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## **An Agricultural Law Research Article**

# **The Declining Importance of Public Lands Ranching in the West**

by

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Originally published in PUBLIC LAND & RESOURCES LAW REVIEW  
19 PUB. LAND & RESOURCES L. REV. 103 (1998)

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# THE DECLINING IMPORTANCE OF PUBLIC LANDS RANCHING IN THE WEST

Mark N. Salvo\*

As the current round of debate over public lands ranching reaches its apex in the next Congressional session,<sup>1</sup> supporters of the status quo will contend that increasing grazing fees or restricting public lands grazing privileges will cost jobs and irreparably harm local and state economies. This Article/Comment attempts to quash such contentions with a review of the best and most current economic research on public lands grazing which, ultimately, describes a decline of public lands ranching as a source of income and employment. Indeed, with environmental damage caused by cattle grazing clearly established,<sup>2</sup> there is little justification for continuing with the current public lands grazing scheme, or even adopting a new system such as privatization of the range. Eliminating public lands grazing may be our best option.

## I. NUMBER OF PUBLIC LANDS RANCHERS IN THE WEST

The actual number of public lands grazers on Bureau of Land Management (BLM) and Forest Service (Service) rangeland may never be known. Government data are incomplete, the structure of BLM and Service databases do not permit easy calculation of the total number of public lands grazers, and the number fluctuates yearly. However, several recent government reports estimate the number of permittees, including individual ranchers, partnerships, and corporate grazers at approximately 20,000-22,000 in eleven western states.<sup>3</sup>

In January 1997 the National Agricultural Statistics Service (NASS) calculated that there are 91,800 beef producers in eleven western states.<sup>4</sup>

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1. The House of Representatives passed the Forage Improvement Act, H.R. 2493, 105th Cong. (1998) (sponsored by Representative Bob Smith (R-Oregon) on October 30, 1997). 143 CONG. REC. H9763-64 (daily ed. Oct. 30, 1997). The Senate is expected to consider a complementary bill in the Second Session of the 105th Congress.

2. See Thomas L. Fleischner, *Ecological Costs of Livestock Grazing in Western North America*, 8 CONSERVATION BIOLOGY 629-644 (1994); LYNN JACOBS, WASTE OF THE WEST: PUBLIC LANDS RANCHING (2d ed. 1992); G. Wuerthner, *Some Ecological Costs of Grazing*, WILD EARTH, Spring 1992, at 10-14; J. WALD & D. ALBERSWERTH, OUR AILING PUBLIC RANGELANDS, STILL AILING: CONDITION REPORT (1989).

3. Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

4. NATIONAL AGRIC. STATISTICS SERV. (NASS), *Cattle* (Jan. 30, 1998)

The Rangeland Reform '94 Final Environmental Impact Statement stated that twenty-two percent of beef producers in those states hold grazing permits, or 20,196 permittees.<sup>5</sup>

This figure is supported by discussion on the Senate floor in 1993, as recorded in the *Congressional Record*, stating that about 23,600 livestock operators hold federal grazing permits for BLM or Service land, while fourteen percent of these hold permits to graze livestock on both BLM and Service land (reducing the total to 20,596).<sup>6</sup>

Author and grazing activist Lynn Jacobs compressed data from several government reports and, after adjusting his figures for overlapping use, also estimated that 22,000 permittees graze BLM and Service land in eleven western states.<sup>7</sup>

The Interior Columbia River Basin Ecosystem Management Project, reviewing the Rangeland Reform '94 Draft Environmental Impact Statement, reported that 21,132 beef cattle operators hold federal grazing permits in eleven western states, supporting Jacobs' estimate.<sup>8</sup>

In 1997 NASS calculated that there were 882,600 beef producers in the United States.<sup>9</sup> Only ten percent of these cattlemen do business in the West. Cattlemen holding grazing permits for federal forage are three percent of all cattlemen<sup>10</sup> or one person in 9,981 people in the United States.<sup>11</sup>

## II. BREAKDOWN OF LARGE, MEDIUM AND SMALL PUBLIC LANDS CATTLE OPERATIONS

During the floor debate on H.R. 2493, the Forage Improvement Act of 1997, sponsor Bob Smith cited an unknown Government Accounting Office (GAO) report suggesting that forty-seven percent of federal grazing permits were held by grazers with 100 animals or less; thirty-eight percent for 100 to 499 cattle; and fifteen percent of permits are authorized for

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<[http://mann77.mannlib.cornell.edu/reports/nassr/livestock/pct-bb/cattle\\_01.30.98](http://mann77.mannlib.cornell.edu/reports/nassr/livestock/pct-bb/cattle_01.30.98)> (a beef operation is defined as any place having one or more head of beef cows).

5. BUREAU OF LAND MNGMT., U.S. DEP'T OF THE INTERIOR, RANGELAND REFORM '94 FINAL ENVIRONMENTAL IMPACT STATEMENT 26-27 (1994) (hereinafter RANGELAND REFORM '94 FEIS).

6. 139 CONG. REC. S11,649 (daily ed. Sept. 14, 1993) (statement of Sen. Jeffords).

7. JACOBS, *supra* note 2, at 25.

8. L. FREWING-RUNYON, IMPORTANCE AND DEPENDENCY OF THE LIVESTOCK INDUSTRY ON FEDERAL LANDS IN THE COLUMBIA RIVER BASIN (DRAFT) 4 (Apr. 10, 1995) (report prepared for the Interior Columbia River Basin Ecosystem Management Project, Walla Walla, Washington).

9. NASS, *supra* note 4.

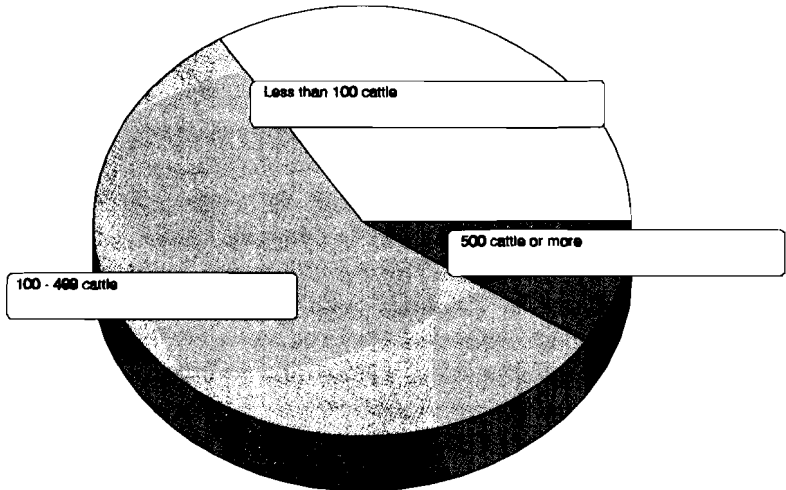
10. RANGELAND REFORM '94 FEIS, *supra* note 5, at 2.

11. The Rangeland Reform '94 FEIS states that 27,000 beef producers hold permits to graze BLM and Forest Service allotments in seventeen western states. *Id.* at 3. In March 1998 there were 269,500,000 people in the United States. U.S. BUREAU OF THE CENSUS, *The Official Statistics*, <<http://www.census.gov/>> (current population count).

more than 500 animals.<sup>12</sup> Smith argued that most permits are held by “family” ranchers whom his bill is intended to benefit.

The Rangeland Reform '94 Draft Environmental Impact Statement contains different figures, stating that 33.9 percent of permits are held by ranchers with less than 100 animals; 56.9 percent for 100 to 499 cattle; and 9.2 percent are authorized for more than 500 cattle.<sup>13</sup>

Rangeland Reform '94 DEIS

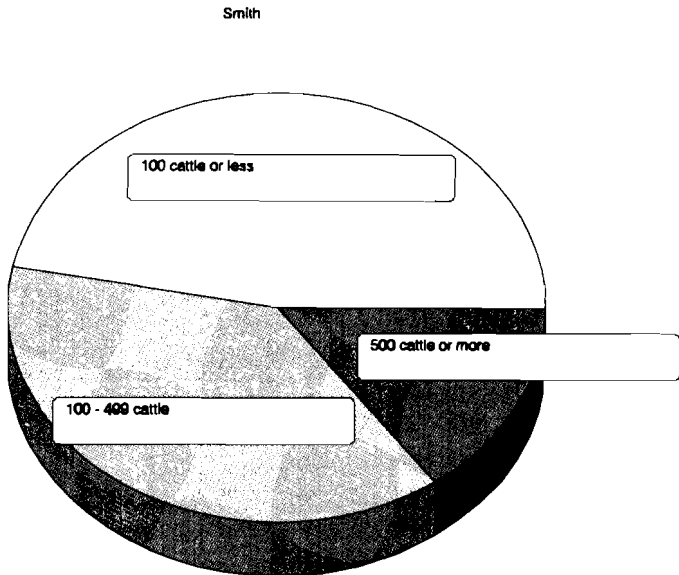


Of concern to public lands grazing reformers is the large amount of forage controlled by a tiny minority of permit holders. Jacobs' study found that forty percent of the federal rangelands is controlled by three percent of permittees. On BLM land, five percent of permittees have herds of 500 animals or more, but control fifty-eight percent of forage allotted to livestock; thirty-two percent of forage is allocated to grazers with 100 to 499 animals. Only ten percent of forage is controlled by ranchers with 100 cattle or less. Beef producers with a herd size of 500 or more constitute twelve percent of Service permittees and use forty-one percent of allotted

12. CONG. REC. (daily ed. Oct. 29, 1997), *supra* note 3, at H9738. The House floor debate on Smith's grazing bill was rife with unsubstantiated statements, including Representative Emerson's assertion that "America's farmers and ranchers are our best conservationists, and they are committed to working with the Government and other citizens in caring for the land." *Id.* at H9739.

13. BUREAU OF LAND MNGMT., U.S. DEP'T OF THE INTERIOR, RANGELAND REFORM '94 DRAFT ENVIRONMENTAL IMPACT STATEMENT 3-69 (1994) (hereinafter RANGELAND REFORM '94 DEIS).

## Breakdown of Public Lands Ranchers



forage.<sup>14</sup> GAO reports on BLM and Service permittees support Jacobs' findings, noting that 5.3 percent of BLM permits (1000 largest permits) control fifty percent of BLM forage,<sup>15</sup> and 12.2 percent of Service permittees (1000 largest permittees) graze sixty-three percent of total allowable AMs.<sup>16</sup> No fewer than four oil and mining companies, two Forbes billionaires, and one national brewery hold federal grazing permits.<sup>17</sup> Not surprisingly, the wealth and political power of these large public lands ranching interests make achieving real reform very difficult.

Ironically, the medium and small ranchers, the rank and file members of the local cattlemen's associations, are probably too small to even make a profit from their public lands ranching operations. A rancher must

14. JACOBS, *supra* note 2, at 26 (citations omitted).

15. GOVERNMENT ACCOUNTING OFFICE, RANGELAND MANAGEMENT: PROFILE OF THE BUREAU OF LAND MANAGEMENT'S GRAZING ALLOTMENTS AND PERMITS 16 (1992).

16. GOVERNMENT ACCOUNTING OFFICE, RANGELAND MANAGEMENT: PROFILE OF THE FOREST SERVICE'S GRAZING ALLOTMENTS AND PERMITTEES 19 (1993). A Forest Service AM is the equivalent of a BLM Animal Unit Month (AUM), or the amount of forage necessary to feed one cow and calf, or five sheep, for one month.

17. Taxpayers for Common Sense, Why are Federal Taxpayers Subsidizing Corporate Grazing on Public Lands? (1996) (fact sheet).

maintain a herd of 300-350 cattle to break even.<sup>18</sup> Therefore, under each of the above sets of percentages, forty to fifty percent of public lands ranches (probably more than fifty percent under Smith's numbers) must rely on outside income to support their cattle operations. The importance of this fact is explained in the following section on the economic value of ranching.

### III. PUBLIC LANDS RANCHING JOBS AND THE ECONOMIC IMPACT OF PUBLIC LANDS RANCHING IN THE WEST

The agricultural sector of the economy in sixteen western states represented 4.5% of total employment in 1990, down from 5.8% in 1982.<sup>19</sup> Income from agriculture represented only 2.4 percent of total income in sixteen western states in 1990, down from 3.3 percent in 1982.<sup>20</sup> Employment in beef production has also declined. From 1994 to 1997 the number of beef producers in the United States declined by two percent.<sup>21</sup>

Public lands ranching accounts for only three percent of United States beef production.<sup>22</sup> Only two percent of livestock feed and seven percent of forage consumed by beef cattle in the contiguous states is supplied by the federal range.<sup>23</sup> In the West, only one-third of beef cattle actually graze public lands (sometimes only part of the year).<sup>24</sup>

Given these statistics, the findings of economist Thomas Power are particularly poignant. Power has studied the economic impact of federal public lands grazing and concluded that only \$1 out of every \$2,500 in income received in eleven western states is associated with grazing, and only 1 out of 2,000 jobs is directly linked to federal public lands grazing.<sup>25</sup> The total annual value of livestock production on western BLM and Service lands is also insignificant—about \$390 million.<sup>26</sup> For com-

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18. J. Holecheck & K. Hess, Jr., *Market Forces Would Benefit U.S. Rangelands*, F. FOR APPLIED RES. & PUB. POL'Y, Winter 1996, at 5, citing L.A. TORELL & W.R. WORD, RANGE LIVESTOCK COST AND RETURN ESTIMATES FOR NEW MEXICO (1993) ("public-land ranches [in New Mexico] with fewer than 300 animal units are marginally profitable at best and may entail net losses as large as \$60 per animal unit."); Hans D. Radtcke, Economic Study of Implementing the Proposed Oregon High Desert Protection Act (Draft) 38 (1997) (tabular data showing 300 head of cattle yielding a profit on Oregon mountain range, 350 head being profitable on the Oregon high desert, and 750 cattle needed to make a profit on Oregon north central plateau rangeland).

19. RANGELAND REFORM '94 DEIS, *supra* note 13, at 3-58.

20. RANGELAND REFORM '94 DEIS, *supra* note 13, at 3-62.

21. The Rangeland Reform '94 FEIS reported that there were 907,000 beef producers in the United States in 1994. RANGELAND REFORM '94 FEIS, *supra* note 5, at 26.

22. THOMAS M. POWER, LOST LANDSCAPES AND FAILED ECONOMICS 182 (1996).

23. RANGELAND REFORM '94 DEIS, *supra* note 13, at 3-68.

24. *Id.*

25. POWER, *supra* note 22, at 183.

26. JACOBS, *supra* note 2, at 572.

parison, Jacobs notes that the annual value of U.S. livestock production is roughly \$21 billion.<sup>27</sup>

A National Cattlemen's Association (NCA) report issued in 1994 concluded that, without the federal range, nearly 10,000 western ranchers would be forced out of business, depriving local communities of \$336 million in local spending and tax revenue.<sup>28</sup> The report speculates that Montana alone would lose 2,514 ranching jobs and \$82.2 million dollars.<sup>29</sup>

Power's study reduces the NCA report to mere scare tactics. Power argues that, in calculating agricultural and grazing statistics, economists in government agencies and the beef cattle industry traditionally over-estimate the percentage of western ranches that are "dependent" on federal grazing by ignoring the fact that only eleven to twelve percent of cattle forage in the west is supplied by federal land.<sup>30</sup> Whether their error is intentional or not, their figures exaggerate the dependence of western ranches on publicly owned forage by 575 percent.<sup>31</sup>

While Power is not convinced that restricting or eliminating public lands grazing would bankrupt western cattle operations,<sup>32</sup> he also argues that public lands ranching in the West is a very small industry, that the loss of all jobs associated with it would hypothetically cause income growth in eleven western states to pause for only six days, and that normal economic expansion in the West would absorb the unemployed ranchers in a week and a half. In comparison with the NCA report, Power's study lists Montana with 1,085 federal grazing jobs—1429 fewer jobs than claimed by the NCA—representing one-quarter of one percent of all jobs in Montana, and .14 percent of all income.<sup>33</sup>

27. *Id.*

28. Sandra Atchison, *At Home on the Range—But for How Long?* BUS. WK., Dec. 5, 1994, at 30.

29. *Id.*

30. POWER, *supra* note 22, at 182-183; see also Thomas M. Power, *Thinking About Natural Resource-Dependent Economies: Moving beyond the Folk Economics of the Rear-View Mirror*, in A NEW CENTURY FOR NATURAL RESOURCES MANAGEMENT 235 (R. L. Knight & S. F. Bates eds., 1995) (debunking the common belief that the economic health of small Western communities is invariably bound to resource-extraction industries).

31. POWER, *supra* note 22, at 183.

32. *Id.* at 183, 186; E. Bruce Godfrey & C. Arden Pope III, in CURRENT ISSUES IN RANGELAND RESOURCE ECONOMICS 6, 10 (1990).

33. POWER, *supra* note 22, at 183-85.

PUBLIC LANDS RANCHING JOBS AND INCOME IN ELEVEN WESTERN STATES <sup>34</sup>											
STATE	AZ	CA	CO	ID	MT	NM	NV	OR	UT	WA	WY
FED GRAZING JOBS	2,132	603	1,456	1,636	1,085	2,129	1,228	1,630	1,805	291	1,503
FED GRAZING JOBS AS % OF TOTAL	0.11	0.00	0.07	0.30	0.25	0.28	0.16	0.10	0.19	0.01	0.56
FED GRAZING INCOME AS % OF TOTAL	0.11	0.00	0.04	0.23	0.14	0.18	0.09	0.04	0.08	0.01	0.25
DAYS OF NORMAL JOB GROWTH TO REPLACE ALL FED GRAZING JOBS	14	1	14	72	93	53	18	23	30	2	—
DAYS OF NORMAL ECONOMIC GROWTH TO REPLACE ALL FED GRAZING INCOME	18	0	6	57	30	25	8	10	9	1	—

The western economy is in transition. The importance of public lands cattle ranching to state and local economies has diminished. And, as mentioned above, the dependence of public lands cattle operations on off-farm income reduces further the economic value of the activity.<sup>35</sup> According to the Bureau of the Census, eighty percent of income received by beef-raising operations came from nonfarm sources in 1987 (not including feed-lots).<sup>36</sup>

34. POWER, *supra* note 22, at 184-85.

35. Godfrey & Pope, *supra* note 32, at 9-10.

36. POWER, *supra* note 22 at 186-87, citing U.S. BUREAU OF THE CENSUS, CENSUS OF AGRICULTURE, SPECIAL REPORT, FARM ECONOMICS (1987).



AGGREGATE FOR ELEVEN WESTERN STATES <sup>37</sup>	
FED GRAZING JOBS	17,989
FED GRAZING JOBS AS % OF TOTAL	0.06
FED GRAZING INCOME AS % OF TOTAL	0.04
DAYS OF NORMAL JOB GROWTH TO REPLACE ALL FED GRAZING JOBS	11
DAYS OF NORMAL INCOME GROWTH TO REPLACE ALL FED GRAZING JOBS	6

Many experts, including thirty-four economists in the Pacific Northwest, contend that the decline of resource extraction industries in the West is necessary for the continued economic health of the region.<sup>38</sup> They have concluded that environmental quality is a major stimulus for a healthy economy, and that the strength of the economy in the Northwest is based on a high quality of life—people want to live, work, raise families, and recreate in the Northwest.<sup>39</sup>

This finding is supported by the Institute for Southern Studies. The Institute, using two separate lists of indicators to evaluate each state's economic performance and environmental problems, reported that states with the best environmental records also offer the best climate for long-term economic development, while those with the worst environmental indica-

37. POWER, *supra* note 22, at 184-85.

38. PACIFIC NORTHWEST ECONOMISTS, *ECONOMIC WELL-BEING AND ENVIRONMENTAL PROTECTION IN THE PACIFIC NORTHWEST* i, iii (1995).

39. The thirty-four economists from seven states include Timothy Duane, City and Regional Planning, University of California at Berkeley; William Stewart, Pacific Institute, Oakland, California; Gerald F. Draayer, Economics, Boise State University; Joel Hamilton, Agricultural Economics, University of Idaho; Don Reading, Ben Johnson Associates, Boise, Idaho; Larry Reynolds, Economics, Boise State University; Gundars Rudzitis, College of Mines and Earth Resources, University of Idaho; Charles L. Skoro, Economics, Boise State University; Richard Barrett, Economics, University of Montana; John Duffield, Economics, University of Montana and Bio-Economics; David Jackson, School of Forestry, University of Montana; Alan McQuillan, School of Forestry, University of Montana; Thomas M. Power, Chair, Economics, University of Montana; Ronald L. Trospen, Confederated Salish and Kootenai Tribes, School of Forestry, Northern Arizona University; Emery Castle, University Graduate Faculty of Economics, Oregon State University; C. Russell Beaton, Economics, Willamette University; Zena Cook, Economics, Portland State University; Eban Goodstein, Economics, Lewis and Clark College; Thomas H. Hibbard, Economics, Willamette University; Raymond F. Mikesell, Economics, University of Oregon; Ernie Niemi, ECONorthwest, Eugene, Oregon; Art O'Sullivan, Economics, Oregon State University; Ed Whitelaw, Economics, University of Oregon; Gardner Brown, Economics, University of Washington; Paul W. Barkley, Agricultural Economics, Washington State University; James C. Barron, Chair, Agricultural Economics, Washington State University; Walter R. Butcher, Agricultural Economics, Washington State University; Daniel A. Hagen, Economics, Western Washington University; Steven E. Henson, Economics, Western Washington University; David Holland, Agricultural Economics, Washington State University; Tom E. Thomas, Graduate School of Business, University of Washington; Norman Whittlesey, Agricultural Economics, Washington State University; Paul N. Courant, Chair, Economics, University of Michigan; Michael Martin, Dean, College of Agriculture, Food and Environmental Sciences, University of Minnesota.

tors are also the worst economic performers.<sup>40</sup>

The Institute's *Green and Gold Report* ranked states on twenty economic indicators<sup>41</sup> and twenty environmental indicators.<sup>42</sup> The sum of ranks for these indicators yielded each state's final score in the two categories.<sup>43</sup> Comparing the two lists revealed remarkable correlations. Nine states (Hawaii, Vermont, New Hampshire, Minnesota, Wisconsin, Colorado, Oregon, Massachusetts, and Maryland) rank among the top twelve states on both the economic and environmental scales.<sup>44</sup> Conversely, twelve states (Alabama, Arkansas, Indiana, Kentucky, Louisiana, Mississippi, Ohio, Oklahoma, South Carolina, Tennessee, Texas, and West Virginia) are among the worst fourteen on both lists.<sup>45</sup> Also, the states that are most dependent on resource extraction were at the bottom of both lists.<sup>46</sup>

The local impact of public lands grazing versus alternative uses of the public lands has also been measured. Jon Souder estimated the benefits of four uses of the Central Winter Ecosystem Management Area on the Kaibab Plateau and found that deer and turkey hunting is worth \$1,324,259 to the local and regional economies; fuelwood is worth \$48,984; livestock grazing is worth \$45,988; and dispersed recreation is worth \$6,400,000.<sup>47</sup>

#### IV. CONCLUSION

When deciding the future of public lands ranching in the West, policymakers must consider many factors, including the costs of maintaining the program, environmental damage wrought by cattle ranching, population growth in Western states, current trends in employment, and the increasing demand for recreational use of the public lands. Should Congress decide to eliminate or reduce public lands grazing, then new problems will emerge, including the desire of developers to fill in vast open spaces in the West with tract housing. At no time, however, should legis-

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40. *Study Disproves 'Jobs vs. Environment' Myth: States Ranked on Economic and Ecological Health* (Institute for Southern Studies), Oct. 12, 1994.

41. Bob Hall, *Gold and Green Report: Can We Have Good Jobs and a Healthy Environment*, SOUTHERN EXPOSURE, Fall 1994, at 4. These indicators include annual pay, job opportunities, business start-ups, and workplace injury rates. *Id.*

42. *Id.* at 16-19. These indicators include total hazardous and solid waste generated, toxic chemical discharges, recycling efforts, air quality, and state spending for environmental protection. *Id.*

43. *Id.* at 12-19.

44. *Id.*

45. *Id.* at 5.

46. *Id.* at 6.

47. J. Souder, *How Does Livestock Grazing Fit Into the Larger Societal Uses of Wildlands?*, in PROC. OF THE SYMPOSIUM ON ENVIRONMENTAL, ECONOMIC, AND LEGAL ISSUES RELATED TO RANGELAND WATER DEVELOPMENTS 22 (1998).

lators concern themselves with the economic impacts of public lands grazing. This industry is not a major source of income and employment, and its elimination would cause neither widespread unemployment and hardship nor any noticeable fluctuation in Western economic production.