a cost to society in the form of reduced prices (i.e., potential income foregone) and adverse impacts on private producers. They claim that flooding the market today with one trillion board feet of timber would hardly generate $100 per thousand board feet; yet this is the cost of public timber ownership that is charged against nonmarket benefits accruing from public lands today. Actual capital costs, it is claimed, should pertain to that amount of public timber society could actually absorb. Even these charges are unrealistic, however, since this would assume that society obtains all its timber from public lands; the severe distortion to existing private timber markets that would occur under such a scenario is thereby ignored.

Land sales opponents also consider the $50-per-acre cost of land that is included in calculations of capital costs charged against nonmarket benefits from public lands to be erroneous. From the standpoint of society (again considering the established perspective of the argument) they claim that the cost of land is $50 per acre regardless of whether it is publicly or privately owned. Sale of public land to private interests, therefore, only represents a transfer of land costs within society, not an additional cost to be charged against non-market services from public lands. Thus while $50/acre may be an opportunity cost for the public sector, it is not viewed as a cost to society; in short, the cost of land is regarded as irrelevant to this argument. As a final point, critics note that, in arriving at the $11 billion cost of public ownership that is contrasted
with non-market benefits, capital costs are added to the $1 billion cash flow
deficit for Forest Service operations as a whole, not to those arising from
commercial forest lands to which the argument was initially applied. The
combination of all of these factors is seen as making the claimed $11 billion
cost to society of public ownership of commercial National Forest lands a
substantial exaggeration.

A major point of contention between proponents of land sales and those
favoring retention of lands in federal ownership relates to the apparent
assumption by the former group that the best way to address the cash flow
problems associated with public land management is through the sale of such
lands to the private sector. Opponents of this notion believe that a wide
variety of alternatives exist for addressing such problems, and that disposal
of federal lands is the least desirable option among all that exist.

Conservation and recreational interests stress that stricter control of
federal land management operations would both reduce deficits and assure that
the government and general public are adequately compensated for the use of
resources currently under public management. They also maintain that "there
exists enormous potential for increasing annual revenues from public lands by
billions of dollars a year, and that this potential outweighs the benefits of
a one-time sale."73 Among alternatives suggested are an increase in the
royalties obtained from oil, gas and coal leases and increases in the cost of
grazing permits currently issued at below-market value. The imposition of user
fees for recreational services, a method favored by the administration, has
traditionally been considered an alternative that would meet with disfavor on
the part of the general public. However, a number of recreational and con-

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73 Conservation Foundation Letter, April 1982, 8.
servation groups have stated that they would not object to a reasonable increase in user fees whereby they better approximate market values of services obtained. Increases in such fees is certainly preferred to the outright sale of public lands.

Another alternative that has been proposed is the establishment of leasing arrangements for public lands. This would allow production of commodity goods while simultaneously preserving opportunities for public access valued so highly by consumers of nonmarket services. Even some advocates of private property rights have indicated that leases at fair market value might lead to improved resource allocation while maintaining lands under public ownership.

Given the problems of market failures,...perhaps we should consider separating property rights from the land and selling only a portion of those rights now associated with the land. The rights sold would be those that can be effectively handled via market transactions.\(^{74}\)

A final argument in this regard is that many of the management inefficiencies attributed by the administration to the presence of scattered and/or isolated land parcels could be effectively addressed through transfer and exchange transactions with state and local governments. Thus there is no a priori reason that such lands should be sold to the private sector.

Revenue Generation and the National Debt. When the administration first announced its initiative for the sale of federal lands in February of 1982, a major objective of the program was identified as the generation of revenues to help pay off the national debt. Projected receipts of $17 billion over a five-year period were expected to produce at least a recognizable impact on

\(^{74}\)John Baden and Richard Stroup, "Property Rights..." in G. Hardin and John Baden, Managing the Commons, 236.
the $1 trillion principal. In promoting the initiative, the administration claimed that federal tax burdens would be reduced and that the program would both contribute to economic growth and produce positive gains in equity and efficiency. Bruce Selfon, acting director of the Property Review Board at that time, described the underlying rationale:

It is the best way we can think of to relieve the debt because it doesn't hurt anyone. It doesn't raise taxes. It doesn't cut anyone's budget. It just raises money.75

To facilitate this end, two alternatives were initially considered for handling receipts from the program—a special trust fund or an "undistributable receipts account" within the Treasury.76 In either case, use of the receipts would be restricted to reducing the national debt and not for offsetting current expenditures. The administration recognized that legislation would be required for the adoption of either alternative.

Throughout the first three-quarters of 1982, debt retirement was the benefit cited most frequently by the administration in its efforts to obtain support for its land sales program. However, it is noteworthy that within the administration the objective of revenue generation has been assigned far greater importance by the Property Review Board than by either the Departments of Interior or Agriculture. The Departments have emphasized using land sales receipts for reducing the debt at the margin, thereby reversing the yearly incremental increases that have resulted in the burgeoning of the debt within the last decade. In response to mounting criticism, they have also asserted that "we do not foresee massive transfers of public lands, and we are

not going to dump millions of acres of land on the marketplace. 77 At the
Department level, officials have stressed that the potential improvements in
land management efficiency that would result from the sale of surplus lands
are of much greater significance than the application of sales receipts to
pay off the national debt. Interior Secretary James Watt addressed the debt
question in the following manner:

Asset management will produce some revenue for the federal
treasury to help reduce the national debt, but I am not among
those who see this as a major reason for the initiative. This
facet has been blown out of proportion, in some cases, by those
who support the initiative and in other cases by those who
oppose it. 78

The dichotomy in program objectives as articulated by the Property Review
Board and the Interior and Agriculture Departments resulted in a series of
mixed signals arising from within the administration throughout much of 1982
concerning the principal goals of the land sales program.

Among all of the proposed benefits of the program identified by the
administration, revenue generation for debt retirement has produced the most
intense criticism from program opponents. A first point of irritation relates
to the basic mathematics of the problem. In this regard, Barron notes that:

Even if the government met its own goal of raising $17 billion
over 5 years from the outright sale of property, this would
affect only 3 percent of the interest on the debt during that
period—and not even touch the $1 trillion principal. 79

Thus it is argued that the sale of lands would have a minimal impact upon the
federal debt, and that such an objective represents an attempt by the adminis-

77 Statement of Asst. Sec. Garrey E. Carruthers (USDI) in, U.S. House of
Representatives, Ibid., 239.
78 James G. Watt, in "Sale of Public Lands: Common Sense or Con Job?", in
79 Thomas A. Barron, "Watt's Economic Folly" in New York Times, February 16,
tation to exploit the general concern of Congress regarding burgeoning budget deficits and their effects on the national debt.

Critics also dispute the administration's claim that the program will help bring down interest rates by reducing the amount of federal borrowing needed for financing the national debt. They note that in reality the affected portion of the debt will merely be transferred to the private sector. If federal borrowing to finance the deficit is replaced by private borrowing to finance property purchases, the net effective demand for capital will remain unchanged and interest rates will be unaffected.

The objective of revenue generation is also criticized as one that would effectively nullify the concurrent goal of enhancing land management efficiency through land sales. Raising revenues would imply that the most productive and valuable lands, i.e., those for which the highest bids would be received, would be prime candidates for disposal. These are also the prime revenue sources among all federal lands. That such lands would coincide with parcels inefficient to manage is considered highly doubtful. This leads critics to state emphatically that "the disposal of federal property and public lands should not be a budget item." \(^{80}\)

Perhaps the most significant effect of the administration's linkage of its land sales program to the national debt is the fear that, if revenues are to have any impact on the debt at all, then the program must involve a large-scale effort to dispose of federal lands, one which might even extend beyond the 5-year period currently projected. This view has been expressed by all groups opposing the program, and is reflected in the following statement of the American Forestry Association:

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As long as this asset management program is billed as a debt reduction effort, with anticipated return as high as $17 billion by 1987, it must be considered more than just the sale of land surplus to the public lands system.\textsuperscript{81}

When viewed in conjunction with the administration's rapid expansion of oil and coal leasing programs, the one-thousand fold increase in federal land sales as originally proposed is regarded as evidence that the primary goal of the program is to dispose of as much land as quickly as possible.

Opponents claim that the notion of addressing a perpetual revenue problem through the sale of irreplaceable assets is illogical. They argue that, "if you look at the record, the public lands as a whole produce far more revenue for the government than they cost to administer."\textsuperscript{82} By selling lands that are currently supporting revenue-producing activities, the costs of current deficit reductions will be manifest in the loss of future revenues. Many believe that, in the long run, the effect on the federal debt may be minimal or even negative.

Land Productivity. Another aspect of the administration's land sales program relates to its potential effects on the productivity of lands sold to the private sector as well as those retained by the federal government. Advocates of federal land sales maintain that in either instance land productivity would be enhanced. Owners of newly-privatized land would be guided towards efficient resource management through market forces, and they would suffer the consequences of any actions that failed to properly utilize the productive potentials of their lands. Government restrictions that led to inefficient

\textsuperscript{81}Statement of American Forestry Association, Ibid., 446. This statement occurred prior to the administration's reduction of estimated program revenues from $17 billion to $5 billion.  
\textsuperscript{82}Remarks of Rep. John F. Seiberling (D., Ohio) in Ibid., 160.
management practices would be replaced by market-induced incentives and accurate information in the form of resource prices. As a consequence, productivity would increase and costs per unit of output would decline.

At the same time, land sales proponents assert that those lands retained by the federal government would also become more productive. Resources previously directed to lands uneconomical to manage could be applied to more intensive management efforts on lands that are retained, with resultant productivity gains. Further savings from the elimination of subsidies to private interests currently leasing public lands could also be utilized in similar fashion. Thus the increases in productivity of both public and private lands are viewed as a direct consequence of the accountability of private markets and reduced management burdens on public bureaucracies.

Aggregate information on land productivity in the United States is not extensive, particularly in terms of land ownership. Hyde taps a variety of sources to obtain the following broad measures of the production of forage and timber from the nation's rangelands and forests (Table 7). He also observes that an overall decline in the West of total animal-unit-months on public rangelands from 12.45 million to 8.88 million since 1960 suggests that the share of profitable rangeland is declining rapidly.

Table 7. Productivity by Ownership of the Nation's Rangelands and Forests

<table>
<thead>
<tr>
<th>Ownership</th>
<th>Animal Unit Months/Acre</th>
<th>Potential Productivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Rangelands</td>
<td>0.1</td>
<td>71</td>
</tr>
<tr>
<td>Private Rangelands</td>
<td>0.4</td>
<td>83</td>
</tr>
<tr>
<td>Public Forest Lands</td>
<td></td>
<td>103</td>
</tr>
<tr>
<td>Private Forest Lands</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial Forest Lands</td>
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</tbody>
</table>

With respect to federal grazing lands, land sales advocates maintain that there is greater potential for reversing, or at least slowing, this trend on federal rangelands through their disposal to the private sector.

If we compare public grazing lands, which are generally in poor shape, with better-kept private grazing lands, we may fairly conclude that many users of "privatized" land would treat it properly.\textsuperscript{83}

In the process, improvements in the productivity of forage on these lands retained through increased management intensity might also be achieved.

As is the case with other proposed benefits of the program, opponents claim that these arguments address only the productivity of commodity goods, and that were the program enacted, the production of certain nonmarket services would be adversely affected both on public and privatized lands. They note that, since it is likely that the most productive lands offered for sale would be purchased, it is conceivable that production of commodity goods from those lands could increase; this would likely occur, however, at the expense of non-market services currently provided by public ownership of those lands.

However, a different scenario is envisioned when considering the vast acreages of marginally-productive lands that are currently producing commodity goods only with federal assistance to private ranching operations. For an individual parcel, assuming that federal subsidies would be eliminated via sale of the land, critics admit that costs per unit of output would decline for the federal agency that had previously managed that tract. However, it is also claimed that commodity production from such marginal tracts could cease entirely as ranchers are not able to absorb both the costs of acquiring the

land and effective range management. One public official in Nevada has predicted that rehabilitation of deteriorating rangelands in that state will cost $143.7 million over the next 15 years.\footnote{84} The implications of such financial constraints upon prospective land purchasers has been summarized by Governor Edward Herschler of Wyoming:

In Wyoming, it can take more than 60 acres to support an animal unit month. If a rancher were able to obtain financing, the new payments and taxes would burden an already tight budget. Payments may have to come out of range improvement dollars or the range may be over-used to meet short-term cash needs. Either way the resource base suffers.\footnote{85}

As described previously, Hyde has estimated that, on an aggregate basis and with federal subsidies eliminated, nearly 200 million acres of federal lands in western states would not attract any buyers. In relating this to the productivity of these lands, he further surmises that, from the government's standpoint, "decisions to either manage these 200 million acres for their non-commercial values or to hold them as 'de facto' wilderness would result in a twenty-fold expansion of current U.S. Forest Service wilderness and total National Park Service and U.S. Fish and Wildlife Service lands."\footnote{86} Thus production of commodity goods would cease on these lands. Perhaps the most unexpected consequence of such an occurrence would be the large increase in certain amenity values that would accrue from lands within this new status; however, unchecked deterioration of marginal rangelands could also lead to adverse environmental consequences. The potential of the latter situation to occur,

\footnote{86}William F. Hyde, The Federal Preserve in the West, 8.
in conjunction with perceived losses of non-market services from lands that would be purchased, are not viewed by opponents of the program as sufficient to compensate for amenity gains on lands that go unsold.

**Land Use Decisions.** The relative effectiveness of land use decisionmaking within the public and private sectors of the economy has been the focus of attention for many years. For federal agencies such as the Bureau of Land Management and the U.S. Forest Service, decisions affecting land use are closely linked to a process of land management planning conducted according to broad criteria mandated by Congress. Land use decisions in the private sector are generally considered to be consequences of entrepreneurial goals of profit and/or utility maximization in response to market-induced signals regarding desired outputs from the land resource.

Proponents of federal land sales maintain that public land use planning is subject to numerous political influences that both inhibit effective decision-making and prevent efficient resource allocation. In effect, public planning is regarded as a particular instance of the previously-described situation in which political markets fail to effectively address consumer preferences and promote accountability in the marketplace. The sale of federal lands, therefore, would be one mechanism whereby land use decisions would become subject to the incentives of the free market system, with rewards and penalties representative of the ability of private groups or individuals to accurately assess the desires of consumers as revealed in market-established prices.

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Critics of public land use planning claim that political influences adversely affect each stage of the planning process. Cortner and Schweitzer observe that political pressures place limits upon both underlying assumptions of public planning and on the selection of specific alternatives to be evaluated.\footnote{Hanna J. Cortner and Dennis L. Schweitzer, "Institutional Limits to National Public Planning for Forest Resources; The Resources Planning Act", in Natural Resources Journal, 21 (1981): 203-222. The authors' discussion is not directly related to the issue of federal land sales, nor do they deny the value of land management planning conducted by the U.S. Forest Service. They do, however, focus upon several limiting factors to effective planning that arise from the institutional environment within which public planning activities are conducted.\footnote{Ibid., 211.}} In contrast to the more secluded planning activities of private corporations and individuals, the open nature of public planning ensures that sensitive areas must often be given superficial treatment to avoid antagonizing potentially powerful constituencies. Moreover, the entire planning process typically involves a "carefully-cultivated set of constituency-agency-Congressional committee relationships surrounding agency programs."\footnote{Ibid., 211.} It is argued that such arrangements severely constrain the ability of public agencies to adapt to changing consumer demands for public land use. Flexibility in public planning may be further diminished by the necessity for planners to justify ongoing efforts and hence their roles within their respective agencies. As a result "plan alternatives do not challenge current programs but...reflect upward shifts in program levels and expenditures."\footnote{Ibid., 213.}

Within this bureaucratic framework, land sales advocates argue that the primary incentive facing public planners is one of assuring that organized interest groups with the resources to express their opinions are at least placated through the results of the planning process. Thus the preferences of others...
in society who do not belong to these groups are ignored. Furthermore, private concerns who wish to utilize the public lands for the production of goods and services must devote much of their potentially productive efforts to establishing the necessary rapport with agencies exercising jurisdiction over these lands. Within the private sector, however, land use planning and decisionmaking are more isolated from political influences, and thus individuals may devote all of their attention to responding to market-induced signals for various land uses.

A further criticism of public land use planning centers upon the costs of the planning function within public agencies. At the federal level, Brubaker observes that:

The cost of planning in the case of Bureau of Land Management land has become grossly disproportionate to the value of the resource, and Forest Service planning has also been severely criticized as unwieldy, even by its one-time supporters. 91

It is questioned whether the benefits derived from such efforts are sufficient to justify the expenses incurred in organizing and carrying out public planning activities.

Advocates of federal land sales claim that inefficient land use decisions by federal agencies are the inevitable result of the application of a standard planning process, with equal emphasis on all land resources, to lands which vary greatly in their capacity to produce commodity goods and non-market services. As a result, the costs per unit of all outputs from federal lands are greater than those that would be incurred were market forces to guide producer decisions on privately owned lands. This is viewed as but one symptom of the much broader problem of centralized decisionmaking at the federal level - whereby uniform

solutions are imposed upon problems that often vary widely on a regional basis.

Others, however, reject the notion that land use decisions currently emanating from public planning efforts are of such poor quality as to warrant the sale of federal lands to the private sector. On the contrary, they claim that public land use planning encompasses numerous objectives that would diminish substantially in importance were they to be considered within the context of private land use decisions.

Opponents of federal land sales recognize that if federal lands were sold, land use decisions would become less politicized; this would merely be a logical consequence of eliminating federal control of these lands. However, they maintain that the necessity for private owners to cover management costs and property taxes would restrict the scope of viable land use alternatives to those involving the production of commodity goods. Public land use decisions, however, must consider a wide range of alternatives, some of which do not result in direct financial returns to the federal government. With more alternatives to evaluate, and with information regarding non-market services both imperfect and expensive to organize, higher costs for public land use decisionmaking when contrasted to those in the private sector are not unexpected. A major benefit of public planning, it is argued, is that consideration of the production of non-market goods and services is explicitly incorporated within the planning process. It is not argued that private owners would fail to consider providing these services, but rather that they would have little if any incentive to identify them as viable production possibilities. Thus in countering arguments for land sales, opponents do not maintain that the costs of public planning are overstated, but that benefits are substantially undervalued.

Another point of contention with lands sales advocates concerns what is viewed as their implicit assertion that political forces so dominate public land
use planning activities that the influence of private markets on such processes is severely distorted. Critics of this perspective maintain that public planners both recognize the importance of market data and utilize such information extensively in the planning process. For example, should market signals indicate that the demand for timber or recreation is increasing, decisions to intensify the management of public lands for the production of these goods and services are a likely result.

Federal land use planning is also seen to provide a certain direction for national and regional land use and management decisions that may not always be achieved via transactions in the marketplace. While private markets undoubtedly furnish valuable information on supply and demand of resource-based goods and services within society, public planning is seen to represent the cumulative effect of many years of reconciling various problems that have arisen in identifying the optimum balance between the production of resource-based commodity goods and non-market services in society. When considered in relation to the Federal Land Policy and Management Act, the administration's land sales program has provoked numerous reactions asserting that the planning process within FLPMA does provide a certain stability regarding natural resource management and land use that is not an inevitable result of free market transactions.

Through long and painstaking negotiations, methods were established to inventory the resources, solicit public opinion, formulate new land use plans and revise old ones, integrate the federal land and resource plans with those of state and local governments, and determine which lands are suitable for disposal. Many of those processes have been re-examined and refined, but there has remained a basic agreement throughout most of the West that the principles and fundamental procedures are still valid, and should not be changed.\textsuperscript{92}

As opposed to strengthening land use planning and decisionmaking within federal agencies, the land sales program—with its pre-determined disposal targets mandated by the Property Review Board—is viewed by many as leading to precisely the opposite effect. "How can governors rely on the integrity of federal land use planning processes to identify surplus property when each agency is told in advance how much it must find?" A further criticism, which is addressed in greater detail later in this report, points to the fact that while land sales proponents claim that the program will simplify land use planning and decisionmaking at the federal level, they ignore potential impacts of the program (particularly were it to be large-scale in nature) upon planning activities at the state and local levels of government. Depending on the amounts and locations of lands eventually offered for sale, it is argued that the program could severely disrupt land use planning programs of state and local agencies already facing increasingly stringent budgetary constraints.

Federal Land Sales: Legal Dimensions

Any economic effects of the administration's land sales program will occur within a congressionally-established legal framework for the sale or transfer of federal lands. Legislative enactments of the U.S. Congress represent concrete expressions of national policy. To varying degrees they also prescribe procedures to be followed by the Executive branch of government in implementing legislated policies. Should the policies of a particular administration differ in certain respects from those enunciated within existing laws, two broad courses of action are available. The administration may work to bring about

93 Statement of Scott M. Matheson, Governor of Utah, in Ibid., 464.
changes in current laws through the enactment of new legislation; or, it may attempt to implement its policies to the maximum degree feasible within the existing legislative framework. With respect to the sale of federal lands, the Reagan administration has adopted both of these approaches; primarily because discretionary authority for the disposal of lands varies significantly for the Bureau of Land Management and the U.S. Forest Service.

**Administration Initiatives.** As noted previously, the legal authority for the sale of National Forest lands by the U.S. Forest Service is quite limited. Prior to 1983, the agency was only authorized to sell approximately 60,000 acres of "land utilization" properties which had been purchased in the 1930's to relieve farmers no longer able to make payments on their land. This authority was broadened in January, 1983, when the President signed the Small Tracts Act, which allowed the Forest Service to sell or exchange small parcels of National Forest land by quitclaim deed. Although the agency had requested such authorization for several years, the Act is still quite limited in scope and not suited for the land disposal efforts envisioned within the agency's Asset Management program. Accordingly, the administration is in the process of preparing a proposal that would amend existing laws to allow such sales to occur. Although it was originally estimated that the proposal would be submitted to Congress in April of 1983, as of mid-July no such action had as yet been taken.

The Bureau of Land Management is authorized to dispose of lands under its jurisdiction according to criteria established in the Federal Land Policy and Management Act (FLPMA) of 1976. The Act contains both statements of policy and procedures to be followed in the sale of any BLM lands. Among the former, the most significant element is the establishment of a national policy that retention of public lands is in the best interest of the American people (Appendix B).
Criteria for land sales under FLPMA have been described earlier in this report (see page 12). The Act applies to all lands within the public domain, over which responsibility for any disposal activities rests with the BLM. The present administration has chosen to attempt to implement its program for the sale of these lands within the framework of FLPMA-established guidelines.

Robert F. Burford, current Director of the BLM, summarized the administration's strategy:

I believe that we will be making very few recommendations for amendment to our basic laws, such as FLPMA, but that we may support legislation that is introduced that will further our goals and make them more attainable.\(^{94}\)

Although few efforts to modify FLPMA are anticipated, this does not imply that the administration is entirely satisfied with the existing legislative framework for land sales as contained in the act. Rather, the legislation is regarded as somewhat overreactive to past abuses in federal land disposals and also as not always internally consistent.

The policy section (102) of FLPMA says that the lands should be retained in federal ownership, unless as a result of land use planning under the Act it is determined that disposal of a particular parcel will serve the national interest. This land tenure policy, totally opposite from that expressed in the Taylor Grazing Act, may have been too wide a pendulum swing, judging from the Sagebrush Rebellion reaction during the late 1970's. Also, the operating sections of FLPMA contain many disposal authorizations which seem to counter the almost total retention philosophy expressed in Section 102.\(^{95}\)


During the 97th Congress, an initiative supported by the administration was introduced by Senator Charles Percy that would have allowed revenues generated from the sale of lands administered by the General Services Administration to be applied to reduction of the national debt.\textsuperscript{96} Congress adjourned prior to considering this proposal, which was to be re-introduced in the 98th Congress.

In the interim, however, the administration unveiled its land sales program as part of its FY 83 budget proposal, which also eliminated matching grants to states for acquisition and development of park lands under the Land and Water Conservation Fund (LCWF). When viewed in the context of these events, the Percy resolution became the focus of increasing criticism from those who feared it would be utilized by the administration as a basis for a large-scale disposal of federal lands.

It is noteworthy, however, that as opposed to the $17 billion in program receipts originally projected by the administration, the Percy initiative envisioned receipts of approximately $1-2 billion from the sale of surplus federal lands and property. The Senator's office viewed the proposal as a practical way of raising a limited amount of revenues through the disposal of surplus real property. However, with the administration's announcement of projected receipts of $17 billion from its land sales program, enthusiasm for the proj-

\textsuperscript{96}S.2973, 97th Congress, 2nd Session. As described previously, however, these acquired lands are not part of the public domain, although they are included within the overall land sales program. BLM disposal activities, therefore, would not be affected. The disposal authority for acquired lands rests with the General Services Administration and is governed not by FLPMA, but by the Federal Property and Administrative Services Act of 1949 (FPASA). This law currently requires that revenues from the disposal of these lands shall accrue to the Land and Water Conservation Fund for use in planning, acquisition and development of federal and state recreation areas. The administration's policy regarding land acquisition has been stated by Robert Burford as: "The Department (of the Interior), the BLM and I personally am not in favor of any increase in Federal ownership of land anywhere." (U.S. House of Representatives, \textit{Public Land Management Policy}, 61).
posal from within the Percy quarter soured considerably. Hence the legisla-
tion (S.2973) was not reintroduced in the 98th Congress. Senator Percy's
office has indicated that, with respect to public domain lands, it is their
opinion that FLPMA would allow revenues from land sales to be applied to re-
ducing the national debt, since one-half of the revenues are to accrue to the
Treasury, which is, in effect, equivalent to reducing the debt.97

Legal Objection: FLPMA. An alternative argument has been raised, however,
that the federal land sales program of the Reagan administration adheres to
neither the policy declaration nor the procedural guidelines for disposal of
public lands as enunciated in the Federal Land Policy and Management Act.98
The act established the precedent that BLM lands are to remain in public owner-
ship unless, as determined by the local land-use planning process outlined
therein, particular parcels are found suitable for sale. The act also calls
for the identification of potential uses of a parcel of land to determine which
use would lead to maximum public benefit. The criteria allow for sale of land
if the attainment of that use required non-federal ownership and if the objec-
tives served by that use cannot be effectively achieved without the use of
public land. Thus the key factors for determining whether land is to be sold
are mandated in terms of the use of the land and the objectives served by that
use.

98 The following paragraphs represent a brief summary of a detailed argument.
See: Legal Note, "Sales of Public Land: A Problem in Legislative and Judicial
Control of Administrative Action" in Harvard Law Review, 96:927-946 (February,
1983).
The substantive legal objection to the administration's land sales program is:

The current land-sales program introduced additional factors: goals of increasing federal revenues and of transferring land from federal to private ownership. FLPMA, however, explicitly rejects political and economic philosophies that oppose federal ownership of land, and the sale of land for revenue purposes is not among the policies declared by FLPMA or the goals that FLPMA establishes for the land-use-planning process. That process is designed to ensure wise use and management of the public lands, not to maximize federal revenues. Moreover, if increasing the amount of land in private ownership or producing revenues through sales were considered valid objectives of the planning process, FLPMA's presumption of retention in federal ownership would be rendered meaningless.\textsuperscript{99}

In addition to the argument that the administration's program is contrary to FLPMA-defined public lands policy, the program is also challenged for failure to adhere to the following procedural requirements of the law:

(1) FLPMA mandates participation by state and local governments and the general public in "plans and programs" for public lands;
(2) The act requires the Secretary of the Interior to establish "rules and regulations" for disposal of any public lands;
(3) The act states that sales may occur only when designated by land-use plans laid down in FLPMA.

With respect to these requirements it is observed that:

...the land sales program is being planned without public participation or public rule-making procedures. In addition, rather than wait for completion of (land-use) plans, the Department of the Interior has announced its intention to sell lands designated for sale in pre-FLPMA "Management Framework Plans", to amend these plans to call for additional sales, and to sell lands in areas not covered by any land use plans.\textsuperscript{100}

\textsuperscript{99} Ibid., 933.
\textsuperscript{100} Ibid., 933.
These and other objections to the sale of GSA-administered lands have resulted in the filing of an action in U.S. District Court for the District of Massachusetts challenging the administration's land sales program and seeking declaratory and injunctive relief. As will be described shortly, the administration has been severely criticized by almost all of the western states for failing to solicitate their participation in the initial stages of its land sales program. Although it has claimed that steps have been taken to rectify these problems, the adherence of current mechanisms for public participation to the requirements mandated by FLPMA remains a topic of much debate.

The Federal Land Policy and Management Act also established the precedent for judicial review of any disputes arising in connection with implementation of the act. The foregoing legal argument also focuses upon a major problem with respect to federal land sales that substantially complicates the task of judicial review. FLPMA is essentially a statement of national policy. Thus any evaluation of its effectiveness must be achieved from a national perspective. The act mandates that land disposal decisions are to be based upon the retention/disposal classification status of lands as determined by the local land-use planning process (i.e. the application of the specified process to the given area where the parcel is being evaluated for disposal). Thus the effects of a decision to sell or retain a given parcel of land upon national policy and the effective functioning of FLPMA are exceedingly difficult to interpret. The sale of one tract may be balanced by the retention of another (perhaps even identical) tract. In short, individual decisions cannot be evaluated as consistent or inconsistent with the legal mandate. Only by viewing the aggregate

of all sales can the effect of the program and its adherence to FLPMA be determined.

The primary impetus for implementing national public land policy as defined in FLPMA rests with the administration, and with respect to land sales, with its procedures for identifying and evaluating lands for possible disposal. As noted previously, the current land sales program is projected for implementation over a five-year period, with varying amounts of land to be offered for sale each year. With respect to FLPMA-defined national policy, therefore:

...the overall pattern (of land sales) will not be apparent until a large number of local decisions, with potentially irreversible consequences, have been made and implemented... The full effects of the administration's policy will not become apparent until the policy has already been implemented.102

This implies that, in order for the legally mandated requirements of public participation and judicial review to be effectively observed, all lands to be offered for sale be identified prior to program implementation. Only then can national impacts and adherence to national policy be evaluated. In short, "the danger to be avoided is not inconsistency, but consistent neglect of any of the relevant objectives." 103

With respect to the procedural aspects of the preceding legal argument, the administration claims that it has taken steps to increase the degree of public participation in the implementation of its land sales program. Officials of the Interior Department have also assured Congress that the program will adhere to the land use planning framework mandated by FLPMA. Identification of specific BLM parcels to be offered for sale in 1984 will facilitate evaluation of this claim.

102Harvard Law Review, Public Land Sales, 937-8
103Ibid., 941.
In considering the more basic objection that the program does not adhere to national policy, it has become apparent within the last nine months that the administration has shifted its emphasis regarding the principle objective of its land sales program. Initially the generation of revenues from land sales was cited most frequently as the primary benefit of the program, and the potential gains from "privatizing" federal lands were also given considerable attention. These are also those goals that are identified in the foregoing argument as inconsistent with the Federal Land Policy and Management Act. As described previously, in recent months the objective of applying program revenues to reducing the national debt has been cited far less frequently than during the initial stages of the program. The potential benefits of privatizing government land assets have also been downplayed and to a large extent replaced by a specified primary objective of enhancing federal land management through the disposal of properties determined to be surplus to government needs.

Whether these shifts in the administration's stated rationale for the program have occurred in response to the preceding legal objection or as reaction to other political pressures is not entirely clear. However, the entire course of events is indicative of the fact that in certain situations the stated policy of an administration may not always reflect a consensus on the part of all interests within that administration. While the Property Review Board's initial goal of privatization was favored by both Interior and Agriculture Departments, the Board's objective of revenue generation was cited far less frequently by officials within these Departments, who envisioned improvements in land management efficiency as the major objective of the initiative. As criticism of the privatization and revenue-related goals of the program began to mount, the administration found itself increasingly on
the defensive. Moreover, defense of the program was left exclusively to
the Departments, who described it solely as an initiative to improve management
efficiency.

The sharp divergence regarding the principal objectives of the program
that had previously existed within the administration surfaced at a recent
conference on public lands. During one session a former member of the
President's Council of Economic Advisors who strongly favored the merits of
privatization disagreed sharply with a high-level Department of Agriculture
official over the basic nature of the agency's Asset Management Program.

DOA official: I take exception to the comment that the
Asset Management Program is privatization.
That is not the objective of the program.
It's objective is to make marginal adjustments
in public lands to improve management.

Former CEA member: It's a comfort to know that the administration
has done it again. Privatization is simply the
transfer of public to private ownership,
whether selling one acre or one million acres.

DOA official: I define the objective of Asset Management as
improved public lands management.

Former CEA official: I happened to be there when it was formulated.
I can't recall seeing you there. I can say
it was privatization. Period. The administra-
tion doesn't have too many intellectually active
types.

DOA official: The speaker is not a member of the administration,
nor does he speak for the administration.104

At present, the dichotomy of program objectives within the administration
seems to have been resolved. The principal objective of the land sales program
as now articulated by the administration is the improvement in efficiency of
federal land management. Revenue generation and privatization are now rarely

104Remarks at Symposium on Selling the Federal Forests, Seattle, 1983.
mentioned, the latter goal being recently cited by one high level Interior Department official as a word he hoped never to hear again.

Other Legal Considerations. Two additional legal points merit attention with respect to the implementation of the administration's land sales program. The first pertains to the fact that all lands that would be identified for potential sale are subject to a number of legal provisions in addition to those specified under the Federal Land Policy and Management Act. A variety of laws, as well as several presidential executive orders, have been enacted with respect to any proposed changes in the status of the nation's federal lands. The General Accounting Office has indicated that, in addition to guidelines to be observed under FLPMA, the Bureau of Land Management cannot dispose of a tract of land until the requirements of most, if not all, of the following mandates are satisfied. 105

Mandated by law:

- Act of June 8, 1906, Public Law 59-209
- Act of June 27, 1960, Public Law 86-523

Mandated by executive order:

- Floodplain Hazard Evaluation, Executive Order 11988
- Protection and Enhancement of the Cultural Environment, Executive Order 11993
- Protection of Wetlands, Executive Order 11990

Evaluation of each land parcel for adherence to these legal provisions would also have to be accompanied by procedural requirements that include a cadastral survey, land appraisal, mineral evaluation, wildlife habitat assessment, adjudication, and resolution of any protests and/or appeals. In addition to broadening the legal dimension of the land sales program, the above requirements dictate the need for increased resources and staffing which, in the case of a large-scale disposal effort, would be substantial.

A second legal point of some significance has arisen as a result of a recent landmark decision by the Supreme Court concerning the legislative veto. This is a technique incorporated into some laws whereby the actions of the executive branch in carrying out those laws (or certain specific provisions within them) are subject to later disapproval of one or both houses of Congress. In a decision that has been described as one of the most important in the Court's history on the comparative power of Congress and the president, the Court decided that the provisions of the legislative veto violate principles of separation of powers and the system of checks and balances embodied in the U.S. Constitution.

The decision invalidates legislative veto provisions within approximately 200 federal laws, one of which is the Federal Land Policy and Management Act. With respect to FLPMA, the affected provision states that the sale of a federal tract exceeding 2500 acres in size may be disapproved by a concurrent resolu-
tion of Congress.\textsuperscript{106} As a result of the decision, proposed sales of this nature may no longer be nullified by Congress.

The immediate impact of the decision upon the administration's land sales program is uncertain, since for a variety of reasons previously described, it is unlikely that parcels of 2500 acres or more would be identified for sale. Notwithstanding, a number of political observers feel that the effects of the legislative veto on the administration's actions in this area were primarily psychological in nature, and that the removal of such a restriction could exert a subtle influence upon the nature and direction of the administration's policy regarding the disposal of federal lands.

\textbf{FEDERAL LAND SALES AND THE STATES}

Among the basic tenets of the Reagan political ideology, the most striking departure from previous administrations has been a new interpretation of the functional relationships among the nation's levels of government. The Reagan administration believes that excessive federal presence has severely hampered the effectiveness of state and local governments by creating a condition of financial dependence on federal assistance, thereby inhibiting both local autonomy and administrative accountability. Under its policy of New Federalism, the administration has sought to rectify this situation through the transfer of numerous federal responsibilities and resources to state and local sectors.

As a means of implementing this policy, a number of federal functions and some revenue sources have been targeted for transfer to the states. Mechanisms for achieving these conveyances include the consolidation and/or reduction of

\textsuperscript{106}Executive withdrawals of tracts exceeding 5000 acres were also subject to legislative veto under MLPMA.
federal grants, the exchange of certain programs, and federal withdrawal from shared funding arrangements. The scope of this transformation is extensive and has significantly affected the delivery of services by state and local branches of government.\(^{107}\)

With respect to the nation's natural resources, one method through which the administration has sought to apply its policy of New Federalism has been to initiate changes in tenure of some of the nation's federal lands. Prior to the introduction of its land sales program, these were to be achieved primarily through the transfer of certain federal lands to state and local governments. Such actions, the administration claimed, would ensure that public land management would become more responsive to local concerns and removed from the political whims of a distant federal bureaucracy.

In committing himself to this end, Mr. Reagan declared early in his presidential campaign that he strongly supported a movement within many western states known as the Sagebrush Rebellion. This has called for the title transfer of federally-owned, unreserved and unappropriated western lands to the states. The following pages examine the concerns of the states in this regard, as well as the impacts of the administration's land sales program upon the states and on notions of federalism in the West.

\(^{107}\) The extent of the transformation in state-local relations is best illustrated in the following excerpt. "In 1980 federal aid constituted almost 25% of state and local expenditures. If all the administration proposals were to come to fruition by 1991 -- a scant decade and a year later -- the federal aid share in state and local budgets would be reduced to 3 to 4 percent. ... A disengagement of this scale ... would reduce the federal role in state and local budgets to levels unknown since 1933." (George E. Peterson, "The State and Local Sector, in The Reagan Experiment, 159).
The Sagebrush Rebellion: Public Land Jurisdiction in the West

The land sales program and its effects on the states cannot be considered in isolation from the historical context of federal-state relations in the West. With respect to the public lands, the sheer magnitude of the federal estate west of the Rockies has led to an ongoing debate concerning the appropriate roles of federal and state branches of government in public land ownership and management. A brief description of the origins of the Sagebrush movement and the major issues involved may aid in interpreting reactions of the states to the administration's land sales initiative.

The Sagebrush Rebellion. The Sagebrush Rebellion represents the culmination of years of growing frustration with what is perceived to be excessive federal presence in the West. Many western states view the vast federal landholdings within their boundaries as inhibiting their ability to plan and pursue strategies for economic development. Sagebrush proponents maintain that restrictive federal land management policies have resulted in the locking up of natural resources that could be of great economic value to local industries and communities. They see no improvement in the situation until jurisdiction of federal lands in the West is transferred to state and local governments that are presumably motivated to manage those lands in the best interests of the local citizenry.

The Sagebrush movement of the 1970's has had two precedents during the reservation era of federal land management in the twentieth century. 108

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108 For a concise summary of the history of the Sagebrush movement and recent initiatives by western states in this direction, see: Cynthia E. Huston, Sagebrush Rebellion: Questioning Federal Ownership of the Public Lands (Washington D.C., 1982). This historical sketch draws heavily upon this document.
1930, President Hoover proposed transferring unreserved federal lands to the states to stimulate local economic development. The plan faltered due to objections voiced by conservationists as well as the failure of the federal government and the states to adequately resolve the question of mineral ownership on lands that would be divested. In the mid-1940's, dissatisfaction with grazing fee arrangements in the West led to a similar call for federal divestiture of unappropriated lands. This too was defused by a revival of the conservation movement following the Dust Bowl experiences of the 1930's, as well as by a recognizable improvement in federal land management resulting from the creation of the Bureau of Land Management in 1946.

Despite these setbacks, the sentiment for divestiture of federal lands continued in much of the West. It reappeared in 1979 as a reaction to what many felt were excessively restrictive land management policies of the Carter Administration. In that year the State of Nevada adopted a law claiming jurisdiction of all lands within its boundaries administered by the Bureau of Land Management -- some 49 million acres. The law declared that the Federal Land Policy and Management Act violated the constitutional requirement that federal agencies divest themselves of all lands within a state once that state is formed. The Nevada law also asserted that FLPMA violated the right of "equal footing" acquired via statehood, whereby a state is recognized as on "equal footing" with other parties to the Constitution. Without the ownership of land, the state argued that this is impossible. In connection with the law, Nevada brought litigation against the federal government calling for the transfer of all federal lands within the state's boundaries to state jurisdiction.

A U.S. District Court ruled against Nevada's claim, however, declaring that Congress is entrusted with power over the disposition of federal lands
without limitation. The concept of "equal footing", the Court decided, applied only to political rights and sovereignty, not to economic or territorial equality. The Court ruled that Nevada had relinquished its claim to public land when it became a state. The decision has been appealed by Nevada to the 9th Circuit Court of Appeals in San Francisco.

Eleven western states have had either legislative or referendum votes on Sagebrush-related proposals. However, the degree to which federal divestiture has been advocated varied considerably within these initiatives. The most emphatic endorsement of divestiture, in addition to the Nevada law, has been expressed by the state of Utah. Emphasizing the importance of public mineral resources to state and local economic development, the state passed legislation that laid claim to 22 million acres of BLM lands. This law also "gives Utah the power to arrest BLM personnel who 'trespass' on the land, but state officials admit it is unlikely that the provision will be applied until its legality is more fully determined."\(^{110}\)

In some western states, however, the Sagebrush movement has faltered. In addition to executive vetoes of such proposals in Colorado and Arizona, the latter of which was overridden by the state legislature, voters in Montana and Washington have rejected Sagebrush initiatives, and bills to that end were not acted upon by the Idaho legislature. Thus states with Sagebrush laws currently on the books include Nevada, Utah, Wyoming, Arizona, and New Mexico.

The movement has also been endorsed by numerous western organizations comprised of state legislators and executive officials. These include the Western Conference of the Council of State Governments, the National Associa-

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\(^{109}\) Decision of U.S. District Court Judge Edward Reed, April 1, 1981.
tion of Counties, the Western Coalition on Public Lands, and the States Rights Coordinating Council. At the national level, Sagebrush legislation has been introduced in both houses of Congress each year since 1979, although no measure has yet to be referred out of House or Senate committees. The principal sponsor in the Senate has been Orrin Hatch (R-Utah), and in the House, Representative Jim Santini (D-New Mexico).

The Sagebrush Debate. At the heart of the Sagebrush movement is the belief that excessive federal ownership of land undermines both the integrity and sovereignty of the western states. Insistence on federal retention of public lands is seen to imply that state and local officials are incapable of effective land management decisionmaking. Instead, the task is left to federal bureaucrats who attempt to develop broad national standards that ignore the diversity of lands and associated management problems within the western states. The most blatant manifestation of this attitude, it is argued, has been the overly restrictive interpretation by Congress of the Federal Land Policy and Management Act. This is viewed as a breach of trust with the states by federal bureaucrats and elected officials at the national level.

I worked very, very hard on this bill to attempt to inculcate some reasoned containment and control...I am acutely disappointed how radically, and I would say in a blatant exercise of bad faith, the legislative vehicle that we put together has been distorted in every regulatory turn wherever the opposition arose.

111 Representative Santini was defeated in his bid for reelection in 1982.
One of the major effects of this "misinterpretation of FLPMA by absentee federal bureaucrats" has been what Sagebrush proponents regard as the lock-up of natural resources by federal agencies, generally in response to the over-protective aims of special interest groups. Of particular concern has been the adverse effects of such actions on the availability of strategic and other mineral resources. Western interests note that BLM lands contain more than one-half of western coal reserves, and more than 75% of oil shale and known onshore oil and gas reserves. They see overly restrictive federal land management policies as both limiting the development of these resources and contributing to rising prices for all consumer goods produced from federal lands. In addition, many feel that non-consumptive uses of these lands create financial burdens that those in the West are left to support.

Another important concern of Sagebrush proponents centers upon the economic impacts of federal ownership upon western cities and towns that are surrounded by federal lands. It is argued that "landlocked" communities are being deprived of reasonably-priced land vital to orderly urban expansion. Critics feel that BLM land sales consisting of small scattered parcels do not adequately address these concerns, and may even result in further distortion of local land use patterns. A more realistic alternative would be:

If the unappropriated public lands were controlled by the States, state and local governments could work cooperatively to plan and subdivide additional lands for urban expansion when needed.... Lands would be disposed of when needed and in conjunction with local land use planning.113

113 Statement of Karen Hayes, Member, Nevada State Assembly, in Ibid., 15.
Sagebrush advocates reject the notion that federal land transfers would simply lead to state disposal of such lands to the private sector. They note that the same interests represented at the national level -- ranchers, recreationists, etc. -- would be equally able to make their preferences known to state legislators. Local representatives would also be better able to respond to land use problems in their respective localities, and thus more capable of addressing the needs of individuals who do not belong to special interest groups.

From an overall perspective, the Sagebrush Rebellion reflects the belief that federal lands in the West comprise so vast a proportion of the resource base and are such a critical factor in the economy and welfare of the states that people in the West do not fully control their own destiny. It is felt that the states could and would do a far better job of managing the public lands within their boundaries in a manner conducive to the welfare of their citizens.

Those who oppose the Sagebrush movement believe that it is too radical a response to perceived inequities in current federal land management policies. They see the effort as misdirected and doubt that the states have the financial ability to protect economic and environmental values that accrue to the American public through federal ownership and management of public lands. Such national values depend upon a multiple use framework that many feel would be jeopardized were federal agencies to divest themselves of their land holdings.

Sagebrush opponents maintain that the western states have not effectively demonstrated a legislative commitment to multiple use management on their public lands. They are viewed as lacking the legal directives, funding sources, and inter-agency cooperation that are characteristic of federal land management operations. Most western states have extensive holdings of school trust lands that were granted at statehood for the support of universities and other public facilities. Arizona, for example, contains 9 million acres of these lands. It
is argued that the major impetus for managing trust lands is the generation of revenues to support state school systems.

Almost without exception these lands must be administered -- by constitutional and statutory mandate -- for the highest monetary yield and emphasis is on commodity production. Only two states have laws authorizing multiple use management...and nonrevenue producing uses...are not recognized at all or given short shrift in most states. 114

With many states in the throes of fiscal retrenchment, Sagebrush critics reject the claim that states could readily absorb additional public lands and maintain even current levels of management, much less provide needed funding for multiple uses.

There is no a priori reason to believe that state management would be more efficient than federal management. The net dollar flows support a contention that transfer of federal lands to the states would either create a heavy burden on state budgets or require a reduction in services provided. 115

Moreover, it is argued that bleak prospects for increased funding of state resource agencies could instead create severe pressures on states to dispose of many lands to finance ongoing operations, and reduce management costs.

Sagebrush opponents also do not agree that the federal government is inhibiting mineral development on Western lands at the expense of the states. They note that extensive mineral explorations are continuing and that almost 90% of the revenues from these operations are returned to the states -- 50% as direct royalties and 40% via reclamation activities undertaken by the Water and Power

Resources Service (formerly the Bureau of Reclamation). County governments also receive payments-in-lieu-of-taxes for federal lands within their boundaries.

Another area of sharp disagreement with Sagebrush advocates concerns their skepticism that federal land management agencies can effectively address regional and local concerns regarding resource management. While conceeding that in certain respects federal management has been too centralized in the past, many see this situation as rapidly evolving into a relationship of enhanced cooperation among federal, state and local resource management organizations. They also strongly reject the notion that federal agencies are not in tune with local concerns. In doing so, they note that many federal managers are natives of the areas in which they work, and that in general their interactions with local elected officials have been very productive in helping them more effectively address resource-related problems in their localities.

Most of the officials we contacted expressed the feeling that they would rather deal with federal officials from the BLM and Forest Service than the state agencies. The reason being that they have had many problems dealing with the state agencies and have in the past few years experienced much more favorable relationships than had been in the past with the BLM and other federal agencies. 116

Thus opponents of the Sagebrush Rebellion challenge the movement on two basic grounds. They believe that federal agencies are effectively addressing local concerns in managing lands under their jurisdiction for both commodity goods and nonmarket services. They also question the ability of states to

absorb the increased costs associated with the management of newly-acquired lands. The real focus of efforts to address the complaints of Sagebrush rebels, they maintain, should be on continuing the trend of improved federal-state relations in the area of public land management, along with renewed emphasis on the cost efficiency of federal operations. Existing problems should not be "resolved" by transferring lands to states fiscally unable to absorb the costs and responsibilities of multiple use management associated with newly-acquired lands.

Initiatives of the Reagan Administration

The endorsement of state sovereignty over land use decisions that underlies the Sagebrush Rebellion is quite consistent with the New Federalism doctrine of the Reagan Administration. Early in his presidential campaign, Mr. Reagan declared that he too was a "Sagebrush rebel" and pledged his full support for efforts of Western states to enhance their role in managing public lands within their boundaries. The first several months of his administration were marked by changes in a variety of laws and regulations affecting use of the nation's federal lands.

Good Neighbor Policy. The principal spokesman for the President's views in this regard has been Secretary of the Interior, James G. Watt. A strong Sagebrush advocate, Watt favors the decentralization of public land management decisionmaking as a means of bringing about reduced federal presence in the West. Shortly after assuming office, the Secretary outlined a series of initiatives he would undertake to achieve this end, describing such actions collectively as his department's "Good Neighbor Policy" concerning
federal relations with state and local institutions for public land management.

The basic elements of the "Good Neighbor Policy" involve the following actions by the Department of the Interior:

1) Completing the transfer of federal lands owed to states as a consequence of their achieving the status of statehood. These in-lieu lands originally consisted of between two and four specified tracts in every township of 640 acres. A number of states have yet to receive their full allotments.

2) Continuing the transfer of small parcels of federal land to local governments for schools, parks, hospitals and other public services that would promote local economic development.

3) Establishment of an aggressive program for the exchange of federal lands for state and private parcels as an aid to consolidating land holdings of public land management agencies.

4) Elimination of procedural delays within the Bureau of Land Management and other departmental agencies in the processing of permits for such activities as rights-of-way, exploratory drilling, voucher redemption, etc.

Most western states have endorsed the "Good Neighbor Policy" as a welcome change in federal-state relations regarding the status and management of the nation's public lands. Over the years the acquisition of "in-lieu" lands has proceeded quite slowly; this has been particularly frustrating for states such as Arizona and Utah, the latter having obtained almost no federal land upon achieving statehood due to the opposition of the state governor at that time. Most states in the West welcomed Secretary Watt's efforts to reduce the bureaucratic red tape involved with identifying and processing lands to be transferred. Within 18 months after the administration took office, Arizona had received over 200,000 acres of "in-lieu" lands, most of which had previously been selected for acquisition but never transferred. The Department of the Interior also
plans to transfer approximately 94,000 "in-lieu" acres to the state of Utah during the latter half of 1983.

The administration also took immediate steps to address the problems of "landlocked communities" in the West. With federal landownership so extensive in many areas, many small cities and towns have for some time found themselves hemmed in on all sides by federal lands, thus frustrating their efforts to achieve economic growth and expansion.

In February, 1981, Secretary Watt solicited requests from western governors to identify parcels of federally-owned land that they would like to see transferred to the states for community expansion and other public purposes. The requests were to be handled through local BLM offices. The governors responded with 361 requests for the transfer of approximately 951,000 acres to state jurisdiction.

Authority for such transfers is vested in the Secretary of the Interior under the Recreation and Public Purposes Act (43 U.S.C. 869), whereby the Secretary is authorized to lease or convey public domain land117 to states or their political subdivisions and to nonprofit organizations for recreational or public purposes. Conveyances for recreational uses to states and counties are to be issued without monetary consideration.118 Several western states — most notably California, Arizona, Nevada and Utah — have acquired a combined total of more than 300,000 acres under this act.

117 Indian lands, national forests, national parks and wildlife refuges are excluded from this act. A maximum of 25,600 acres can be conveyed to a given state in any year.
In addition to welcoming this initiative, the western states have also expressed encouragement at what they consider to be noticeable improvements in the day-to-day management activities of the Bureau of Land Management. They regard efforts by the agency to streamline the processing of land use permits and other transactions as a positive step in reducing bureaucratic red tape and regulatory burdens that they feel have traditionally characterized BLM interactions with the states.

Another integral element of the administration's "Good Neighbor Policy" involves the expediting of land exchanges between the federal government and the states. This too has been well received by the states who consider it an effective means of consolidating land ownership in the West, with resultant reductions in the costs of land management. In addition to resolving the problems of state inholdings within federal lands (and vice versa), the states regard land exchanges as a realistic way to address conflicts among ranchers, miners, and environmental interests over the use of the nation's public lands. With the problems of access to isolated land parcels eliminated, the states also believe they will be better able to encourage economic development in those areas suited for such purposes.

particularly strong support for accelerating the federal government's program for land exchanges has come from the state of Utah. The state currently manages approximately 3.6 million acres of widely scattered lands that it feels are so diffuse and unmanageable that they contribute little to the state's economy. However, as opposed to addressing this problem on a case-by-case basis, Utah wishes to return most of those lands to the federal

119 The state of Arizona, for example, has approached the question of land exchanges in this fashion.
government in exchange for 30 large blocks of land of equivalent value. Governor Scott M. Matheson has entitled this initiative "Project Bold", and it enjoys wide support in both the state legislature and the Department of the Interior.

Utah says it needs to make the swap because the current land arrangement thwarts economic development. Revenues from mining leases, grazing fees and other uses equal less than 3% of the state's $700 million annual school budget. Governor Matheson admits that the lands may never wholly pay for schools, "but we should be able to do a lot better than 3%", he says.¹²⁰

Other western states with similar problems are monitoring the progress of "Project Bold" closely; many believe that such an approach offers the greatest potential for a quick resolution to the question of land exchanges within their borders.¹²¹

ⁱ²¹ Although the "Project Bold" concept enjoys fairly wide support in the West, problems arise when its potential impacts are viewed from a national perspective. Frank Gregg, former Director of the Bureau of Land Management in the Carter Administration, has provided the most concise description of these difficulties.

Gregg maintains that the massive land exchange procedures envisioned within "Project Bold" circumvent those authorized by the Federal Land Policy and Management Act. While acknowledging that western states are justified in their frustration with the slow process of land exchanges in the past, he also notes that the demand for land transfers has outstripped the FLPMA-prescribed land use planning process within which such transfers are to be achieved. He observes that the large-scale land exchanges within "Project Bold" are not designed to be conducted within FLPMA guidelines. Such a project, therefore, along with any others that might be modeled upon it, provide no mechanisms for assessing their aggregate impact upon federal land policy. This argument is similar in many ways to the legal objection to the administration's land sales program described previously - i.e., that it contains no mechanism to evaluate the impacts of the program at the national level. FLPMA was explicitly designed as an instrument for national policy, and for that reason the procedures for all federal land transfers (sales and/or exchanges) were prescribed within that act.

As an alternative to "Project Bold," Gregg proposes the initiation of a two-year planning process whereby, with extensive state and local input, all federal lands suitable for exchange or outright transfer to the states would be identified. This would occur prior to the actual conveyance of any lands. Such a process, he maintains, could simultaneously consider the ques-
The various initiatives framed by the Secretary of the Interior within his "Good Neighbor Policy" represented an attempt by the Reagan Administra-
tion to address many of the concerns that had ignited the Sagebrush Rebellion. In general, the western states have welcomed the federal government's efforts to resolve such longstanding issues as "in-lieu" allocations and land exchanges. They also regard the changes in day-to-day operations of the Bureau of Land Management as an improvement which complements these other activities.

I feel that the Good Neighbor Policy is working well. The land administering agencies out West are easier to talk to and are more responsive. Relationships between state and federal government have improved. Adversary roles between user groups and the BLM have lessened, and as a result the Sagebrush Rebellion has been defused to a degree.122

Although some Westerners questioned the logic of certain administration actions regarding mineral development on public lands, throughout 1981 states tion of state "in-lieu" lands, land transfers for community expansion, and land exchanges. At the same time, it would assure that national impacts of land transfers within all states could be identified and assessed from an aggregate perspective. Gregg also notes that the results of such a planning process could be presented in the form of a program document to Congressional committees, and to state governors and legislative bodies. He further states that under such an approach, significant federal land transfers could be achieved within 2 to 3 years.

"Given current controversy over ownership and management policies for public lands, the prospect of gaining and sustaining public confidence in a large-scale program for land transfers will ultimately depend on whether the program is perceived as fair and equitable. A program conducted under explicit and generally accepted procedures should result in a more productive and more judicious transfer program than a series of ad hoc proposals subject to characterization "deals" and open to political attack and judicial challenges."

122Statement of Norman Glaser, Co-Chairman, Nevada Select Committee on Public Lands in U.S. House of Representatives, Public Land Sales and Transfers, 66.
in the West continued to praise the overall direction and implementation of
the administration's "Good Neighbor Policy".

**Land Sales Program.** With the exception of accelerated land transfers
for community development, the "Good Neighbor Policy" had not been directed
at achieving a reduction in the overall size of the federal estate. The
announcement of the land sales program in February, 1982, marked the intro-
duction of land privatization as an integral part of the administration's
public lands policy. Its commitment to this new objective was magnified by
the nature in which the program was introduced. As opposed to being adopted
as part of policy shifts within the Departments of Interior and Agriculture,
the program was included as a separate entity within the president's FY 83
budget proposal. This was soon followed by an executive order establishing
the White House-cabinet level Property Review Board to direct the program's
implementation.

The concept of privatizing federal lands did have some support from
within the ranks of Sagebrush proponents, particularly those who were most
dissatisfied with what they perceived to be the traditionally centralized
nature of federal land management. In their view, any reduction in federal
land ownership, whether achieved via sales or transfers, was preferable to
continued federal presence in the West. As noted earlier in this report,
a number of groups comprised of western legislators and executive officials
initially endorsed the administration's land sales initiative. Other Sage-
brush advocates, however, voiced reservations that privatization could be
achieved without adversely affecting a number of important elements within
the administration's "Good Neighbor Policy."

In May of 1982, Interior Secretary Watt attempted to quell these growing
concerns at an address before the National Forest Products Association in
Washington. He declared that "he would continue his 'Good Neighbor Policy' of turning over public lands free to state and local governments."123 One week later, however, Watt announced that the lenient 'Good Neighbor Policy' would end, and that the current discounts provided to state and local governments seeking surplus federal properties would be phased out.124 The 951,000 acres previously requested by state governors were not to be affected by this change. The Secretary also announced that "henceforth, all new applications from governors would go through the White House Property Review Board to be evaluated for possible sale."125 A three-month "grace period" was established during which time western governors could submit any additional requests for lands under the previous policy. A BLM report issued in July 1982 summarizes these details:

All state (BLM) Directors have now notified the governors of their respective states of the September 1, 1982, deadline for requests under the "Good Neighbor Program" to file formal applications. Requests not formalized by that date will no longer be given consideration by the BLM.126

The procedures for land exchanges were also significantly altered with the introduction of the land sales program. Under the new provisions, federal lands would be offered for sale for two years, then offered in exchange for state lands if they had not been sold. Exchanges currently in progress would not be affected. It was also announced that every effort would be made to

123 Land Use Planning Report, May 24, 1982, 166.
124 As an accompanying measure, Watt also announced that federal agencies would have to pay fair market value for properties declared excess by other federal agencies. Previously, a given agency could acquire such property at no cost.
realize income from the disposal process, and that the federal government would retain any lands with known mineral resources. In addition, funding under the payments-in-lieu-of-taxes (PILT) program would be reduced proportionate to the amount of land removed from the public domain.

As described previously, the administration's economic rationale for land privatization focused upon the perceived superiority of private versus political markets; the potential for improving management efficiency on federal lands that were retained; national debt reduction; potential improvements in land productivity; and the streamlining of federal land management planning activities. With respect to the states, the administration emphasized that privatization would enhance local economic development by adding lands to state and county tax rolls. It also claimed that such additions to county tax bases would more than offset corresponding reductions in PILT payments to the counties. The potential for new jobs was emphasized, since more land would be available for industrial expansion.

The administration also maintained that land sales would do much to free up federal lands currently blocking communities attempting to grow in an orderly and reasonable fashion. With such lands now under their jurisdiction, counties would more effectively be able to steer local economic development through legislative and executive actions. In addition, areas where the demand for private land outstripped supply could proceed with orderly economic expansion.

In Arizona, much of the U.S. Forest Service acreage marked for possible disposal is located adjacent to vacation and retirement communities where there is intense pressure for more private land, Forest Service officials have said.\(^{127}\)

With respect to state and local participation in the land sales initiative, the Department of the Interior indicated in September of 1982 that the initial acreages identified for possible sale were done so in accordance with all criteria for state and local input established in the Federal Land Policy and Management Act.

The public lands identified for disposal were identified in existing land use plans in which state and local governments participated. This acreage should come as no surprise to the governors.\textsuperscript{128}

To a large degree, the administration regards the potential benefits to be derived by the states from federal land sales as the inevitable effect of bringing land management closer to the citizens of the West. It considers enhanced state and local economic development to be but an aggregate consequence of increased economic freedom for the individual entrepreneur. With land management no longer stifled by bureaucratic inefficiency and regulatory burdens of federal agencies, state and local economies may reap the benefits of citizens managing their lands with all the incentives and responsibilities inherent in the free market system. The remainder of this section will examine the reactions of the states, particularly in the West, to the administration's land sales program.

\textbf{State Perspectives on the Land Sales Program}

There is a certain homogeneity in the nature of public land management issues within states in the West when contrasted to those facing their counterparts in the East. However, the significance of any particular issue

may vary considerably among individual western states. Some states, for example, have completed selections of their "in-lieu" lands, while others have not. In states such as Wyoming, oil and gas reserves are extensive; they are practically non-existent in Arizona. Each western state, therefore, has examined the implications of the land sales program from a slightly different perspective, depending upon the nature and composition of the lands and resources within its borders. Despite these differences, a number of common threads have characterized the reactions of states in the West to the program. On an overall basis, these reactions have been negative.

State and local governments regard the program as surprisingly inconsistent with the Good Neighbor Policy promoted so enthusiastically by the Reagan Administration. After an initial period of uncertainty as to precisely what the effects of the program might be, most states have concluded that it is not in their best interests. The administration's ambiguity regarding the scale of the program has only served to strengthen these conclusions.

The basic thrust of the Sagebrush Rebellion has been to promote the removal of federal presence in the West through the transfer of lands to state jurisdiction — more specifically, to the jurisdiction of state and local governments. Thus the movement has at its nucleus the retention of lands within the public sector. This is not to imply that privatization is rejected as the ultimate end for some of these lands. However, Sagebrush advocates strongly believe that it is the states and not the federal government who should ultimately determine which lands are most suited to private ownership.

In a few states there exists some sympathy for potential gains that may be achieved by returning federal lands to the tax rolls. Nevada, for example, obtains almost all of its tax revenues from gambling establishments. Much of the support for privatization has come from some within the state who
regard it as an effective means of diversifying their tax base. Even among these individuals, however, there has been disagreement over the scale at which privatization should be accomplished. The elimination of federal presence at all costs has been advocated by only a handful of ardent conservatives.

Some members of county governments in the West have also expressed support for a program of federal land sales that might enlarge tax bases and promote local economic development. They believe that under such a scenario counties could more effectively control land use patterns through zoning laws and other legislative initiatives. In addition, most local officials have responded quite positively to the streamlining of federal land disposal procedures that has accompanied the land sales program.

However, the majority of those representing state and local governments in the West have expressed strong disapproval over the nature and scale of the program, as well as at the manner in which it has been implemented to date. They view the effort as a direct reversal of three of the four basic elements within the administration's "Good Neighbor Policy" (page 90).

The principal objections of the western states regarding the program may be summarized in terms of what they believe are its adverse impacts in the following areas:

1. Interference with state selection of "in-lieu" lands
2. Disruption of the exchange base of federal lands
3. Elimination of discounts to state and local governments for recreation and community development
4. Real estate issues: Exploitative development/Absentee ownership/Property values
5. Uncertainty of impacts on revenue sources for local governments
7. Lack of state/local participation in all phases of the program
A brief description of these state and local concerns is now in order.

As noted previously, a number of western states are still involved in selecting their in-lieu lands. States entitled to such lands have for the most part identified parcels they wish to acquire under this process. They view it as one means of blocking up scattered holdings and enhancing land management efficiency. However, as part of the land sales program, any federal lands identified for potential disposal must now pass through the Property Review Board to be evaluated for sale. Thus the states maintain that they no longer have any guarantee that those parcels they wish to acquire as "in-lieu" lands can actually be obtained. Since "in-lieu" selection has been such a longstanding issue between the western states and the federal government, it is not surprising that "our first reaction to the land sales program was that they should hold up sales to anybody until we check for obtaining our "in-lieu" lands. 129

The "in-lieu" issue, however, represents but one aspect of a much more complex problem facing the western states -- that of establishing a rational and stable pattern of land tenure throughout the West. In the past, when so much of the public domain was unsettled and available, such problems could be postponed. Many westerners believe that this option is no longer possible and that the rationalization of land tenure patterns is the most critical of all issues facing state and local governments in the West.

From the states' perspective, the principle means for achieving this end is through the consolidation of scattered land ownerships into contiguous blocks more amenable to management by a single governmental entity. They

129 Personal communication, Division of Lands and Management Conservation, Department of Natural Resources - State of California, March 31, 1983.
note that this was also identified by the Reagan administration as an important objective of federal land management policy. The states believe that in order to achieve this goal it is essential that they have available a pool of lands for exchange with federal, and in some cases private, ownerships. The states feel they need to know not only which lands they are able to offer in exchange, but also which federal parcels would best contribute to stabilizing land tenure patterns through their exchange with state ownerships. Most western states regard the administration's land sales program as a serious impediment to the exchange process. The requirement that all lands be offered for sale for two years prior to their being offered in exchange is viewed as effectively dissolving the pool of federal lands available for exchange. In general, the states regard such an approach as seriously disrupting a process the value of which they felt had previously been well recognized by the Reagan administration.

The key to good land management is the availability of an exchange base of outlying parcels and federal land which can be traded with state and private owners to consolidate holdings and rationalize land tenure. These are precisely the parcels that the administration is now putting on the auction block....The administration does not understand the true value of this land. Its mind is fogged by ideological hostility to public land ownership.\[130\]

There is widespread consensus among western state land management agencies that the land sales program could significantly impede their ability to manage in an orderly fashion the stabilization of land tenure via land exchanges. Some legislators believe that, despite the program's

\[130\] Bruce Babbitt, Governor of Arizona, in Address to National Wildlife Federation; Albuquerque, New Mexico, March 19, 1983.
purported "tidying up" of lands from the federal perspective, the selective purchase of federal parcels by private interests may even exacerbate the existing discontinuity of land tenure patterns in the West.

The administration's elimination of discounts to state and local government for the purchase of property to be used for recreational development and other public purposes has also engendered a rash of criticism for the land sales initiative. Local governments have utilized these lands for parks and historic monuments, as well as for facilities such as landfills, utility sites, etc. Under the land sales procedures, these units of government must now compete with private bidders and pay fair market value for these properties. Nonprofit organizations are also confronted with a similar situation.

Western state and local governments maintain that such a requirement may seriously impair their ability to respond to the needs of growing local populations. Already faced with cuts in domestic assistance programs and federal funding, they feel they will be hard pressed to pay fair market value for federal properties. County governments view such a possibility as a serious impediment to orderly development.

This could virtually eliminate the local use of federal land for public purposes. Counties would be priced out of the market. If the county can't afford land for essential purposes, essential development may not occur.\footnote{As noted previously, the elimination of discounts also applies to federal agencies seeking to acquire excess property from one another. This move has prompted considerable criticism within Congress. Many legislators believe that the action may lead to more severe fiscal problems for federal agencies by forcing them to absorb additional costs. "Federal social service agencies may need to open branch offices to meet increasing demands from the public for assistance. The costs of purchasing property at a time when the size of the agencies' budgets are stabilizing or shrinking may force managers to make costly sacrifices." (Source: Malcom Simmons, et al., Federal Real Property: Inventory and Disposal Initiatives, Washington, D.C., 1983, 10.)}

\footnote{Statement of Gerrie S. Green, Legislative Representative, National Association of Counties, in U.S. House of Representatives, Public Land Sales and Transfers, 71.}
Many western legislators regard this action by the federal government as a violation of the intent of the Recreation and Public Purposes Act. The administration has claimed that in the past certain discounted lands have not been utilized for those public purposes authorized under the act, and that such abuses will be eliminated by the phasing out of discounts. Most states regard this viewpoint as exaggerated and relevant only to certain isolated cases. Some have also criticized the administration for its apparent rush to dispose of lands within or adjacent to urban areas with high population densities, where the needs for open space are most severe. The future scenario for local governments facing the elimination of discounts has provoked strong criticism of the administration even from the staunchest proponents of the Sagebrush Rebellion.

I am disturbed at the ominous and negative implication of privatization taken to the extremes that has already characterized the administration's approach to public land use and transfers. Since most western municipalities and communities are all incapable of paying fair market value, privatization is locking western local government out of the federal land management process and effectively killing the Recreation and Public Purposes Act.\(^{133}\)

In addition to the strong skepticism voiced by state and local governments regarding their ability to purchase lands offered for sale, many critics of the land sales program believe that local westerners themselves may experience similar problems in acquiring such lands. They see the program as a boon to developers, who would likely have far greater financial resources at their disposal than would traditional users of public lands in the West. A number of legislators who have been closely involved with federal land

management policy for many years believe that the dangers of exploitative land development would be particularly severe on public lands surrounding the national parks.

Tracts of public domain lands located adjacent to our national parks are likely to become prime candidates for purchase by developers and land speculators seeking to cash in on having a national park in their "backyard." Although national park units may not be sold under this program, we may find that the impacts are just as real if other critical public lands that serve as park buffers wind up in private hands under the guise of "asset management." 134

Throughout Congressional hearings on the land sales program, representatives of county governments have repeatedly expressed concern at the problem of absentee land ownership that could result from implementation of the initiative. They note that many small communities exist as service areas for ranchers and other users of public lands. Were this existing network of land ownership disrupted due to an influx of absentee owners, they believe that impacts on local communities could be severe.

The potential effects of the land sales initiative on property values in the West has been a topic of much debate. As with many other aspects of the program, the possible creation of a new real estate market in western states will depend upon the total amount of acreage that is actually offered for sale. Despite the administration's assurances that it has no plans to flood the market with massive amounts of land, a number of western governors regard the current ambiguity over the nature and scale of the program as a threat to the stability of land values within their states.

134 Henry M. Jackson (D-Wash), Privatization and the National Parks, National Parks, Jan/Feb 1983, 17. Senator Jackson was the principal author of the Federal Land Policy and Management Act.
Large scale disposal of federal lands could cause both private and public property values to drop. This cumulative depression of existing and anticipated property values may even offset the revenues gained by adding new lands to the tax rolls.\footnote{Statement of Edward Herschler, Governor of Wyoming, in U.S. House of Representatives, Public Land Sales and Transfers, 492.}

Although the actual effects of land sales on property values remain difficult to project, ranchers are also not anxious to see any initiative continue that could result in a decline in the value of their land.

The administration's position that the land sales program will have a positive impact on revenue sources for local governments has been criticized on several grounds. Many local representatives have voiced the fear that any increases in ad valorem taxes to county treasuries could be more than offset by both the elimination of federal subsidies and by losses to local economies resulting from the relocation of federal employees. County governments have also expressed the concern that if lands sold were taxed solely on an agricultural base, accrued revenues from newly privatized lands may be exceeded by losses from sales taxes, particularly in areas currently valued for tourism. They believe that the combined reductions in revenues from federal lands and in payments-in-lieu-of-taxes may very well negate any income received from the expansion of tax rolls.

A number of western states have voiced displeasure over the implications of the land sales program for the development of their mineral resources. For many states, minerals represent the primary resource-based potential for economic development. In most cases, however, these states still suffer from a lack of information concerning the nature and extent of their mineral holdings. Inventorizing these resources is time-consuming and expensive, and many
areas have yet to be explored. The states believe that the sale of federal lands prior to their exploration could eliminate a potential source of royalties and preclude any possibility that they themselves might be able to acquire such lands and minerals for economic development.

Critics of federal land sales also foresee problems with respect to the widespread occurrence of split estates — i.e., lands where surface and mineral rights are under different ownerships. Some states have initiated efforts to consolidate these ownerships by trading rights in cases where equality of value can be determined. From their perspective, the sale of federal lands will preclude their use in exchanges designed to place the ownership of surface and mineral estates on public lands under a single party.

One of the most frequent and severe criticisms voiced by the states concerning the land sales program concerns what they view as the failure of the administration to solicit the participation of state and local governments. Throughout Congressional hearings on the initiative, state and local officials have complained that they were consulted neither during the planning stages nor at the time the program was announced. They also claim that subsequent consultations have been inadequate.

It is indeed unfortunate that what little information available to us has been gleaned from leaked documents, press releases, speeches, a presidential executive order, and a single after-the-fact letter from the Secretary of the Interior to interested governors.136

The states maintain that the Federal Land Policy and Management Act provides for the coordination of BLM land use planning activities, including any prospective land disposals, with state and local land management agencies.

136 Statement of Richard D. Lamm, Governor of Colorado, in Ibid., 455.
They reject as unsatisfactory the administration's justification of its actions on the basis that initial lands to be evaluated for sale were all previously part of BLM land use plans formulated with state participation. The states argue that such plans were developed within a context entirely different from that of a large scale land disposal program. They claim that the size and scope of the administration's initiative reflect a qualitative change in the land disposal effort that warranted extensive state and local input. Representatives of county governments have been equally emphatic in criticizing the lack of federal consultation concerning the land sales program. "Local governments have had the door slammed in their faces on this issue of 'asset management' by the federal government."\textsuperscript{137}

The administration has attempted to dissuade its critics by emphasizing that the process for selecting surplus lands for future sales is not secretive. While communications have improved somewhat in 1983, the states have yet to be convinced that the administration is genuinely concerned about assuring the proper degree of state and local participation in the program.

Because the initial stages of the land sales program involved primarily those lands administered by the Bureau of Land Management, most of the above criticisms have been voiced by states in the West, where BLM lands are extensive. However, with the announcement that the U.S. Forest Service would seek legislative authority to dispose of some national forest lands, this picture changed. The initial listing of national forest lands to be evaluated for sale (page 19) included many lands located in the East. Although in most eastern states the percentages of national forest lands that may be sold are quite small, in Ohio, Illinois and Mississippi these figures total 36\%, 27\%, and 15\%, respectively.

\textsuperscript{137} Remarks of Timothy Schultz, National Assn. of Counties, presented at Symposium on Selling the Federal Forests, Seattle, April 23, 1983.
To date, the Forest Service proposal has encountered substantial opposition from the eastern states and within the Congress. The states argue that the relatively scarce public estate in the East must be maintained to address the heavier demands for recreation characteristic of the more densely populated eastern areas. They claim that while this situation differs greatly from that in the more sparsely settled West, the administration has ignored such differences through a blanket approach to land disposal. This widespread criticism voiced by eastern legislators and elected officials has done little to enhance the status of the Forest Service's "asset management" program.

From an overall perspective, state and local governments have expressed little support for the administration's land sales initiative. For the most part they have been perplexed and dismayed at the program's apparent disregard for many of the problems which they felt were being effectively addressed under the "Good Neighbor Policy." Governor Bruce Babbitt of Arizona summarized the current position of most western states:

If what I'm saying is a little schizophrenic, I intend it that way. I come here to give Secretary Watt, Bob Burford, A+’s for their day-to-day management policies, the ability to work on specifics with local and state officials; and I find it incomprehensible on the other hand that, out of nowhere, they've made a policy covering fifty states, territories of the United States, that is totally at variance with the kind of neighborliness that we're seeing at the local level.\textsuperscript{138}

Within the western states, the land sales program has been viewed as a setback to the momentum gained by the Sagebrush Rebellion. Sagebrush supporters note that while the administration heralded the program as a

\textsuperscript{138}Bruce Babbitt, Governor of Arizona, State Perspective on Land Policies, Address to National Public Lands Advisory Council, Phoenix, AZ, January 6, 1983.
complement to the Sagebrush movement, "as anyone could conclude, privatization is not an extension of the Sagebrush Rebellion or anything approximately close to it."139 Quite to the contrary, the initiative has been labeled as the antithesis of "Good Neighbor Policy," and at this juncture the states do not seem inclined to modify their beliefs that the program is not in their best interests.

THE LAND SALES PROGRAM: SOME THOUGHTS ON THE ISSUES

From the preceding pages it is apparent that the Reagan Administration's program for the sale of federal lands touches upon a variety of issues important to many groups within American society. As one Republican Congressman from Idaho remarked about the program, "I know of no other issue in the last year and a half that has drawn more controversy, concern or misunderstanding."140 The preceding pages have provided a brief sketch of the views of both supporters and critics of the land sales program. It is important to note that not all of those who regard themselves as "opponents" of the program necessarily share the same views on every issue; this is also true of those who favor the initiative. The remaining pages contain this author's reflections on the merits of the various arguments expressed for and against the program; as well as the implications of events that have transpired to date for the program's future direction.

139 Statement of Jim Santini (D-NM) in U.S. House of Representatives, Public Land Sales and Transfers, 64.
140 Representative Larry Craig (R-Idaho) in Newsweek, July 25, 1983 (cover date), 30.
Economic Dimensions

In reviewing the five elements that comprise the economic dimension of the land sales program -- consumer preferences/market accountability; land management efficiency; national debt retirement; land productivity; and efficiency of land management planning and decisionmaking -- the objective of debt retirement is clearly distinctive. It is the only element that has no direct linkage back to the land resource. Perhaps hoping to take advantage of Congressional concern over burgeoning budget deficits, the administration adopted debt retirement as the primary goal of the land sales program at the time it was introduced. This engendered immediate and widespread criticism over both the validity of the objective in a program of this nature and the scale at which the program would have to be conducted if this goal were even to be approached.

The basis of these objections appears quite sensible, i.e., that any disposal of federal lands should be undertaken for the purpose of improving the status of the resource and those who use it and not merely to provide input as a line item in the federal budget. The administration never adequately addressed these objections and eventually discarded debt retirement as a goal of the program. However, by that time the credibility of the entire initiative had been severely damaged, and the loss of support caused by the adoption of this objective may be difficult to overcome.

The administration's goal of facilitating the expression of consumer preferences by bringing land under the accountability of private markets is but another instance of the longstanding debate over the equity and allocative efficiency of private versus political markets. Although the land sales program will surely not lead to the resolution of this issue, it has
provided a focal point for examining implications of the problem for the nation's public lands. Both advocates and opponents of federal land sales present strong arguments in support of their views. The basic point over which differences appear irreconcilable concerns the ability of private markets to respond to consumer preferences for non-market services emanating from the land resource. Those who favor land sales claim that estimates of these services can be incorporated within the market framework, and that the opportunity costs of undeveloped commodity resources on public lands necessitate their transfer to the private sector. Land sales opponents maintain that in private markets the rewards to producers for their production of non-market services are miniscule when compared to those that could be obtained by producing commodity goods. They fear that such a lack of incentives could greatly reduce the quantity and quality of non-market services from those levels currently provided by the public sector.

The debate will no doubt continue, and two points may add to this discussion. First, it is not at all clear what the long-term consequences of selling all the lands envisioned by the administration would be. It is, however, quite likely that such consequences would be irreversible, i.e., the probability that privatized lands could be returned to the public sector is quite low. This suggests that any program for the disposal of federal lands should proceed methodically and with caution. The administration's initial plans to sell 35 million acres in five years would not appear to be consistent with either of these criteria.

A second point is that the advocates of the land sales program have not demonstrated that the only logical means of resolving political market imperfections in federal land management is through the sale of federal lands to the private sector. Other alternatives, such as the leasing of federal
lands at market value, could both provide market incentives for entrepreneurs and preserve the access to open spaces valued so highly by those who favor public land ownership.

The administration's claim that selling federal lands will enhance management efficiency on those lands that are retained is the most realistic of the arguments put forth in favor of the program. However, this too is tied closely to the question of program scale. There are undoubtedly some federal lands that would be better off in the private sector, primarily those scattered parcels that are both inefficient and difficult to manage. The concurrent reduction in negative cash flows for federal land management agencies that could be achieved through the sale of these lands would benefit all Americans.

Opponents of the program claim that many of these lands that would be sold, while not efficient in the production of commodity goods, provide valuable non-market services to users of public lands. Thus they view the efficiency argument as one-sided, i.e., what is good for one sector of society (the federal government) may not be good for society as a whole. The existing situation lies somewhere in between these two viewpoints. For some lands, federal disposal would likely have a minimal impact on non-market services and, in certain cases, might increase their availability. The sale of other lands would likely result in a net loss of these services. In either case, federal land management efficiency would probably improve simply because there would be less federal land to manage.

Thus the critical aspect of this particular issue is that of program scale. The administration's initial statement that it wished to sell 35 million acres of "isolated parcels," when coupled with the unfortunate objective of national debt retirement, combined to greatly diminish the
credibility of the program. The subsequent reduction in program scale may bring projected sales closer in line with scattered acreages that are inefficient to manage, but even this must await the identification of specific parcels to be sold.

The potential effects of the land sales program on the productivity of the nation's land resource are difficult to estimate. One reason for this is that existing information on land productivity by ownership is not extensive, and that which does exist is not readily accessible. The administration claims that its program will help make lands in the West more productive by allowing more private management with less bureaucratic entanglements.

Enhanced production of commodity goods may well occur on federal lands that are sold. As noted previously, however, it is likely that for a substantial amount of acreage there will be no buyers. Lands that go unsold will, of course, remain in federal ownership. Thus an important factor in attempting to gauge the effect of the program on the overall productivity of western lands is the intensity of federal land management that will occur on lands that are retained. One of the less publicized yet far-reaching moves of the Reagan administration has been to initiate a substantial cutback in funding for range management programs on federal lands. Under such a scenario, any argument that on an overall basis lands in the West will become more productive due to the land sales program appears tenuous at best.

The administration's claim that land use decisions will become less politicized through privatization is not so much an argument as it is a statement of fact. Private owners are subject to less political pressures than public bureaucrats. This objective of the program is in actuality a criticism of political markets, and as such it is an element within the previously described debate over the accountability of private versus politi-
cal markets. The real question, therefore, concerns the desirability of more private and less public decisionmaking with regard to use of the nation's land resources.

Those who favor the administration's program point to the budgetary process for federal agencies and note that it forces public managers to assume short time horizons aimed at obtaining adequate appropriations and maintaining the bureaucratic machine. Land sales critics counter that corporate managers face a similar situation to produce profits for the firm or be replaced. Although such a debate may shed light on decisionmaking processes within each of these kinds of organizations, it would likely be more fruitful if each side were to recognize that both types of organizations have short and long term horizons. Although the pressure on managers to act is more intense in the short run, public agencies must fulfill their legal mandates which in essence define the intergenerational nature of their long term horizons. Similarly, private firms and entrepreneurs must be able to effectively gauge trends in consumer demands, technological change, and future competitive pressures.

Thus the proper area of focus in this instance rests with the goals of the land management organization. The criticism that costs of public decisionmaking are excessive must be tempered with the recognition that it is expensive to plan and execute management programs with a large number of diverse objectives. No doubt public bureaucrats must devote parts of their working time to interacting with their constituencies; private firms face the same task if they wish to effectively obtain inputs for and market their products. The difference lies in the nature and amount of products and services these two kinds of organizations provide, and the resultant amount of organizational resources they must devote to consumer demands for these
goods and services.

The debate on this topic will continue as part of the issue concerning the sensitivity of private and political markets to consumer preferences. For now, while many would agree that the costs of planning activities as an aid to decisionmaking in public resource agencies could be reduced, it is not yet clear whether the best method for achieving such reductions is through the sale of federal lands to the private sector.

Legal Dimensions

From a legal perspective, the major issues with respect to the administration's land sales program concern its adherence to the policies and procedures mandated within the Federal Land Policy and Management Act (FLPMA) of 1976. During the first 16 months of the program's existence, the administration has repeatedly emphasized that its initiative will be implemented according to FLPMA-prescribed guidelines. It has also maintained that no large scale sell-off of federal lands is envisioned, and that state and local governments will participate in the process through which federal lands are identified for disposal.

While the subject of program scale surfaced frequently in the debate over the program's economic implications, it is within the legal dimension that the very concept of "scale" itself is subject to widely divergent interpretations on the part of the administration and its critics. FLPMA states that it is the policy of the United States that federal lands be retained, but that under certain specific circumstances lands may be sold. The critical question, therefore, concerns at what point the aggregate of individual "exceptions" to the policy of retention constitutes a large
scale effort at land disposal. One element of the legal challenge to the
program consists of the argument that, based on the administration's stated
program objectives and acreages targeted for sale, it is conducting a large-
scale, and therefore illegal, operation.

In theory this challenge could be resolved with a single number -- i.e.,
that amount of acreage at which the summation of a series of "smaller" sales
assumes the identity of a large-scale disposal program. Laws of national
policy, however, are seldom so specific. The administration initially inter-
preted its proposal to sell 35 million acres as an effort to dispose of 5%
of the nation's federal lands -- a small percentage in their view. Critics,
however, view 35 million acres as nearly 10% of federal lands within the
continental U.S. (since Alaska lands are excluded from the program but in-
cluded in the administration's calculation of 5%). They regard this figure,
and even that resulting from the administration's subsequent reduction of its
initial estimate, as a large amount of land relative to the holdings of any
single individual or corporate entity within the private sector. The issue
is one of interpretation, and it may well be that its resolution can only be
achieved through the process of judicial review.

The legal objection presented in the *Harvard Law Review* and briefly
summarized earlier in this report is a powerful one. It states that the pri-
mary criteria for any disposal of federal lands are defined by FLPMA to be
in terms of the use of such lands and the objectives of those uses. Disposal
goals of revenue generation and privatization, the argument continues, are
not among those authorized by the act. It is difficult to dispute this
interpretation of the law. Having given so much publicity to the program's
objective of reducing the national debt, the administration never really
addressed this objection and dropped both debt retirement and privatization
as stated objectives of the program. It is highly unlikely that the former goal would have survived a court challenge, although privatization could conceivably be approached in terms of its utility for enhancing land management efficiency.

Equally significant are the points raised by the legal objection concerning the relationship of the land sales program to the process of judicial review established under FLPMA. The piecemeal implementation of the program provides no mechanism for the courts to evaluate its adherence to national policy directives within FLPMA until after the program is fully implemented. Should the judiciary find that policy to have been violated, it would be all but impossible to return privatized lands to the public sector.

There is a striking similarity between the preceding argument and that raised by former BLM Director Frank Gregg concerning the question of large-scale land exchanges between the federal government and the states. It is noteworthy that both criticisms arrive at the same conclusion. They propose a planning process whereby all federal lands to be disposed be identified prior to the implementation of individual sales or exchanges. While it is likely that proponents of privatization and many advocates of the Sagebrush Rebellion would strongly oppose yet another federal planning effort, Gregg contends that the process could be completed within a two-year period. It could also include mechanisms for extensive state and local participation, and would concentrate public participation within the two-year period during which lands to be disposed are identified via the planning process. This in turn would likely eliminate the seemingly endless stream of litigations that may arise from a large series of unrelated sales. Although this argument appears eminently sensible, the haste with which the administration has required land management agencies to inventory their lands and identify par-
cells for disposal would indicate that it does not regard this option as a viable alternative for pursuing a program of federal land sales.

Land Sales and the States

When viewed as an instrument of the Reagan Administration's ideology of New Federalism, the land sales program has performed quite poorly. Rather than fostering a cooperative spirit regarding public land management between federal and state/local levels of government, the initiative has dampened gains achieved by the administration through its "Good Neighbor Policy." It has also damaged the administration's image as one sensitive to the problems and needs of states in the West.

Opposition to the program by state and local governments is widespread and transcends party lines. While the states are not opposed to the disposal of isolated federal parcels, they do not regard the program as being designed primarily to achieve that end. Equally as important, they resent being deprived of any opportunity to participate in the formation, implementation and review of the land sales initiative.

Among the objections raised by the states, perhaps the most far-reaching concerns the program's dissolution of the pool of federal lands for exchange with state governments. Although the emergence of the Sagebrush Rebellion was accompanied by calls for the transfer of all federal lands in the West to state jurisdiction, few of its proponents regarded this as either feasible or likely to occur. Thus an important corollary to the movement involved the option for states to exchange their lands for federal parcels that would aid in blocking up ownerships and enhancing land management efficiency. In achieving this end, certain federal parcels would undoubtedly be more important than others. It is highly unlikely that the integrity of this base of federal
lands for exchange will be maintained if private buyers are given the first opportunity to purchase any of these lands they so desire.

The administration has offered no rebuttal to the states' objections that the land sales program has disrupted the process of obtaining their "in-lieu" lands. Having been entitled to such conveyances since achieving statehood, the states can hardly be blamed for their displeasure at being left in the position of having to complete their selections from those "residual" lands not wanted by the private sector. It is quite unlikely that such lands would coincide with those desired by the states to complete their "in-lieu" acquisitions.

With the exception of the issue of state and local participation, the elimination of discounts to state and local governments for acquiring federal lands for recreation and community development is perhaps the most insensitive aspect of the land sales program, when viewed in light of the administration's policy of New Federalism. While the effects of exchange base shrinkage and "in-lieu" curtailment may be significant, their potential impacts on specific western communities are at this stage difficult to predict. The elimination of discounts, however, has had both immediate and clearly discernible consequences. The administration's claim that its actions will remedy past abuses in the use of conveyed lands is a poor excuse to eliminate a program that has significantly contributed to the quality of life in many communities in the West.

As noted previously, the impacts of the land sales program on western real estate markets will depend on: a) the overall scale of the initiative; and b) the concentration of sales in particular areas. Should either of these be substantial, property values may be adversely affected. Conversely, if sales are moderate and evenly dispersed, effects on land values may not be signifi-
cant. The question concerning the degree of absentee land ownership that might result from implementation of the program also eludes precise analysis. At present it is impossible to predict who will buy federal lands offered for sale, although some degree of absentee ownership is likely. While claims were frequently voiced at Congressional hearings that absentee corporate interests, foreigners, and out-state private individuals would be in the best financial position to bid for public lands, no estimates are available concerning the extent to which this might occur. From a political standpoint, however, the issue of absentee ownership has been one of the most volatile topics of debate throughout the course of the program.

The potential for exploitative development of western lands that might result from the land sales program is again difficult to estimate. However, past experiences suggest that such objections have a certain basis in fact. Parcels of high economic potential will likely be purchased quickly, and those interests with greater financial resources will obviously dictate the precise manner in which this will occur. The administration has refused to consider the delicate question of maintaining buffers of public lands surrounding national parks and monuments. At the community level, despite the traditional diversity of opinion regarding the desirability and extent of local institutions for land use planning, it is likely that concentrated sales would result in greatly increased pressure on land use planning agencies within local governments and municipalities.

Federal land sales will have both positive and negative effects on revenues accruing to local governments. Lands added to the tax rolls will provide a new source of income, and local economic development may occur in the long run if the scale of the sales program is large. Conversely, loss of income to local governments will occur from the relocation of federal employ-
ees and reductions in payments-in-lieu-of-taxes. The debate on this issue has centered upon the potential magnitude of each of these effects.

As is the case with issues regarding absentee ownership and the real estate market, neither side is able to back its claims with extensive supportive data. Effects on local revenues will depend to a large extent on the nature of federal land management that was being conducted on the lands prior to their disposal. Hyde observes that receipts would be larger where federal agencies currently constrain commodity production, but smaller where they currently subsidize production.\(^{141}\) He also notes that taxes would likely be indeterminant, as would be the net effects on regional welfare.

The argument that the land sales program will adversely affect mineral development in the West appears to be exaggerated, particularly in light of the administration's actions to accelerate the leasing of coal and other fossil fuels on western lands. States in the West have always wanted more control over mineral resources within their borders, a large percentage of which are found on federal lands. Although no lands with known mineral reserves will be offered for sale under the program, the states recognize that federal lands offer the opportunity of acquisition by exchange. With such an option severely constrained by the land sales program, they see little opportunity for acquiring lands with mineral resources that may not as yet have been identified. With respect to the technical problem of split estates, the land sales initiative will likely complicate state efforts to unite mineral and surface rights under a single ownership.

The administration's interpretation of what constitutes state and local participation in the land sales program has greatly undermined its chances

of successfully implementing the initiative. It has claimed that since initial lands identified for possible sale were all part of pre-existing BLM land use plans — formulated with state and local participation — all participatory requirements have been met. The states argue that their response to the BLM's land use planning process would have been considerably different had they been aware that such a process was part of an extensive federal effort at land disposal. Even if this quite reasonable objection is ignored, it is difficult to fathom the logic of instituting a program initially designed to sell 35 million acres of land without some consultation with states that would be affected by such an initiative. The administration's failure to consult with the states only served to incense the Department of the Interior's strongest supporters in the West and to damage a spirit of cooperation well established as far back as the Reagan campaign trail.

This apparent enigma may be better understood by considering the origin of the land sales program and the rationale upon which it is based. The program represents a classic example of top-down federal decisionmaking gone awry. In this case, little input was obtained from those elements situated at the "bottom" of this process — federal land management agencies and individual states. The Council of Economic Advisors — more specifically, a particular element within the Council — was responsible for the initial land sales proposal. It fitted neatly within both OMB's need to raise federal revenues and the administration's goals of reducing the influence of the federal government, enhancing the private sector, and accelerating development of the nation's natural resources. That such an idea was attractive to the White House became apparent with the President's creation of a White House-
cabinet level Property Review Board to administer the program.

The degree of involvement of the Department of the Interior in this process remains unclear, but events that have transpired since the initial announcement of the program indicate that the Department was not prepared to undertake such a large scale effort on so short notice. As noted above, the program was also in direct conflict with Secretary James Watt's "Good Neighbor Policy". While Watt may be accused of being insensitive toward his critics, he has demonstrated strong rapport with supporters of his policies as well as the managerial ability to carry out his programs efficiently and effectively. It is quite unlikely that Watt's proclamation in May, 1982 of continuance of discounts to state and local governments under the "Good Neighbor Policy", followed one week later by his elimination of such discounts under the land sales program, was entirely of his own making.

In this light, the reluctance of the Department of the Interior to seek state and local participation in the land sales program becomes more understandable, if no less excusable. It is difficult for an agency to enthusiastically promote a program that contradicts the basic thrust of all other actions undertaken by that agency. To date the land sales program has been characterized by a constant friction between the departments left to administer the program to dissatisfied western states and the Property Review Board conveniently isolated within higher eschelons of the administration.

From an overall perspective, therefore, the land sales program has aroused strong criticism from states in the West. While several of the foregoing objections would only be valid were the program to be large scale in
nature, those pertaining to the exchange base of federal lands, the elimination of discounts, "in-lieu" land selection, and state and local participation represent concrete assessments on the part of the states that the current program is not in their best interests. This loss of support from among the most ardent advocates of the administration's natural resource policies -- the western states -- will likely reduce the degree to which the administration is able to achieve the objectives of its land sales initiative.

The Land Sales Program: Some Caveats for the Future

This report has examined the economic and legal dimensions of the Reagan administration's land sales program, as well as its impacts upon state and local governments. The method of analysis has varied for each of these three dimensions. Economic arguments, which constitute the administration's primary justification for the program, have been reviewed from the perspective of those who favor and oppose the program. Both the legal dimension and that involving state and local impacts have been discussed primarily in relation to criticisms of the land sales initiative. From a legal standpoint, this reflects the fact that the administration has not chosen to debate its program on legal grounds, having asserted that it adheres to all existing laws. The review of state and local impacts of the program focused on objections of the states, since most of the benefits that the administration believes will accrue to the states are voiced within its economic justification for the program.

The establishment of a particular program -- regardless of its specific
aims or where one might stand on the issues involved — requires a clear
delineation of its basic objectives and of the means through which each
stage of the program contributes to achieving those objectives. Such a
process also involves the identification of positive and negative impacts
that may be experienced by individuals or groups affected by the program.
This in turn may facilitate utilization of successful program elements and
avoidance of problematic ones in the design of future programs to achieve
similar objectives. The goals of the administration's land sales program
are clearly defined. However, there is ample evidence that the adminis-
tration has devoted little attention to both the relationship of the pro-
gram to other policies it is pursuing as well as its effects upon those
groups in society with an interest in public land management. Two impor-
tant points are worth noting in this regard.

The first is that it is difficult to implement a program for which a
clearly defined and identifiable constituency does not exist. Even within
the private sector, whom one would assume to be the primary beneficiary of
federal land sales, no group has voiced strong support for the program. On
the contrary, for a variety of reasons — many unrelated and some reflect-
ing diametrically opposing interests — a number of groups have strongly
criticized the initiative. If state and local governments are rightfully
viewed as a constituency from a federal perspective, an entirely different
set of objections may be added to the list.

A second point pertains to the internal consistency of an administra-
tion's objectives for a particular program it initiates. The stronger the
consensus among decisionmakers at various administrative levels regarding
the validity of program objectives, the greater its chances for success.
At no time has the land sales program been characterized by such a consensus among its designers and those charged with its implementation. The Property Review Board's goal of raising revenues through land sales had little in common with the Interior Department's interest in disposing of parcels of land inefficient to manage.

Disagreements within an administration over various aspects of policies it wishes to pursue occur all the time. They often enhance understanding of the issues involved and stimulate creative approaches to problem-solving. Ultimately, however, the establishment of program objectives by those having the authority to do so must be based upon a realistic assessment of the potential difficulties that may be encountered by the agencies responsible for implementing the program. There is little evidence that either those within the Council of Economic Advisors or the Property Review Board considered the land sales initiative as anything other than a method to raise revenues. Impacts of the program on administrative agencies and the western states were all but ignored. The resultant internal friction within the administration, when combined with the lack of a program constituency within the private sector noted above, suggest that it may be difficult for the administration to achieve even the reduced levels of federal land sales it now envisions.

From a broader perspective, it may be worthwhile to consider the land sales program as it relates to the first two of the ideological tenets of the Reagan administration described at the beginning of this report (page 1). The goals of privatizing public assets and the New Federalism are in many instances mutually attainable. In certain instances, however, these goals may be in direct conflict. The land sales program is one such case. While presenting its arguments exclusively in terms of privatization, the adminis-
tration has ignored the program's implications for its policy of New Federalism. In truth the program raises important issues in both of these areas.

Perhaps one of the more valuable lessons that may be learned from the land sales program is that any action -- whether on the part of an individual, agency, or government -- should be evaluated in terms of its potential effects on all of the goals or objectives which that individual, agency or government hopes to achieve. Failure to do so inevitably leads to unintended consequences and a new set of problems which previously did not exist. That such a lesson must constantly be "re-learned" by many of us in society -- individuals and governments alike -- may to some be disheartening. A far worse consequence, however, would result from our failure to try.
ADDENDUM

THE LAND SALES PROGRAM: UPDATE OF EVENTS

July 15, 1983 -- November 20, 1983
THE LAND SALES PROGRAM: UPDATE OF EVENTS

July 15, 1983 through November 20, 1983

July 25, 1983:
Two conservative members of Congress — Senator James A. McClure (R., Idaho) and Representative Larry E. Craig (R., Idaho) wrote to President Reagan requesting that the "Asset Management" Program be rescinded.

July 28, 1983:
The New York Times reported that Interior Secretary James G. Watt had quietly removed lands controlled by the DOI from within the administration's land sales program. Watt was reported to view the program as a political mistake and a liability to the President, particularly in the West. The withdrawal removes 2.6 million acres of DOI lands, leaving the program with 6 million acres of land the U.S. Forest Service has identified as suitable for sale, plus property controlled by the General Services Administration and other federal agencies.

October 1, 1983:
The New York Times reported that Interior Secretary James Watt generally retained widespread support in the West from both Republicans and Democrats. Exceptions were noted, however, in the form of opposition to specific policies related to coal leasing and the sale of federal lands. Ranching interests in Montana, Idaho, and North Dakota were described as continuing their vocal opposition to any sale of federal grazing lands in their states. Senator Alan K. Simpson (R., Wyoming), a close personal friend of Mr. Watt, was quoted as saying that the Secretary's dealings with western governors had resulted in a situation where "there is no such thing as a Sagebrush Rebellion any more".

October 9, 1983:
James G. Watt resigned as Secretary of the Interior.

October 13, 1983:
The Washington Post reported that the first year of the Reagan administration's federal land sales program "has been a bust". It noted that originally the administration had hoped to earn $1.23 billion in FY 1983. Instead it raised $194.7 million through property sales by the General Services Administration, the only agency that was supposed to meet sales targets that year. GSA's inability to get agencies to part with property was cited as a major factor contributing to these results. In contrast to original estimates of $4 billion in income from the program in FY 1984, new FY targets were reported by OMB to be:

- Department of the Interior: $300 million
- USDA Forest Service: $200 million
- General Services Administration: $500 million
November 15, 1983: 40 senators, including 4 Republicans, co-sponsored a non-binding resolution calling on the administration's nominee for Secretary of the Interior, William P. Clark, to repudiate many of the controversial pro-development policies of former DOI Secretary James Watt. Among other recommendations, the resolution urged Mr. Clark to formally end administration efforts to sell large acreages of federal lands.

November 18, 1983: The "sense of the Senate" resolution introduced on November 15th was defeated on a procedural motion by a vote of 48-42. The Senate also confirmed William P. Clark as Secretary of the Interior by a vote of 171-18.


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APPENDICES


### APPENDIX A

Disposition of Public Lands, 1781-1981

<table>
<thead>
<tr>
<th>Type of Disposition</th>
<th>Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disposition by methods not elsewhere classified(^a)</td>
<td>303,500,000</td>
</tr>
<tr>
<td>Granted or sold to homesteaders</td>
<td>287,500,000</td>
</tr>
<tr>
<td>Granted to States for:</td>
<td></td>
</tr>
<tr>
<td>Support of common schools</td>
<td>77,600,000</td>
</tr>
<tr>
<td>Reclamation of swampland</td>
<td>64,900,080</td>
</tr>
<tr>
<td>Construction of railroads</td>
<td>37,100,160</td>
</tr>
<tr>
<td>Support of miscellaneous institutions(^b)</td>
<td>21,700,000</td>
</tr>
<tr>
<td>Purposes not elsewhere classified(^c)</td>
<td>117,600,000</td>
</tr>
<tr>
<td>Canals and rivers</td>
<td>6,100,000</td>
</tr>
<tr>
<td>Construction of wagon roads</td>
<td>3,400,000</td>
</tr>
<tr>
<td>Total granted to States</td>
<td>328,400,240</td>
</tr>
<tr>
<td>Granted to railroad corporations</td>
<td>94,400,000</td>
</tr>
<tr>
<td>Granted to veterans as military bounties</td>
<td>61,000,000</td>
</tr>
<tr>
<td>Confirmed as private land claims(^d)</td>
<td>34,000,000</td>
</tr>
<tr>
<td>Sold under timber and stone law</td>
<td>13,900,000</td>
</tr>
<tr>
<td>Granted or sold under timber culture law</td>
<td>10,900,000</td>
</tr>
<tr>
<td>Sold under desert land law</td>
<td>10,700,000</td>
</tr>
<tr>
<td>Grand Total</td>
<td>1,144,300,240</td>
</tr>
</tbody>
</table>

\(^a\) Chiefly public, private, and preemption sales, but includes mineral entries, scrip locations, sales of townsites and townlots.

\(^b\) Universities, hospitals, asylums, etc.

\(^c\) For construction of various public improvement (individual items not specified in the granting acts), reclamation of desert lands, construction of water reservoirs, etc.

\(^d\) The Government has confirmed title to lands claimed under valid grants made by foreign governments prior to the acquisition of the public domain by the United States.

Note.—Data are estimated from available records.

APPENDIX B

Public Land Management Policy of the United States:

1. It is the policy of the United States to retain public lands in Federal ownership unless disposal will serve the national interest.
2. Periodic and systematic inventory of public lands, and a land use planning process for public lands will be conducted.
3. Public lands not previously designated for specific use will be reviewed in accordance with provisions of this Act.
4. Congress may withdraw public lands for special uses and delineates the extent to which the President may withdraw lands without legislative action.
5. The Secretary of the Interior will establish rules and regulations for administering public land statutes.
6. Judicial review of public land adjudication decisions is provided for by law.
7. Public lands management must be conducted on the basis of multiple use and sustained yield unless otherwise specified by law.
8. Public lands are to be managed to protect wildlife, water, and environmental resources.
9. The federal government shall receive fair market value for the use of public lands and their resources unless otherwise provided for by statute.
10. Uniform procedures for disposal, acquisition and exchange of public lands are mandated; Congressional review is authorized for disposals in excess of a specified acreage.
11. Regulations and plans for public lands of critical environmental concern are to be established.
12. Public lands shall be managed in recognition of nation's need for domestic sources of minerals, food, timber and fiber.
13. The federal government should provide equitable payments to compensate states and local governments for burdens created as a result of the immunity of federal lands from state and local taxation.