

Paul Laxalt

FOR IMMEDIATE RELEASE SENATOR LAXALT ON THE SALE OF PUBLIC LANDS

DATE: APRIL 16, 1982

WASHINGTON, D.C. -- During the past couple of months, there has been a great deal of discussion about the possible sale of public lands as a means of paying off our national debt. I believe the time has come to clear the air about this issue and to set the record straight about what actions have actually taken place, what is being considered, and what my position is on all of this.

The disposition of federal lands into private ownership, or privatization, is rooted in two basic rationales, both of which are critical to a complete understanding of this issue. One is the historical Sagebrush Rebellion rationale, which I would term the equity and land use argument, and the other is a purely economic argument.

The equity and land use argument is familiar. The federal government owns more than one-third of all the land in the United States; about 760 million acres. Until recently, it was steadily buying up more. Overall, 48 percent of that land west of the Rockies is federally owned, while east of the Rockies just four percent is thus held. The question that arises immediately is whether there is anything about the 100th meridian which ordains that land and resources in the East be privately owned, and those in the West be publically owned. I believe not.

During the last campaign, President Reagan often asked: "Why do we have so much public land?" The question is not simply theoretical; it is critical to the immediate future and well-being of the United States due to the sizeable percentages of some of our most valuable resources that are located on federal lands; 85 percent of our estimated oil reserves, 72 percent of the oil shale, 37 percent of the natural gas, and a majority of our mineral deposits.

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The existence of so much publically held land, especially that which is useful primarily for commercial purposes in a nation supposedly committed to free enterprise, should give pause for reflection. One fundamental question regarding public lands is not, therefore, simply federal ownership versus state ownership, which has been the focus of the Sagebrush Rebellion until now, but public ownership versus private ownership.

The economic side of the argument is straight forward. The national debt of the United States is now more than a trillion dollars. The total debt is 36 percent of our Gross National Product. The interest we will pay to finance this massive debt in fiscal year 1983 will be approximately 13 percent of our total budget. Given a similar economic mess, any rational businessman would begin selling off excess capital assets. Some of the federal lands are quite liquid, very desirable, and not essential to the government's operation. Therefore, after reserving land with scenic, wilderness, or historic resource values for parks, recreation and other uses, I believe we ought to examine whether some of the federally held public land should be sold to private purchasers. The proceeds should be applied to the national debt, and the land added to the local tax rolls. Let me emphasize the point that I have no intention of touching scenic and recreational areas, such as parks, wilderness areas, recreation areas, and the like.

Selling federal lands, far from being heretical as some will say, is not without precedent. During its first 130 years, the federal government divested itself of more than half of its 1.44 billion acres. Toward the end of the 19th Century, however, the government made a complete policy reversal and began to move toward net aquisition of land.

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Obviously, any proposal to examine the possible sale of federally owned lands is going to be controversial. Ranchers, miners, and recreation enthusiasts are concerned that they will be "locked out" of these lands. Environmentalists are convinced that the privatization concept proves that they were right all along in saying that the Sagebrush Rebellion was a front for private and business interests. Additionally, the fear has been expressed that much of the land offered for sale will be purchased by foreigners, especially oil rich Arabs who have already purchased large tracts of American land.

To put some of these fears to rest, let's look at what is actually being considered by the Congress and the Administration. In the Senate, Charles Percy (R-ILL) recently introduced a Resolution which asks the President to estimate the current market value of properties owned by the United States; to identify which of these properties could be sold; and to recommend actions to streamline procedures for selling them. The Resolution specifically excludes parks, monuments and historic sites from the inventory process. I am a cosponsor of this Resolution. Again, it should be noted that there is no intent to rape, ruin, and run.

The President's fiscal year 1983 budget also includes a proposal similar to Senator Percy's, to improve federal asset management and to dispose of unneeded federal property. The properties to be identified for disposal include: assets in excess of the needs of the agencies holding them; property of significant higher value in private, rather than public use; public lands that cannot be efficiently

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managed due to the small size and location of the parcels; public lands in urban or suburban areas that hinder local economic development of water resource facilities, but are no longer necessary. The President's goal is to sell \$1 billion worth of these excess lands in fiscal year 1983 and \$4 billion in each of the next four years.

I believe it is important to note that neither of these proposals call for a massive, wholesale, auction of all of our public lands as some would have you believe.

Before we proceed any further, let me tell you where I stand. I believe a need does exist to sell some of our excess public lands. However, I intend to do all in my power to protect existing public land users from being "locked out." To this end, I endorse a proposal developed by Dr. Steve Hanke, a senior economist on the President's Council of Economic Advisors, that deals with the protection of existing grazing rights which, I believe, can serve as a model for protecting miners as well. Basically, Dr. Hanke has proposed that ranchers currently holding grazing permits be given the right to purchase, on a first refusal basis, the public grazing permits that they currently rent from the BLM. The charge would amount to that portion of the grazing permits' value that has not already been paid for by premiums on private land. This first refusal price would be set by capitalizing (at one percent real rate of interest) the annual fees (in 1982 dollars, averaged over the past five years) that the rancher has paid. In many instances, this would give each rancher the security of private property ownership for approximately \$20 per acre. A similar proposal is currently in the works to assist small miners. A creative land use

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policy will also allow continued access to sportsmen and recreation enthusiasts who view the public lands in terms of the recreational or aesthetic uses.

I believe that some form of privatization would benefit all of us, with the possible exception of the bureaucrats who manage the public lands. Those who depend on the land would have the security of tenure. Local governments would see private lands added to their tax rolls. The federal government, which spends more than it garners in nine of the eleven Western states, would end its negative cash flow. Finally, and perhaps most importantly, all Americans would benefit from a decrease in our national debt. Therefore, I believe that we owe it to ourselves to explore this idea before immediately dismissing it.

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