

GRAZING ON PUBLIC LANDS

MID-TERM GRADE: C- | FINAL GRADE: C+

Most of the debate over grazing on public lands focuses on whether livestock grazing is compatible with protecting land and water quality. Many environmentalists contend that livestock overgrazes the areas around streams, reducing water quality and encouraging invasive plant species, and competes with wildlife for scarce habitat and forage. These activists want livestock removed from public lands. Efforts to do this have gone on for more than a decade, beginning with calls for “No Moo in ‘92” and “Cattle Free in ‘93.” Where removal isn’t possible, they are seeking more stringent regulation of grazing.

THE MID-TERM REPORT

PERC’s mid-term report concluded that free market environmentalism would require steps by the administration to allow environmentalists and others to obtain grazing permits from willing sellers and, if they wished, retire the permits. To receive a high grade, the

report said, the administration should have proposed new legislation. This legislation would require grazing permittees to post a bond holding them accountable for the environmental consequences of their actions (whether grazing or nongrazing) and would allow the willing exchange of grazing permits, including environmentalists as potential permittees. Short of legislation, the report recommended that the administration amend resource management plans under existing laws. These would allow the federal agency in charge (the Bureau of Land Management or the Forest Service) to reduce or exclude livestock grazing, making it possible for nongrazers to hold permits. Because the Bush administration took neither action, it received a C-.

ASSESSING THE FULL FOUR YEARS

Grazing permits have long been considered assets by the ranchers who hold them. Financial institutions that lend

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capital to these ranchers support this position, because their loans are based on the value of these permits (see Watts and LaFrance 2001). Thus the obvious market solution to this divisive issue is to allow the permits to be traded by willing buyers and willing sellers. Prior to the 2000 election, candidate Bush's environmental advisory team recommended this policy. Under this approach, if environmentalists believed that grazing permitted by federal agencies should be eliminated, curtailed, or modified, they could purchase or lease permits from existing permittees. This is similar to the way that those who want to maintain instream water flows are purchasing or leasing water from irrigators (see Landry 1998).

Private Innovation

This approach is exemplified by the efforts of the Grand Canyon Trust and the Conservation Fund to purchase the Kane and Two Mile ranches in Utah between the Grand Canyon and the Grand Staircase-Escalante National Monument. These two groups are trying to raise \$4.5 million. With that, they will acquire 1,000 acres of private land and the associated grazing permits for 900,000 acres of public land. If they succeed, they will continue managing the ranches for livestock, but they will significantly reduce the amount of grazing on the public lands. According to Bill Hedden, executive director of the Grand Canyon Trust,

We don't pretend that we can just march in and manage the land better

than anyone else. But our goals are different than traditional ranchers. We can manage to improve the habitat for antelope fawn survival or to ensure that there is an adequate small mammal prey base for goshawks and spotted owls . . . But at least we will be in a position to experiment and monitor the results . . . A lot of activists have gotten frustrated with environmental politics . . . We need new ways to do things, and this private partnership represents one of the new ways. We're seeing this attitude of "let's work this damn thing out," in a lot of places around the West. (Larmer 2004, 6)

It remains to be seen how the conservation groups will reduce grazing without losing the permits through nonuse, but this private approach illustrates how the market could work, especially if the hurdles to private initiative and trades were lowered. For their efforts, the Grand Canyon Trust and the Conservation Fund get an A+.

Marginal Changes

But instead of promoting a market approach to the grazing issue, the Bush administration has chosen to make only marginal changes in regulations. Responding to environmentalists' efforts to remove livestock from public land, the administration has proposed changes that placate some traditional Republican grazing allies and frustrate environmental opponents. The changes give agency personnel an indeterminate period of time to monitor specific

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allotments before deciding whether grazing is harmful (and therefore to be stopped). The administration has also proposed extending the time that permittees are given to respond, from one year to seven. Arguably, the extension of time makes sense because improving range management takes more than a year, but the regulation does nothing to reduce the contentious nature of the grazing debate or to allow environmental groups with “a better idea” a way of practicing what they preach.

If the proposed regulations were to take effect as scheduled in December 2004, they would make two small steps toward solidifying property rights in ways that could enhance stewardship. First, the regulations remove the current limit of three consecutive years under which livestock operators can retain grazing permits without grazing their allotments. Permittees would be allowed to apply for nonuse for up to one year at a time for conservation or other purposes. Second, the new regulations allow permittees to share title to permanent range improvements with the Bureau of Land Management and to establish water rights associated with water development. Currently, the property rights to improvements belong to the government, although permittees are entitled to compensation if they lose or give up their permits; similarly, water rights belong to the government if state water law allows ownership by the federal government.

Meanwhile, Congress has attempted to address this issue. A bill introduced in the House in the fall of 2003¹ proposed authorization for the federal government to pur-

chase grazing permits from ranchers. Sales were to be voluntary. Where ranchers accepted the offer, the grazing land would be permanently closed to livestock.

At first glance, this might appear to be the type of market approach that the administration should have proposed, but it fails the market test on several counts. First, taxpayers would pay the cost, and if all western ranchers chose to participate, that could reach \$3.2 billion. Second, the plan offers a single price per animal-unit-month (AUM) to every rancher and therefore ignores different land-use values or management costs. Third, the plan implicitly assumes that any grazing retirement at the given price is less valuable than the nongrazing option. Although some ranchers may find that the offer exceeds the grazing value and therefore sell out, the nongrazing value may be worth even less than the grazing value, thus shifting land use to a lower valued option. A true free market solution would not force taxpayers to shoulder the costs of buyout, but would let environmental demanders such as the Grand Canyon Trust purchase permits and retire them if they felt that retirement was consistent with good stewardship. To its credit, the Bush administration has opposed this government buyout.

THE FINAL GRADE

The Bush administration has made minor improvements in the rules affecting grazing, but has failed to take serious strides toward applying free-market envi-

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ronmentalism to grazing. For those reasons, it receives a C+ on grazing.

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RECOMMENDATIONS FOR THE NEXT ADMINISTRATION

The next administration should follow the lead of the environmentalists who want to implement their vision of stewardship by buying permits and managing land. The Grand Canyon Trust provides an example of what could happen if the federal government would encourage win-win solutions by facilitating a market in grazing permits. In short, the next administration should pursue legislation and regulatory reforms to make grazing permits transferable to nongrazers.

NOTE

1. H.R. 3324.

REFERENCES

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- Larmer, Paul. 2004. Buying Ecological Leverage. *High Country News*, Aug. 2.
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