

The Democrats' Plan To Nationalize Land, Democratic Socialism In Action

Steve Hanke | July 16, 2019



Ridgway, Colorado, Cowboys on Cattle Drive Gather Angus Hereford cross cows and calves of Double Shoe Cattle Company, Centennial Ranch, San Juan Mountains. (Photo by: Visions of America/Universal Images Group via Getty Images)

A [Wall Street Journal editorial](#) of July 10th lays out what the House Democrats' most recent socialist scheme ([H.R.3195 - Land and Water Conservation Fund Permanent Funding Act](#)) is all about. In June, the Democrats who sit on the [House Natural Resources Committee](#) passed H.R.3195, which is currently winding its way through the House. This bill mandates permanent funding of \$900 million to the Land and Water Conservation Fund (LWCF) each year. This would be a whopping two and a half times greater than the Fund's average annual expenditures over the past 15 years. Just what does the [LWCF](#) do? The Fund was created in 1964. It is primarily funded by federal oil and gas drilling royalties. Its main activity has been to gobble up private land (read: nationalize) and put it under government ownership, management, and political control. Among other things, this means that the newly nationalized lands will be poorly managed.

The government's poor land management practices should come as no surprise. After all, Adam Smith diagnosed the problems associated with government ownership of land in his classic treatise, the *Wealth of Nations* (1776). Smith concluded that "no two characters seem more inconsistent than those of the trader and the sovereign" since people are more prodigal with the wealth of others than with their own. In that vein, he estimated that lands owned by the state were only about 25% as productive as comparable private holdings. Smith believed Europe's great tracts of crown lands to be "a mere waste and loss of country in respect both of produce and population."

As the *Wall Street Journal* indicated, the Democrats in the House are not the only ones who favor more nationalization, political control, and bureaucratic management of land. For example, two Republicans are on board: Colorado Senator Cory Gardner and Montana Senator Steve Daines.

What a difference a few decades make. Indeed, it brings back memories of my work with President Reagan and Nevada's late, legendary Senator Paul Laxalt in the early 1980s, when I served on President Reagan's Council of Economic Advisers. It was then that President Reagan tasked me with the job of developing a program for the privatization of federal lands. Reagan was in an anti-socialist sell mode, not a socialist buy mode.

The program I developed proposed privatizing commercial grazing lands and timberlands. The president endorsed my program, which was subsequently outlined in the president's Budget Message for fiscal-year 1983: "Some of this property is not in use and would be of greater value to society if transferred to the private sector. In the next three years we would save \$9 billion by shedding these unnecessary properties, while fully protecting and preserving our national parks, forests, wilderness and scenic areas."

In taking this position, Reagan was following the footsteps of our nation's founders. Although the Founders differed on the modalities of land privatization, they agreed that land held by government should be privatized as rapidly as possible. Indeed, the Founders believed that lands should be privately owned and that this would promote economic development and strengthen the nation. In the 1800s, many laws were passed to implement their ideas and to accelerate the settlement of the West.

The Founders understood that the way land was owned would affect all else. As a result of the foundation laid by the Founders and subsequent legislation in the 19th century, about 816 million acres of public domain land was privatized between 1781 and 2015, with 97% of the privatization taking place before 1940.

But, the privatization process was left incomplete. As a result, the U.S retains a huge inventory of lands owned by the federal government. These public lands amount to roughly 640 million acres, an area over seven times larger than Germany.

Rather than permanently funding the LWCF so that it can augment the already massive inventory of government lands, Congress should embrace the Founders' principles and vision for land ownership in the United States. The federal government's commercial grazing lands and timberlands should be privatized. Also, of the 11.4 million acres of land managed by the

Department of Defense, a significant portion are clearly “surplus” and should be included in any privatization initiative. I am not talking about national parks, wildlife refuges, national conservation areas, national monuments, wilderness areas, national historic sites, national memorials, national battlefields, national recreational areas, wild and scenic rivers, national seashores and lake shores, and national trails. These lands would be excluded from privatization.

Not only would such a privatization program be desirable in principle, but it would also generate significant benefits:

- 1) The productivity of privatized lands would increase. With private ownership, it would be possible to obtain more commercial, recreational, and environmental outputs than with federal ownership. For example, in [a study of timberlands in Western Oregon](#), I found that the value of those public lands would increase 13-fold if they were privately owned.
- 2) With increased productivity, not only would the value of the lands surge, but employment and economic activity would also be enhanced.
- 3) Consumers would be served more effectively, and lands would be allocated to their most highly valued uses. After all, the only way that private-land owners can profit from their property is to employ it for the satisfaction of other people’s wants. Serving consumers, of course, is the social function of private property. Private consumers and producers, not politicians and bureaucrats, would call the tune. The politicization of land use would be swept aside, and the political controversies that accompany public land ownership would be swept aside, too.
- 4) Land sales would generate revenues for the federal government. These could be earmarked to pay down the federal debt. To give some idea of the magnitude of a potential debt write down, consider that federal lands, excluding mineral rights and oil and gas, have been estimated by the [U.S. Office of Management and Budget](#) to be as high as \$1.04 trillion.
- 5) The reported annual cost of the federal government’s land holdings (which incorrectly omits capital carrying charges) exceed the annual revenues generated from federal lands by a wide margin. Privatization would eliminate these massive losses for the federal government. This would benefit all United States taxpayers, who must pay taxes to support the federal government’s retention of federal lands.
- 6) State and local tax bases would be created, and in-lieu transfer payments from Washington would be reduced.
- 7) Land-use decisions would become less politicized. Both commercial and non-commercial land users would spend less of their time and money attempting to obtain land-use rights through political and bureaucratic processes.

These are just seven good reasons to dump the Democrats' latest socialist scheme to permanently fund the Land and Water Conservation Fund, a fund designed to nationalize even more American lands.