



**Statement of Paul J. Gessing
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**before the
House Resources Subcommittee on
Forests & Forest Health**

**on Federal Land Ownership and
Management
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Chairman Walden and distinguished Members of the Committee, thank you for holding these important hearings today. My name is Paul Gessing. I am Director of Government Affairs with the National Taxpayers Union (NTU), America's oldest and largest grassroots taxpayer organization with 350,000 members nationwide. You can learn more about NTU – and our educational affiliate, the National Taxpayers Union Foundation (NTUF) – on our website: www.ntu.org.

NTU represents the interests of taxpayers before a variety of government bodies and actively lobbies Congress on an array of taxpayer and free market issues. The general thrust of our work is to cut taxes and promote individual economic freedom. To that end, while the federal government often has a legitimate regulatory role, we feel that it should steer clear of direct, large-scale involvement in the marketplace.

I come here today to offer testimony on the subject of current federal land policies and how they affect taxpayers in particular, as well as state and local governments. Of course, as you already know, the federal government is not just a major player in land ownership and management; it is the biggest single land owner in the country. Approximately 670 million acres, or 29 percent of America's 2.3 billion acres of land, is owned by the federal government. Most of the federal government's land holdings can be found in the west, representing over half of the acreage in Idaho, Oregon, Utah, Alaska, and Nevada. Federal ownership is most prevalent in Nevada, at 79 percent.

Taxpayers, as collective owners, do indeed gain some benefit from these lands. The most visible beneficiaries are the millions of annual visitors to various national parks throughout the country. Of course, Americans derive other benefits from federal lands. Ranchers use them for grazing, timber companies and their employees receive gains from the harvesting of timber, and sportsmen derive enjoyment from the preservation of habitats for fish and game. To my knowledge, there have been no exhaustive efforts to tabulate the economic benefits of federal lands, but they are certainly significant.

I must make it clear, however, that there is a difference between receiving "some benefit" from a service – government or otherwise – and actually putting resources to their best possible use. As Nobel Prize winning economist Friedrich A. Hayek made clear in his treatise *Prices and Production*, the fatal flaw of socialism is that it lacks the necessary market prices that so effectively serve as guides for our everyday purchasing decisions. Because socialism has no means of ascertaining which production possibilities are economically feasible, our nation's current heavily-socialized land management system is tremendously inefficient. This is a flaw that cannot be fixed without the reintroduction of market forces, preferably through the sale of significant amounts of federal lands.

Aversion to socialism should not be confused with being anti-environment. In fact, environmentalists are slowly waking up to the fact that the federal government is a terrible steward of publicly-owned lands and the resources they contain. A recent story about the plight of wild horses living on federal lands comes to mind. Only the federal government could turn beautiful wild horses – animals that have left an indelible mark on both our nation's history and its psyche (obviously a natural resource) – into a nuisance for which the slaughterhouse is the

most viable option. Of course, wild horses are only the most recent case of federal land mismanagement to have received widespread publicity. The Government Accountability Office has cited the billions of dollars in maintenance backlogs in our National Parks, sewage contamination in Yellowstone, and 90 to 200 million acres of federal land at high risk of catastrophic fire as among the most blatant instances of poor stewardship.

Even more problematic than the pressing oversight issues inherent in federal control of the parks is the basic and intractable conflict over exactly how to manage federal lands. The fact is, irreconcilable differences between ranchers, environmentalists, sportsmen, and tourists over the purpose of federal lands. Even if the federal government were an adept manager (which it is not), the number of interests tugging at the various federal land management agencies to preserve, exploit, or facilitate tourism are impossible to satisfy. Worse, because there is almost nothing in the way of a pricing scheme to ensure that lands are managed to satisfy the maximum number of people who are willing to actually pay for specific land uses, the federal government is placed in an untenable position of allocating resources based on interest group pressure. This perverse incentive structure causes a continuous feedback loop of ever increasing pressure until all sides are at each other's throats.

That is why NTU does not play favorites when it comes to managing federal lands. We recognize that recreation, preservation, and resource extraction are all important activities. It is not our duty – nor is it the proper duty of Congress – to manage such vast tracts of our country's land, thus favoring either environmental or commercial interests based on individual preferences and political considerations. We have all seen how changing tastes over time have led to conflict as the National Forests were transformed from a national timber reserve into an ancillary system of national parks in the minds of most Americans. Such changing popular tastes could have been accommodated far more peacefully and efficiently if the market had been allowed to work.

As far as taxpayers are concerned, large scale privatization of significant federal land holdings is the simplest way to improve land management and allocation. There are several possible ways to go about this fairly. Among the more thoughtful proposals is an auction system put forth by Nobel Prize winning economist Vernon Smith. In my opinion, under Smith's proposed auction model the interests of environmentalists, industry, and sportsmen would all come out ahead. I have submitted this proposal in my written testimony, but will not explore it in-depth here for reasons of time.

Ecologists and others who are concerned about the environment should be open-minded about the possibility of allowing the federal government to sell a significant portion of its land holdings over time. After all, The Nature Conservancy alone now protects 11 million acres of what it calls "ecologically important" land in the United States, and dozens of similar organizations preserve millions of additional acres for a variety of conservation purposes. Private land conservation is already the wave of the future. Congress and the environmental community should embrace and encourage this trend because the environment is likely to be a winner, not a loser, under a private sell-off. The fact is that Americans have an overwhelming and growing interest in preserving land in its natural state and there is a proven willingness on their part to achieve this goal. As a nation, we have more forested land today than we did in 1900, but if environmental groups – like the Sierra Club, which controls a \$100 million annual budget –

could shift a significant share of their financial resources away from lobbying and into actual land preservation, the amount of land that could be preserved in its natural state or close to it, would grow even further.

There are other ideas under consideration. One of the most popular among constitutionalists and conservatives is the idea of transferring land to individual states. From the perspective of the United States Constitution, this plan has undeniable merit. The Founding Fathers never envisioned a federal government that owned large tracts of land, nor would they have approved of even the National Park System because, as was outlined in the 10th Amendment, “powers not delegated to the federal government by the Constitution are reserved to the states or to the people.” There is no provision for massive federal landholdings, so advocates of “devolution” of most federal lands to the states make an excellent point.

True, since state governments are to some extent forced to compete against each other under our federalist system, there will be real management improvements and greater latitude for local officials to weigh the diverse needs of stakeholders. However, ecological economist Randal O’Toole has researched state land management and found state governments to be “no better than federal bureaucrats.” According to O’Toole, the states are “just as economically inefficient, ecologically short-sighted, and politically driven as their federal counterparts.” He goes on to say that the belief that states would be more inclined to privatize public land is “generally unsupported.” Again, the problem is the utter absence of comparative pricing to guide the various interests to put lands to their best use.

Politically-speaking, I realize that neither of the options I have outlined is likely to pass Congress in the immediate future, but there are near-term steps that Congress can take to make land management practices more taxpayer friendly. One proposal has been made by Representative Cannon and is known as the Federal Land Asset Inventory Reform (FLAIR) Act. This bill, which NTU endorsed earlier this year, would require the Secretary of the Interior to develop a multipurpose inventory of federal real property to assist with land management, resource conservation, and development, including identification of any such property that is no longer required to be owned by the federal government.

The fact is that the federal government doesn’t even know how much land it owns, what it is being used for, or where its boundaries are located. Passage of the FLAIR Act and the process of at least finding out what the government owns and whether it is being used appropriately is the first step towards better management and necessary reform. Even if you are unconvinced that that 29 percent of the land mass of the United States is too much for the federal government to own, it is hard to debate the importance of knowing what sort of land is indeed owned by the government in order to improve management.

In conclusion, there can be no question that taxpayers have a direct interest in improving federal management of the land that it does possess, and more specifically in allowing various stakeholders that are now warring with each other over a fixed pie of federally-owned land to devise ways to expand the pie or divide it more fairly. This can only be accomplished by introducing real market forces into the world of federal land management. I appreciate the opportunity to appear before you, and I will gladly answer any questions.