FEES AND CHARGES

overall equity if the general taxpayer and the recipients of a Government service share the cost of the service.

But in many instances, when the Government provides a service to specific groups, and in particular when a service is used by a specific group as one of the inputs in a productive process—whether it is public grazing lands or public highways on which truckers operate—a strong case can be made for charging appropriate fees for the use of these services.

Now what about the specific area in which you have a special interest, grazing fees. Two points are immediately obvious. First, it is a matter of Government policy to collect grazing fees for the use of public lands. Secondly, to date the application of this policy has been far from perfect. We have, for example, a wide disparity in the fees or charges collected for Indian lands, national forests and the public domain. These differences cannot be rationalized on the basis of differences in value obtained from these publicly owned lands. While there may be disagreement as to the precise values involved, few will claim that the present levels of grazing fees represent a fair return to the public for the use of its resources.

The Administration is determined to establish a more appropriate fee structure for grazing privileges. Under the authority conferred by the Taylor Grazing Act, the setting of these fees is an administrative determination. The President therefore can change grazing fees by simple administrative decision. The President feels, however, that this is such an important decision that he will not install a new grazing fee structure before the 1967 grazing year. He expects that the intervening period will be used to develop appropriate charges; ones that take into account variations in quality and other factors. But by next spring a new fee structure should be implemented.

Clearly and adequately defining a problem is the first step to finding a solution. Defining the problem of user fees in connection with grazing is more difficult than generally supposed. It might be regarded as similar to that of user fees for government services such as airports, airways communications and navigation facilities, inland waterways, highways and so forth.

Alternatively, the problem might be limited and placed in a general category of user fees for natural resources types of government activities, services, or resources. In delimiting in this manner, then, the problem is perhaps analogous to that of user fees in connection with national parks and monuments, or water impoundments constructed by the Bureau of Reclamation or Corps of Engineers.

Finally, ranching constitutes a significant part of agriculture in many of the western states. Therefore, the question of user fees must be viewed in part as an agricultural question and specifically as an agricultural policy question. Dr. Zwick brought out the importance of the principle of equity between users in considering user fees. There is also a question of equity between different segments of agriculture in the way in which agricultural programs are applied.

Two Bureau of the Budget documents are relevant to this discussion. These are Circular No. A-25 dated September 23, 1959 and “Natural Resources User Charges—A Study,” dated
The U.S. Department of Agriculture engages in many such activities and services. The Soil Conservation Service provides many technical services at great expense, and, as far as I am able to ascertain, without collecting user fees. In fact, a second agency, the Agricultural Stabilization and Conservation Service, pays recipients of the technical assistance from the Soil Conservation Service for participation in Agricultural Conservation programs. The amount of assistance from 1956 through 1964, not including salaries or operating expenses of ASC or SCS, has ranged from about $210 million to $239 million per year and was much higher in earlier years.

There can be little doubt that these are federal activities or services which provide special benefits to identifiable recipients above and beyond those which accrue to the public at large." The special market which has been created and provided to identifiable recipients is perhaps a little different type of federal resource than the "natural resources" of land. The principle seems to be no different. As far as I know, the "identifiable recipients of these benefits" are not paying user fees for the privileges. They are not paying the administration costs of the programs except for some of the products marketed under marketing orders. The recipients are certainly not paying fees which represent the true market value of the privileges of producing these crops. There remains a question, perhaps, as to whether the "special benefits to identifiable recipients" are "above and beyond those which accrue to the public at large."

A principle enunciated in "Natural Resources User Charges: A Study," the report of the Bureau of the Budget pertaining to federal lands, is this: "Fees should be based on the economic value of the use of the land to the user, taking into account such factors as the quality and the quantity of forage, accessibility, and market value of livestock. Economic value should be set by an appraisal that will provide a fair return to the government and equitable treatment to the users. Competitive bidding should be used to provide reliable guidelines for establishing a fee structure that represents true market value where feasible." The emphasis on true market value or economic value contrasts with emphasis in Circular A-25 on recovering costs.

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be determined, or administered, and these remain very large questions.

If an economic value principle were implemented, ranchers using public lands would be one of the few segments of agriculture to be charged fees for the use of federal activities, services, or resources on that basis. The present subsidy to the livestock grazing interests is small compared to the subsidies and benefits accruing to many of the other segments of agriculture for the use of federal activities, services, or resources, and for which essentially no user fees are being paid.

Dr. Zwick has also suggested that fees should reflect full value as a guide to investment. The criterion that investments made for conservation purposes should be justified on the basis of the value of grazing produced has not generally been applied in the past. It is not completely clear whether this criterion is suggested for future application. It has not been applied, or has been applied only with reservations, on ASC, SCS, or Great Plains programs activities. These programs have all resulted in investments on private lands on a cost-sharing basis. Presumably the farm or ranch operator participating in these programs can justify his share of the investment on purely economic grounds of tangible returns received. The public share of these investments is justified on the basis of extra-market values such as soil and water conservation, and as an income subsidy to agriculture.

Investments on public lands also result in the extra-market values of soil and water conservation, improvement of wild-life habitat, improvement of access for recreation, and so forth. Why should a stringent criterion requiring grazing to cover full costs of range improvements and soil and water conservation investments be applied to public lands? The government is participating in these types of investments on private lands on a much less stringent basis.

Finally, ranch operators have been using public lands for many years. Essentially, they have been in partnership with the Forest Service for 60 years or more and in partnership with the BLM for 30 years. Ranch operators have contributed substantially over this long time period by constructing roads and trails, developing muddy seeps into clear flowing springs, and constructing other forms of stock water facilities. They have also made many other types of conservation investments. These types of developments and investments are proving extremely useful to the general public wishing to use range and forest lands for recreational purposes today. Range users continue to make these types of contributions even now. They provide much of the continuing maintenance and some new construction or development from year to year. These types of activities should not be ignored, and ranchers should receive greater credit for this than they have in the past.

The use of public property by ranch operators is not a one-way street. It is true that private lands and public lands are frequently complementary in use. Productivity of private lands is affected by and to an extent is dependent upon, access to public lands.

By the same token there is much public use and public dependence upon private lands. For instance, private lands lying between National Forests and large blocks of BLM lands provide significant big-game ranges in Wyoming and make a significant public contribution in this respect. Private lands further removed from National Forests are also very significant.

Recreational uses of private lands are another example of public use. For instance private lands provide a major portion of the forage for deer and antelope in Wyoming. Probably more than 50% of the harvest of these animals is from private lands. Frequently convenient access to public lands is obtained only through use, at least through crossing, of private lands. Continuing and increased use of private property for public purposes, especially outdoor recreation, is desirable.

It is good to note the general moderate tone of Dr. Zwick's paper. Others might follow this example. The really significant problems in resource use might best be solved through cooperation, diplomacy, and due recognition of the contributions of private property, rather than through antagonistic recriminations about fee levels.