CARVER URGES LIVESTOCKMEN TO TAKE INITIATIVE ON PLANNING FOR GRAZING FEE INCREASES

Grazing fees on Federal lands administered by the Bureau of Land Management will remain at their present levels through 1962, Assistant Secretary of the Interior John A. Carver, Jr., told the National Advisory Board Council today. However, he emphasized that it is not in the interest of the livestock industry and that it is not consistent with the responsibility of the Interior Department to further postpone action to increase the fees.

Carver's statement was delivered at the first session of the Council's meeting at Albuquerque, New Mexico. The Advisory Board Council includes representatives of cattle, sheep and livestock interests using the Federal land in 58 grazing districts in 10 Western States.

Assistant Secretary Carver urged the Advisory Board Council to take the initiative in formulating a plan for upward adjustments. He said the Council's members are well qualified to assess factors which affect the price of forage on BLM land. The present price is 19¢ for each animal unit per month, an arbitrary figure representing the amount of forage consumed by one cow in one month. Carver pointed out that other Federal and State agencies and private owners collected fees considerably higher, but he acknowledged that a variety of factors justify some of the lower charges fixed by BLM. However, he continued, "the weight of the evidence indicates that fees ought to be raised" and he requested that the National Council come up with a plan for "scheduled moderate upward adjustments designed to reach some mutually agreed upon standard taking into account variations for quality and other factors."

Carver suggested that one plan might be to have the Department fix a minimum and a maximum fee, allowing the local district grazing advisory boards to recommend adjustments of the fees within this range based upon the individual circumstances. A feature of this program would be to permit the local district to retain amounts collected above the minimum and use them for range improvement work within that district.

He told the Council that if its members needed longer than a year to reach its final recommendations on a new price policy, it might consider recommending a flat interim increase.

x x x
To the Members of the National Advisory Board Council:

I'm glad to be meeting with you again. Since our first meeting in Washington, early in this Administration, a year has passed. In that time, we've come to know each other quite well, I think.

In that year, we've plowed some ground, some of it over and over again. But we've made measurable progress, too. Six months ago, at Salt Lake City, we concentrated our attention on procedural matters, and the relationship of the Interior Department to this Council. I think we won't have to go over that again.

We discussed also expanded membership for the Council; new regulations which are designed to accomplish this are in effect, but haven't been finally implemented. Since we are discussing a matter today which directly affects you as livestock operators, and less directly affects the authorized expanded membership, I think our delay in implementing these regulations does no harm.

We are acquainted with each other, as I said. You know something of my thinking about administration of the Taylor Grazing Act. You remember, I hope, that I emphasized in Salt Lake last year that the District Advisory Boards are statutory boards, and that the State and the National Boards have status as representative extensions of the statutory District Boards under our regulations. You know that I know that the responsibility to amend the Taylor Act is the Congress's, not ours.

At the Salt Lake meeting we agreed on the principle that grazing fees should continue to be expressed as a percentage of the market price per pound of animal. [The specifics I use today relate to cattle prices and fees for cow/AUM's. I'm sure the principles are equally applicable, so I hope the sheepmen will go along with the fact that I started with cows at Tampa, and find it easier to stay with them.] When I signed a proposed rule making notice for the Federal Register which put this into regulatory language, there was an adverse reaction. Although it didn't come from the members of this Council, segments of the industry with which you are in good communication expressed concern in such a way as to indicate to me that we weren't as explicit as we might have been.
The tempest about the proposed rule making wasn't, and isn't, by itself very important. The Secretary's authority and responsibility under the Taylor Act to fix reasonable fees isn't diminished or increased in the proposed change. But it is perfectly clear that to change the percentage of the per pound price will be the way, hereafter, to raise (or lower) fees for use of BLM range if the rule becomes effective.

In a word, perhaps, we are more explicit in the proposed regulation than we were at Salt Lake.

But today we are less concerned with the procedural question of what formula is used to express grazing fees than we are with the substantive question of whether grazing fees are going to be raised, and, if so, when and by how much.

Well, let me set your mind partially at ease—we aren't going to raise the fees during the calendar year 1962.

Indeed I won't be so bold as to promise flatly that we are going to change them in 1963 or any other given year. I've read too much history to get myself out on that limb.

Last month in the warmth and hospitality of Florida, I made a speech to the American National Cattlemen's Association. Some of you were there. What I said didn't create much of a ripple—I was last on a long morning program. Just before introducing me, the hungry crowd was told that they were short of lunches and that it was first come—first served, starting right then. Not many hungry cowmen chose me over lunch.

But I had prepared my remarks after considering the adverse reaction to the proposed rule-making notice on tying grazing fees to livestock prices. I knew it was important that we begin to be explicit with the industry, beginning with this Council, about fees.

I've sent you each a copy of what I said in Tampa. I hope you have had the chance to go through it, as it indicates several things about my attitude toward the question of fees:

--That I am fully cognizant of how features of the Taylor Grazing Act, including the priority system and the low fee structure, are capitalized into the values of the base ranches.

--That I know, therefore, that abrupt or drastic changes in fees could have effects upon established ranches far exceeding the dollar impact of the increased fees.

--That I do not think we are administering the public range to raise revenues, primarily, and that I am aware that benefits to the public ought not be charged against the users.
I pointed out that the $3 million collected from grazing fees in districts didn't loom large against what we spent; that Federal forage was a least-cost item in ranching costs, insignificant in comparison with other cost elements; that there has been virtually no real increase since 1936, when a compromise fee only half what the Department felt then was minimal was put into effect; that outside pressures were building for making fees uniform with those charged by other Government agencies; and that we weren't in a good position to get the increased appropriations we need to do the rehabilitation work that needs doing unless we show some forward motion on the fee question.

It isn't just the Department's problem--industry must also accept responsibility for the sound planning of its future on the Federal range. It seems to me, I said in Tampa, that the industry is confronted with two pretty clear alternatives:

If, I said, the range users' appraisal of the situation is anywhere near mine as summarized here, then they ought to cooperate with us in devising realistic adjustments in the fee system. These improvements, I can promise, would be undertaken in full realization of the philosophy which I had emphasized—that we are dealing with the values of ranches. Fees can be adjusted gradually—but I said I saw no escape from the conclusion that they must be revised upward.

The alternative, it seemed to me, was for the industry to attempt to retain the status quo. As long as the forage rate is substantially different from commercial rates it really doesn't much matter whether the differential is 1:5 or 1:10 or 1:20. In that case, I thought the industry should be prepared to secure an amendment to remove the Secretary's duty to fix reasonable rates.

In other words, to go back to the substantive questions you are all interested in—whether we are going to raise fees, and if so, when and by how much—I would like us to agree that this Council might well take the first step.

You know, now, that in our opinion, the weight of the evidence indicates that fees ought to be raised, and we've set forth some of the evidence. We are getting more. You know that we won't press for an increase this year, but that we do think we ought to make a start, beginning next year.

If this Council should come up with a program—a plan for scheduled moderate upward adjustments designed to reach some mutually agreed upon standard, taking into account variations for quality and other factors, we will give you, I pledge, the most sympathetic consideration.

Secretary Ickes directed a communication be read at the first conference on the subject of fees at Salt Lake City, in 1936. In it he said:

"The Interior Department will have no quarrel with stockmen on that subject. You are willing to pay reasonable fees, and that is all we will expect. I believe that fees should be on a sliding scale varying with the earning capacity of the land as measured by the market value of the livestock.
grazed upon it. Fees should not be so low as to arouse the envy of those not entitled to public range rights or as to subject the permittees to a charge of receiving Government subsidy.

"The whole question of fees, at the beginning, will be experimental. We will approach the matter with an open mind and consider it from the standpoint alike of the public interest and of the welfare of the stockmen."

What is reasonable, of course, is the question. Taking all the facts and circumstances together, I am sure most of you would defend the present fee structure as not unreasonable.

In this, in a sense, I've been your ally. For I've said that the fee isn't as much of a subsidy as it appears. Values of commensurate property of public range users have adjusted to the present schedule of fees. An increase in grazing fees would, in effect, multiply the price already paid.

But this is the end result of 28 years of failure to come to grips with the problem. I hope we are now coming to grips with it, for I feel that the trend must be reversed. We cannot continue to justify as reasonable grazing fees which are one-fifteenth of the price of comparable private forage, or one-sixth the price of forage which we administer on other Interior Department land, or one-third the price of comparable Forest Service forage.

Our forage ought to be priced less, for many reasons, than other forage sources. But many people feel that the Government ought not to consider the fact that ranchers have paid more for their ranches than they would have if fees had stayed more in line with competitive private forage.

Let's assume for purposes at least of finishing this speech, that you now agree with me in principle. You are at least moderately appreciative and reassured by the fact that you have until next year to think about it. But in the meantime you wouldn't mind having a more specific expression of how I think this might come about.

As great an evil as too low a fee, in my opinion, is having a uniform fee. I emphasized this in Tampa. In Salt Lake six months ago, I said I thought that part of the increase ought to go into range improvement work and fairly promptly. The range improvement fee is scheduled for application to projects along with other funds, and we are woefully late in getting to specifically needed work.

I've said today I think we must start upward. Although the outside limit of the value the forage would bring in competitive bid is not our objective, and neither is raising enough money from this source to pay the national debt, we feel, nevertheless, that the spread between BLM and other public and private forage ought to be a little narrower.

Now let a rank amateur stumble into an area where angels fear to tread, and make a couple of concrete suggestions.
First, my assumptions:

--Fees ought to vary based upon the kind of forage, whether annual or perennial, and the season of use.

--There ought to be differences based upon the degree of range improvement, i.e. water distribution, fencing, accessibility, and the like.

--Dependability of the range, related to such factors as likelihood of losing it to other uses is another variable.

--So is the average price of livestock for the preceding year--although it, like the preceding item, wouldn't involve as much of a variation as some of the others listed.

--Fees are not now affected by the relative price of public and private range in the same vicinity, adjusted for comparability, and taking into account abnormal or distress factors. In essence, I am suggesting that they ought to be. At least I feel that after a period of adjustment, we ought to be able to justify the price of our forage as some percentage of the going open-market value of forage generally. The amount of percentage reduction should be based, of course, upon all of the factors named, and other factors which you and the experts say ought to be considered also.

I'd like to make one other assumption, one I think all of you will agree with. I think it is desirable that we assign to the District Advisory Boards the maximum possible responsibility to apply these variables.

Remember what the Taylor Act says: "In order that the Secretary of the Interior may have the benefit of the fullest information and advice concerning physical, economic and other local conditions in the several grazing districts" and "each" board shall offer advice and make a recommendation on each application for a grazing permit within its district.

With this last assumption I think we have the key to a scheme which ought at least to kick off some discussion among you. As I visualize it, something like this could be announced to the users, to the district advisory boards, and to the public generally:

1. For the ensuing year, the Secretary finds that grazing fees should be not less than 19¢ nor more than 38¢ per/AUM (for cattle).

2. Within that range, and taking into account the variable factors outlined above, the District Advisory Board would be given the responsibility to recommend how much, if any, a given permittee should pay.

3. Any amount collected over and above the basic 19¢ minimum shall be available for range improvement work within the district in which it is collected. The district board should bear the responsibility of recommending the amount and kind of work to be done.
4. The State Advisory Boards would review the action of the district boards, to assure reasonable uniformity. And the National Board, in turn, would consider the action of all State boards. The State director or the director would act upon recommendations of the State or National Boards to make adjustments indicated to assure reasonable uniformity.

The Secretary of the Interior, having broad discretion, could set a new minimum fee, and a new maximum fee each year, in consultation with the National Advisory Board Council. He could determine what percentage of the minimum would be for range improvement on a national basis (25% at the present time), and specifically that amount which the district boards should collect above the annual minimum for that year would be for range improvements of the local district.

This is not proposed rule-making; my suggestion might have fatal flaws that I don't know about. If it does, don't blame the officials of the Bureau of Land Management, for I didn't give them much of a chance to review it.

It is, only, a well-intentioned effort on my part to think through the matter of fees taking into account the principles which I deem important in the administration of the Department’s responsibilities under the Taylor Grazing Act of 1934.

In conclusion, let me review what these principles are:

1. There is an affirmative responsibility on the part of the Secretary of the Interior to consider the adequacy of existing fees, and related factors bearing upon the fee-fixing responsibility imposed by the Taylor Act.

2. The situation of the users has to be taken into account, and particularly the capitalized value of the Taylor Act priorities and fee levels. Raising fees without adequate consideration of this could result in confiscatory action.

3. "Reasonable" is an imprecise word. Standards which are applied in determining what is reasonable or unreasonable should be capable of being stated. To the fullest extent practicable they should be made known to the public.

4. A great many variables which have the effect of justifying fees lower than the price of other public or private forage ought to be measured and applied.

5. I think it appropriate, and indicated by the Act itself, that specific responsibility should be given to the district boards to make recommendations, after taking into account applicable variables, as to exactly where the fee should be within the minimum and maximum limits set by the Secretary of the Interior.

6. If statutory authority exists therefor, it is appropriate that more of the fee collected be retained and applied locally to range improvement work.
7. If it is at all feasible, the initiative for installing a pricing system which meets these standards ought to come from the Taylor Grazing Act permittees and their representative district, State and national boards. Stabilization of the livestock industry dependent on the public range is a statutory objective.

I've put forward a proposal to stimulate discussion. I will close by saying that I think it important that this matter receive your prompt consideration. If you think that you will need more than a year to come to a final recommendation to us on a new pricing policy, you may wish to recommend a flat interim increase.

We genuinely want to have specific proposals from you, and within a reasonable time. I am convinced that it is not in your interest, and not consistent with our responsibility, to postpone action beyond the end of this year.

x x x