

STATE VS. FEDERAL LAND MANAGEMENT

HEARING
BEFORE THE
SUBCOMMITTEE ON NATIONAL PARKS, FORESTS,
AND LANDS
OF THE
COMMITTEE ON
RESOURCES
HOUSE OF REPRESENTATIVES
ONE HUNDRED FOURTH CONGRESS
FIRST SESSION
ON
MANAGEMENT TRANSFER OF PUBLIC LANDS FROM THE FEDERAL
GOVERNMENT TO THE STATES
JUNE 20, 1995—WASHINGTON, DC
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CONTENTS

	Page
Hearing held June 20, 1995	1
Statements of Members:	
Chenoweth, Hon. Helen, a U.S. Representative from Idaho	18
Cooley, Hon. Wes, a U.S. Representative from Oregon	16
Duncan, Hon. John J., Jr., a U.S. Representative from Tennessee	34
Hansen, Hon. James V., a U.S. Representative from Utah and Chairman, Subcommittee on National Parks, Forests and Lands	1
Pombo, Hon. Richard W., a U.S. Representative from California, and Chairman, Task Force on Endangered Species	14
Richardson, Hon. Bill, a U.S. Representative from New Mexico	2
Shadegg, Hon. John B., a U.S. Representative from Arizona	12
Stump, Hon. Bob, a U.S. Representative from Arizona	3
Vento, Hon. Bruce F., a U.S. Representative from Minnesota	23
Williams, Hon. Pat, a U.S. Representative from Montana	25
Statements of witnesses:	
Symington, Fife, Governor of Arizona	3
Prepared statement	44
Nelson, Robert H., Professor of Public Affairs, University of Maryland	28
Prepared statement	50
Leal, Don, Political Economy Research Center	30
Prepared statement	69

STATE VS. FEDERAL LAND MANAGEMENT

TUESDAY, JUNE 20, 1995

HOUSE OF REPRESENTATIVES, SUBCOMMITTEE ON NATIONAL PARKS, FORESTS AND LANDS, COMMITTEE ON RESOURCES,

Washington, DC.

The subcommittee met, pursuant to call, at 10:00 a.m. in room 1324, Longworth House Office Building, Hon. James Hansen [chairman of the subcommittee] presiding.

Mr. HANSEN. The subcommittee will come to order.

STATEMENT OF HON. JAMES V. HANSEN, A U.S. REPRESENTATIVE FROM UTAH AND CHAIRMAN, SUBCOMMITTEE ON NATIONAL PARKS, FORESTS AND LANDS

The Subcommittee on National Parks, Forests and Lands commences today to take testimony on the economies and efficiencies of State management of Federal lands. There is an ever-increasing interest in the West, in rural America and in Congress to find ways to substantially increase the involvement of the State and local governments.

The overwhelming discontent in the West stems from the enormous Federal presence through ownership of lands and resources. Although in past decades the Federal Government has been a good neighbor, the trend over the last 20 years has been toward a top-down, command-and-control approach to management of Federal lands. As the economies of the rural West come under extreme pressures, there is an increased need for further involvement of local interests in policies and management on Federal lands.

I, along with the help of Congressmen Bob Stump, Joe Skeen, Barbara Vucanovich and several members on this committee, organized the Western Caucus during the 103d Congress. The principal reason for the creation of this group was to explore the possibilities of finding ways for the States to manage some or all of the Federal lands within their borders. We introduced legislation last Congress that would allow the States to accept title to BLM lands and manage them according to State and local policies.

The 104th Congress brings better opportunities to explore this notion, and I along with many other Members will introduce legislation this summer that will allow the States to take title to all BLM lands.

This idea may be scoffed at or dismissed as impossible. However, I can tell you that this issue is not taken lightly in the State legislatures, county commissions or city councils of the rural West. They are dead serious about this proposition, and so are many Members

of the House and Senate. There are real lessons to be learned from governments that are closer to the land and the people, and this Congress should start paying attention.

We are privileged to have with us today Governor Fife Symington from Arizona. Governor Symington is a leader in promoting the role of the States to increase their involvement in Federal lands. The Governor's Arizona Land Plan 2000 is an innovative and productive approach to the future of his State and as a model to other western States.

I will turn to my colleague from the State of New Mexico, the Ranking Member, Mr. Richardson, for any comments he may have.

Mr. RICHARDSON. Thank you, Mr. Chairman.

**STATEMENT OF HON. BILL RICHARDSON, A U.S.
REPRESENTATIVE FROM NEW MEXICO**

As you mentioned, this morning's hearing will focus on a proposal to transfer the management of public lands from the Federal Government to States. Governor Fife Symington in my neighboring State of Arizona is here to testify on this matter, and I welcome the governor, along with our esteemed colleague, Bob Stump.

Mr. Chairman, this is an interesting idea. I do think that before any proposal to transfer public lands or the management of public lands, we have to make sure we are doing the right thing, and it should be thoroughly studied. I am a firm believer in the value of Federal land management of some of our natural resources. In many instances, there is an appropriate Federal role for management of wilderness which is enjoyed by all Americans. Public lands are exactly that, public, and should be maintained as such.

At the same time, I am willing to consider other proposals. I believe these alternatives must be looked at from the perspective of the taxpayer, the State and any likely land user in order to determine the most effective and fair policy response.

Currently, the cost of managing public lands, including such expenses as firefighting and lease enforcement, is paid for by all American taxpayers. As public lands, they do, after all, belong to all of us. If public lands are turned over to a State, then the tax base from which management funds are derived shrinks considerably. States will have to gear up with needed infrastructure in order to be able to handle potentially millions of acres transferred to them.

We must find out how a State would plan to get the extra revenue to pay the increased costs that managing additional acres would require. States may need to raise revenues to achieve this or sell off the land to meet budget demands. Privatization or asset sales of our heritage strikes me as something that could be a problem. Such action could result in future problems for generations; but, again, as I mentioned, I am willing to consider some new alternatives.

Mr. Chairman, I understand you will be introducing legislation on this topic. I look forward to a healthy discussion on these significant proposals.

Mr. HANSEN. I appreciate your comments and especially the part about having an open mind about it and looking at it with some freedom.

Introducing Governor Symington is my long-time friend and colleague, Bob Stump. Bob is really a true champion of his constituents, and he is a leader in promoting the role of the States on Federal lands. I welcome our witnesses and appreciate their efforts to join us and share their expertise. And, Bob, we will turn the time to you.

**STATEMENT OF THE HON. BOB STUMP, A U.S.
REPRESENTATIVE FROM ARIZONA**

Mr. STUMP. Thank you, Mr. Chairman.

Let me first thank you for having this hearing. You have been a leader all along on this issue, and it was under your leadership to introduce the bill last year to return the control of the BLM lands over to the States, and I am glad to see you pursuing that this year.

As you know, Arizona is only 17 percent controlled by the private sector, about 13 percent by the State, and that leaves the balance of the 70 percent, over 51 million acres, under some sort of Federal control.

I am happy to be here to introduce Governor Symington to you today. The governor is recognized as a leader nationally in the area of western land and water management. About a year ago, he put together a very diverse group in Arizona to study the possibility of turning the control of BLM lands over to the State by consolidating some of the issues, and I think you will find his testimony today very interesting, and I am happy to be here to introduce him to you. Governor Symington.

Mr. HANSEN. Before you start, let me just say that it is an honor to have you here. We consider this a real privilege to have you before us at this time, and I join with Bob in his comments. Thank you for being here.

STATEMENT OF GOVERNOR FIFE SYMINGTON, ARIZONA

Governor SYMINGTON. Well, Mr. Chairman, thank you for your courtesies in allowing me to say a few words today. I wish to openly express my admiration to you and also, of course, to my colleague and friend, Chairman Stump, who is revered in Arizona and is a great leader in our State and in this country.

This is a unique opportunity for me, Mr. Chairman, and I really wish to thank you for this chance. I will attempt to summarize my prepared remarks; and, with your permission, I would ask that the full text be entered into the record along with a couple of handouts that we have included.

Mr. HANSEN. Without objection.

Governor SYMINGTON. Thank you, Mr. Chairman, for the opportunity to appear here to discuss State concerns with regard to Federal land management in the western United States.

I have been Governor for just over four years. I have been an outdoorsman for much longer than that. It is with the perspective of both that I come before you to discuss ideas for the future of the Federal land in the West generally and, specifically, in Arizona.

As this committee is well aware, approximately 70 percent of the State of Arizona is owned by the Federal Government. These lands are an important natural asset to the State and the Nation.

It is my belief that the decisions made in Washington, DC, are having an unjustifiable and indefensible impact on the management of these lands. Deterioration of the resource is occurring today. Far greater destruction is imminent. The situation calls for creativity and boldness in the administration of these lands. Those qualities are not in evidence from the current leadership of the Clinton Administration.

The President and the Secretary of the Interior, a former Governor of my great State, have failed to present a comprehensive solution to our Federal lands mess. The Administration has offered simple or wrong suggestions to complex problems. Once again, by refusing to lead, the White House has abandoned its responsibilities and shifted an administrative nightmare off to the Congress.

During the next few minutes, I will detail an offer to the Federal Government to help work out this problem. I fully expect my offer to be rejected by the President. I have made offers of assistance before, only to have them languish in the bureaucratic netherlands. I will most humbly suggest for this committee that if Arizona's budget were in as bad a shape as yours, I would be welcoming partners, not chasing them off with a stick.

Last spring, my office conducted research into land management organizations of the Federal Government. This analysis resulted in a number of findings which could help reform management and to address current problems in our forests and our deserts.

Within this plan is a simple visual demonstration which identifies precisely one of the key problems facing our Federal land management system. I brought some charts with me today which are here on the easel.

The other way to look at this problem is to look at the map of Surface Management Responsibility in Arizona, and you will see that private land is represented by the color white, but most of you probably can't tell where there is any white on this map. That is the one on the easel. All the rest are competing Federal and State jurisdictions. It is almost as if somebody threw a bottle of ink at the map, and it is a very irrational design.

Better yet, that shows you all of the different jurisdictional lines of Federal agencies and their offices in the State of Arizona, and it is basically a patchwork quilt that makes management extremely difficult. And that is one of the reasons why we have such gridlock in our State.

If you think this looks confusing on the map, you can imagine how confusing this is to the hiker, the rancher, the hunter and even the land managers themselves. All of these jurisdictions are swirled together along congressionally or administratively drawn lines that do not reflect ecosystems, habitats or any other scientifically justified distinction. The only constant among all of these lines is the outline, the State boundary, and that is a constant that needs to be clearly recognized as we seek solutions to land management problems.

The Land Plan 2000 analysis made some important observations:

Important decisions on Arizona research management policy for over 70 percent of our land are made by individuals located in regional or national offices outside of Arizona.

The division of the Forest Service and the Bureau of Land Management between two separate Cabinet agencies creates overlap, duplication and increased administrative overhead.

As a result of the separate missions and objectives of the different agencies, it is very difficult to achieve and develop unified public support for a balance among all interests. There is no unity of purpose among agencies and no forum to work through competing positions.

There are multiple layers of management that exist within the organizational structures of these agencies. This results in an accidental bureaucracy which impairs information flow and decision-making and increases costs.

Overlapping jurisdictional limits in functional areas like fire control, wildlife management and watershed management makes such functions nearly impossible to exercise.

Within that framework, difficulties are predictable. As President Clinton's National Performance Review pointed out in 1993, different agencies with jurisdictions over the same ecosystem do not work well together. Even within the same agency, bureaus fight one another. Two years later, the same is true.

By contrast, State management decisions are made by State residents. Elected officials at the State and local level can be held directly accountable for the effect of their decisions or management on the resource.

No such direct accountability exists for Federal land managers. Even Secretary Babbitt is an appointee.

Also, some States have their natural resource functions combined into a single agency where a forum exists for resolving competing views. Other States like Arizona have their natural resource functions divided among agencies. However, these jurisdictions rarely overlap and, when necessary, coordination is easily attained.

The current regime of distant Federal management is harmful to the resource. The condition of our national parks is deteriorating as infrastructure and maintenance improvements are postponed. Our forests are in imminent danger of catastrophic wildfire, insect infestation or disease that will destroy habitats. The Fish and Wildlife Service is designating critical habitat for endangered species but doing nothing to implement recovery plans that could benefit the species.

And now this Congress and the Clinton Administration are working to eliminate the Federal budget deficit within seven to ten years. This means that even fewer dollars will be available to exercise stewardship on our Federal lands.

Given all of this, the Federal Government can no longer afford to maintain a management system which is expensive, inefficient and ineffective. In order to prevent these budget constraints from harming the resource, we should identify alternative systems of management.

The Clinton Administration's approach today is to threaten the closure of national parks, close science agencies and curtail partnering activities. This is not a solution. Congress is considering legislation that would require review of existing park facilities to create a strategic plan for the management of these parks. That approach is more thoughtful.

But even if Congress does pass legislation to address long-term park and public land management questions, it is not clear today whether you have a responsible executive branch that is interested or willing to pursue difficult but creative solutions.

For example, the Clinton Administration has also circulated a plan that calls itself reinvention of the Forest Service. Our reading of this plan indicates that this plan only further centralizes authority in Washington, DC. In fact, it appears to be directly contradictory to President Clinton's executive order to enhance intergovernmental partnerships.

So I would like to talk about solutions. I want to offer several ideas that could help us solve many of these seemingly intractable public land decisions.

Solution number one: Pursuant to the recommendations of the National Performance Review to develop ecosystem management demonstration project, identify areas in the western U.S. that would be suitable for such an experiment. I would propose three types of demonstrations to begin with: a demonstration of State management of a national park, a demonstration of State management of a wildlife refuge and a demonstration of State management of rangeland.

It has been my contention that local management of these resources could result in improved management at reduced cost. I have examples to back me up.

In 1988, the Arizona legislature gave our State park system the authority to keep the revenues they collect from the park system. The result is a park system that is largely self-sustaining, that knows how to manage its resource and collect revenues. Our State parks have a business orientation that provides the funding to protect the conservation values.

And don't take what I say on faith. Give us the chance to operate Montezuma Castle or the Buenos Aires National Wildlife Refuge or the San Pedro National Conservation Area. Give us 90 percent of the current Federal budget to do so. Give us five years. Let us show you what we can do.

Solution number two: Review the language of the Recreation and Public Purposes Act as a source of authority for turning management of these lands to State entities without actually relinquishing title. The current Administration is hostile to this approach, so congressional oversight is in order.

Solution number three: Redesign the accountability model that currently exists on our Federal lands. Today's model has Federal employees attempting to make decisions and being accountable only to appointed officials in Washington or appointed judges in the circuits. A better model is to make land managers accountable to local communities and States. If the community does not believe that the managers are doing their job, then it will be the local or the State elected officials who will have to answer for it—in some cases with their jobs.

Public opinion surveys show that most people want to conserve our natural resources. Who do they blame today when the managers fail to meet their stewardship responsibilities? Where do they go for redress?

In Arizona just last week I launched an initiative to preserve State trust lands from the blade of development. I can't just pass a law or a regulation to do so. I need to recruit partners in the local governments and with interested citizens to make this plan a reality. My plan depends on resources, both financial and human, to succeed. It will not be easy—and it shouldn't be. The response, though, has been overwhelmingly positive from across the political spectrum. You will be pleased to know that the notion of citizen participation in government decisions is still very popular.

Finally, I would suggest you resist the temptation to manage the public lands from these committee rooms. In days past, this has sometimes been the case. You can set the tone and create the environment for public land management, but the stewardship of the land itself must be conducted by the people who live there.

Given the combination of public interest, budget constraints and a renewed public ethic of local decisionmaking and control, now is the ideal time to "think outside of the box" and to be bold in how we address land management controversies. The State of Arizona is ready to work cooperatively with you in pursuit of the public interest.

Again, thank you, Mr. Chairman, for the opportunity to speak my mind. And I would also like to acknowledge the presence of several more Congressmen from Arizona, J.D. Hayworth and John Shadegg, who are admired colleagues and deeply respected in our State for their leadership on so many important issues. Thank you, Mr. Chairman.

Mr. HANSEN. Thank you, Governor Symington. We appreciate your excellent testimony.

[The prepared statement of Governor Symington can be found at the end of the hearing.]

Mr. HANSEN. Our colleague from Arizona, Bob Stump. Bob, do you have any comments you would like to make?

Mr. STUMP. No. Just thank you very much, Mr. Chairman, for having this hearing.

Mr. HANSEN. Governor, we would appreciate it if you could submit to some questions from the committee. Would that be agreeable?

Governor SYMINGTON. Mr. Chairman, that is fine.

Mr. HANSEN. I think your testimony was excellent. It had some very creative solutions in it. I have just been reviewing them as you have been speaking.

Years ago, in my prior life, I was Speaker of the House in the State of Utah. The Governor was a fellow by the name of Matheson. He was a Democrat, a very fine gentleman. He came up with an innovative idea, and he called it Project Bold.

Like your State, our State has some of the similar things. It is like a patchwork quilt in holdings—private, State, Federal. He wanted to block these out which would be advantageous to all of the people involved. I think he was a little ahead of his time, and it didn't sell back here, even though the idea has been kicked around ever since.

I know that at the time we did a rather exhaustive study on the costs that we were putting out to manage State lands. And compared to the costs of Federal lands we found that we were manag-

ing State lands that were contiguous to Federal lands for a third of the cost. We then expanded the study to see if we were doing as good a job as the Federal Government.

Our conclusions—and maybe it was biased, but I don't think so—were that we were doing a better job on managing the land than the Federal Government for a third of the cost. Now, that has been 16, 17 years ago, so maybe that doesn't hold.

Using that as a premise, do you feel that that would be correct in your State? That the State government is actually doing a better job in managing the public land than the Federal Government?

Governor SYMINGTON. Mr. Chairman, I believe we are, and I believe there are tremendous savings available as the Federal Government shifts responsibility to the States.

Right now, the Forest Service manages about 12 and a half million acres in Arizona. The BLM manages about 11 and a half million acres. And, as best as we can determine, the Forest Service operating budget is somewhere around \$70.5 million and the BLM budget for Arizona is around \$29 million to \$30 million.

The State of Arizona manages 9.5 million acres, and our operating budget is about \$12.5 million, and we do a darn good job. In fact, we are positive that if we are given the chance to show what we can do, as I mentioned in my offer, that we will actually save the Federal Government money. We will make money for the Federal Government.

And I would point out and highlight the fact that it is the bureaucratic structure that has been unchanged for generations that basically is a problem.

There is a better way to manage. It is time for the introduction of total quality of management and a redesigning of process here between the State and the Federal Government. And we could save the American taxpayers a lot of money and do a better job managing the natural resource.

Mr. HANSEN. So in fact you would agree with the results we had in Utah years ago that you are probably doing a better job in managing the ground.

In my opening comments, I talked about the bill that will be presented to this committee in the not-too-distant future. And there are a lot of ways we are trying to skin this cat. It becomes very difficult. We want it to be a win/win for both the States and the Federal Government.

On the one hand, we want it to be a win to the Federal Government that they do not have the excessive costs. On the other hand, we want to have it closer to the people. We want the States to have the advantage of having a win for them regarding some of the things on the Federal grounds such as mines, timber, cattle, whatever it may be.

This may be somewhat of a difficult task, and so we do appreciate what you have given us today, and we will look at this in great detail, and we will be giving you some information.

And when we throw this bill out, we realize it is just throwing it out on the table, and it will probably be taken apart from every angle. But it is a creative idea that we are looking at, and I have copies of it here for anyone who would like to see it.

With that, I don't want to take any more of the time. We are going to ask members if they would like to ask the Governor a question. We will start with our friend from New Mexico, the Ranking Member of the committee, Mr. Richardson. We will give everybody five minutes to question the Governor.

Mr. RICHARDSON. Governor, in terms of your State of Arizona, the concern I have, if we turned over from the Federal side the management of public lands, the title of public lands to you, how would you pay for that? How do you envision the payment scheme changing? Or is it something from your own budget? Or would you expect the Federal funds that normally would manage those two monuments to go directly to you? Give us maybe a specific situation with respect to Arizona.

Governor SYMINGTON. Mr. Chairman and Congressman Richardson, first of all, there is a distinction to be made here. My emphasis in Land Plan 2000 was not a transfer of title but an integration of management responsibility. Because when you look at this polyglot of management jurisdictions, anybody who knows anything about management will tell you that this is an invitation for gridlock; and, indeed, that is what we have.

So our emphasis has been first on redesigning jurisdictional lines, bringing some rationality to the ecosystem management and pulling together both the State and the Federal functions because much of our land is checker-boarded with the Federal Government. So if it affects the Federal lands, it affects our State trust lands.

So it is not a transfer of title. It is a new concept of management responsibility to integrate and make more efficient; and, therefore, that means downsizing of a lot of the Federal bureaucratic structure, and we will end up basically turning money back to the Federal Government.

Then the next step would be to allow us to show you how well we could run through three pilot projects certain Federal assets. We could prove to you that we can do, if you give us a chance, a better job of managing these assets more efficiently and save you money so you wouldn't have to be giving us more. You would be giving actually less to this purpose. That is the second step.

And then the third step, of course, is the ongoing aspiration of westerners to have these lands returned to the States. And the title to these lands, that has been a long-standing dream. Because we feel, as you know from New Mexico—I am sure you feel the same way—that some of the Western States were definitely discriminated against when they came into the Union through the course of history as compared to States east of the Mississippi.

Having this large a Federal presence in a State really runs counter, I think, to the original vision of the Founding Fathers when they built this country. I don't think it is healthy to have that strong a Federal presence and ownership of Federal land in a State, other than national parks and Indian reservations. But that is an entirely different issue.

The bottom line, we would like you to give us the lands back. That would be the optimum.

Mr. RICHARDSON. Now, Governor, I am glad you clarified the title issue. The joint management aspect, what happens to the revenue-sharing, let's say from the development of resources? I know you

have a lot in Arizona, as we do in New Mexico. Namely, let's say energy resources that emanate from some of these Federal lands. Would you envision that as joint revenue-sharing between the Feds and the State or would you envision it staying the same? How would that work?

Governor SYMINGTON. Well, Mr. Chairman, Congressman Richardson, you could block grant back those resources to the States. That would be one approach to handling the revenue. That is an issue that is on the table. But, clearly, something would have to be rearranged if we were to dramatically change both the management and the ownership of those lands.

There is also another middle ground with regard to the title issue, and that would be for the States to patent the land for recreation and public purposes, and that would be shy of just conveying title but still result in a real transfer of responsibility.

We are really keen on the word responsibility. We feel that the whole problem here sort of goes to the heart of federalism, that decisions that are important to the people of our great State are being made far removed from our State and not in the best interests of the people of our State who are directly affected by those decisions. And so we want to see responsibility developed at the local level. That is what we are after.

Mr. RICHARDSON. Governor, finally—I see my light is changing—you said you have three national monument areas that right now are at risk, and this is why you want to proceed with your new vision with those monuments? Did you say it was three?

Governor SYMINGTON. Yes. We were proposing three pilot projects—developing a national monument, a wildlife refuge and one other area dealing with rangelands—and we wanted the opportunity to say, OK, if you don't want to take the whole risk with us, then give us the opportunity to focus on three pilot projects. Give us a period of time, and we will show you how we can do it and report back to you.

Mr. RICHARDSON. Governor, let me conclude by saluting your family for the great public service they have rendered this country—on both sides of the aisle, I might add.

Governor SYMINGTON. Well, Mr. Chairman, Congressman Richardson, I salute the other side of my family, too. And, believe it or not, we all support each other politically. We even raise money for each other as Democrats and Republicans.

Mr. RICHARDSON. Particularly Symington Jr. at the State Department.

Governor SYMINGTON. Yes. He is a very, very fine man.

Mr. HANSEN. It was the custom of the then Chairman of this committee that if we had a Governor here that we would first recognize the members from his State on the committee and then we would go in the order of their arrival, and I will do that today. Mr. Hayworth.

Mr. HAYWORTH. Mr. Chairman, thank you very much.

Governor Symington, it is great to have you here, along with the dean of our delegation, Congressman Stump. I listened with great interest to your testimony and wanted to thank you personally for not only pointing out the problem but again offering solutions that

I truly believe are innovative and certainly frames the discussion in an interesting way.

It is not my intent to dwell on the problems as they exist today; but, in listening to your testimony, I was drawn to the description of the accidental bureaucracy that you discussed. And perhaps it would be useful for members of this committee to hear where you believe the most egregious examples of the accidental bureaucracy exist in the State of Arizona with reference to the jurisdiction and to land issues.

Governor SYMINGTON. Mr. Chairman, Congressman Hayworth, the conflict between the Forest Service and the BLM and the Fish and Wildlife Service, the gridlock that is occurring within our forests and adjacent lands, the internecine warfare that is going on within these Federal agencies—forget the State. Just put Arizona's State offices aside. We have this struggle going on within Federal agencies, and it creates gridlock. That is one area.

And then the other area is the area of all of the multiple offices in these small communities. You go to one of these small communities in our State, and there are all of these Federal offices covering basically the same area. And it is just truly a nightmare, finding out where the decision is going to be made, who is accountable.

And you step back and you wonder, is this really the best way for our government to be managing such a precious resource? And, clearly, the answer is no. I mean, this is a system that offers a huge opportunity for Congress and this Administration to radically restructure and do a better job and save the American taxpayers a lot of money.

Mr. HAYWORTH. Thank you, Governor.

One other question. As you point out, one of the solutions—when you talk about allowing the State to operate certain Federal entities, whether a national park, a monument or a conservation area, wildlife refuge, the examples you list here, are they illustrative or would these three be the examples of what you would really like to see the State of Arizona take over in a demonstration-type project?

Governor SYMINGTON. Mr. Chairman, Congressman Hayworth, we picked those as just good examples, but we are ready—we would be ready for more. I mean, we think boldly. This is the time for innovation. The Federal budget is going to be in need of a lot of help. The States are ready and waiting. So we are prepared to be as bold and as imaginative as you.

But these would be a good first start for us. Give us a chance. Go ahead, for those three entities, reduce the budget by 10 percent, give that funding to us, and we will take over those assets, and we will manage them. And I can guarantee you, we will turn additional moneys back to the Federal Government, and we will do a good job managing those resources.

Mr. HAYWORTH. And, Governor, that is what I find very exciting, the notion that it can be done in a very cost-effective manner, with no loss of revenues for land, no loss of revenues for the Constitution. And, really, the notion of federalism and the way I believe the Founders designed it for us is what I find very exciting.

And, again, I would just close by thanking you for testifying today and for offering these innovative solutions. Thanks very much, Governor.

Mr. HANSEN. Thank you.

The gentleman from Arizona, Mr. John Shadegg.

Mr. SHADEGG. Thank you, Mr. Chairman.

**STATEMENT OF HON. JOHN B. SHADEGG, A U.S.
REPRESENTATIVE FROM ARIZONA**

Governor, thank you for coming. Once again, as I think in many other areas, you deserve great credit for coming forward with innovative ideas. I particularly like your proposal to give you a chance to manage in three different areas and do it as a pilot and allow the State to demonstrate that it can do better than the Federal Government is doing.

I want to ask you if you are familiar with a report prepared for this committee dated January, 1995, a GAO report, Federal Lands: Information on Land Owned in Anchorage with Conservation Restrictions. Have you seen this report?

Governor SYMINGTON. Mr. Chairman, Congressman Shadegg, I have not.

Mr. SHADEGG. You have not seen it, perhaps, but in many ways you know what is in it, because you have just testified about it.

Let me talk to you about a little personal story. I think this map is an absolutely fascinating map because it demonstrates the massive amount of Federal and/or State land in the State of Arizona, and your testimony referring to how little white, which is actually private land, illustrates the point for anybody on the subcommittee who hasn't looked at it. You can see that this is a serious problem for the State of Arizona.

The personal anecdote I want to tell you is that, in 1962, my father ran for the U.S. Senate, produced a map like this which just showed Federal land and showed the Federal land in red and made an appeal that Arizona could not continue to sustain its growth if that much land remained in Federal lands. That was 1962.

Interestingly, this report prepared by this committee at the request of Mr. Hansen, Mr. Young and Mr. Pombo and others, has a chart that talks about the increase in Federal land in the State of Arizona between 1964 and 1993. And while some people might believe that when we already started out with virtually 70 percent of the State owned by the Federal Government back in 1963, it in fact has grown.

I will give you a copy of this report, Governor, but it shows that between 1964 and 1993 the Federal estate in the State of Arizona has grown by 2.9 million acres. Rather than the State getting some of this land back into its tax base or even back into its own hands for people with local knowledge to manage, we are going in the opposite direction at a pell-mell pace.

There is another chart in here, which I won't dwell on, but which shows the amount of land which is under a conservation restriction, and that acreage has grown across the West from roughly 51 million acres in 1964 to 271 million acres in 1993. Again, we are locking up land at a shocking pace.

Let me turn the question to a different one. I had a conversation with a Forest Service official last week who believes deeply in multiple use. I was raised on multiple use. He is greatly frustrated by the laws that we now pass which direct Federal managers to manage for a single purpose and thereby make multiple-use management impossible.

And he is also frustrated by the fact that Federal law now allows any citizen who wants to second guess a Federal land manager. Do you think we would be well advised to push to continue our emphasis on single-use management of State and Federal lands or to return to multiple use? I have enjoyed your comments on that topic.

And, second of all, what would you think if we put a provision in that simply said, no one could sue in Federal court to second guess a Federal or State land manager administering one of these laws?

Governor SYMINGTON. Mr. Chairman, Congressman Shadegg, first of all, I believe in multiple use of public lands; and that concept is definitely under assault in our State and across the West. And if it continues, I think that is a great tragedy; and the American people will end up being the big loser. These lands should not be shut off and become sort of a hard-to-get-at enclave for an elite few. Multiple use is a very important concept in public land management.

Secondly, you have addressed one of the major problems that we face in our State, which is that every time a decision is made by the Federal entities, one way or the other, those decisions are challenged by some extreme environmental group. We end up in Federal court, and we have a Federal court ruling which then leads to gridlock. It is getting to be impossible to manage these lands, and it is creating a real fire hazard in some of the finest national forests in the United States.

Now, you know, I consider myself to be an environmentalist. I have spent a lot of time in the woods. I have paddled a canoe from southern Quebec all the way to Hudson Bay and lived off the land for six weeks. I have been out there. I love nature.

I also understand silviculture to a certain degree and the need to manage a forest. You cannot just leave it alone.

And so the tragedy of what is about to occur in Arizona is that, because of the gridlock created between competing Federal entities and environmental groups legally challenging every decision that is made of any import, combined with the Endangered Species Act, which enhances the gridlock, is that everything is frozen in time. Nothing is being done. And the forest is going to die from disease or from wildfire because it is not being managed properly. Therefore, the habitat will be destroyed. Therefore, species that we would like to preserve will no longer have the habitat. That is the melt-down scenario that we are looking at.

So, clearly, we need to get the litigation out of the way. People need to be able to make decisions which are in the best interests of the resource. Today, they are not able to do that. That problem has to be dealt with.

Mr. SHADEGG. With your permission, one brief follow-up.

Governor, would you agree with me that if, in fact, the policy were that no individual or group could sue to second guess these

forest management policies that we could then leave that policy direction to the electoral process which was consistent with people's views, and if people chose, that believed those policies weren't being properly followed, they could change the administration of the forest?

Governor SYMINGTON. Mr. Chairman, Congressman Shadegg, I definitely believe in trusting of the people and I believe in democracy. And it comes down to just that issue, that that is where you should place your faith and trust.

We need to get this stuff out of the courts. We need to let the professionals do their job. And we need an electorate to be in a position to respond if they are unhappy with the decision.

But we need to get out of this litigation fever over public lands. It is not helpful to the resource. And in the end, as I said, we are going to lose some of the finest forestlands in the country because of the imprudent management caused by this gridlock.

Mr. SHADEGG. Thank you very much. I appreciate the time, Mr. Chairman.

Mr. HANSEN. The time of the gentleman has expired.

We printed in front of every member a copy of the bill that transfers BLM ground to the States. I would urge each one of you to look at it. I would urge each one of you to become a cosponsor, if I may say so. And, Governor, we have also given you a copy of it; and, of course, Bob Stump has worked on it.

Let me say it would be unfair—this isn't a hearing on that bill. This is a hearing on how the States would do with Federal land. But we thought it would be good for you to have a copy of it, each one of you have a chance to peruse it and digest it and comment on it.

We will now go to the members in the order in which they arrived.

Mr. Pombo from California is recognized for five minutes.

Mr. POMBO. Thank you, Mr. Chairman.

STATEMENT OF HON. RICHARD W. POMBO, A U.S. REPRESENTATIVE FROM CALIFORNIA, AND CHAIRMAN, TASK FORCE ON ENDANGERED SPECIES

Governor, the Federal lands issue is probably one of the most controversial issues throughout the entire West where the Federal Government owns a large percentage of all of the Western States and in some States they own the majority of the property. It has become a bureaucratic nightmare. We have the accusations of Federal subsidies of grazing permits of timberlands, of mining lands. We have multiple Federal agencies that overlay each other and contradict each other at every turn. Quite frankly, it has become a black hole for Federal dollars in pouring money in and seeing little or no return out of it.

One of the criticisms or questions that I often hear when we talk about a bill like Mr. Hansen's that turns over responsibility for these properties to the States or some other ideas that involve privatizing large portions of that is the question of why would the States want it or do the States want it? Why would you appear before this committee and suggest that you want to even get involved in this mess? What is in it for the State of Arizona?

Governor SYMINGTON. Mr. Chairman, Congressman Pombo—it is good to see you, by the way, and I thank you for your leadership on these important issues as well—it comes down to a matter of controlling our destiny, number one; and, number two, knowing that we can do a far better job.

We really and truly believe that in the spirit of federalism and partnership that, as a State, we know how to handle these resources better than the Federal bureaucracy. And we know that we can do a better job, be more efficient, and protect these lands the way they should be protected and bring a lot of rationality to the system that is not there today.

And the irony of this is that, as you can see from some of the maps that we have given you, a lot of these lands are checkerboarded with State lands, so we are already managing these lands, in effect. We have a piece here, they have a piece here, and it is a polyglot. It is a patchwork quilt system, and it is not beneficial to anyone, and it is very, very costly.

Our view is that, one way or the other, this issue will be resolved because there is going to be an economic imperative at the Federal level that the Federal Government is going to have to shed a lot of responsibilities because of the financial situation it is facing in time, and the States are there as a great entity to work with us as a partner. So when the restructuring happens, either through political will or economic necessity, the States will be ready to step in and take over these resources and do a very good job managing.

Mr. POMBO. Congressman Shadegg brought up the GAO report that I requested last year, and one of the things that I noticed in it was that, out of the roughly 30 million acres that the four major landowning Federal agencies have in your State, about 8.5 million acres is set aside with a permanent conservation easement on it.

Do you see a difference in your request for local control between the multiple-use lands versus the lands which are set aside with conservation easements? I mean, are you more interested in the multiple-use lands or are the wilderness areas, the national parks in the areas with conservation easements on them also something that you are interested in managing as a State?

Governor SYMINGTON. Well, Mr. Chairman, Congressman Pombo, we would be interested in all of them. We are interested in being helpful in any way possible, especially if there is a movement toward defunding some significant national parks or national monuments in our State. We are very keen on preserving those assets, and we feel that we could do that. So we are willing to consider anything as a possibility.

Mr. POMBO. You and I have had this discussion before, but one of the things that we are very interested in is bringing the States into the Endangered Species Act implementation and being able to do a better job of managing the wildlife and biodiversity in your own State. How do you respond to that?

Governor SYMINGTON. Mr. Chairman, Congressman Pombo, you and I have had discussions about the Endangered Species Act and the need to develop the concept of primacy in the States of those decisions.

We have recently had an absolutely outrageous decision forced on us by a Federal judge driven by an extreme environmental group

regarding the Mexican spotted owl which I believe is also affecting Utah, 4.5 million acres being designated as critical habitat, areas in our State where no one has ever seen a spotted owl in the Prescott National Forest or the North Kaibab and yet they are being swept into this designation. The Federal judge made this designation, forced this issue, despite the moratorium passed by Congress against the will of Congress, and——

Mr. POMBO. Just so I understand this, Governor, this four and a half million acres has no spotted owl in it, historically they don't think that it ever had spotted owl in it, but it is being managed as spotted owl habitat?

Governor SYMINGTON. Mr. Chairman, Congressman Pombo, part of the critical habitat designation, a significant part of it, is for all intents and purposes devoid of the spotted owl. And we have created a wonderful opportunity for the spotted owl to arrive as a visitor and enjoy this new designated area, but there are those in our State who understand fish and wildlife in our State who will say that these areas should not have been included in the plan. Even Fish and Wildlife was against moving forward with this designation, but a Federal court judge has moved it anyway, flying in the face of the will of Congress.

So it is just another example of the problems that we face in managing natural resources where decisions are being made, basically, by people who shouldn't be making them and that sound science is not prevailing. And we all are very upset about it, and that is why we are trying to get more and more local control by the States that are interested in managing these resources and having primacy when it comes to the decisionmaking process.

Mr. HANSEN. The time of the gentleman has expired.

Mr. POMBO. Just one second, Mr. Chairman. So you are telling me that it was against the advice of the Fish and Wildlife, that there was not sound science that was employed in this instance. So this was based totally on a political decision, not on what good science or Fish and Wildlife land managers said would be the best thing for wildlife?

Governor SYMINGTON. Mr. Chairman, Congressman Pombo, I think essentially you are right. We will give you the details on this.

But I think it is one of the latest egregious examples of the Endangered Species Act, what I call legal death dance, and the pattern has been repeated throughout the West many times. But it is a decision that should not have been made, but it was made, and now we are going to have to live with it.

Mr. POMBO. Well, thank you very much, and thank you for being here today.

Mr. HANSEN. Thank you, Mr. Pombo.

Governor, your comment will always be remembered when you answered that question: "One, we control our own destiny; and, two, we can do a better job." That is an excellent response.

The gentleman from Oregon, Mr. Cooley, is recognized for five minutes.

STATEMENT OF HON. WES COOLEY, A U.S. REPRESENTATIVE FROM OREGON

Mr. COOLEY. Glad to see you, Governor.

You know and I know that you have 47 percent of your total State controlled by the Federal Government. Here in Oregon we have 52 percent. It is a little bit discouraging to us. Listening—since I am a freshman in Congress and have attended many, many meetings and listening to the problems that we have in the West primarily, I have a very difficult time understanding why we have not been able to prevail on Congress to do certain things to alleviate some of these problems.

I would like to have your opinion as Governor of a State that is highly impacted by not only Federal agencies, a great amount of control by the Federal agencies, but why we have not been successful in turning around some of the problems we have.

We all know that the Bureau of Land Management was created because of the discontinuing of the Homestead Act, with the idea that the States would benefit economically from taking these lands off the tax rolls instead of into private ownership. This has not occurred, and yet we continue year after year, Congress after Congress, facing the same problems and not doing anything to change it. Every State is going through the same frustrations and the same problems you are having in Arizona, and yet we continue to do this without any resolve, without any resolution.

Could you give me some insight into why we have been unsuccessful in turning this around, in turning it back over to States to control? I find it, even in your testimony, sort of a hesitance about why don't you demand—I mean, you should demand that the Federal Government return the Bureau of Land Management back over to the States. That was what the original concept was of the Homestead Act, and yet we find ourselves in a position to where we are sort of, can I say, dancing around the issue of States' rights and when it comes to the land within our States.

We all know from experience that the Federal agencies have not done a good job in managing our lands. You should come over to eastern Oregon and see the dead and dying and the deterioration of our forests, and no concern whatsoever about a healthy forest, no concern about the degradation of the environment and how it effects the species. We are just continuing to do this over and over.

Can you give me a little insight since you have been at this process a little while why we are not able to do something?

Governor SYMINGTON. Mr. Chairman, Congressman Cooley, I have learned that it is very hard to demand things from Congress. It is the concept of working together in the spirit of partnership that will accomplish things. And, often, if you are a Governor, if you start demanding things, people sort of say, oh, well, that individual is out there on the fringe, and you are seen as very strident.

Mr. COOLEY. Don't you have any consensus from your other governors with the same problems?

Governor SYMINGTON. The governors I think would like to have control of those lands back, and there isn't any question about it. The reason it hasn't happened is that the political will in Washington hasn't been there. There hasn't been a majority of the people in Congress in the House and Senate and an executive in the White House who have been willing to come together and agree that that is the consensus position.

In addition, we have an intractable bureaucracy. We have a deeply embedded bureaucracy that has a stake in these resources, which is an out-of-date bureaucracy that is in dire need of dramatic overhaul in terms of a total quality management undertaking.

I am not talking about tinkering, I am talking about a dramatic restructuring of Federal bureaucracies to streamline, which means a lot of jobs would have to go, a lot of jurisdictional lines would have to change. There would be an earthshaking realignment inside the Interior Department and the Department of Agriculture. I mean, you are talking about what we call a real revolution in terms of these Federal entities.

I am not sure that anybody really has the stomach to contemplate what would be involved to really transform these entities into a modern management organization that would really reflect what the American people want. It is going to take a lot of tough, strong political will to get that done, and I think it is building. But I don't think we are quite there yet.

Mr. COOLEY. Well, we have created the Bureau of Land Management. We should be able to get rid of the Bureau of Land Management as easily as we created it. I think we have created a monster here that is out of control, and I don't understand the reluctance by Congress to realize what they have done and say, let's give it back to the States and let the States manage it.

Anyway, I appreciate you coming here and bringing forth your testimony. I think it is a good discussion possibility. And I think the more we bring this out, the more the American public is aware of what is going on and how inefficient it is and how really it is degrading our environment—it is not benefiting our environment. It is not benefiting our natural resources. It is actually deteriorating our natural resources. So I want to thank you very much, Governor, for coming.

Mr. HANSEN. The time of the gentleman has expired.

Mrs. Chenoweth from Idaho is recognized for five minutes.

Mrs. CHENOWETH. Thank you, Mr. Chairman.

STATEMENT OF HON. HELEN CHENOWETH, A U.S. REPRESENTATIVE FROM IDAHO

Governor, I, too, want to welcome you to our committee, and I so appreciate your testimony.

I want to say, in echo of what Mr. Cooley has said, that many of us do feel that the relationship between the States and the Federal Government in the management of these Federal unappropriated lands is one of trustee/trustor relationship. What I want us to all encourage each other to watch and guard for is that we buy the lands from the Federal Government, that it is imposed on us, the States, to buy the lands from the Federal Government that they don't hold title to, that perhaps actually some day soon the courts will address the fact who actually owns the land when all of what was in the States were admitted to the Union.

And I know it is difficult, Governor, for us to talk about these things, because we could possibly be sounding a little frenzied. But I have to remember that there were only 13 men who gathered in Samuel Adam's attic to plan the first revolution, and there are even some women in this second revolution. So I am happy and

honored to join the ranks with the West in trying to bring some sense back, but not taxing the taxpayer across the Nation twice.

As you know, my State, along with Nevada and various other States, was involved in the rebellion; and the proper question was not asked about if the States actually owned the land. But in the equal footing doctrine in which our States were admitted, we were admitted on equal footing owning the land and the water, and the question of water ownership has been addressed numerous times favorably to us in the United States Supreme Court. So I am really hopeful, and I thank you for leading out, as you have, Governor, and for your fine comments today.

But I am interested in what your county commissioners are considering and taking into consideration with regards to the management of the lands within their county borders. What reactions have you gotten from your county commissioners?

Governor SYMINGTON. Well, Mr. Chairman, Congresswoman, uniformly, from the State level right down to the local level with our county elected officials, local officials, we watch this issue daily and weekly.

There is a very angry mood all over rural Arizona because they are the ones who meet the gridlock face-to-face on a daily basis. I could give you countless examples.

Recently, the Solomon Bridge in Safford, Arizona, was washed out in a flood event. Many families that normally would drive three miles to take their kids to school had to go around 28 miles. For months and months and months we were trying to rebuild the bridge.

But Fish and Wildlife came in and said, there is a little minnow mass endangered in the upper Gila River. Even though the bridge has been there for years, we are sorry, you can't go in and disturb the water crossing.

This standoff just continued to the point where I finally just said, look, go, bring the bulldozers in. Finish the thing. Get it done. And if Fish and Wildlife comes after you, I will be there with the Department of Public Safety, and we will have our police there, and we will just face them down. Let them try it.

Because, you know, I am the Governor of the State. I am there to protect the best interests of my citizens. And it is just insane to have some Federal bureaucrats making a decision like this, demanding an environmental impact statement for something which is the normal, natural course of business that has always been there. It is just inherently a stupid bureaucratic decision.

So the local folks are really excited about that. And so, in our State, we basically decided that when it comes to this kind of pettiness, we are going to stand up to it. And if we get in trouble, well, I guess we will be back here testifying in front of Congress.

But that is how we all feel. We are ready to stand up to it. And we need your support because it is getting out of hand in our State, and the rural folks are on fire about this issue. I mean, if you want a real awakening, come to rural Arizona and hold some meetings and talk to the rural folks and see how they feel about what is taking place on public lands. They are furious about it.

Mrs. CHENOWETH. Governor, I share your concerns, and I thank you for your fine testimony. Thank you very much. And I thank you for your leadership.

Mr. HANSEN. Thank you.

Mrs. Cubin, the gentlewoman from Wyoming.

Mrs. CUBIN. Thank you, Mr. Chairman. I would like to welcome the Governor, but I have no questions at this time.

Mr. HANSEN. Mrs. Smith, the gentlewoman from Washington.

Mrs. SMITH. Thank you, Mr. Chairman.

Welcome, Governor. You wouldn't like to move, would you? You know, I sit here and listen to a Governor willing to stand up for his State, and it just sounds so good that I think a lot of us would like to share you.

But I have a more precise question. We are in the throes of the spotted owl discussion or attack or whatever you want to call it, and I have watched the division between the Forest Service bill and the Fish and Wildlife Service, and they are fighting over habitat management. They can't get along.

I think a lot of times the very management is mismanagement, and some of the jokes at home are, you know, give it to the Federal Government if you want it to burn or rot. That erosion of discussion sometimes follows all the way down to the local. Do you think it will get better if it is just the States still having to then deal with the counties, still having to deal with the other entities, the environmental laws? Do you think that the division will be any less? And I guess you are asking for it in your State, so how would you handle that?

Governor SYMINGTON. Mr. Chairman, Congresswoman Smith, there have to be clear lines of authority, and that is basically what we are asking for. When you look at this map over here of all of the different jurisdictional lines of the Federal and the State entities, that speaks to the problem of clear lines of responsibility. There aren't any.

And our effort, realizing political reality at the time when we launched this plan was to say let's forget the issue of title of the land, OK? Let's just come together organizationally, Federal and State, and integrate our efforts with clear lines of authority. Get rid of the overlapping so that individual is really responsible for making that decision in that area.

And that is what we have been trying to do, is to make some management sense out of this mess. Because while the mess keeps going, the resource keeps deteriorating because of the gridlock.

Mrs. SMITH. So do you believe with the management of the owl habitat this could be made easier under your proposal? It appears to me we still have some other laws out there that are problematic; but, even with that, you believe that—

Governor SYMINGTON. No. I would think anything would be an improvement over the current situation.

Of course, when you talk about the spotted owl in the Northwest, I hear the spotted owl all over the place, so I am wondering if it really is an endangered species. We seem to have a lot of spotted owls all over, achieving wonderful habitats for itself in large areas of the American landmass.

But the Endangered Species Act is another problem which we are dealing with, and we have to deal with the Endangered Species Act because it tends to create gridlock as a result of the litigation that is driven by far left environmental groups finding friendly Federal judges who make decisions even in the face of the recommendation of the Fish and Wildlife Service. So, yes, we have to deal with the Endangered Species Act.

Mrs. SMITH. So no matter what this change would be, we still would have the same problems. That is what I was trying to figure out, if there was any way that we could have some more local clear management that would make it easier to manage overall collective habitat. I mean, if I have got half of my State, which I don't have quite, but in public lands, it does seem that we could manage that better.

So that isn't really a question of you, it is just a comment more. Thank you.

Governor SYMINGTON. Thank you.

Mr. HANSEN. Thank you.

Let's see, Mr. Radanovich is no longer here.

Mr. Allard from Colorado is recognized for five minutes.

Mr. ALLARD. Thank you, Mr. Chairman.

How do the other governors feel about this proposal that our Chairman is proposing where the States take over voluntarily BLM lands? Have you had any discussion with the governors on this issue?

Governor SYMINGTON. Mr. Chairman, Congressman Allard, we will be having a Western Governors Association meeting this weekend, our annual meeting in Park City, Utah, and I intend to discuss it.

But I can tell you that I think we would all be very, very much in favor of doing this. We would really like to get control of these lands and feel that the time is right for us to do that and to show the Federal Government what we can do in terms of management and saving money.

Mr. ALLARD. Do you feel that you can manage these lands in a more cost-effective manner than the Federal Government?

Governor SYMINGTON. Absolutely.

Mr. ALLARD. And how could you do that?

Governor SYMINGTON. Well, just let us show you. We will do it.

I guess the comparable, Mr. Chairman, is that we have 9.6 million acres of State trust land which, in many instances, are checkerboarded with BLM land. We do leases, and they do leases. We charge less for our leases, and as a State we make money. The Federal Government charges more money for their leases, and they lose money. So it is right there today in black and white, and we can show you the numbers, and we do a good job. You can walk the ground and see that we do a good job managing these resources.

Mr. ALLARD. This sounds like a similar situation that we have with the low-cost timber sales. If you look at a State operation, a State forest, they can harvest the forest, show a profit, but yet you go just across the fence and the Federal Government is managing the same property and of little cost to them. And when we look at it, it is the cost of the Federal workers. You have to pay Federal

workers. And the other thing, there are so many more of them than the States. Is this a similar situation with the management of BLM lands?

Governor SYMINGTON. Mr. Chairman, Mr. Allard, it sounds to me like you have definitely put your finger on the problem.

Mr. ALLARD. Thank you very much.

Mr. Chairman, I have another question. Looking at the costs of BLM land, these are Federal figures. And then the receipts—and I notice in Arizona that there is a pretty good increase in receipts. Along with that, there is a cost of management from \$40 million up to \$57 million. Your receipts go up remarkably, but that is not true in a lot of States. I notice in Colorado our receipts have gone down remarkably, and the costs have gone up remarkably. And I am curious as to why your receipts are going up and other States in the West are going down. Is it mining?

Governor SYMINGTON. Mr. Chairman, Congressman Allard, I would have to go back and study those figures, because I haven't looked at what you are looking at. But one would have to assume that it is the natural resource benefit and also the national parks like the Grand Canyon are probably one of the great attractions in the world. I mean, we have well over four million visitors a year going to the Grand Canyon National Park, for instance. So we have some great attractions.

Mr. ALLARD. Generally, though, when you have your State parks or your State lands, when you manage them, can you share with this committee how much the cost of operating those have gone up in the last three years, for example? Or the last three current budget years? Do you have those figures?

Governor SYMINGTON. Mr. Chairman, Congressman, for the last three current budget years—and I am speaking off the top of my head now—the State parks budget has really held fairly constant.

What we have done, though, is they have undergone a total quality management reengineering process, and we have given them the incentive to charge fees and to keep the money within their own budget and turn them into a profitable business entity. And so they are actually making money now and doing a better job than ever managing the resource, and the public demand for the resource is just as high as it has always been.

Mr. ALLARD. Mr. Chairman, I see my time is running out.

I just have to make a concluding remark and say that I think that the Federal Government can learn a lot from the States. I think the States, obviously, are much better managers of their land resources.

I like the direction of your bill, and I appreciate the testimony of you, Governor, and thank you for being here.

Governor SYMINGTON. Thank you.

Mr. HANSEN. Thank you. I appreciate the gentleman's comments. The gentleman from Minnesota, Mr. Vento, is recognized for five minutes.

Mr. VENTO. Thank you, Mr. Chairman.

**STATEMENT OF HON. BRUCE F. VENTO, A U.S.
REPRESENTATIVE FROM MINNESOTA**

Governor, I read your testimony, and I am interested in your observations regarding proposals to provide State management, basically, of these Federal assets. It is a pretty profound question in my mind's eye.

We conveyed about 8,000 acres to my State of BLM land that were remnants and pieces and what has generally been under the Recreation and Public Resources Act. You pointed out that this Administration has not been forthcoming with regards to that particular law. Is it your view that the past Administrations, at least since the 1970's, have conveyed a lot of land under the Public Resources Act?

Governor SYMINGTON. Mr. Chairman, Congressman Vento, I served my first term as Governor in the last four years and just got reelected, so my frame of reference in trying to deal with this law, I am talking about in a current political context. That particular law is basically one that has been used to get BLM land for landfills by cities, and we have been working on trying to broaden the vision here and to use that as an opportunity.

Mr. VENTO. Well, I think the point is that there has been, I think, no great transfer of land in the last 20 years under that, although I think the landfill issue that you raise has special problems because of the possibility of toxic or hazardous waste, where the Federal Government ought to exercise some diligence, I would think.

I think proposals have come before us here that we have given due consideration to and, in fact, passed legislation or policy that facilitated that. I don't remember if it was this Administration or the past one.

But I also notice your solution on parks is to let the parks keep the revenue. Currently, we have a \$1.5 billion park budget, about that. The revenues that come in right now are \$50 million from entrance fees and a little bit more, a like amount from user fees. Is it your contention by raising those fees that somehow that would pay for the parks or would make it somehow easier? Could you keep a park running on that basis, Governor?

Governor SYMINGTON. First of all, I want to go back to the prior question and say that we submitted to the Interior Department and to the President and the Vice President a very comprehensive land management plan to overhaul the Federal bureaucracy and our State bureaucracy to integrate land management of public lands in Arizona, and we never got a response, and we felt that that was really bad form.

With regard to your second question, the mistake that one makes, I believe, is to first look at the revenue side. The first thing you should do in government is look at the expense side.

You should look at the \$1.5 billion budget and not assume that just because you are spending \$1.5 billion that you are spending it properly, that there isn't a dramatic opportunity to restructure the way that this whole thing is organized and save the American taxpayers operating money. I think the odds are probably distinctly in favor of the argument that \$1.5 billion is probably not being well spent. So I would look at the cost side first.

Then, after I had tried to reengineer the entity and save money and do a better job running the parks more efficiently, then I would certainly look at the concept that the user should pay. And that would be our point.

Mr. VENTO. I was reading your testimony, but I would just suggest to you that entrance fees and user fees are not going to deal with a tenfold increase.

One of the other issues is that you portray, Governor, sort of a confrontation between the Federal agencies and the departments, as compared to something I always thought was more of a collaboration, at least that is the way it works in most States. In fact, I would submit to you that most residents of Arizona don't know where the Federal Government ends and the State begins in terms of some things.

Don't you have agreements on joint jurisdiction, for instance, over law enforcement activities? Don't your Fish and Wildlife Service people actually carry out many of the functions of the Fish and Wildlife Service from the Federal Government perspective?

You comment on one or two instances where there were confrontations over the Endangered Species Act and suggest that somehow the science was inadequate with regards to the bridge that was torn out by a storm. As far as I know, I don't know that there was any fault for the science. Obviously, you were concerned about getting the bridge across. But as far as I know, I don't know where the science problem was with that.

I mean, you present a confrontation where, in fact, there is great compatibility between these agencies and the Federal Government. I think you can argue over the politics and the policy, but I don't know that we should be arguing over the science.

Governor SYMINGTON. Well, Mr. Chairman, Congressman Vento, the science definitely came into this. Because the reason for not allowing the bridge to be rebuilt was because of an endangered species in the river which nobody really has ever seen. And so we have an innocuous minnow basically inconveniencing many of our citizens trying to take their children to school.

I get to the bottom of the problem with the Endangered Species Act, and it goes—in a small way but in a very important way, it shows you where the Endangered Species Act has led, at a local level, to very important decisionmaking.

Mr. VENTO. We are running out of time.

I just got a detailed answer, and I just think that the whole issue of confrontation is not accurate. In fact, there have been thousands of resolutions or consultations in the State of Arizona which haven't resulted in that, so it does work.

The other issue I would like to know, is it your intention in taking over these lands to apply all of the Federal laws and to carry them out, all of those that deal with restoring contours of mining areas, all of the other responsibilities of Federal law that have been written?

You know, you compare yourself to what a State does and what the Federal Government does, but the question is, are you ready to carry out the edicts?

We can sit here and argue over the Endangered Species Act and how it works, but we know that these ecosystems cross State lines.

We know that these species cross State lines. You can criticize the spotted owl or some of the other species, but we know that there haven't been that many compacts that have come up here that I have seen between States other than on water. And there are very few—you can count on your one hand—that deal with natural resources and these issues. There are not that many.

So there are no demonstrations that States can do this. Are you going to carry out all of these Federal laws or are we going to have 12 different States with 12 different species laws?

Governor SYMINGTON. Mr. Chairman, Congressman Vento, we do carry out very important land management responsibilities as a State working in conjunction with the Federal Government, and we are a good steward of resources—

Excuse me. I would like to finish my comment.

But to your point, the Land Plan 2000 proposal integrates both State and Federal management of lands, and the principle involved here was to adhere to all Federal environmental laws. Nobody was trying to run away from that.

Now, I would certainly question, though, as a separate matter, a lot of the command-control Federal laws that have come from Washington where people here think they know better what is right for Arizona than Arizonans. And I would dispute that. Because that goes to the very heart of the federalism argument that is burning in the hearts of Americans across this country, that Washington knows best what is right for Minnesota or what is right for Arizona.

I happen to disagree with that premise. I think we in Arizona can do a better job being stewards of our natural resources than bureaucrats in Washington. I don't think you have a better idea. I think we are closer to the problem, and I think we know how to run our State and our natural resources, and we are asking for the chance to do that, to prove to you that we can do it more efficiently, save the taxpayers money and be a better steward of the resource. Try a pilot project, take a little bit of a risk, and we will show you that we can do a good job, and I think we will dispel the argument.

Mr. VENTO. But we obviously in the end are interested in laws that work, and many of these problems don't limit themselves to boundaries, so that is a concern, Governor.

In terms of pilot projects—we are talking about pilot projects—it would be a different matter. But I don't think that is the tenor of what is going down here.

Mr. HANSEN. The time of the gentleman has expired.

The gentleman from Montana is recognized for five minutes.

Mr. WILLIAMS. Thank you. Welcome, gentlemen.

STATEMENT OF HON. PAT WILLIAMS, A U.S. REPRESENTATIVE FROM MONTANA

Governor, as Bob knows, I represent Montana here in the House. I represent all of it. We can't afford—seriously, we have looked at it. We can't afford to take the Federal lands. We can't afford the management costs of them, and our cattlemen don't want to pay the State grazing fees versus what the Federal Government now charges them, so they say they can't afford it either.

Now I know some Western States are different. Wyoming, I understand, makes a profit if they get it all back—not back, they never had it. But if demolition takes place and so much of these Federal lands are turning over to Wyoming, I guess because of coal, they do pretty well, but we don't. How does Arizona do?

Governor SYMINGTON. Mr. Chairman, Congressman, we think we will do fine. I mean, we are not concerned about that. We are convinced that between reengineering the process and managing these resources more efficiently than the Federal Government that we should be OK, and we really want that opportunity. I am not familiar with the exact issue in Montana, but it is not to say that the States aren't different in their approaches.

Mr. WILLIAMS. Well, you know, that is perhaps at the heart of this.

I do think that what you suggest with regard to some model projects is probably worthwhile. I don't believe for a minute that the Federal Government can manage every particular acre better than the State might do it. But neither do I think that this issue ought to be divided or defined, rather, in the way you do it, Governor, and that is can't the State do it better from there than the Federal Government can do it from here.

Federal lands in Montana are not managed from here. They are managed by Montana citizens working out in Montana. Most of them are Montana citizens. I mean, we don't call the shots from here.

One might say that all of the State lands in Montana are managed from the capital city of Helena, but in fact they are not. They are managed in the counties where they exist. And the same thing is true with regard to the Federal land. It is not managed from the Federal Capitol, Washington, DC. That Federal land is managed in the counties in Montana where it lies.

Now, having said that, I am not necessarily married to Federal Government only managing these lands with no consideration that perhaps it could be done better, less expensively and, importantly, with additional concerns about local new answers. And out West we recognize the political importance of that.

But I must say I find more politics and policy in this notion that all Federal lands are managed from Washington, DC. I don't know about in Arizona, but Federal lands in Montana are managed in Montana by Montanans.

Governor SYMINGTON. Well, Mr. Chairman, Congressman, I understand your bent on that point, but if you will take the time and look at the jurisdictional maps and the organizational structure we have in our State, to say that something is managing is an oxymoron in the State of Arizona when we have the kind of overlapping jurisdictions, competing jurisdictions in gridlock in competition between Federal agencies regarding public lands in our State.

So whether the actual people are on the ground in Arizona or whether they are out of a regional office in New Mexico or whether somebody high in the Interior Department is calling the shots in Washington, you know, we can argue that. But the point is that what we have in our State, the way it has been designed, is a man-

agement nightmare. It leads to very poor decisionmaking and gridlock, and that has really been our issue.

Now, the Interior Department has vast power over my State. Whether they have people on the ground in Arizona or not, there are a lot of important decisions that are made by the Secretary of the Interior and the heads of his various departments that have a huge impact on the citizens of my State.

Most recently, we are in a tussle with the Secretary of the Interior because he has walked away from signing the C&P agreement, which is something which we need to pay the Federal Government back on. And that has, you know, a tremendous impact on our State.

So I would say that Washington does have enormous power over Arizona, a huge Federal presence, tremendous potential control, potential for harm and potential for good. And we are just trying to harness that and better organize it so that the future of our State is bright, and that is basically why I am here today.

Mr. WILLIAMS. I appreciate that, Governor, and I understand and certainly am willing to follow your expertise on it with regard to Arizona.

In closing, Mr. Chairman, I think it has been clear for a long time that the American public insists that Federal law and Federal land management have jurisdiction over and manage Federal land. That is accountability. The President of the United States or the Congress of the United States could no more allow local authorities to manage Federal land than the Governor of Arizona could allow county commissioners to manage State land.

Mr. HANSEN. Thank you.

Let me just make some closing comments, and we will thank the Governor for being with us and your patience, and we appreciate the comments that you have made here.

Actually, there are two issues. As you know, we have thrown out a copy of a bill that we intend to introduce, realizing that it is a copy of a bill and it can be taken apart by a lot of folks. We would hope that it goes with the Governors to Park City, Utah. I would hope that you and Governor Leavitt would have the opportunity to speak to it while you are there, Governor, if you would.

Of course, keep in mind that this bill does it a little differently than some talked about. It in effect transfers the land fee title to the States. So Federal laws would not pertain, they would be State laws that would pertain. Existing wilderness stays as wilderness and has to be managed by that.

So it would not be States managing Federal land. It would be States managing State land. And all we are asking is that you turn the clock back like many of the folks in the East had years ago when they were in the same situation we are now.

Also, on page 2, it talks about the offer to the Governor. And it is optional so that the Governor of Montana would not have to take it. If he felt it was not right, it would stay in the Federal Government. If the Governor of Arizona or Utah felt they wanted it, then they have this two years in which to make the offer. So it would be a little different than maybe it was portrayed here.

Actually, this bill is not before us, but it can't help but come up, and we surely understand that.

Governor, I would like to just say one more thing, if I may, very respectfully, to my friend from Montana.

The people in Utah at the BLM are not Utahns managing the Federal ground or the Forest Service. Not one of them was born in Utah and not one of them got an identification in Utah, and they get their directions from Denver and from Washington. So we don't feel too comfortable with those people, even though some of them are very fine individuals. I have great respect for them, and they are very dear friends, but they are hardly Utahns, if I may say so.

Governor, thank you so much for your time.

Congressman Stump, thank you. We appreciate you being with us. Bob is one of our leaders here and the dean of the Arizona delegation, a man we all look to for direction, and we all have great respect for him. So we thank you for being here.

We will now turn to our next panel.

Our next panel is Robert H. Nelson, Professor of Public Affairs, University of Maryland; and Don Leal, Political Economy Research Center.

If you gentlemen would come up and meet with us, we would appreciate it.

Thank you, gentlemen. We appreciate you being with us. We appreciate your patience.

Mr. HANSEN. Mr. Nelson, we will start with you.

And, Mr. Leal, I am going to turn the Chair over to Mr. Pombo from California, and I will be back as soon as I can. I have some folks here that are here to see me. Thank you, Mr. Pombo.

We appreciate you being with us.

STATEMENT OF ROBERT H. NELSON, PROFESSOR OF PUBLIC AFFAIRS, UNIVERSITY OF MARYLAND

Mr. NELSON. Mr. Chairman, I thank you for the opportunity to testify today. I will summarize my statement. I have submitted a full statement and would request that it be placed in the record along with supplementary materials.

Mr. POMBO. [Presiding.] Without objection.

Mr. NELSON. States manage 41 million acres of State trust lands in the 11 westernmost lower 48 States. This is equal to 5 percent of their total land area. In 1995, these State lands yielded \$657 million in revenue for the use of schools, colleges and universities and other beneficiaries in the States. States are legally obligated to manage State trust lands efficiently in the interests of their beneficiaries.

In contrast to the State lands that contribute to the financial support of the State, Federal lands represent a financial drain on national taxpayers. They have high costs of management and generate much less in revenue than they could. The Federal decision-making process based on comprehensive land use planning has broken down for the public lands, yielding management gridlock.

I find today wide discontent on all sides of the political spectrum, ranging from environmental groups to the wise use movement, with the quality of Federal land management.

Large areas of public land were disposed to States and private owners in the 19th century, but the disposal philosophy was abandoned in the progressive era early in this century. The progressives

sought to remove management from politics and to turn it over to professional experts acting according to the dictates of science. Their ultimate goal was, in essence, the scientific management of society. They believed that this objective could best be accomplished at the Federal level where the scientific resources and sophistication would be the greatest.

In retrospect, however, the justifications offered in the progressive era for Federal management have not been realized. Politics has overridden science to the detriment of both economic efficiency and environmental protection. The professional experts have often been unable to develop an adequate scientific understanding of the systems they manage, ending up debating among themselves the actual state of the lands and resources and the best management course.

Moreover, the experts have often acted not as neutral technicians but according to their own value systems. With the fading of the progressive vision of scientific management of the lands, the system of Federal public lands today faces a crisis of purpose and legitimacy.

Reflecting the failures of the Federal system, turning BLM lands over to the States has been proposed at various times in the past. But it has never occurred. The West has never fully endorsed such proposals, partly out of concern for fiscal impacts.

I have developed some estimates of fiscal impacts that are approximate but should be in the right ballpark. A typical Western State would have to absorb a fiscal burden in the range of \$10 million to \$20 million per year if it took over BLM lands and then managed them in the same manner as the Federal Government. Now, of course, they might not and, in fact, almost certainly would not manage them this way. But if they literally stepped into the shoes of the BLM, most States would be facing a deficit.

Under State ownership, the States would gain the full land and mineral revenues, instead of the partial share that they receive at present. For example, the large mineral leasing revenues are divided now 50-50 with the States but would go 100 percent to the States under full State ownership. However, for most States, these additional revenues would not be adequate to compensate for the additional management costs they would incur.

However, although most States would lose a certain amount, two States, New Mexico and Wyoming, would be large, immediate fiscal gainers from a transfer of BLM lands to the States. Both these States would gain by an amount in the range of \$100 million per year.

Based on the experience of State trust land management, I believe that States could be expected to capture greater revenues from the lands if they took them over and to have lower costs. Most States, for example, now charge higher grazing fees on their own State lands than the Federal fee.

Some States have hard rock mining royalties. Wyoming in 1990 collected \$7.6 million from hard rock mining royalties, and Arizona collected \$3.1 million.

States today sell and lease their land which is suitable for these purposes for single family housing, offices, parks, motel resorts and cabin sites, steps the Federal Government seems too rigid to under-

take, even when these are appropriate uses for the land. If they took over Federal lands, in contrast to the Federal drain on the taxpayer, States would very probably be able to earn positive net revenues from the lands.

Most land management decisions on existing public lands in the West do not involve matters of true national significance. They are essentially State and local in character. Typically, the land use decisions being made for Federal lands in the West would fall elsewhere in the United States under the scope of responsibility of the local county planning and zoning board.

In light of all this, I would encourage the Congress to apply the following four common sense and traditional American federalism principles in reviewing the status of the Federal lands:

One, activities that can reasonably be carried out in the private sector should be done privately.

Two, government activities that mostly involve State and local concerns should be administered by State and local governments.

Three, the Federal Government should limit its role to activities and concerns that involve true national interests and responsibilities such as the major national parks.

And, four, administrative organization at the Federal level should place similar functions in the same agency.

Now, I believe that these principles, which I believe most Americans would readily accept if they were, in fact, rigorously applied to the public lands, would result in the conclusion that most of the land management responsibilities of the Federal Government at present in the West should be transferred to State and local governments. It would exclude—and I should emphasize that—national parks and certain other areas of special national interest and true national concern.

If the States took over the lands, then they would make many of the further management decisions and would also be able to review issues such as to what degree lands are legitimately needed in public systems or where lands are more appropriately used for private purposes.

Thank you.

Mr. POMBO. Thank you.

[The prepared statement of Mr. Nelson can be found at the end of the hearing.]

Mr. POMBO. Mr. Leal.

STATEMENT OF DON LEAL, POLITICAL ECONOMY RESEARCH CENTER

Mr. LEAL. Yes. I want to thank the committee for this invitation to speak on what I think is a very critical issue in our Federal land management area.

Today, I want to discuss what I think is a real opportunity to improve the bottom line of management of our Federal lands without sacrificing environmental quality. I base this observation on studies I carried out comparing the economic and environmental performances of Federal, State and county timber sales in several regions of the country.

One of my studies, which appears in a book that was recently published at the Political Economy Research Center, involves a

comparison of State and national forest timber sales in Montana. Over the 1988 to 1992 period, national forests in the State of Montana had combined losses of \$42 million from Federal timber sales, according to the Forest Service's own data. During that same period, the State of Montana generated \$14 million in income for the funding of public schools from its own timber sales on State forests located right next to these national forests. Remarkably, the State harvested only one-twelfth the volume of timber harvested by the Forest Service in Montana.

Forest Service surveys rate State and national forest plans as having similar timber growing potentials. In Montana, State foresters and the Forest Service carry out similar duties. Both prepare timber sales, prepare environmental assessments, administer harvests and prepare sites for reforest stations. Importantly, both must integrate timber harvests with other outputs such as public recreation, livestock grazing and wildlife habitat protection. But the State carries out its duties at a substantially lower cost, spending only half of what the Forest Service spends to produce a given volume of timber.

Another study is a comparison of county and national forest timber sales in northeast Minnesota. From 1990 through 1993, the Forest Service lost over \$5 million on superior national forests selling timber. At the same time, the St. Louis County Land Department generated over \$2 million in income from forestlands it manages for the people of St. Louis County. Forest Service surveys again rate these lands similar in timber-growing potential.

In addition to selling timber, the county's Land Department manages for public recreation and adheres to regulation designed to protect wetlands and wildlife habitat. The Department manages to do all of these things while spending only a third of what the Forest Service spends to harvest a given volume of timber.

Now, given the Forest Service's higher costs, one would expect that environmental quality would be higher. After all, one may attribute the higher costs to greater environmental protection on our national forests. But 1992 and 1993 independent performance audits of recent harvests ranked the State and the county highest in protecting watersheds among all landowners in Montana and for eastern Minnesota.

These performance audits are conducted periodically by experts in hydrology, forestry, soil and biology and include several representatives of environmental groups. These audits are now carried out in many States on forest practices.

Similar lands, similar duties. How can these agencies achieve such drastically different results? I believe the answer to this question lies in the fact that both the State and county foresters are required to generate income from their forests while the Forest Service has no such requirement. Losing money on timber sales is merely offset with congressional appropriations. Hence, there is very little incentive for the Forest Service to keep costs down.

In addition, State and county foresters are not burdened with the same rigid procedures that lead the Forest Service to produce mounds of paperwork and carry out protracted studies in planning.

Based on these results, I think we can achieve some real cost-savings and, in fact, even make money by doing the following:

Identify suitable timber areas on our national forests, i.e., those areas of the multiple-use timber base that are highly productive, and turn them over to the State and county agencies for the production of income from uses such as timber, recreation and other outputs. National forestlands located right next to these income-producing State and county lands are a logical place to start.

Lands that are turned over should have the stipulation that a royalty from income generated be paid into a fund for social or environmental good—for example, the social security fund or a fund that protects endangered species.

That concludes my testimony, and I want to thank the Chairman and members of the subcommittee for the opportunity to speak here today.

Mr. POMBO. Thank you.

[The prepared statement of Mr. Leal can be found at the end of the hearing.]

Mr. POMBO. If we were to turn over the property to the States, how would we avoid some of the inefficiencies that you have pointed out in your testimony that occur under the Federal Government to prevent those from being just carried over into the State government?

Mr. LEAL. Mr. Chairman, I think one of the most important and critical differences between the Forest Service's mandate to manage its multiple uses of lands and the State of Montana's mandate is the fact that the State of Montana, the State foresters, are mandated to make or generate income for the funding of public schools. These are trust lands.

I think you have to have a bottom line benchmark, and the Forest Service currently does not, of having to make money from these lands, especially the ones that are rated, you know, equally productive in terms of timber or any other use. I think that you have to have some kind of economic, realistic benchmark to manage lands.

Mr. POMBO. The incentive is different?

Mr. LEAL. That is right. I mean, if you give a person a blank check, he is not going to be very careful how he spends the money. It is obvious after you go in and examine how they conduct timber sales by the Forest Service and how they do it by the State. The same thing with the county in Minnesota, and I am finding more data in North Carolina. The same thing goes on. Every State that has State lands with a mandate to make money in comparison to nearby national forestlands does a better job. It is not real rocket science. It just comes out to follow your intuition.

Mr. POMBO. So you have done a lot of work on below-cost timber sales and looked into that. In your mind, would it ever be possible to not have a below-cost timber sale?

Mr. LEAL. I am not going to say with a blanket statement that certain areas should not be logged because of economic liability. Certain areas may have too steep a slope, the terrain may be too rugged, et cetera.

But I believe that if you have the same efficiencies exhibited by the State of Montana or the counties, St. Louis County in Minnesota, for example, the nine national forests in Montana, the lost money, if they operated with the same efficiencies that the State did, they wouldn't have below-cost timber sales.

And Montana is notorious for below-cost timber sales in the central region of the State and in the Southwest region. The Northwest is not as bad. And I would say in eastern Oregon, I chose these forests, national forests, for comparison because they had a history of having below-cost timber sales. As far as the Tongus, I don't know.

Mr. POMBO. I guess my point is, that if you add up all of the costs of the Forest Service and then take away the receipts that they get from timber sales, you are never going to be able to keep up, because the Federal Government could always spend more money, the Forest Service could always spend more money than whatever the timber is worth.

Mr. LEAL. That is right.

Mr. POMBO. And they don't have to make money, so they don't.

Mr. LEAL. Yes. I mean, to elaborate on that, the State of Montana gets a fixed budget of \$1.2 million, and they give it to the forestry division. And they say here, take this \$1.2 million and get me a higher rate of return than I would get if I put it into T bills or Treasury bonds. And if you can't, then we shouldn't be cutting the timber.

So every two years, the State of Montana, the State foresters have to come back and they are reviewed by a performance audit that says, are you making us money? And I think it acts as a very good motivator.

Mr. POMBO. You also mentioned the environmental qualities of these different areas. Are the State-managed lands or the county-managed lands that you talk about managed to a lower environmental standard than the federally-managed lands?

Mr. LEAL. The benchmarks that I looked at, for example, the performance audits that are done on State, national forestlands, private forests, they go and select at-random sites that have been harvested by all of these different landowners; and they look at sites that are so-called high-risk sites, areas that may be susceptible to erosion or things like this; and they find out what practices that mitigate the impacts of logging are carried out.

And they found that the State of Montana and the County of St. Louis was doing a better job. They perform more of the things that were required to keep the impact of logging at a minimum—more so than the Forest Service.

I mean, despite all of the environmental planning, the environmental processes and the paperwork that has to come out of these Forest Service areas, when it comes to on-the-ground truth, you know, you are not getting the evidence that this is really making a big difference on the ground.

I think the environmental laws are important. You need to have standards. The question is, are we using the right processes to achieve those standards? We still should have NEPA as a general requirement, but maybe we shouldn't be doing it the way we are doing it. I think it is too costly.

Mr. POMBO. Thank you.

Did you want to add to that?

Mr. NELSON. Well, I would note that many of the aspects of the Federal procedure are extremely cumbersome, the way environmental impact statements are done and the litigation that sur-

rounds them. The land use planning systems that the Federal Government requires are extremely personnel-intensive. So the agencies are required to operate under these systems. In a sense, it forces them to incur these very high expenses and large numbers of personnel.

On a West-wide basis, I estimate that the Federal Government has 10 times the land as the trust lands of the Western States but 30 times the personnel. Some of that may be due to bad management, but a lot of it is also due to the environmental planning requirements that have been accumulated over many years and which have been part of the statutory framework.

I think one of the reasons why State management would be a lot more efficient is that some of the State statutory frameworks have a more commonsense flavor. They don't require these cumbersome systems that seem to, in the end, break down and to produce gridlock, as Don was indicating. We spend a lot of money, and then we don't even get very much result for it.

Mr. POMBO. Thank you.

If you don't mind, Mr. Duncan needs to leave.

Mr. DUNCAN. I have constituents waiting on me.

**STATEMENT OF HON. JOHN J. DUNCAN, JR., A U.S.
REPRESENTATIVE FROM TENNESSEE**

But, first of all, I would like to thank the witnesses for testifying. And I would like to just comment that I certainly agree with all of the testimony that has been presented here today, and that it would be much better to turn these lands over to the State governments.

But I might make the comment, you know, 11 years ago, in 1984, the Grace Commission recommended that many of these public lands be sold to the private sector. And I think there are many, many people across this country, and I think it would be a majority of people, who feel that at least some of these public lands could and should be in private hands and shouldn't be owned by the Federal Government or the State government.

It is disturbing to me, anyway, that when you add up what the Federal Government owns and then the State governments and then the county governments and the city governments and the quasi-governmental agencies, I am told that that adds up to almost half of the land in this country.

Mr. Leal, I might just say that, you know, the Forest Service should be horrified by your testimony. But I am sure they won't be, because we have this thing in this country called the civil service system that has ended up protecting government workers so much that I don't think they really care.

But it is shocking to me for you to testify to particularly one example. You say in Montana that the State has produced \$14 million in income while the Federal Government has lost—was it \$42 million?

Mr. LEAL. Yes, sir.

Mr. DUNCAN. And with one-twelfth of the land managed that the Federal Government has; is that correct?

Mr. LEAL. That is right. One-twelfth the volume of output and one-tenth the land base.

Mr. DUNCAN. And I think that what Mr. Nelson has said about the cumbersome rules and the fact that the State regulations just have more common sense and so forth—I think what both of you are really saying—and the previous witnesses—is that big government, extremely big government, simply doesn't work.

I remember Edward Rendell, the liberal Democrat Mayor of Philadelphia, said at a hearing a couple of years ago, he said, government does not work because it was not designed to. There is no incentive for people to work hard, so many do not. There is no incentive to save money, so much of it is squandered.

I was interested in your testimony about the incentives, Mr. Leal.

I simply wanted to place those comments on the record before I have to go.

Thank you very much for coming here today and for your testimony.

Thank you, Mr. Chairman, for letting me go out of order.

Mr. VENTO. Will the gentleman yield?

I would just point out that BLM has a lot of land for sale if anyone wanted to buy it. There is no shortage of land for sale. I don't know, was there any testimony on the civil service system being the cause of the problem? I think in Minnesota I can say they are pretty strong civil servants. In fact, that is a highly unionized county, St. Louis County, so there is no shortage of what they are getting there.

Mr. HANSEN. Mr. Cooley.

Mr. COOLEY. I want to thank the gentlemen for coming today and your testimony. I think that it reinforces the thing that many of us in the West feel, what is happening at the Federal level with land within State boundaries.

As I said before to the Governor, I don't understand why we continue to go along the same road that we have for year after year when we know from statistics and from gentlemen like yourself analyzing that this system just doesn't work. It is not efficient. In fact, it is actually counterproductive, not only economically but to the environment.

And you have a great group of people on the other side, and they refer to themselves as environmentalists, but they are really obstructionists that are pushing very hard rules and regulations with the bureaucracy and with Congress about trying to protect our environment, trying to preserve something for the future.

And, in reality, it is just the opposite. We have government agencies that we have proven time and time again are really not protecting our environment nor are they changing the quality of the earth in which they are supposed to be protecting. And we continue along this line. I just hope that further hearings will, hopefully, bring this point out, and maybe we can do something to resolve this problem.

But it is obvious in these testimonies that the Federal Government, the Federal agencies that are managing these lands, are certainly not doing a good job, either economically or environmentally, and that we need to do something to change it. And I think the only way to change it, as previously stated by the gentleman on the other side, is that they are well-organized, they are well-unionized,

et cetera. If we just take it out of their hands and they have no way to go, we are going to either have to bring them back here and let them go, one thing or another. And I think we need to address those problems.

I want to thank both of you again for coming and for providing us with this information and enlightening us on some of the problems we have, and maybe we can do something in the future to turn this around. Thank you both.

Mr. POMBO. Mr. Vento.

Mr. VENTO. Thanks, Mr. Chairman.

Well, this is great testimony on deficit timber sales. I commend you both for it. We have been trying to get that point across. But the disposition of this Congress, of course, and its salvage so-called forest health bill—there is nothing very healthy about it for the forests—but they put in provisions that suggest that sales have to go forward, even if they are deficit timber sales. That gives you a little bit of the idea of some of the problems we face in trying to bring some real-world economics in what is going on in the Forest Service.

Mr. Leal and Mr. Nelson, one of the things that is obvious in terms of the State lands that are selected are the individual lands that are privatized and become State lands by virtue of forfeiture of tax lands.

That is how St. Louis County got all of their lands, Mr. Leal, was that these are lands that were selected, they generally picked the best lands for timber. So when we are looking at this, like the Superior National Forest—and I don't know the portions in Montana that you studied, but there is a million-acre wilderness in there—there are a lot of different costs that are overlaid.

One of the other issues is maybe we are not bidding these things correctly. Maybe we are not getting the amount of money we should. Maybe we are charging ourselves for the roads and so forth. So the picture is even worse in terms of deficit timber sales, because road costs are not even considered as part of the costs of what that timber sale is, much less the closure of the roads or the reconstruction or remediation of the road; that isn't considered. So there are real problems here that we are having troubles facing up to.

Of course, this whole thing on the Forest Service, I think both of your testimonies are principally on that, whereas I thought the tenor of what was happening here was going to be on the BLM.

Now, if we were to, for instance, convey these lands back, would you think we should do so without recourse, Mr. Leal, to a county or to a State? Do you think we should do so without recourse in terms that they could turn around and sell the asset?

Mr. LEAL. No, few want to keep them in the public domain, whether it is State or Federal Government. My view is, you are turning over valuable capital to another agent who has been shown to operate this kind of asset more efficiently. It is what they do in the private sector.

Mr. VENTO. Well, I think this sort of adaptive ecosystem type management in terms of how we can do it, whether we can improve the Federal model—I mean, do you find something absolutely defi-

cient about the Federal Government in terms of the role it has here?

I am sure both of you were here when I questioned the Governor and talked about collaboration rather than confrontation. Of course, he seemed to be agreeing with me and at the same time disagreeing.

Obviously, you pick the issues where there is a flash point you know, like a fish and a bridge in Arizona. We often pick out those endangered species problems, but there are a lot more where there is compatibility. I mean, in Minnesota there is an awful lot of collaboration that goes on with the Superior and with the Chippewa.

Mr. LEAL. I guess I am not clear on your question. Is it can we reshape the Forest Service to operate—

Mr. VENTO. I mean, sure, I admit, Dr. Nelson, that there are value judgments that tend to enter into it. I admit to the fact that I have certain values and attitudes with regards to this. Just on the economics or on the science, I think what is important to know is where one ends and the other begins, which may not be evident in all of our decisions, but I think we understand that.

But if we are going to convey these lands, is it reasonable, Dr. Nelson, that we would then convey it with the same sort of Federal laws and requirements? I mean, how are you going to deal with law enforcement? How are you going to deal with firefighting? How are you going to deal with all of the Federal laws that apply to these?

Would the States then be able to administer this somehow different? Do we have nonprofessional types of Forest Service people or nonprofessional types of people in Montana?

I don't think so. I think it is all sort of civil service and all degreed and with greater education background that is necessary in order to do land management.

Mr. Nelson, I will give you a chance.

Mr. NELSON. Let me first say that my comments were addressed to the Interior, and I should also say that I worked in the Interior Department for 18 years. And I would also say that I have a very high regard for the quality of the civil service in the Interior Department.

I think that in many ways the management system at Interior is failing, and it is failing in the Forest Service, but I don't personally think it is due to the quality of the people. I think it is due to the system in which they are operating. And I found when I was there enormous frustration with that system and its constraints.

Mr. VENTO. Is it both your testimonies that the States, the county is the right format and that solves all of the problems? Even on a professional basis, I think there are economic and other questions; but, given the fact, we have certain goals we want to attain.

Mr. NELSON. I think that what would happen is, first, the States have established a record of better land management in admittedly a different situation with a lot less land than what the Federal Government has—or would be transferring to them under some of the proposals.

But I think that the Federal Government has worked itself into a box in terms of its management that it doesn't seem to be able to get out of. I have been watching the attempts to revise the land

use planning system for 20 years, participated rather closely in it, and it doesn't seem to me that after 20 years it is any closer to working.

I have been to so many conferences over the years where I have heard about the latest innovation, the latest panacea that was going to make the decisionmaking process work, which was going to make it rational and scientific. And they have all led into another set of conferences two or three years later where there is still tremendous frustration expressed. And these are by agency people, by the users of the lands and others.

For whatever the full reasons—and you need to be a political scientist and understand the workings of American politics and the Congress to give a complete analysis—we haven't been able to figure out how to make the Federal system work.

Mr. VENTO. I think that the timber sale gives you one idea of what the problem is.

Mr. NELSON. And I think that if you transferred it down to the State level, you would basically be creating new opportunities to devise new methods. I would not mandate, other than for certain very limited things, possibly relating to endangered species, possibly relating to existing wilderness areas or other kinds of areas where there are particular national interests—but, for the most part, I would not mandate that the States have to follow all of these rules and regulations.

Mr. VENTO. I think the problem gets to be that you find out that these laws like the Endangered Species Act or others that you mentioned end up being an ecosystem—I mean, we are finding that there is more interrelated nature like watersheds and so forth that have to be dealt with, and that impact these Federal landscapes.

That is one of the problems I think we have had in trying to integrate that information into land management. I would agree with you. I have high regard for people working in these areas, but to say we are going to give the States those responsibilities, sort of begs the question. But I think you are right, since I see a lot of resistance in terms of some of the changes, in terms of some of the applications of knowledge.

But if we are going to have different standards for States, I think that is a problem. Law enforcement, firefighting, all of these costs are being picked up now disproportionately by the Federal Government. I know we have a big responsibility, but how we translate that, I don't know. We are not doing it right today, I agree with that.

Mr. POMBO. The gentleman's time has expired.

Mrs. Chenoweth.

Mrs. CHENOWETH. Mr. Chairman, Mr. Nelson, you were in the interior in the 1980's?

Mr. NELSON. Right.

Mrs. CHENOWETH. And you were in the Office of Policy Analysis?

Mr. NELSON. Right, which was in the Office of the Secretary of the Interior.

Mrs. CHENOWETH. Yes. Well, I didn't often agree with Cecil Andrus' decisions, being from his home State in Idaho, when he was Secretary of the Interior, but I think you are a good analyst,

and I appreciate your testimony, and I think it was wise of him to keep you there.

Mr. NELSON. Well, thank you.

Mrs. CHENOWETH. You speak and seem to have a real grasp and understanding that I deeply respect of the concept of State trust lands. Could you explain for the record what State trust lands are and the difference between title and interest?

Mr. NELSON. Well, the State trust lands are basically lands that were given to the States, mostly in the 19th century, to be used to generate revenue for certain State beneficiaries, most commonly schools, also colleges and universities. There can also be other institutions in the States benefiting.

Mrs. CHENOWETH. So primarily State endowment lands.

Mr. NELSON. And these are State-owned lands, and they are managed by State administrative agencies. The agencies are given legal mandates which have been upheld by the courts to manage themselves in a trust fashion for the benefit of the schools or universities and so forth.

And, in fact, this trust status has been interpreted by the courts in some situations as prohibiting the granting of subsidies to particular user groups and requiring the State agencies to charge true market value—in contrast to some of the instances where the Federal Government has charged prices that were below market value.

Basically, the lands operate under a legal mandate as a trust mandate to serve their State beneficiary, and it is not a general public interest mandate to serve the entire State in a normal political sense.

Mrs. CHENOWETH. Does the Federal Government hold title to the vacant unappropriated lands?

Mr. NELSON. Yes, I would assume that—I believe it does, yes.

Mrs. CHENOWETH. I would be interested in working with you on that. I can't see that they do, except for those lands where their buildings are or where they actually have a recorded title. And I think that may be important to the debate. I don't want to nitpick—

Mr. NELSON. I think that this issue is of tremendous significance, but my personal view is that it is not ultimately a legal question but is a political question and that is up to the Members of Congress who are the ones who have the final judgment and decision-making authority as to who will manage and own the lands. And the Congress has it within its full power to transfer the lands to the States, which I think would be the proper way to go about it.

Mrs. CHENOWETH. That would resolve it with them having to get into all of the other questions. You are right.

Mr. NELSON. It could also be done much more quickly.

Mrs. CHENOWETH. That is right.

Mr. NELSON. If the decision were made.

Mrs. CHENOWETH. In your written testimony you talk about the fact that there has been a crisis of confidence. I don't think you testified to this specifically but that the Federal system is, by wide agreement, failing in many counts. You talk about the management problems that we have, and you indicate further on down in your written testimony, this has partly reflected the fact that separating fact and value, science and religion, politics and administration and

other dichotomies assumed by the progressives have turned out to be impossible.

Mr. NELSON. Right.

Mrs. CHENOWETH. That is very, very well-stated, because I think that is one of the reasons why we are seeing the change in administration.

Mr. NELSON. That is one of the reasons why I would put a greater emphasis on local management.

It was assumed that many of these decisions were amenable to one scientific and technically sophisticated answer and that the Federal Government would be the one to provide that and that it would be the same answer everywhere. But now that we have recognized that there is so much of an element of value judgment in management decisions that you can't just separate them and say, well, this is a scientific question, it is not a question of values. Actually, values enter in everywhere yet values differ from one part of the United States to another.

I think it is appropriate that management should differ to reflect those differences in values, and one of the ways to do that is to give the States and local governments a lot more authority.

Mrs. CHENOWETH. Well, I thank you for your fine testimony.

And I wanted to ask Mr. Leal for the record—would you explain for the record why some timber sales are deficit timber sales and the appraisal process and so forth?

Mr. LEAL. Well, basically, to clarify, when they say that the cost of extracting or designing, preparing a timber sale—which includes laying out the boundaries, cruising the area, marking the trees, determining the environmental impacts and all of that goes into the process of preparing a timber sale—the next step is to actually award the contract and then to administer the contract. Those elements involve the timber sale, road building included.

When you take all of those elements and a cost with each, aggregate them, if the total sale of the timber is less than these aggregate costs, you have a deficit timber sale. That is different than a deficit timber sale program, OK? What happens is, you can have a few timber sales that lose money, yet the overall program for that national forest is still profitable or makes more than it costs with its timber program.

Mrs. CHENOWETH. I thank you.

I do want to say that, in my other life, part of what my personal business used to do was to develop hydroelectric projects when the PURPA concept was alive and well. And for each project to acquire a license, my firm had to do a full environmental impact statement.

And we could turn out an environmental impact statement that was very large and very comprehensive in a month. And that included on-the-ground screenings of plants and doing all kinds of analysis and inventory.

And it can be done. It is just we have to provide the motivation to make them do it quicker and to get unmarred from the process and realize what the end point goal must be.

Thank you, Mr. Leal, also, for your excellent testimony. Very helpful.

Mr. POMBO. Mr. Williams.

Mr. WILLIAMS. Thank you. Welcome, both of you, but particularly my Montana colleague. It is always good to see a Montanan back here. Thanks for accepting our invitation, Mr. Leal.

We have all heard that old saying in politics, politics makes strange bedfellows. The longer I am around it, though, the more in my view I find that that statement is not true.

One's colleagues and bedfellows, as it were, are usually very predictable in politics and in government. We know where folks on your side of the aisle are going to be on an issue, and you know where you are going to be. And neither the politics nor the bedfellows are very strange but, rather, very predictable.

Not true on this issue. And I hope, Mr. Chairman, as we begin to get into the bill which Mr. Hansen and perhaps others will introduce with regard to the disposition of Federal land or jurisdiction over Federal land, we will have all of our colleagues at these hearings and discussions and debates. Because, on this one, people will be changing sides, and the bedfellows are becoming very strange indeed.

Environmentalists from Montana and around this country—and I mean environmentalists on the far left—have sat where Mr. Leal is sitting and given his precise testimony to this committee. They have said, stop these deficit sales. Timber CEOs have sat next to him and said, don't you dare. It has been good for this Nation. The American public in the end has benefited because of these deficit sales on Federal timber.

Now we are beginning to hear conservatives sound like those environmental liberals sounded. I am not condemning that. I may be on that side myself. But I am just saying the bedfellows are getting pretty strange.

Mr. Leal is essentially correct on his data and his assumptions from that data. What I want the record to show and my colleagues that are here to understand is that that situation stems from Montana State law, which conservatives and the timber industry have fought for half a century.

Montana State law, because the money is held for schools, has until this session of the Montana legislature, which ended a couple of months ago, held that the timber absolutely had to be sold at the highest cost; and if timber prices were plummeting, you couldn't sell the Montana timber.

The Federal Government has no such law. The Federal Government sells out timber in good economic times and bad economic times, and so the Federal Government has deficit sales. The State of Montana wouldn't allow it, until now.

You know, Mr. Leal, that has changed in Montana. Montana newspapers were delighted with the large ads that the Montana timber industry ran saying, in effect, Montana's laws should be more like the Federal law. We should be selling out this timber cheaper.

So if we do provide all of this jurisdiction and all of this land to the States, are we going to end up with a situation like we now have in Montana in which the States are going to rush to sell this timber cheap? Are the States going to rush to drop their grazing fees in Montana if they get all of this BLM land? I mean, are we

going to see a reversal of roles and the bedfellows getting stranger and stranger?

Do you see what I am getting at? Does the Federal Government lose money? Yes, absolutely, on these timber sales. Now, is it because, as a couple of my colleagues said, well, Federal employees don't care and they have tenure and they are unionized and all of that? No. No, that is not it. It is the law. It is the law. We will sell it in a fire sale. We will sell the timber at fire sale prices.

Now, let me just make one more point. I apologize to the two gentlemen sitting there for not asking them a question, but I want to make this point. And it is one that conservatives and liberals, Democrats, Republicans and independents, all have to ask themselves and, most important, to ask their constituents. Is the Federal Government in business to make money? The Forest Service should make money? The Pentagon, the State Department, the Department of Education, we should make money? We should show a profit?

Well, it is an interesting question, isn't it? I hear the Forest Service being condemned because they don't make money. Now, that is a generic gut question for this country. Should we be making a profit from the people? We are going to return the profit to them, of course. States don't do it. Counties don't do it. Should the Federal Government have to do that?

I think this discussion and debate is long overdue. I think these proposals are long overdue. They could not have been offered, by the way, if my party had held a majority in this Congress. And I think the discussion is overdue, and you are going to see a lot of environmentally-attuned Democrats wanting to accept the proposals of Mr. Leal and his colleague, Mr. Nelson, and you are going to see a lot of conservative, industry-oriented Republicans opposing them. Bedfellows are going to get stranger and stranger around here.

Thank you.

Mr. POMBO. I would like to thank the panel very much for their testimony and for being here.

And, in closing, I would like to say that the direction in which we go with Federal land use and Federal land use planning and the debate that my colleague, Mr. Williams, talks about that we have entered into—I think the major difference that occurs is what the underlying goal is, as to whether or not we continue to use these public resources and public lands as a multiple-use benefit for the entire country or whether or not the underlying goal is to keep people out in the multiple use of those lands. I think that that is one of the major debates that is ongoing.

And I will agree with him that this debate is long overdue and that it is something that we do have to, as a Federal Government, face up to, is that the Federal Government has spent way too much money in managing its lands and, in many instances, because of actions of Congress, have inefficiently managed its lands. And I think that is why we see some of the examples that Mr. Leal brings up of States or counties being able to manage lands cheaper than the way the Federal Government has managed lands.

Mr. WILLIAMS. Would the Chairman yield?

Mr. POMBO. Absolutely.

Mr. WILLIAMS. I want to associate myself with that and also with Mr. Nelson—what he has arrived at as a conclusion after working those years as an analyst and planner.

I agree with you, sir, that much of what has now grown up has become so unintentionally complex that it has ended up hindering its own objectives. I am not sure that we ought to—but I think we need a great reordering of planning and analysis and Federal oversight.

I don't know whether we achieve that by just saying here, States, you manage it. That seems to me to just be a massive, simplified, revenue-sharing argument. But it does seem to me that we have come to a time in American history, under both Republicans and Democrats—I mean, we have had mostly Republicans running the executive in the past quarter of a century—so in both parties we have now come to a time where the chaos in the paperwork, to say it the easiest way, is such that it simply has to stop.

Mr. POMBO. Thank you. Reclaiming my time.

As we go into this debate further, I think that the major issue that we need to look at is where those incentives are, what the underlying goal is, which is a policy decision that we have to make, but also in establishing those policies where we put the incentives so that we can have a better result.

And having said that, again, I would like to thank you very much for your testimony. It will be very helpful and useful as we go through this debate. Thank you.

This hearing is adjourned.

[Whereupon, at 12:25 p.m., the subcommittee was adjourned, and the following was submitted for the record:]

**Governor Fife Symington
Arizona**

**Testimony before the
House Resources Committee
Subcommittee on Parks and Public Lands
June 16, 1995**

Thank you, Mr. Chairman, for the opportunity to appear to discuss state concerns with regard to federal land management in the western United States.

I have been Governor for just over four years. I have been an outdoorsman for much longer than that. It is with the perspective of both that I come before you to discuss ideas for the future of the federal land in the West generally, and specifically in Arizona.

As this Committee is well aware, approximately 70 percent of the state of Arizona is owned by the federal government. These lands are an important natural asset to the state and the nation.

It is my belief that decisions made in Washington, D.C. are having an unjustifiable and indefensible impact on the management of these lands. Deterioration of the resource is occurring today. Far greater destruction is imminent. The situation calls for creativity and boldness in the administration of these lands. Those qualities are not in evidence from the current leadership of the Clinton Administration.

Last spring, my office conducted research into the land management organizations of the federal government. This analysis resulted in a number of recommendations which could help reform management and to address current problems in our forests and deserts.

These recommendations were contained in a draft proposal I distributed called Arizona Land Plan 2000. Within this plan is a simple visual demonstration which identifies precisely one of the key problems facing our federal land management system.

The other way to look at this problem is to look at the map of Surface Management Responsibility in Arizona. Private land is represented by the color white. Most of you probably can't tell there is any white on this map.

If you think this looks confusing on the map, you can imagine how confusing this is to the hiker, the rancher, the hunter and even the land managers themselves. All these jurisdictions are swirled together along congressionally or administratively drawn lines that do not reflect ecosystems, habitats, or any other scientifically

justified distinction.

The only constant among all these lines is the outline — the state boundary. That is a constant that needs to be clearly recognized as we seek solutions to land management problems.

The Land Plan 2000 analysis made some important observations.

- Important decisions on Arizona resource management policy for over 70 percent of our land, are made by individuals located in regional or national offices outside of Arizona.
- The division of the Forest Service and the Bureau of Land Management between two separate cabinet agencies creates overlap, duplication and increased administrative overhead.
- There is no opportunity to integrate resource management activities, and therefore, no way to insure proper stewardship of the resources.
- As a result of the separate missions and objectives of the different agencies, it is very difficult to achieve and develop unified public support for a balance among all interests. There is no unity of purpose among agencies and no forum to work through competing positions.
- There are multiple layers of management that exist within the organizational structures of these agencies. This results in an "accidental bureaucracy" which impairs information flow and decision making and increases costs.
- Overlapping jurisdictional limits in functional areas like fire control, wildlife management and watershed management make such functions nearly impossible to exercise.

Within that framework, difficulties are predictable. As President Clinton's National Performance Review pointed out in 1993, "Different agencies, with jurisdictions over the same ecosystem, do not work well together. Even within the same agency, bureaus fight one another." Two years later, the same is true.

This situation is harmful to the resource. The condition of our National Parks is deteriorating as infrastructure and maintenance improvements are postponed. Our forests are in imminent danger of catastrophic wild fire that will destroy habitats and sterilize the soil. The Fish and Wildlife Service is designating critical habitat for endangered species, but doing nothing to implement recovery plans that could actually benefit the species.

And now, this Congress and the Clinton Administration are working to eliminate the federal budget deficit within ten years. This means that fewer dollars will be

available to exercise stewardship on our federal lands. Given that, the federal government can no longer afford to maintain a management system which is both expensive, inefficient and ineffective. In order to prevent these budget constraints from harming the resource, we should identify alternative systems of management.

The Clinton Administration's approach today is to threaten the closure of state parks and curtail other partnering activities. This is not a solution. Congress is considering legislation that would require a review of existing park facilities to create a strategic plan for the management of these parks. That approach is more thoughtful. But even if Congress does pass legislation to address long term park and public land management questions, it is not clear today whether you have a responsible executive branch that's interested or willing to make difficult but creative solutions.

For example, the Clinton Administration has also circulated a plan that calls itself reinvention. Our reading of this plan indicates that this plan only further centralizes authority in Washington, D.C. It ignores the need for partnership with state and local governments. And it ignores the need for local accountability for management decisions. In fact, it appears to be directly contradictory to Clinton's Executive Order to enhance intergovernmental partnerships.

Solutions

I want to offer several ideas that could help us solve many of these seemingly intractable public land decisions.

Solution number one: Pursuant to the recommendations of the National Performance Review to develop "ecosystem management demonstration project", identify areas in the western states that would be suitable for such an experiment. I would propose three types of demonstrations to begin with; a demonstration of state management of a national park; a demonstration of state management of a wildlife refuge; and a demonstration of state management of rangeland.

It has been my contention that local management of these resources could result in improved management, at reduced cost. I have examples to back me up.

In 1988, the Arizona Legislature gave our State Parks system the authority to keep the revenues they collect from the Park system. The result is a Park system that is largely self-sustaining, that knows how to manage its resource and collect revenues. Our state Parks have a business orientation provides the funding to protect the conservation values.

Don't take what I say on faith. Give us the chance to operate Montezuma Castle, or the Buenos Aires National Wildlife Refuge, or the San Pedro National Conservation Area. Give us 90% of the current federal budget to do so. Give us five years. Let us show what we can do.

You can not say that the States don't care for and contribute to our national parks and public lands. Today, the Arizona Conservation Corps is in Grand Canyon National Park. They are repairing trails and doing other repair work from recent floods. And they are saving the federal government hundreds of thousands of dollars in the process.

Solution number two: Review the language of the Recreation and Public Purposes Act as a source of authority for turning management of these lands to state entities without actually relinquishing title. The current administration is hostile to this approach, so Congressional oversight is in order.

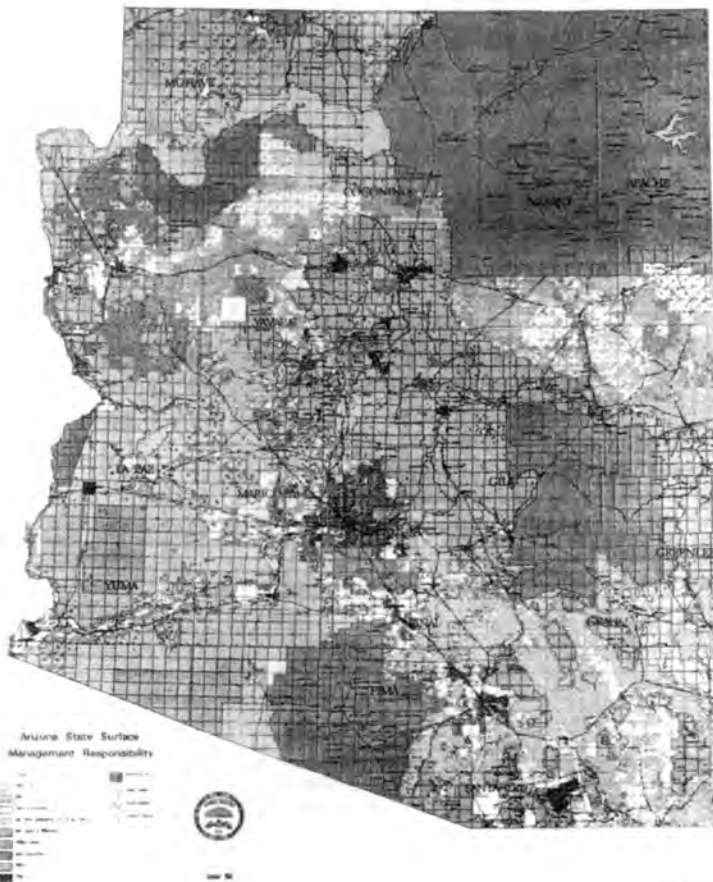
Solution number three: Redesign the accountability model that currently exists on our federal lands. Today's model has federal employees attempting to make decisions, and being accountable either to appointed officials in Washington, or appointed Judges in the circuits. A better model is to make land managers accountable to local communities and states. If the community does not believe that the managers are doing their job, then it will be the local or state elected officials who will have to answer for it -- in some cases with their jobs.

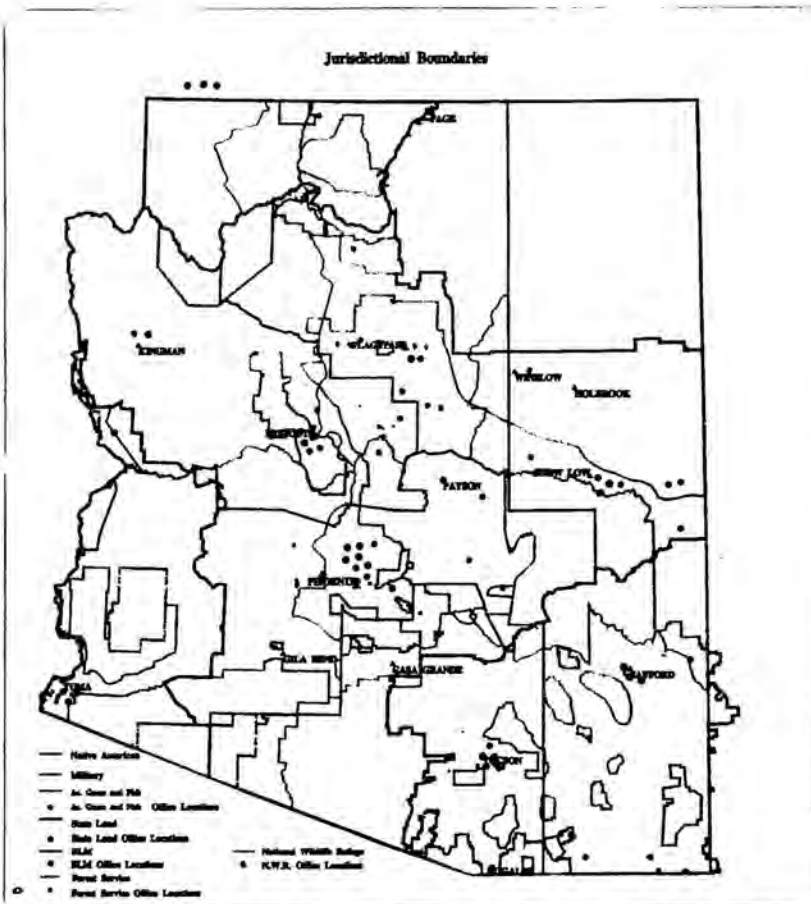
Public opinion surveys show that most people want to conserve our natural resources. Who do they blame when the managers fail to meet their stewardship responsibilities? Democracy is a powerful form of accountability, and we should bring it back to our western lands.

In Arizona, just last week I launched an initiative to preserve state trust lands from the blade of development. I can't just pass a law or regulation to do so. I need to recruit partners in the local governments, and with interested citizens to make this plan a reality. My plan depends on resources -- both financial and human -- to succeed. It will not be easy -- and it shouldn't be. The response has been overwhelmingly positive from across the political spectrum. You will be pleased to know that the notion of citizen participation in government decisions is still popular.

Finally, I would suggest you resist the temptation to manage the public lands from these committee rooms. In days past, this has sometimes been the case. You can set the tone and create the environment for public land management, but the stewardship of the land itself must be conducted by the people who live there.

Given the combination of public interest, budget constraints, and a renewed public ethic of local decision making and control, now is the ideal time to "think out of the box", and to be bold in how we address land management controversies. The state of Arizona is ready to work cooperatively with you in pursuit of the public interest.







Testimony of Robert H. Nelson, Ph.D.

School of Public Affairs, University of Maryland

Before the Subcommittee on National Parks, Forests and Lands

House Resources Committee

June 20, 1995

Summary

1. States manage 41 million acres of state trust lands in the 11 westernmost lower 48 states, equal to 5 percent of their total land area. In 1990, these lands yielded \$657 million in revenue for the use of schools, colleges and universities and other beneficiaries. States are legally obligated to manage state trust lands efficiently in the interest of these beneficiaries.
2. Federal lands have been managed at high cost to national taxpayers and generate less revenue than they could. The federal decision making process, based on comprehensive land use planning, has broken down for the public lands, yielding management gridlock.
3. Large areas of public land were disposed to states and private owners in the nineteenth century, but the disposal philosophy was abandoned in the progressive era early in this century. The progressives sought to remove management from politics and to turn it over to professional experts acting according to the dictates of science. They believed that this objective could best be accomplished at the federal level.
4. In retrospect, the aims of the progressives have not been realized as politics have overridden science and the experts have often acted according to their own value systems. With the fading of the progressive vision of scientific management of the lands, the system of public lands faces a crisis of purpose and legitimacy.
5. Turning BLM lands over to the states has been proposed in the past but the West has never fully endorsed such proposals, partly out of concern for fiscal impacts. A typical western state would have to absorb a fiscal burden in the range of \$10 to \$30 million per year, if it took over BLM lands and managed them in the same manner as the federal government. Two states, New Mexico and Wyoming, would be large fiscal gainers from a transfer of BLM lands to the states.
6. Based on the experience of state trust land management, states could be expected to capture greater revenues and to have lower costs, if they took over existing federal lands, and would probably be able to earn net positive revenues from the lands.
7. Most land management decisions on existing federal lands do not involve matters of national significance. They are essentially state and local in character.
8. An application of traditional American federalism principles would result in the transfer of most federal land management responsibilities -- excluding national parks, wildernesses and other special areas -- to state and local governments.

My name is Robert H. Nelson and I am a professor of environmental policy at the School of Public Affairs at the University of Maryland. I am also a senior fellow at the Competitive Enterprise Institute here in Washington and at the Center for the New West in Denver. From 1975 to 1993, I was a policy analyst at the Department of the Interior, working in the Office of Policy Analysis, which serves the Office of the Secretary.

I am pleased to be able to testify here today on the management of lands owned by the federal government and by state governments. As you know, the possibility of transferring portions of federal lands to the states is a subject of growing importance and public interest.

Federal lands cover 649 million acres, which is 29 percent of the land area of the United States. Most of this land is in the West. In the 11 westernmost of the lower 48 states, the Department of the Interior manages 175 million acres, or 26 percent of the total land area.¹ The Forest Service manages an additional 19 percent of these states. In the West, federal land thus represents almost half the land. Particularly high percentages of federal ownership are found in Nevada (83 percent), Utah (64 percent) and Idaho (62 percent).

State lands represent about 150 million acres, or about 7 percent of the total land area of the United States. Alaska has

¹ These 11 states are Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

the largest amount of state lands, equal to 85 million acres at present (the 1959 statehood transfers have not yet been fully completed) and including the Prudhoe Bay oil fields. There are about 11 million acres in state parks and recreation areas across the United States. The majority of state owned lands -- approximately 135 million acres -- are trust lands for which the revenues are dedicated to elementary and secondary schools, colleges and universities, and other public purposes. The eleven westernmost lower 48 states contain a total of 41 million acres of state trust land, equal to 5 percent of their total land area. States with relatively high percentages of state trust lands are Arizona (13 percent of the total state land area), New Mexico (12 percent), and Utah (7 percent).

In the western states, state trust lands are principally devoted to grazing (35.4 million acres), timber (4.4 million acres) and raising crops (2.6 million acres). State timber lands are concentrated in Washington (2.1 million acres), Idaho (881 thousand acres), Oregon (754 thousand acres) and Montana (500 thousand acres). In 1990 these timber lands yielded substantial revenues: Washington -- \$260.7 million; Idaho -- \$19.5 million; Oregon -- \$20.0 million; and Montana -- \$6.6 million.

State trust lands also include subsurface rights under lease for oil and gas (16.9 million acres), coal (11.5 million acres) and other minerals. The most valuable state oil and gas rights are located in New Mexico (\$115 million in revenue in 1990 from 4.9 million acres) and Wyoming (\$24 million in revenue in 1990 from 1.7

million acres).

In total, state trust lands in the 11 westernmost lower 48 states yielded \$657 million in revenue in 1990. This can be compared with total revenues of \$1.2 billion in 1993 from BLM lands in these same states. Since BLM manages 170 million acres there, more than 4 times the state land area, on average state lands are yielding significantly higher revenues per acre than BLM land. These differences reflect differences in the inherent productivity of the land and in management policies.

The total BLM revenues from timber for the 11 westernmost lower 48 states were \$151 million in 1993, as compared with total timber revenues for state trust lands in these same states of \$307 million in 1990. Mineral revenues for BLM lands (principally oil and gas and coal) for 1993 were \$984 million, as compared with \$187 million for state trust lands in 1990. Grazing yielded \$17.4 million from BLM lands in 1993, as compared with \$18.5 million from state trust lands in 1990. Considering the much larger acreage of BLM lands, grazing revenues per acre for state trust lands were approximately 4 times the revenues per acre yielded by BLM lands.

Origins of Federal and State Land Systems

At first, as a legacy in the 18th century of the colonial policies of the British government, the undeveloped territories to the West were held by state governments. At the time of the War of Independence the State of Virginia owned a huge area, including the current States of Michigan, Ohio, Indiana, Kentucky, and West Virginia. Other States such as Maryland, however, held no western

lands. In order to establish an acceptable political balance among the new states of the American union, Virginia and other existing States between 1783 and 1802 agreed to cede their holdings to the national government in Washington. It was a major step along the way from a set of loosely tied states to the development of the United States as one nation commanding the allegiance of citizens from all its diverse sections.

Throughout the 19th century, the federal government sought to dispose of its western land holdings. The recipients of lands included not only private individuals under laws such as the Homestead Act of 1862 and the railroad land grants, but also state governments. Over the history of the United States the lands disposed to states have equalled 328 million acres, 14 percent of the current United States land area, exceeding any other category (and transfers are still continuing). By comparison, homesteaders eventually would receive title to a total of 288 million acres of land, and railroads a total of 94 million acres in federal grants.

The largest amount of lands disposed to states were for the support of schools. Beginning with Ohio in 1803, on admission to the union, each state initially received one section (one square mile) per township (36 sections). Then, after 1848 two sections were granted, and after 1896 four sections. Total school grants over the history of the United States have equalled 78 million acres. Other purposes for which states received land were for the reclamation of swamplands (65 million acres), to support the construction of railroads (37 million acres) and to support the

construction of wagon roads (3.4 million acres).

Progressives Theories of Federal Land Management

The 19th century policy of disposal of federal lands to states and to private owners gradually came to an end in the progressive era. As new progressive theories took hold throughout American government early in this century, the Bureau of Reclamation was created in 1902, the U.S. Forest Service in 1905, the National Park Service in 1916, and federal oil, gas and coal reserves were retained in permanent government ownership by the Mineral Leasing Act of 1920. Disposal of the public lands outside Alaska essentially ended with the Taylor Grazing Act of 1934.

The shift from the goal of a land system based on state and private ownership to one of federal ownership was justified by the progressives in the name of the scientific management of society. The progressives argued that government programs and policies should be administered by "the experts." The economics, forestry, engineering, public administration and a host of other professions were created in the progressive era to provide the knowledge base to run American society "in the public interest." In an era that saw the politics of the late 19th century as disorderly and corrupting, progressives promised instead a future of rational and efficient management through the systematic application of technical methods to every area of American society.

The progressives further believed that the federal government was the logical place to achieve scientific management. With comprehensive planning, federal administrators could provide the

needed coordination among organizations located all across the nation. It would also be possible at the federal level to marshal the best scientific talent and resources of the nation. During the same period the private sector was being transformed from a world of small businesses to one of large national corporations. The U.S. Forest Service, Bureau of Land Management, Fish and Wildlife Service and other federal agencies were created in the 20th century to provide scientific management of lands and natural resources.

However, at the end of the 20th century, the progressive grounds for federal management today face a crisis of confidence. The federal land system is by wide agreement failing on many counts:

1. Federal land management has turned out frequently to be wasteful and inefficient. Spending is not targeted to the highest social returns. Despite the possession of resources of great value, it costs the taxpayers of the nation much more to manage the lands than is obtained in revenue.

2. Federal land management has done a poor job of protecting the environment. Activities such as below-cost timber sales are subsidized to the detriment of environmental quality.

3. Comprehensive land use planning has been a failure, yielding gridlock and controversy rather than the rational guide to management decisions that had been expected.

4. In the end politics, not science, has dominated the process for making decisions for the federal land systems. This has partly reflected the fact that separating "fact" and "value," "science"

and "religion," "politics" and "administration," and other dichotomies assumed by the progressives has turned out to be impossible.

These failings are not unique to the federal lands or the United States. All around the world, privatization, deregulation and other actions are being taken to dismantle the legacy of theories of scientific management of society by government. To date, however, all this has had little practical effect on federal land management.

Opposition to Federal Ownership

The shift of land management responsibility from state and private owners to the federal government was never fully accepted in the West. Periodically, especially when conflicts between federal land managers and westerners have been most intense, demands that federal lands be transferred to western states have been made. In 1913, 1914, and 1919, partly reflecting western discontent with the large areas set aside in national forests during the previous decade, meetings of western governors passed resolutions asking Congress to transfer the remaining public land (outside the national forests) to the states.

In 1930, in the wake of a bitter conflict in the 1920s between ranchers and the Forest Service over grazing fees, a commission appointed by President Hoover recommended transfer of the lands to the states, but limited the proposal to the surface rights. Without the valuable mineral rights, the Western states saw little to gain and turned down the offer.

In the late 1970s, the "Sagebrush Rebellion" sought the transfer of federal lands to the western states. In his 1980 campaign, President Reagan endorsed these aims. However, at his confirmation hearing the incoming Secretary of the Interior, James Watt, stated that his goal instead would be to "defuse" the Sagebrush Rebellion. The practical effect of the election of the Reagan administration was to successfully relieve western grievances while continuing the flow of federal funds to the West - effectively bringing to an end strong western demands for land transfers.

While the federal lands represent a net drain on the Treasury, Western states benefit financially from the presence of the lands. The federal government not only pays the costs of land management but it also transfers a significant portion of the revenues to state and local governments in the West. The largest source of revenues, those derived from oil and gas, coal and other leasable minerals, are shared 50/50 with the states (with some small adjustments for federal costs of royalty collection). Fifty percent of the revenues from the valuable O&C timber lands in Oregon go to the local counties where the revenues originate. Most grazing fees go 12.5 percent to states and counties, 37.5 percent to the federal Treasury, and 50 percent to the Range Improvement Fund.

Federal and State Fiscal Impacts

In the early 1980s, as a result of questions raised by the Sagebrush Rebellion, and while I was in the Office of Policy

Analysis at Interior, I undertook an investigation of the fiscal impacts of the potential transfer of BLM lands to state ownership. If they had received these lands, western states would have faced having to pay for the costs of managing the lands. They also would have received additional revenues, because states at present receive only a partial share of federal revenues from the public lands. Their share of mineral revenues, for example, would have risen from 50 percent to 100 percent.

I assumed for the purposes of my analysis (and recognizing that this was a major simplification) that the states would incur the same costs and collect the same revenues as the federal government. The results showed that the immediate fiscal impact on most western states would be negative. A typical western state would have been required to absorb about \$5 to \$10 million more in new costs than it would have gained in new revenues. However, two states, New Mexico and Wyoming, would have been big fiscal winners. That is because the federal government earns particularly large revenues in both states from oil and gas leases and in Wyoming from coal leases.

I recently updated these figures to 1992. I had to make some additional simplifying assumptions to generate the cost data, but I am confident that on the whole the basic picture shown is accurate. Table 1 shows my estimates of the additional revenues and the additional costs, if all the BLM lands were transferred to state governments and these lands were managed in the same way as at present. Typical of most western states without large mineral

leasing revenues, Montana would have experienced a negative fiscal impact of \$29 million per year. New Mexico and Wyoming still look like big winners financially -- by \$75 million and \$124 million per year, respectively.

Still, even for states showing a negative impact, the projected fiscal burdens are not so large, given the large areas of land that the states would acquire and freedom to control their own situation that would result. Utah, for example, according to my figures, would be looking at a net fiscal burden of \$21.9 million per year but would be acquiring 22.1 million acres of land (the current BLM acreage in Utah). That amounts to about \$1 per acre per year. You could finance a 30-year mortgage of about \$200 million with annual payments of \$22 million per year. One way to think of the transfer option is that the cost to Utah would be the equivalent of buying the land for about \$10 per acre. That seems to me a pretty good deal.

Moreover, I would expect that, even though most states might initially experience a negative fiscal impact, they could gradually turn this situation around. I would expect that states would move to raise addition revenues, if they received title to BLM or other federal land. In 1994 the minimum grazing fee on state lands in Montana was \$4.09 per AUM, as compared with a federal fee under \$2.00. The state fee was also significantly higher than the federal fee in New Mexico (\$3.31), Idaho (\$4.53), Colorado (\$6.42) and most other western states. I would also expect state land managers to cut costs significantly, partly because they would not

be bound by cumbersome federal rules and regulations.

The ability of states to make money from land management has already been demonstrated on the state trust lands. Most western states have permanent funds that receive infusions each year from state trust lands. In New Mexico, the principal in the permanent fund in 1990 had reached \$2.9 billion, reflecting the build up of contributions from land revenues over many previous years. The return on this permanent fund yielded a contribution of \$213 million to the common schools of the State. In 1990, New Mexico also placed an additional \$109 million from state trust land revenues into the permanent fund. Other states also made significant contributions to their permanent funds in 1990, including Arizona (\$62 million), Idaho (\$23 million), Montana (\$15 million) and Wyoming (\$32 million).

States have shown greater aggressiveness and imagination in devising ways to earn revenues from their lands, as compared with the federal government. Wyoming in 1990 received \$7.6 million in production royalties on hardrock minerals, and Arizona received \$3.1 million. The federal government has yet to tap this potential source of revenues. States are also leasing and selling their lands that have high potential for commercial and residential purposes such as single family housing, office parks, shopping centers, motel resorts, and cabin sites. Arizona received \$8 million from leasing and \$18 million from land sales in one year. Washington sold lands worth \$58 million. The federal government has moved very slowly in this matter by comparison.

The first comprehensive study of state trust land management is about to be published this year by the University of Kansas Press, authored by two leading students of government land management, Jon Souder of Northern Arizona University and Sally Fairfax of the University of California at Berkeley. I have been relying heavily on their studies for data on state trust lands. Souder and Fairfax conclude that the responsibility to benefit a school or other state trustee (the presence of a "residual claimant" in economic jargon) imposes a healthy fiscal discipline on state land management that is missing in much of federal management. Because the trustee is legally required to look to the long run, this fiscal discipline also encourages policies that promote the sustainability of the land resource itself. If the quality of the state land resource declines, the levels of revenues going to schools and other state beneficiaries will eventually decline as well.

Rediscovering Federalism

The progressive era marked a sharp turn in the historic relationship between the federal government and the states. Initially, the federal government had been limited to certain clearly national functions such as the physical defense of the nation and the prevention of any barriers to free commerce within the boundaries of the United States. The states were regarded as the basic unit of government, the place where economic activity was regulated, poverty was dealt with, police and other essential services were provided.

For the progressive theorists of government, however, the states were too small and too limited in their capabilities. State boundaries often did not correspond to the problems at hand. They believed that only the federal government could provide the central coordination required by a national economy, based on the knowledge and skills of the best professional experts from throughout the nation. Over the course of the twentieth century, operating under the intellectual constructs provided by the progressives, the states have been dispossessed of their earlier co-equal status and for most practical purposes have been reduced to operating divisions in one grand government system for all the United States, directed from the federal level.

The major disadvantages of the resulting centralization of authority have been apparent for some time. These disadvantages have been seen not only in the government sector but in private industry where traditional pillars of American business such as General Motors and IBM have tottered in recent years. They have had to rethink their basic organization, moving to decentralize and to give substantial operating autonomy to local units.

The federal government has been slow to undertake a similar reassessment but it now seems finally to have acknowledged this necessity. One of the best candidates for a significant devolution of authority to states is the management of existing federal lands and natural resources. In fact, I can think of no more logical and promising area for such an approach. Management and control of land is by long tradition and general agreement one of the most

local of government functions.

Typical decisions on ordinary public lands are of the order of magnitude of whether a cattle herd should come on the land in May or June, and how many cows will be allowed. Federal land managers decide whether to build a hiking trail in one location or another. Over much of the rural West, the federal government is today effectively filling the functions of a county planning and zoning board. Because of the presence of the federal lands, the Congressional representatives of the rural West are for many local land management purposes much more important than the state governor and state legislature. This strikes me as an unnatural arrangement that has well known historical explanations but no grounds to justify it in any political theory that I know of.

In truth, federal ownership of 29 percent of the United States and almost half of the land in the West is a contradiction of the federalism principles on which the United States was originally based. If progressivism reversed the policy of the 19th century to dispose of federal lands to states and private owners, it is time to look again at this issue.

I would propose that the Congress apply four common sense principles in reexamining the existing system of federal land and resource management.

1. Activities that can reasonably be carried out in the private sector should be done privately.
2. Government activities that mostly involve state and local concerns should be administered by state and local governments.

3. The federal government should limit its role to activities and concerns that involve major national interests and responsibilities.

4. Administrative organization at the federal level should place similar functions in the same agency.

The application of these principles would result in the divestiture of much of the existing federal land system. The "crown jewel" national parks, some other parks, wilderness areas, and certain other federal lands involve national interests and concerns and would remain federal. These lands, however, represent perhaps 10 percent of the current federal land system.

As the hopes for the scientific management of society have faded, it is no longer progressive ideology that represents the greatest obstacle to a rediscovery of traditional federalism on the federal lands and elsewhere in American government. Rather, once any government program has been in existence for a while, a set of beneficiaries will be found with an interest in defending the status quo. Western states, as I indicated above, will be particularly interested in the potential for added fiscal burdens associated with any transfer of federal lands to the states. They should keep in mind, however, that current fiscal pressures on the federal government are likely to reduce the financial benefits to the West of continued federal ownership. If the West has benefitted from subsidies associated with public lands, these subsidies may be an endangered species.

Environmentalists have also questioned transfer possibilities

on the grounds that states will show less concern for environmental quality. The current state of gridlock on the federal lands, however, has reached the point that it is difficult to take positive steps to improve the environment, along with other objectives. The current system serves the cause of doing nothing well enough, but that is not always what is best for the environment.

Environmentalists might also note the history of Adirondack Park in New York State, the largest park in the lower 48 states, equal in size to about 20 percent of New York. The state lands in Adirondack Park were set aside in the 1890s to be preserved from timber harvesting and other commodity development. One person who objected strongly to this "waste" of land was Gifford Pinchot, the founder in 1905 of the Forest Service. If Adirondack Park had been put in the federal land system, as Pinchot advocated, the largest wild area in the eastern United States would no doubt have been subject to much more intensive management than under the ownership of the land by the State of New York.

So, in conclusion, I would encourage the Congress to reexamine the land management system from traditional federalism principles. If that is done, I am sure that major changes in management and ownership of the existing public lands would be forthcoming. A large part of the existing system reflects merely historical accident and is sustained only by the always strong inertia of the status quo. A consistent application of American federalism principles would result in the transfer of large areas of federal

land to the states. The states could then decide for themselves further issues such as the precise land tenure systems and forms of land management for the future.

TESTIMONY FOR THE
SUBCOMMITTEE ON NATIONAL PARKS, FORESTS & LANDS
OF THE
COMMITTEE ON RESOURCES

JUNE 20, 1995, 10:00 AM

COMPARING FEDERAL, STATE, AND COUNTY TIMBER SALES

BY

DON LEAL
PERC (POLITICAL ECONOMY RESEARCH CENTER)

My name is Don Leal and I'm a Senior Associate at PERC (the Political Economy Research Center) in Bozeman, Montana. For the last ten years, I have carried out research and written on issues related to the management of natural resources on public and private lands.

Today I want to discuss what I think is a real opportunity to improve the bottom line of our national forest lands—without sacrificing environmental quality!

I base this observation on studies I carried out comparing the economic and environmental performances of federal, state, and county timber sale programs in several regions of the country.

One of my studies is a comparison of state and national forest timber sales in Montana. Over the 1988-1992 period, national forests in the state had combined losses of \$42 million from federal timber sales, according to the Forest Service's own data. During the same period, the state of Montana generated \$14 million in income selling timber from state forests. Remarkably, the state harvested only one-twelfth the timber harvested by the Forest Service in the state over this period.

Within three distinct growing regions of western Montana, Forest Service surveys rate

state and national forest lands as having similar timber growing potentials. And Montana's state foresters and the Forest Service carry out similar duties. Both prepare timber sale plans, administer harvests, prepare sites for reforestation, and conduct stand improvements. Importantly, both must integrate timber harvests with other outputs such as public recreation, livestock grazing, and wildlife habitat. But the state carries out its duties at a substantially lower cost, spending only half what the Forest Service spends to produce a given volume of timber.

Some observations here: State foresters are not inundated with environmental and forest planning paperwork; state timber sales are smaller in size; staff sizes are smaller; and most timber roads are temporary and less expensive to build.

Another study is a comparison of county and national forest timber sales in northeast Minnesota. From 1990 through 1993, the Forest Service lost \$5,178,362 on its timber sale program for Superior National Forest. During the same period, St. Louis County Land Department generated \$2,340,512 in income from forest lands it manages.

Forest Service surveys rate these lands similar in timber growing potential. In addition to selling timber, the Land Department manages public recreation and adheres to regulations designed to protect wetlands and wildlife habitat. The Land Department manages to do this while spending only a third of what the Forest Service spends to harvest a given volume of timber. Again, county foresters do less paperwork, build cheaper roads, use smaller staffs, etc.

Given the Forest Service's higher costs, one would expect that environmental quality would be higher. After all, one may attribute the higher costs to greater environmental protection on national forests. But 1992 and 1993 independent performance audits of recent

harvests ranked the state and county highest in protecting watersheds among landowners in Montana and northeastern Minnesota. These performance audits are conducted periodically by teams of experts in hydrology, forestry, soil, and biology and several representatives of environmental groups, and are now carried out in many states.

Similar lands and similar duties: How could these agencies achieve such drastically different results? I believe the answer to this question lies in the fact that both state and county foresters are required to generate income from state and county forests while the Forest Service has no such requirement. Losing money on timber sales is merely offset with congressional appropriations. Hence, there is very little incentive for the Forest Service to keep costs down. In addition, state and county foresters are not burdened with the same rigid procedures that lead the Forest Service to produce mounds of paperwork and carry out protracted studies and planning.

Based on these results, I think we can achieve some real cost savings in managing areas of our national forests.

My recommendations are as follows:

- Identify suitable timber areas of national forests and turn them over to state or county agencies for the production of income from timber, recreation, and other outputs. National forest lands located right next to income producing state and county lands are the logical place to start.

- Lands that are turned over should have the stipulation that a royalty from the income generated be paid into a fund for social or environmental good—e.g., social security or a fund that rewards private landowners who provide habitat for endangered species.

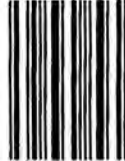
That concludes my testimony. I want to thank the Chairman and members of the subcommittee for the opportunity to speak here today on this important issue.



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