AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
http://ageconsearch.umn.edu
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

MI

Ag. Econ. Staff
Paper No. 82-91

IMPLICATIONS OF A GREATER FEDERAL GOVERNMENT ROLE IN LAND USE POLICY

GIANNINI FOUNDATION OF
AGRICULTURAL ECONOMICS
LIBRARY
WITHDRAWN
SEP 27 1983

by

Lawrence W. Libby*

Introduction

Useful contribution to a debate on the appropriate extent of federal involvement in land use policy requires a few initial assertions about the nature of the issue. First, governments at all levels have certain powers established and limited by the Constitution, statutes and by legal precedent. Each of these powers has been exercised in ways that influence land use, sometimes by accident (10) and sometimes on purpose. There can be no responsible position on the overall role of federal government in land use. The Feds influence the pattern, pace and nature of land use change whether they want to or not. But there can be supportable positions on the appropriate federal power to be exercised for particular land uses. That is the approach I will take in this brief paper.

Powers and Levels of Government--The Choices

Federal, state and local governments have powers to regulate private actions on behalf of health and general welfare of the population. Land use zoning is the familiar exercise of the regulatory power. Governments also have the power to tax. Any tax, whether property, income, sales or exise, becomes an element of cost for the payer, thus influencing decisions that affect land. Governments also can spend for valid public purposes. All

---

*Professor and Extension Specialist, Department of Agricultural Economics, Michigan State University. Prepared for the National Public Policy Education Conference, September 20-23, 1982.

governments buy land outright, and may influence private use of land by offering selected bonuses to land users for "socially responsible" actions. Once government buys land, it has power to manage it "in the public interest". Finally, government enforces various laws that protect transactors in a market. There are rules that facilitate private sale of rights to land.

Choice among levels of government to exercise any of these powers involves judgments as to whose discretion should make a difference in the final choice.[1] The higher the level of decision, from fee simple ownership to federal government, the broader the range of preferences that may impinge on choice and the greater the chance of internalizing the unintended off-site effects of the decision made. On the other hand, it is likely that the more people and interests that have the right to influence a certain decision, the higher the cost of the process. It is fairly easy and inexpensive for a farmer to decide to ignore erosion on his riverside field. Once a downstream farmer complains to the county conservation district, costs of making choices start going up. Other preferences brought to bear at the state level may lead to laws against erosion to avoid perceived costs to other people. Federal programs and policies to reduce erosion speak to even broader interests, at considerable higher transaction costs and redistribution of the right to decide.

The policy question seems to be for which land use choices is the range of interests that perceive a stake in the matter sufficiently broad to require an active role by the federal government, and which power or authority of government appropriate in each case. One's judgment in this matter is

---

[1]Certain powers have been specifically delegated to the Federal government by the Constitution while others comprise the residual powers retained at the state level (see Barlowe, p. 381-383).

partly conditioned by the cost of the decision process and particularly who will pay that cost. Each authority of government implies a different distribution of cost between land owner and taxpayer. There is also considerable history and tradition involved. The right of an individual to own and use land is held in high regard by many people. The federal government has traditionally stayed away from most land use decisions. There is value associated with any tradition, though the cost of a tradition can present compelling evidence for change.

Thus, my decision to support greater federal involvement in certain land use decisions is based on my prediction that federal level discretion or influence will yield a land use pattern more in tune with my interests, and will consider a mix of preferences which I believe to be appropriate to the land use choice in question. I agree with the contention by Portney, Sonstelie and Kneese that the "benefit-shed" or problem-shed associated with a certain resource activity should influence the boundaries of the managing unit (9). My choice of power or authority to be exercised by the federal government is influenced by my perception of an appropriate distribution of the cost for achieving the land use pattern. That implies a position on equity--who should gain at whose expense. All who take positions on land use questions are making the same kinds of value judgment.

Most land use policy is concerned with the pattern and pace of increasing the intensity of land use from open land to developed, agriculture to houselots, wilderness to developed recreation, and many variations on the theme. For this paper, I will consider policies to protect the quality and quantity of farmland, and provide the various services of public lands.

Protecting Farmland Quality Through Erosion Reduction.

While this is the topic of another session, brief mention is warranted here since there is a clear land use decision involved. We already have federal policies designed to discourage erosion. We have other federal policies that inadvertently subsidize erosion (11). I believe there is sufficient legal precedent and political support for federal policies and programs that draw on those powers implying a shift of more of the compliance burden onto the land user. Erosion is a national problem. Off-site effects of erosion cross state boundaries, causing water pollution for which there are national programs already. On-site effects involve the possibility of reductions in long term soil productivity. Long term productivity of agriculture has intrinsic social value to a broad range of American citizens, as the foundation of food supplies for future generations. While there is uncertainty as to what extent land replacing technologies will continue to diminish the relative importance of soil is future production, I believe, and there is evidence that others agree, that the federal government should be cautious with the productive soils of the nation by taking necessary actions to create greater obligation for erosion abatement by the land user. The federal government must assure that the option to use soil is available to farmers of the future.

Protecting the Quantity of Farmland.

The federal government has only recently discovered this issue, though the states and localities have been at it for 60 years. Nearly every state has a program of some type to encourage a pattern of land use change that protects our best farmlands (5). Regulatory power in this area is traditionally delegated to local governments (2). Several states have

considered or enacted laws that encourage establishment of areas or districts of the best agricultural lands. Thus state-wide discretion and preferences have been interjected into local government decisions. I see a rationale for similar exercise of discretion at the federal level, to focus on those farmlands of the nation of particular quality that may cross state boundaries and may represent a national interest more than state or local. The motive cannot be short-term farmland adequacy. A more valid purpose is to encourage, not force, a land use change pattern that recognizes relative productive quality of farmland to preserve the option of future use for food production. I will make no attempt here to reiterate arguments about market responses to farmland scarcity, economic vs. physical supply of land, etc. (3). There are many reasons why governments seek to encourage retention of farmland (6).

While the Feds are new to the farmland preservation issue, there have been a few recent actions. The Environmental Protection Agency enacted an administrative policy in 1978 that requires consideration of impacts on farmland when giving grants for new sewer and water systems (8). USDA enacted a similar policy shortly afterwards. It has been updated by the Reagan administration with even stronger statements about avoiding actions that threaten good farmlands when there are alternative ways to solve the problem in question (12). Further, USDA administrative rules to implement environmental impact statement requirements of NEPA specifically include effects on prime farmland as an environmental impact. The National Surface Mining Control and Reclamation Act of 1977 requires that productive farmland be restored after the mining is completed (there is a real question as to whether that is physically or economically feasible). Land use legislation was introduced by Senator Henry Jackson and Representative

Morris Udall in the mid-1970s and Representative James Jeffords in 1980. These bills would have required states to develop comprehensive land use plans or lose certain federal funds. States were to identify "areas of critical concern". No such legislation has passed. Resistance was predictable among those interests perceiving a decrease in their capacity to influence land use change (7). The matter of whose discretion should matter in land use policy was clearly at issue.

The most positive federal action in this area came with Subtitle I of the 1981 Agriculture and Food Act. While considered by many food policy specialists as basically an afterthought, the Farmland Protection Policy Act is the first real expression of national interest in farmland policy.

These federal actions for farmland preservation finally acknowledge the obvious--that federal spending and taxing powers already have enormous impacts on available lands for farming (10). The question is not whether the federal government should affect farmland decisions, but whether they should acknowledge the impacts of existing programs and seek information needed to make rational decisions on the matter. That would seem to be relatively non-controversial, the minimum federal action consistent with responsible government. I would argue for much more than that. The logic behind early comprehensive land use bills and the more specific farmland bill by Congressman Jeffords is sound. At the very least, there should be some coherence among states in the programs and policies to affect farmland conversion. The federal government should exercise its spending power more selectively, giving federal grants for facility development and land use planning <u>only</u> when state policies meet certain federal standards with respect to conversion of open land and other land use categories. To do

less is to exacerbate inter-regional conflict and to overlook the substantial national interest involved. Iowa's farmland is not Iowa's alone. It represents a significant national asset that should not be liquidated through negligence or in-attention.

Further, the federal government should take an active interest in farmlands that have particular national value as the production base of a regional agricultural economy or because of certain unique natural character. Examples of the latter are the fruit producing lands near oceans and major lakes. The micro-climate in those areas is crucial for fruit production. Perhaps that uniqueness is reflected in farmers willingness to pay, or perhaps state and local governments will take action to encourage retention of those lands already in active production. I am unwilling to count on either possibility. The federal government should assure non-farm development pressures are funneled elsewhere. No government can force a land use pattern that makes little economic sense. Some lands must change use. But when there are locational choices, particularly when lands have features of unique importance to production, the benefit of the doubt should go to agriculture.

Managing Federal Lands

There are certain land uses that have enormous public good and common property aspects to them. Wilderness is the prime example. Nearly 1/3 of the entire U.S. land area is in public ownership, totaling about 750 million acres, or the total size of the Common Market countries. The vast majority of that is federal land. Still, most of the productive land once held by the government has been transferred to private owners. The remaining lands are managed for their saleable commodities such as timber or minerals and common property resources such as fish or wildlife that are accessible but

appropriable. There are also certain non-user benefits associated with the public lands--people benefit without going to the land to claim their benefits (13). These benefits are true public goods in the sense that use by one does not diminish its availability for others. Wilderness experience may be a public good until too many people take advantage of open access and start encountering each other out there on the trail. Congestion costs turn the public good into a common property resource, where those who get there first get the benefit (4).

The appropriate role for the federal government in providing these services of public land differs by the type of service. Some parts of the "Sage Brush Rebellion" make some sense. I would support greater reliance on the timber market in management of those public lands with comparative advantage in timber production. There is no obvious reason why the Feds should be managing timber that costs more to grow and prepare for sale than it brings on the market. And I am not even terribly offended by the visual impacts of clearcutting, so long as care is taken to avoid erosion or other damage. Taking out the productive land where timber growing pays leaves an enormous acreage of federal land with value primarily for its common property, public good and non-user attributes. While there are many joint products available on the public lands, there is no need to manage all public lands for all the services they might offer. Why not intensively manage the good timber lands for timber, and the rest for the other services available from the wild and beautiful lands of the public domain. I support federal action in this area because the benefits are nationwide and any costs of nondevelopment should be distributed nationwide as well. I have only visited the Tetons once and may never again, but the memory of that wild isolated land is vivid. I would vote to keep the option of seeing it again

someday, and I benefit from its very existence. Others feel the same way. Yet the problem of assembling our support to outbid the recreation developer or miner is too great to overcome. I even benefit from flying over the Tetons, a benefit for which it is difficult to extract a fee. Other federal lands are less spectacular, of course, but the same principles apply. The open-access federal lands provide invaluable public good and common property services that should be retained. They are more valuable, I believe, than the flow of services available from some other management system, such as state or private ownership. There are few aggregate data to make this comparison precise, though there are numerous case studies of the recreation and non-user benefits associated with particular forests.

Conclusions

Based on this admittedly selective discussion of the federal role in land use policy, I offer the following conclusions:

1. It seems that deliberate government intervention in land use transactions is primarily aimed at encouraging the less intensive land use, or directing the pattern of land use change in ways that protect lands with particular value in extensive uses. Government actions that deliberately facilitate development (sewage systems, roads) affect land use, but open uses of that land have seldom been part of the decision. The federal role, reflecting the national interest, is to assure that information about those undeveloped values is part of the development decision. The development programs are administered by different agencies than the non-development programs. It is tough to make a convincing case for federal farmland protection policies, when federal highway programs pay little attention to farmland impacts. The situation is changing, but slowly.

2. Federal action implies a policy boundary that includes the entire nation as the affected public. Federal taxpayers fund the bureaucracy needed to implement the programs; benefits should be national as well. Discretion exercised by federal bureaucrats is likely to produce results different from those associated with state policies or private actions, thus people on the land may feel they are worse off than before. The decision to have federal action implies the judgment that the benefits to "all" are worth the inconvenience of a few. On that basis, I support positive federal action in protecting soil productivity, protecting unique farmlands and providing for the common property or public good aspects of selected undeveloped lands. I take this position because I doubt that other decision systems with just state, local or private owner discretion will produce the mix of services I feel is appropriate.

3. We have always paid great homage to the institution of private property ownership. The Jackson and Udall land planning bills had the obligatory references to protecting ownership rights. Most state land use programs do the same. The right of privacy and right to exclude others from one's turf have great historical significance. I would suggest that support for absolute rights of ownership may be less ubiquitous than has been assumed. Housing experts tell us that the single family dwelling on a quarter acre of lawn is a dying dream. Shared time is a new concept in recreation property. A declining proportion of American citizens have access to land through private ownership. There is increasing support for restricting private actions that impose costs on others or deprive them of certain benefits. The American people expect to be protected from private actions that pollute the water or air. They expect actions that guard the productive capability of our agriculture by future consumers. And they are willing

to impose a bit on private land owners to do these things. There is political support, I believe, for an active, aggressive federal role protecting certain land uses that depend on the natural features of that land, including its position relative to water, climate and other natural phenomena, rather than on its surface location for development.

REFERENCES

1. Raleigh Barlowe. Land Resource Economics. Englewood Cliffs, N.J.: Prentice Hall, 1978.

2. Richard Barrows. "The Roles of Federal, State and Local Governments in Land Use Planning", (forthcoming in 1982 by National Planning Association).

3. Pierre Crosson, ed. The Cropland Crisis--Myth or Reality? Baltimore, Maryland: John Hopkins Press for Resources for the Future, 1982

4. Anthony Fisher and John Krutilla. "Managing the Public Lands" in Haefele, ed., The Governance of Common Property Resources, 1974, p. 35-59.

5. Susan B. Klein. "Agricultural Land Preservation: A Review of State Programs and their Natural Resource Data Requirements". Washington, DC: National Conference of State Legislatures. January 1982.

6. Lawrence W. Libby. "Land--How Will it be Used?" Proceedings, Outlook 82. Washington, DC: U.S. Department of Agriculture, pp. 549-563.

7. Sidney Plotkin. "Policy Fragmentation and Capitalist Reform: The Defeat of National Land Use Policy". Politics and Society, Vol. 9, No. 4., 1980, pp. 409-445.

8. "Policy on Agricultural Lands". U.S.E.P.A., September 8, 1978.

9. Paul Portney, John Sonstelic, Allen Kneese. "Environmental Quality Household Migration, Collective Choice". The Governance of Common Property Resources, E. Haefele, ed. Baltimore, MD: John Hopkins Press for Resources for the Future, 1974, pp. 65-93.

10. Philip M. Raup. The Federal Dynamic In Land Use. Washington, D.C.: National Planning Association, 1980, pp. 3-10.

11. R. Neil Sampson. "Soil Conservation Programs: Present, Past and Future". Paper for the Conference on Policy Issues in Soil Conservation, Madison, Wisconsin (to be published by Soil Conservation Society of America).

12. "Statement on Land Use Policy". Secretary's Memorandum 1827-Revised. Washington, DC: U.S. Department of Agriculture. October 30, 1978. Secretary Block signed a new statement replacing 1827 on March 10, 1982. as Secretary's Memorandum 9500-2.

13. Daniel R. Talhelm. "Unrevealed Extramarket Values: Values Outside the Normal Range of Consumer Choices", paper for the Visual Values Workshop. Keystone, Colorado. Author is in Department of Fisheries and Wildlife, Michigan State University.