

PUBLIC VS. PRIVATE LAND MANAGEMENT: Which is Better for the Environment?

By Nicole Arbogast

The United States is at a critical point in the management of federally-owned land. Under the guise of protecting the environment, environmental interest groups are calling for the federal government to acquire more land and to exercise stricter control over land it already owns. If successful, this movement will result in the erosion of private property rights and individual freedom.

Unfortunately, most Americans do not realize the extent of the federal government's land holdings. Taking into consideration all federal land (including the National Forest Service, the Bureau of Land Management, the National Park Service, the Fish and Wildlife Service, Department of Defense, etc.) the government controls approximately 724 million acres (or one-third) of America's 2.315 billion acres. Most of this public land is located west of the Mississippi River (63 percent of the 13 western states is owned by the federal government), a fact which devastates the economies of many of those states because it eliminates most of their tax bases, leaving little money for schools and other programs. Additionally, the federal government prevents localities from recovering this income by failing to pay most of the promised payments in lieu of taxes (PILT), which were to help offset the lost income.

The amount of land under federal control is startling: The government controls 86.1 percent of land in Nevada, 63.8 percent of Idaho's territory, and 63.6 percent of Utah. However, even the most well-known and respected environmental groups are not satisfied with these figures. Today, for example, 94 million acres in our nation are designated as wilderness. But, as Mike Francis of the Wilderness Society recently explained in the *Washington Times*, environmental groups expect to "double the amount of wilderness" within the next 25 years. Debbie Sease, who tracks legislation dealing with wilderness issues on behalf of the Sierra Club, happily notes that it "looks like a really productive Congress."

If the federal government actually helped protect and improve the natural resources under its control, federal takeover might not be as objectionable. Unfortunately, this is simply not true. Case after case has proven that the government simply cannot effectively manage natural resources with the political pressures and perverse incentives of the current bureaucratic system. The government has historically produced policies and management decisions that are both economically inefficient and environmentally destructive, and there is no reason to believe that this behavior will change in the future.

The results of this poor management system are everywhere. In 1988, *The Economist* reported that the National Forest Service subsidizes timber

Under the guise of protecting the environment, environmental interest groups are calling for the federal government to acquire more land and to exercise stricter control over land it already owns.

Unlike the federal government, International Paper does not log in areas that are not economically profitable.

harvests in many areas that do not produce profitable timber sales. An example of this is the Tongass National Forest in Alaska, where the Forest Service spends \$100 per tree harvested and sells each tree for only \$2. This would not occur on privately owned land because landowners cannot continually operate at such a loss.

Federal land managers often run into conflicts because of their need to respond to all political interests, no matter what the results. Take, for example, the Gallatin National Forest in Montana. Because of concern that prime grizzly bear habitat was being destroyed, logging roads in that area were closed. However, because the forest still had a timber goal to meet, it was forced to build other roads which opened up another area of the forest to logging. Ironically, this area was also considered prime grizzly bear habitat.

An example of private ownership as an alternative to federal control is International Paper, Inc. Because it operates within the marketplace, International Paper manages its land to provide the company with both long and short term profits. This means that, unlike the federal government, International Paper does not log in areas that are not economically profitable. It also means that IP has a strong incentive to prevent damage to its property, as such damage might decrease future productivity.

This does not mean, however, that IP must sacrifice its profits for the environment. By combining concern for both economics and the environment, International Paper has profited. Indeed, according to one analysis reported in *The Economist*, "35 percent of its operating profits in Texas, Arkansas and Louisiana [come] from leasing the hunting rights of its forests there." Not only is this good for IP's bank account, it's good for the environment because managing for quality game habitat creates benefits for non-game wildlife as well.

Ownership encourages people to look for creative ways to make the most of all of their assets.

Ownership encourages people to look for creative ways to make the most of all of their assets, and without compromising the long term integrity of those assets. The government, however, which lacks concern for the long term, focuses instead on short-term goals which can be translated into political victories. This incentive structure is further skewed by the rules, constraints, and incentive structures under which management agencies must operate.

Considering the current interest in environmental issues, now is an excellent time to address the alternatives available in the area of land management. Free-market environmentalism offers a way to conserve natural resources while at the same time promoting economic growth and individual liberty. While the latter two may not be priorities of some environmentalists, they should be of the utmost importance to anyone who cares about the human condition.

Nikki Arbogast was a research associate at CEI in the fall of 1991.

December 1991