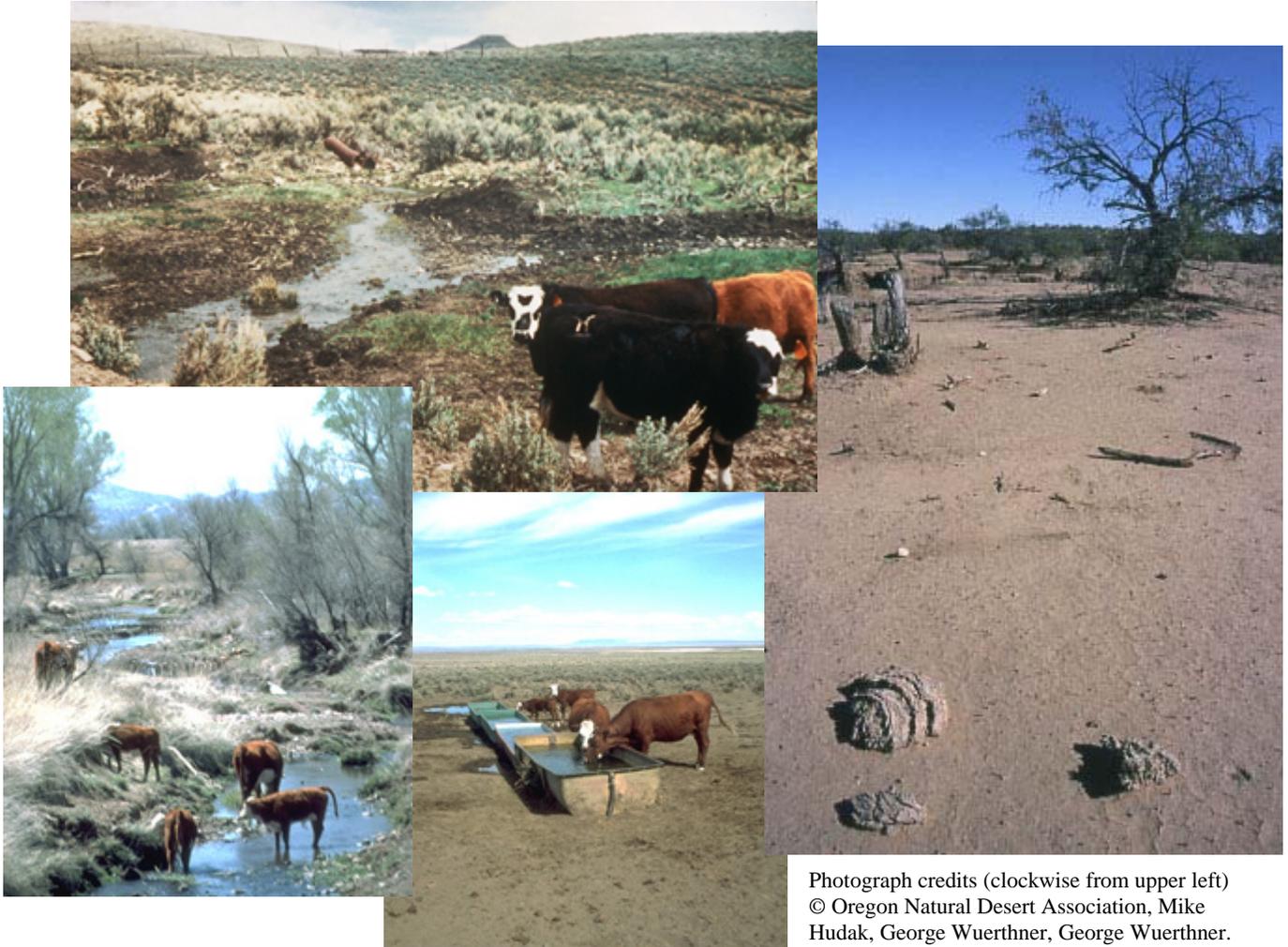


# MORTGAGING OUR NATURAL HERITAGE



## An Analysis of the Use of Bureau of Land Management Grazing Permits as Collateral for Private Loans

Taylor Jones & Mark Salvo



Report Release: June 2006

For more information, including how you can help reform public lands grazing, please contact:

Forest Guardians  
Grazing Reform Program  
312 Montezuma Ave.  
Santa Fe, New Mexico 87501  
[www.fguardians.org](http://www.fguardians.org)  
(505) 988-9126

What would you do if you owned 180 million acres of land in the American West?<sup>1</sup> Would you lease almost 80 percent of it to livestock grazers (many of them corporations) for 10 percent of its market value,<sup>2</sup> only to watch livestock shear off the native vegetation, erode the soil, degrade water quality, reduce water quantity, destroy riparian areas and harm endangered species, native plants, and wildlife? When grazing fees to use your land did not cover the cost of monitoring and protecting the natural resources, would you then pay millions of dollars of your own money every year to cover the shortfall?<sup>3</sup> And would you then stand by and watch as those abusing your land received additional millions of dollars in loans using the grazing privileges you granted as collateral for their debt?

Bad news. You already are.

On public lands owned by the American people and managed by the Bureau of Land Management (BLM), federally subsidized livestock grazing is rapidly destroying the vitality of our native ecosystems. There are many good arguments against continuing federal public lands ranching, including myriad economic and fiscal arguments. This report details another one.

What has only recently come to light is how individual grazing permittees, with the aid of lending institutions and the tacit complicity of the BLM, collateralize their federal grazing permits to finance their public lands grazing operations. Both the Forest Service and the BLM sanction the use of publicly owned federal grazing permits and leases as collateral for private bank loans.<sup>4</sup>

Grazing permits/leases issued under the Taylor Grazing Act (TGA) of 1934 convey to permit holders the privilege to use publicly owned forage on BLM lands. The permits do not bestow a *right* on permittees to graze federal lands. This important distinction was intended by Congress in the TGA,<sup>5</sup> articulated in BLM regulations,<sup>6</sup> restated in federal grazing studies,<sup>7</sup> confirmed by scholars,<sup>8</sup> and

---

<sup>1</sup> The Bureau of Land Management permits grazing on 137 million acres (Government Accountability Office. 2005. Livestock grazing: federal expenditures and receipts vary depending on the agency and the purpose of the fee charged. GAO-05-869. Government Accountability Office. Washington, DC: 71.) out of the 177 million acres managed by the agency in the eleven western states. General Accounting Office. 1996. Land ownership: information on acreage, management and use of federal and other lands. RCED-96-40. General Accounting Office. Washington, DC: 16, 18.

<sup>2</sup> The grazing fee charged on Bureau of Land Management (BLM) lands in 2006 is \$1.56 per animal unit month (AUM) (Royster, W. "Feds reduce grazing fees." *Casper Star-Tribune* (February 4, 2006)), one-eleventh of the average fee charged on equivalent private, non-irrigated grazing lands in the seventeen western states in 2005, where fees ranged from \$8.00 to \$23.00 per AUM and the average fee was \$13.40. Government Accountability Office. 2005. Livestock grazing: federal expenditures and receipts vary depending on the agency and the purpose of the fee charged. GAO-05-869. Government Accountability Office. Washington, DC: 39-40. The BLM fee is also less than those charged on state lands, where the average fee in sixteen western states (excluding Texas) in 2004 was \$14.30. National Agricultural Statistics Service. 2005. "Grazing Fee Rates for Cattle by Selected States and Regions" (table). Page 65 in AGRICULTURAL STATISTICS. USDA-National Agricultural Statistics Service. Washington, DC. (Jan. 5, 2005). (<http://usda.mannlib.cornell.edu/reports/nassr/price/pap-bb/2005/agpr0105.pdf>).

<sup>3</sup> Federal public lands livestock grazing costs taxpayers \$123 million annually. *See* Government Accountability Office. 2005. Livestock grazing: federal expenditures and receipts vary depending on the agency and the purpose of the fee charged. GAO-05-869. Government Accountability Office. Washington, DC.

<sup>4</sup> The Forest Service "escrow waiver" program is further described in M. Salvo. 2002. "Mortgaging Public Assets: How Ranchers Use Grazing Permits as Collateral." Pages 271-273 in G. Wuerthner and M. Matteson (eds.). WELFARE RANCHING. Island Press. Covelo, CA.

<sup>5</sup> 43 U.S.C. § 315b.

<sup>6</sup> 43 C.F.R. § 4130.2(c) ("Grazing permits or leases convey no right, title, or interest held by the United States in any lands or resources.").

<sup>7</sup> USDI-BLM, USDA-Forest Service. 1995. Rangeland Reform '94 Final Environmental Impact Statement. Washington, D.C.: 125.

<sup>8</sup> Donahue, D. 1999. THE WESTERN RANGE REVISITED: REMOVING LIVESTOCK FROM PUBLIC LANDS TO CONSERVE NATIVE BIODIVERSITY. Univ. Oklahoma Press, Norman, OK: 38.

upheld by the Supreme Court as recently as 2000.<sup>9</sup> TGA grazing permits are revocable, amendable, non-assignable ten-year licenses to graze that do not convey property rights to permit holders.

Despite the indefinite nature of grazing permits, the real estate market,<sup>10</sup> the Internal Revenue Service,<sup>11</sup> and economists<sup>12</sup> attribute a monetary value to permits. The value of grazing permits is sustained by a preference system that advises the BLM to reissue grazing permits every ten years to the same permittee, over and over, as long as the permittee is in good standing. The expectation that public lands grazers will retain their grazing permits for as long as they desire has allowed ranchers and banks to treat them as private property and use them as collateral for loans. In some cases banks will even make loans with payback periods of more than ten years (the length of a permit/lease) based on the certainty that the permit will be continually renewed to the borrower.

The permit-loan process is convoluted. Permittees often need operating capital for their ranch or other purposes. Because their base property, ranch buildings, rolling stock (equipment), and livestock are often insufficient security for a loan,<sup>13</sup> a permittee will frequently offer their BLM grazing permit as additional collateral. The greater the number of livestock authorized for grazing on the permit, the more valuable the permit and, correspondingly, the greater the value of the collateral that can be pledged to a lending institution. However problematic a revocable, amendable, term grazing permit may be as collateral, lending institutions are primarily concerned with obtaining the permit in the event of foreclosure. To assure the lender, the permittee waives in advance all rights to the grazing permit in the event of loan default by executing a separate agreement with the lending institution called a lienholder agreement or collateral assignment. These agreements contain various information, including the name of the permit holder, the location of the relevant grazing allotment, the name of the lending institution, the amount of the loan, the date of the loan, payoff dates and amounts, and any additional pledged collateral.

Lending institutions usually voluntarily submit lienholder agreements to the BLM, which maintains the records on file. The BLM then notifies the lienholders of record when the agency receives an application to transfer a grazing permit from one base property to another, or from one permittee to another. Lenders even have authority to prohibit a transfer in some cases.<sup>14</sup> It is also the BLM's practice to notify lenders when the agency makes management decisions that might affect the utility or value of a grazing permit<sup>15</sup> (i.e., canceling or changing grazing numbers on a permit).

Congress may have authorized the BLM to participate in the collateralization of grazing permits and leases in the TGA. The Act sanctions the use of a "grazing unit" (i.e., ranch buildings, private base property, public grazing allotment) as security for a loan and appears to acknowledge that the publicly owned grazing permit contributes to the value of the grazing unit.<sup>16</sup> However, while it is understood that grazing permits add value to a ranch unit, it is unclear whether Congress contemplated

---

<sup>9</sup> Public Lands Council v. Babbitt, 529 U.S. 728, 741 (2000).

<sup>10</sup> Fowler, J. M. and J. R. Gray. 1980. "Market values of federal grazing permits in New Mexico." New Mexico State Univ., Coop. Ext. Serv., Range Improvement Task Force. Las Cruces, NM. 23 pp.

<sup>11</sup> Torell, L. A. and J. P. Doll. 1991. "Public land policy and the value of grazing permits." *Western Journal of Agricultural Economics* 16(1): 174-184.

<sup>12</sup> Winter, J. R. and J. K. Whittaker. 1981. "The relationship between private ranchland prices and public-land grazing permits." *Land Economics* 57(3): 414-421.

<sup>13</sup> Brief of Amici Curiae Alameda Bookcliffs Ranch et al. in Support of Petitioner, Public Lands Council v. Babbitt, 529 U.S. 728 (2000): 23 (citation omitted) ("In some cases, existing debts are secured up to ninety-five percent by BLM grazing permits.").

<sup>14</sup> 43 C.F.R. § 4110.2-3(c).

<sup>15</sup> 43 C.F.R. § 4160.1(a).

<sup>16</sup> 43 U.S.C. § 315b.

permittees using the actual permits (as opposed to only the private base property, buildings, and livestock) as collateral for private loans.

Regardless of its legality, the grazing permit-lending market has grown to enormous proportions in recent decades. In 2005, after a four year legal battle, Forest Guardians compelled the BLM to release information pursuant to the Freedom of Information Act that revealed more than \$1.1 billion in liens on BLM grazing permits/leases in the eleven western states. Forest Guardians previously won the right to information in 2002 concerning a similar “escrow waiver” program offered by the Forest Service and discovered that approximately 300 ranch operations have taken more than \$450 million in loans on Forest Service grazing permits. In Supreme Court documents, the State Bank of Southern Utah confirmed that financial institutions hold an estimated \$10 billion in loans and related credit transactions to the public land ranching industry, with the grazing privileges alone worth approximately \$1 billion.<sup>17</sup>

Not surprisingly, since the finance industry has loaned out hundreds of millions of dollars on grazing permits, they use their considerable clout in Washington, D.C. to oppose any public land grazing reforms that may threaten their investment. Banks have even become involved in agency decisionmaking on individual grazing allotments where the value of a collateralized grazing permit was in jeopardy from an agency decision to reduce livestock grazing on the associated grazing allotment.<sup>18</sup>

Although the BLM insists that it retains complete sovereignty to manage grazing permits and public land grazing allotments to best conserve natural resources,<sup>19</sup> in practice the agency’s management decisions are bounded by the existence of permit-loans. While the value of a grazing permit is based on a number of factors, chief among them is the stocking rate. Banks make loans on permits based largely on the number of cattle a rancher is authorized to graze on the allotment. As soon as a lien is taken on a grazing permit, the BLM is under pressure from the lender and the permittee to maintain a high stocking rate even in times of drought or degraded resource conditions so the permit will not lose value.

This causes headaches for the BLM, which is mandated to protect and restore land, water, flora and fauna by the Federal Land Policy and Management Act, Endangered Species Act, Clean Water Act, and the National Environmental Policy Act. In particular, the system of leinholding creates an undeniable conflict between the BLM’s multiple use mandate and the welfare of endangered species on public lands. Whenever the agency acts to save an endangered species from meandering livestock, the permittee, their grazing association, their bank, and even their Congressional representative will vigorously oppose the decision. But where the BLM fails to properly manage livestock grazing, wildlife and watersheds suffer. As documented in the case studies in this report, BLM’s failures to protect and restore sensitive wildlife species are often associated with BLM districts where grazing permittees have taken many and sizeable loans on their ranches and grazing permits.

---

<sup>17</sup> Brief of Amici Curiae State Bank of Southern Utah in Support of Petitioner, *Public Lands Council v. Babbitt*, 529 U.S. 728 (2000).

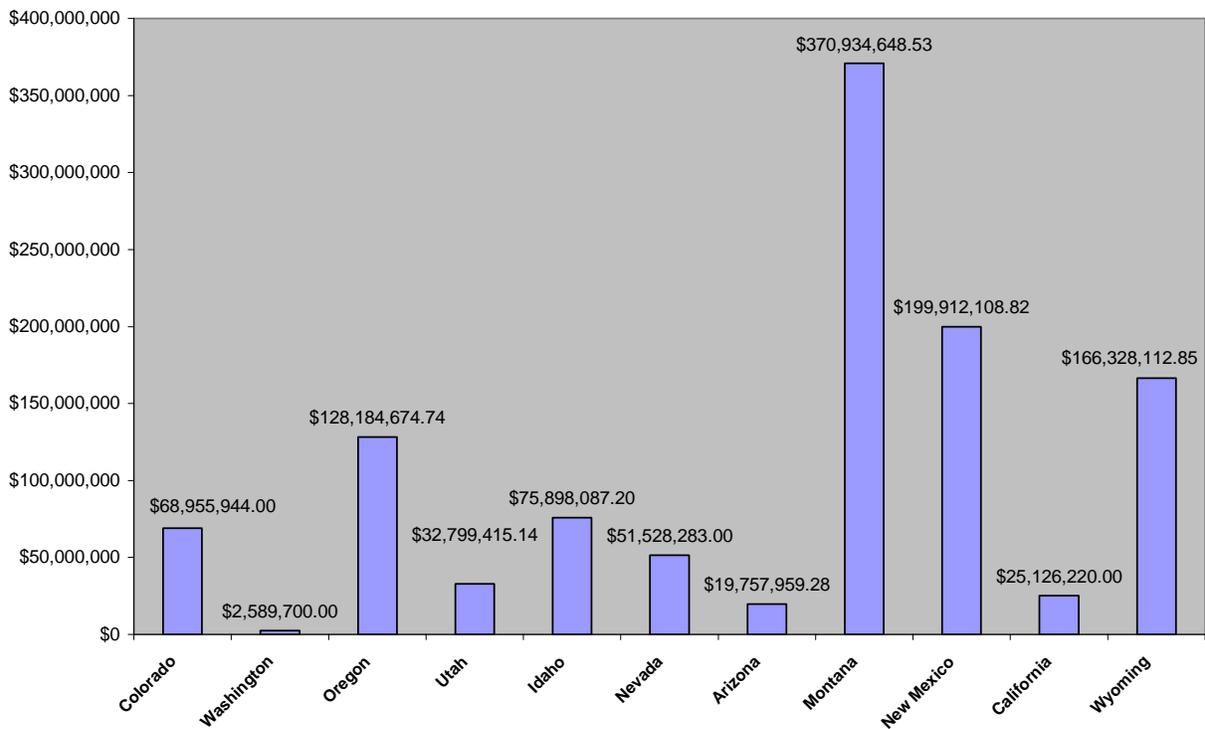
<sup>18</sup> Brief, *Farm Credit Bank of Texas, Appeal of August 30, 1996, Decision re. Diamond Bar Grazing Permit, Gila National Forest* (Oct. 16, 1996).

<sup>19</sup> Bureau of Land Management. 2004. Proposed Regulations to Grazing Regulations for the Public Lands Final Environmental Impact Statement. FES 04-39. USDI, Bureau of Land Management. Washington, DC: 5-59 (“...in pursuit of sound resource management, it would be inappropriate to allow consideration of whether base property [sic] is subject to a lien to affect or change a BLM decision to close allotments to grazing or to modify grazing permits or leases due to emergencies or when continued grazing use will result in resource damage.”).

# CURRENT LOANS BASED ON BLM PERMITS

Information obtained by Forest Guardians following a long legal battle documents that the total amount of loans secured by federal grazing permittees/lessees using BLM grazing permits/leases as (partial) collateral in the eleven western states is \$1,142,015,153.56. States with the highest values for permit-based loans are Montana, New Mexico, and Wyoming (Figure 1).

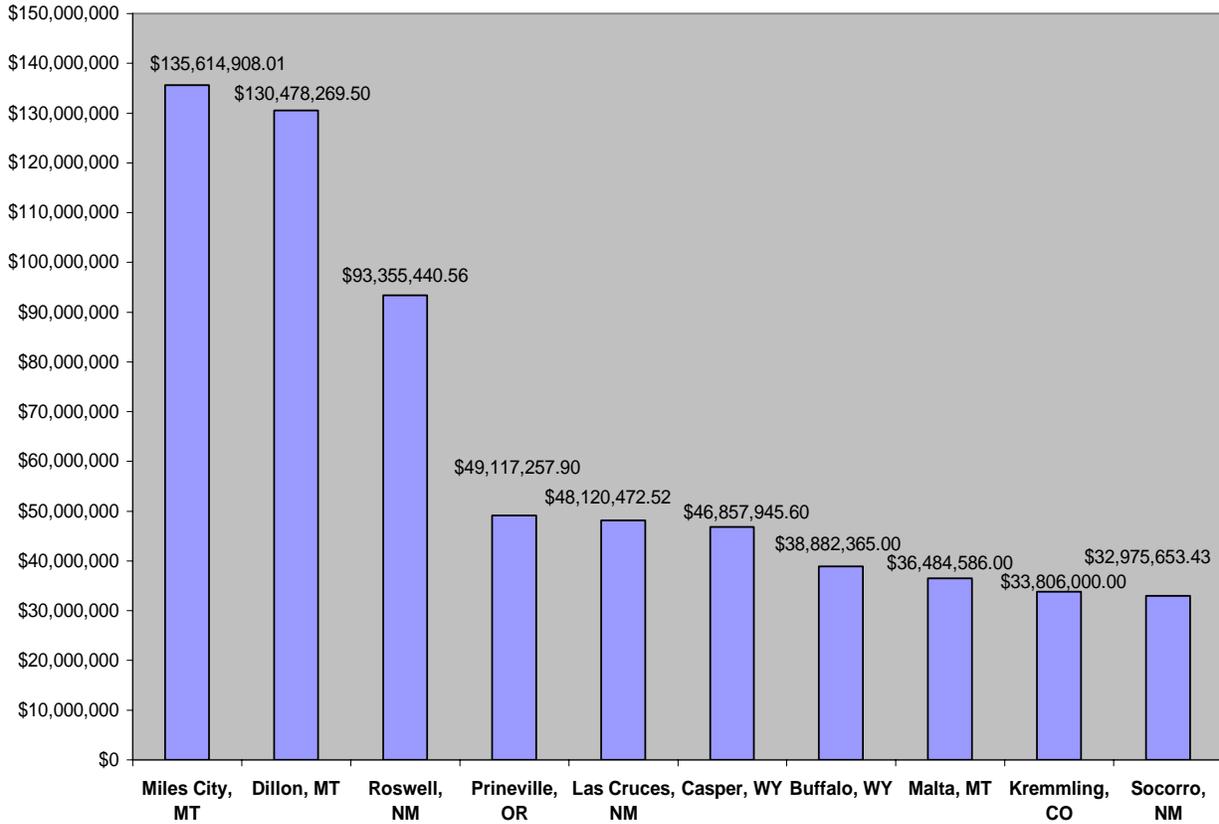
Figure 1: Current Collateralized BLM Grazing Permits/Leases by State



Source: Bureau of Land Management.

The BLM field offices with the highest values of permit-based loans are Miles City, Montana, Dillon, Montana, and Roswell, New Mexico (Figure 2). Together, these three field offices comprise over 31 percent of the total BLM permit-based loans in the West.

**Figure 2: Top Ten BLM Field Offices with Collateralized BLM Grazing Permits/Leases**



Source: Bureau of Land Management.

## **PROFILES ACROSS THE WEST**

Numbers alone don't do justice to this story. Below, we profile specific BLM field offices and western states, the value of permit-based loans managed by those offices, and wildlife pushed to the brink of extinction by livestock grazing on public lands under BLM jurisdiction.

# UTAH

The BLM's Cedar City Field Office in Utah manages grazing permits that ranchers have collateralized for loans worth almost \$5 million. The BLM and ranchers maintain high livestock numbers on grazing allotments partly to avoid permittee delinquency on paying these debts. Intensive grazing harms species such as the Utah Prairie Dog, which is listed as "threatened" under the Endangered Species Act.

The Utah Prairie Dog is a classic keystone species. Like all five prairie dog species,<sup>20</sup> the Utah Prairie Dog is a gregarious animal. It lives in colonies of family groups, digging burrows deep into loamy soils and foraging for grasses and seeds. The networks of tunnels that form their prairie dog towns aid in aeration and fertilization of the soil, and increase water infiltration, allowing moisture to penetrate deep into the ground. A suite of grassland species is dependent on prairie dogs and their burrows for survival, including many species which have declined in number along with the prairie dog. Approximately 140 wildlife species benefit from the existence of prairie dogs.

Historically, prairie dogs and American Bison worked in tandem to maintain the endless expanse of grasslands that covered the Great Plains and valleys of the Rocky Mountain west. But many ranchers and federal and state agency officials continue to give credence to myths that cast prairie dogs as a nuisance animal – breeding prolifically, destroying forage, and digging pitfalls for livestock. Eradication programs bent on destroying the Utah Prairie Dog nearly succeeded; the species currently occupies only 1.6 percent of its historic range. As it turns out, the Utah Prairie Dog is not so fast to recover from decades of lethal control as one would expect from a "nuisance animal." In their natural setting, less than half of juvenile prairie dogs survive long enough to mate. Female Utah Prairie Dogs have only one litter per year with an average of three pups.<sup>21</sup>

The Utah Prairie Dog was listed as "endangered" under the Endangered Species Act in 1973. However, under pressure from the livestock industry and developers, the species was down-listed to "threatened" in 1984—allowing for legal "taking" (i.e., killing) of Utah Prairie Dogs—despite evidence that impacts from livestock grazing, oil and gas drilling, urban/suburban/exurban development, and recreation continues to negatively affect their



Utah Prairie Dogs © Jess Alford

<sup>20</sup> Utah Prairie Dog, Gunnison's Prairie Dog, Black-tailed Prairie Dog, White-tailed Prairie Dog, and Mexican Prairie Dog.

<sup>21</sup> Hoogland, J. L. 2001. "Black-tailed, Gunnison's, and Utah prairie dogs reproduce slowly." *Journal of Mammalogy* 82(4): 89-93, cited in Forest Guardians et al. 2003. Petition to the U.S. Fish and Wildlife Service to Reclassify the Utah Prairie Dog as an Endangered Species under the Endangered Species Act, 16 U.S.C § 1531 et. seg. (1973 as amended).

survival. In fact, a federal rule allows for nearly as many Utah Prairie Dogs to be shot every year (6,000) as there are adults in existence (9,000).<sup>22</sup>

Private and public lands grazing alone may be sufficient to drive the Utah Prairie Dog to extinction. Domestic livestock destroy forage for prairie dogs, not the other way around, as is often alleged by livestock grazers. Livestock grazing decreases native plant diversity and biomass, modifies plant communities away from grasslands and towards shrublands, and encourages the invasion of non-native weeds. The natural fire cycle on grasslands (which prairie dogs and bison evolved to accommodate) has also been suppressed to support livestock grazing, hindering the regrowth of grasses and encouraging invasion by woody species, further altering the ecosystem. Soil erosion and severe damage to riparian areas from livestock grazing also degrade and fragment the Utah Prairie Dog's habitat, creating islands of habitat where small, isolated populations are more susceptible to disease and the effects of inbreeding.

Utah Prairie Dogs have declined since being downgraded to "threatened." A coalition of conservation organizations led by Forest Guardians has submitted a petition requesting that the species be reclassified once again as "endangered." Forest Guardians has also formally petitioned for the rescission of the rule that allows for up to 6,000 Utah Prairie Dogs to be shot annually.<sup>23</sup> Unfortunately, both permitted and illegal shooting of Utah Prairie Dogs continues.

The long-standing antagonism of many ranchers towards prairie dogs has influenced federal policy in the past, leading to government sanctioned extermination campaigns and making it difficult to list any prairie dog species under the Endangered Species Act.<sup>24</sup> Currently, the BLM's Cedar City Field Office in Utah, which manages some of the last remaining Utah Prairie Dog habitat, also manages grazing permits that permittees have collateralized for loans worth \$4,864,734.69. The BLM and ranchers maintain high livestock numbers on the associated allotments partly to avoid permittee delinquency on paying these debts. Intensive grazing pressure harms the Utah Prairie Dog, and unless the effects of grazing, development, and other land uses are reduced, there won't be any Utah Prairie Dogs left to protect.

---

<sup>22</sup> Forest Guardians et al. 2003. Petition to the U.S. Fish and Wildlife Service to Reclassify the Utah Prairie Dog as an Endangered Species under the Endangered Species Act, 16 U.S.C § 1531 et. seq. (1973 as amended).

<sup>23</sup> Forest Guardians et al. 2005. Petition for a Rule to Significantly Restrict Translocation of Utah Prairie Dogs and to Terminate the Special 4(d) Rule Allowing Shooting of Prairie Dogs.

<sup>24</sup> The Utah Prairie Dog is listed as "threatened" under the Endangered Species Act, and the Mexican Prairie Dog is listed as "endangered." The U.S. Fish and Wildlife Service determined that the Black-tailed Prairie Dog was "warranted but precluded" for listing in 2000, and then removed the species from the candidate species list in 2004. The White-tailed Prairie Dog was petitioned for listing in 2002, but the U.S. Fish and Wildlife Service denied the petition. A petition to list the Gunnison's Prairie Dog was similarly denied.

## NEW MEXICO

The Lesser Prairie-Chicken in New Mexico is barely persisting in habitat very different from its preferred home. Adapted to foraging, nesting, and rearing broods under the cover of tall grasses and shrubs, the boldly striped birds now struggle to survive on a severely degraded landscape.

A combination of periodic natural drought combined with domestic livestock grazing has significantly reduced grass cover in the already rare shinnery-oak-grassland community in the prairie Southwest where the Lesser Prairie-Chicken occurs. Livestock grazing of native vegetation reduces grass height and distribution, creating unnatural bare patches that are poor habitat for the prairie-chicken and result in increased predation, reduced nesting success, and smaller brood sizes for the species.<sup>25</sup>



Lesser Prairie-Chicken © Jess Alford

BLM's Roswell Field Office manages grazing permits that are collateralized for loans worth over \$93 million, more than any other office in New Mexico, and the third most of all BLM field offices in the West. The imperiled Lesser Prairie-Chicken is a victim of these loan agreements.

Unfortunately for the prairie-chicken, their plight may not be the BLM's primary concern: the BLM's Roswell Field Office, which manages significant remaining habitat for Lesser Prairie-Chicken, also administers public lands grazing permits that are under lien for \$93,355,440.56... the largest loan amount of any office in New Mexico, and the third largest of all BLM field offices in the West.

The next largest total debt accrued on grazing permits administered by a New Mexico BLM field office is in Las Cruces, totaling \$48,120,472.52. The Las Cruces Field Office is

also partly responsible for managing habitat for two important predators in New Mexico, the Aplomado Falcon and the Mexican Gray Wolf, whose recovery is hindered (and often vigorously opposed) by the public lands ranching industry.

Centuries of domestic livestock grazing in the Southwest have converted desert grasslands to desert scrub. This in turn has exacted a toll on grassland birds the Aplomado Falcon depends on for prey. Grassland breeding birds are the most rapidly declining guild of birds in North America. As a final insult to the Aplomado Falcon, domestic livestock frequently damage yucca, depriving the falcon of its preferred nest sites. A yucca of sufficient height to

<sup>25</sup> Morrissey, M. 1995. Petition for a Rule to List the Lesser Prairie-Chicken, *Tympanuchus pallidicinctus*, as "Threatened" within Its Known Historic Range under the Endangered Species Act, 16 U.S.C. Sec. 1531 et seq. (1973) as amended. Biodiversity Legal Foundation; J. Bailey. 2000. "Status and trend of the lesser prairie-chicken in New Mexico and recommendation to list the species as threatened under the New Mexico Wildlife Conservation Act." Report to the New Mexico Department of Game and Fish. Santa Fe, NM; T. Z. Riley, C. A. Davis, M. Ortiz, M. J. Wisdom. 1992. "Vegetative characteristics of successful and unsuccessful nests of lesser prairie chickens." *Journal of Wildlife Management* 56: 383-387; M. A. Taylor and F. S. Guthery. 1980. "Status, ecology and management of the lesser prairie-chicken." Gen. Tech. Rep. RM-77. USDA-Forest Service, Rocky Mountain Forest and Range Exper. Sta. Fort Collins, CO; M. A. Taylor and F. S. Guthery. 1980. "Fall-winter movements, ranges and habitat use of lesser prairie-chickens." *Journal of Wildlife Management* 44: 521-524.

provide falcons with a nesting site takes over a century to grow, but livestock routinely rub up against and destroy yucca, the old-growth of the Chihuahuan Desert.

The effects of livestock grazing and human impact on predators are even more dramatically illustrated by the plight of the Mexican Gray Wolf, one of the most endangered mammals in North America. A decades-long campaign by ranchers and government agents to exterminate top predators from southwestern landscapes, including wolves, mountain lions, and (unofficially) bears, eventually succeeded in eliminating the Mexican Gray Wolf from the United States and Mexico. The

The BLM Las Cruces Field Office, which manages grazing permits under lien for \$48 million, is failing to manage habitat for two important predators in New Mexico, the Aplomado Falcon and the Mexican Gray Wolf.

reintroduction of the subspecies in New Mexico and Arizona in 1998 was accomplished by a captive breeding program propagated from the last

seven Mexican Gray Wolves in existence. But the reintroduction of the wolf was (and still is) violently opposed by ranchers, and after the first eight months, five of the first eleven reintroduced wolves had been shot and another had disappeared without a trace. The remaining wolves were removed from the area for their own

protection.<sup>26</sup>

The U.S. Fish and Wildlife Service has since reinstated the Mexican Gray Wolf recovery program in New Mexico and Arizona, but progress has been frustratingly slow in the face of staunch opposition by private and public lands ranchers. The population is presently in a sustained decline. Much potential habitat for this rare predator is on public lands. Many federal grazing permittees have taken out loans on their federal grazing permits in southern New Mexico and Arizona and part of their opposition to wolf reintroduction may stem both from their need to pay off the bank and from long-enduring prejudices against this important native predator.



Aplomado Falcon © Dean Keddy-Hector



Mexican Gray Wolf (USFWS)

<sup>26</sup> For further information, see M. J. Robinson. 2005. PREDATORY BUREAUCRACY: THE EXTERMINATION OF WOLVES AND THE TRANSFORMATION OF THE WEST. University of Colorado Press. Boulder, CO.

# IDAHO

The BLM Salmon Field Office appears aptly named. Through its jurisdiction runs the Salmon River, which historically produced more than 40 percent of the Columbia River Basin's spring and summer Chinook Salmon. Every spring the salmon migrate up the river from the Pacific Ocean to spawn in small tributary streams; the juvenile salmon, called smolts, then wend their way back to the sea. As recently as the late 1960's, the Salmon River's wild salmon and summer Steelhead runs exceeded 120,000.<sup>27</sup> But no more. Since then, the salmon population has so declined that they are listed as “threatened” under the Endangered Species Act, along with the Steelhead and Bull Trout that share their habitat.

The BLM Challis Field Office, which manages \$8,119,500 in collateralized grazing permits, is neglecting Idaho's salmon.

Large dams on main stem rivers are often blamed for the decline of salmon and steelhead. However, what is often overlooked is the proliferation of small diversions and “check dams” that divert water from western rivers, streams, and creeks to irrigate pastures and water livestock. Creeks and tributaries throughout the Upper Salmon River Basin are modified by small dams and irrigation ditches that divert water to fill cattle troughs or irrigate livestock feed such as alfalfa. Leaky ditches and outmoded irrigation systems carry water miles from its source. These diversions are built on both public and private land, but no matter where they are located they can be disastrous for fish. The small dams block salmon spawning upstream, trap and kill young



Sockeye Salmon (USFWS)

salmon on their way downstream, segment rivers into isolated fragments, and cause water temperatures to rise to lethal levels. Screens can prevent smolts from being flushed into irrigation ditches, but many dams have no such device – even those on public lands and/or managed by public agencies. Conservation organizations have had some luck compelling federal agencies to reduce the negative effects of check dams and diversions on salmon and steelhead,<sup>28</sup> but it is an endless battle.

The Salmon Field Office and the nearby Challis Field Office manage grazing permits that have been collateralized for \$9,020,000. This loan money has been used to support ranching that threatens the Salmon River watershed, and it is likely that pressure from banks and ranchers to maintain high livestock numbers has slowed the recovery of salmon, Steelhead, and Bull Trout in Idaho.

Perhaps the Salmon Field Office should consider changing its name. Preferably, the BLM should change its policies to benefit native fishes.

<sup>27</sup> *Cascadia Times*. 2002. “The Big Dry – Top Ten Rivers Trampled by the Livestock Industry: Salmon River – Idaho” (special section, Summer 2002).

<sup>28</sup> Western Watersheds Project. “Western Watersheds Project Wins Court Ruling on Upper Salmon Basin” (news release). (Mar. 29, 2004). Available at [www.westernwatersheds.org/news\\_media/newsmedia\\_2004/wwp76\\_newsmedia.html](http://www.westernwatersheds.org/news_media/newsmedia_2004/wwp76_newsmedia.html); viewed May 24, 2006.

# OREGON

The BLM Vale Field Office in Oregon, which administers grazing permits encumbered with more than \$32 million in loans, is leaving the Bull Trout high and dry.

The Bull Trout, which is listed as “threatened” under the Endangered Species Act, requires deep, clear, cold, narrow streams with stable, vegetated streambanks to flourish. Domestic livestock grazing negatively affects riparian areas—probably more than any other habitat type—severely altering preferred conditions for Bull Trout.

Livestock are drawn to western streams for water and often the only available forage around. Modern bred cattle exert more than five times the pressure per square inch on the soil surface than a D-9 Caterpillar tractor.<sup>29</sup> Grazing and trampling erodes soil and destabilizes streambanks, knocking them into the water, creating wide, shallow, warm, muddy, algae-ridden streams. In addition, cattle destroy deep-rooted deciduous trees and eat and trample tree saplings. A healthy western stream is usually lined by a dense cover of willows, trees such as cottonwoods, and tall, thick grasses, creating shade and habitat for insects (trout food), birds, and other wildlife. Without this vegetative cover, streams are exposed to the sun, and the elevated temperature, exacerbated by the shallowness of livestock-damaged streambeds, makes the damaged streams even more unlivable for Bull Trout. Once this reshaping of a stream or river occurs, it often takes decades of undisturbed recuperation for vegetation to fully recover and for a stream to return to its former depth and stability.<sup>30</sup>



Bull Trout (USFWS)

Although they represent only 0.5 to 1 percent of the surface area of federally owned western public lands,<sup>31</sup> riparian areas are critically important to over 75 percent of terrestrial species in southeastern Oregon and southeastern Wyoming, and 80 percent of wildlife in Arizona and New Mexico.<sup>32</sup> One would think that the federal government would do all in its power to protect these critical riparian zones. Instead, until the late 1960s, western land managers viewed western streams as “sacrifice areas” and allowed livestock to denude them of vegetation. The historic “sacrifice” of riparian areas has cost western ecosystems generations of willows and cottonwoods, eliminated American Beaver from much of the western landscape, burdened hydrological systems with millions of tons of sediment, and significantly reduced Bull Trout and other wildlife to a fraction of their historic range.

<sup>29</sup> Rhodes, J. J. Oregon Natural Desert Ass’n v. United States Forest Service, Case No. 03-CV-213-KI (Dist. of Oregon), Third Declaration of Jonathan J. Rhodes: 8.

<sup>30</sup> *Id.* at 12.

<sup>31</sup> Government Accounting Office. 1988. Public rangelands: some riparian areas restored by widespread improvement will be slow. RCED-88-105. Government Accounting Office. Washington, DC; R. D. Ohmart. 1996. Historical and present impacts of livestock grazing on fish and wildlife resources in western riparian habitats. Pages 245-279 in P. R. Krausman (ed.). RANGELAND WILDLIFE. Society for Range Management. Denver, CO.

<sup>32</sup> Chaney, E., W. Elmore, W. S. Platts. 1993. Livestock grazing on western riparian areas. Northwest Resource Information Center. Eagle, ID: 2 (fourth printing; produced for the Environmental Protection Agency).

The BLM Vale District in Oregon, a district with a long history of mismanagement of public lands livestock grazing, administers grazing permits that have been collateralized for \$32,608,958.12 in loans. Bull Trout occur in this district, where livestock grazing is a primary threat to their remaining habitat. And that habitat is continuing to shrink.

# COLORADO

The Gunnison Sage-Grouse is distinct from the Greater Sage-Grouse, and was identified by researchers as early as the 1970s and recognized as a new species by the American Ornithologists Union in 2000. While its historic range may have included parts of Colorado, Utah, New Mexico, Arizona, Kansas, and Oklahoma, the species now occurs only in small, isolated populations centered around the Gunnison Basin in southwestern Colorado and southeastern Utah. The BLM's Gunnison Field office currently manages grazing permits that grazing permittees have encumbered for \$6,815,000 in liens.

The BLM Gunnison Field Office administers grazing permits that are collateralized for almost \$7 million in loans, while also attempting to manage the last, best habitat for Gunnison Sage-Grouse.

Like every other species previously described, Gunnison Sage-Grouse and their sagebrush habitats are negatively affected by domestic livestock grazing. Year-round, livestock grazing presents myriad challenges to the Gunnison Sage-Grouse. In spring, the breeding season, livestock eat and trample the grasses and forbs around sagebrush, which can degrade or eliminate nesting and brooding habitat. Nests that are exposed to the wind, sun and predators are less productive than nests in healthy sagebrush-steppe. Without the forbs and grasses, insects are also less prolific, reducing an important food source for sage-grouse chicks.



Gunnison Sage-Grouse © Louis Swift

In the hot summer, thirsty livestock often severely overgraze riparian areas and mesic sites (wet meadows) that are important to Gunnison Sage-Grouse young and adults. In the winter, livestock eat and trample big sagebrush species, the sage-grouse's only winter food source. At any time, wandering livestock can stress Gunnison Sage-Grouse and other wildlife, and throughout the year their grazing opens the vegetative cover, exposing sage-grouse to predators. Livestock grazing also introduces and spreads invasive weeds into sagebrush-steppe, degrading habitat for all wildlife.

The U.S. Fish and Wildlife Service recently refused to list the Gunnison Sage-Grouse as "threatened" or "endangered" under the Endangered Species Act, even though experts estimate the current population at fewer than 4,000 birds. The BLM Gunnison Field Office has reduced grazing on some grazing allotments and maintained livestock numbers on others. However, population data shows that Gunnison Sage-Grouse respond best when livestock are entirely removed from an allotment, especially in times of drought. Unfortunately, the BLM is not likely to order allotment closures as long as grazing permittees owe on grazing permit loans.

# MONTANA

Montana BLM grazing permittees have borrowed more money on their ranches and grazing permits than any other state, more than \$370 million, almost twice as much as runner-up New Mexico.

Montana touts itself as “The Last Best Place.” The state straddles the Continental Divide and has majestic mountains to prove it. Montana also encompasses other, diverse habitats, such as sagebrush steppe, grasslands, and woodlands that are important to a diversity of fish and wildlife. However, much of the state is also grazed by livestock, and Montana BLM grazers have borrowed

more money on their ranches and grazing permits than in any other state by far.

The list of threatened and endangered species in Montana includes the Gray Wolf, the Black-Footed Ferret, the Grizzly Bear, and the Canada Lynx. Other sensitive species also occur in the state, including an entire suite of grassland breeding birds and songbirds, the Greater Sage-Grouse, American Bison, and the fluvial Arctic Grayling. Many of these species are threatened by numerous factors, but livestock grazing has contributed to the decline of all of them.

In the winter of 1997, 1100 animals in one of the last genetically pure herds of wild bison in the United States were slaughtered when, searching for forage, they attempted to cross the invisible line that separates Yellowstone National Park from public land in Montana’s cattle country. The “control” effort was done purportedly to protect domestic cattle from the alleged threat of brucellosis, although not a single documented case has ever been transmitted from bison



American Bison © George Wuerthner



Gray Wolf (USFWS)

to livestock. Today, the migrating bison are still chased with snowmobiles, horses, off-road vehicles, and even helicopters in order to drive them back into the park or into capture facilities. The chase consumes more energy than the animals can afford in winter, and some who are not killed outright later die from exhaustion.

The Gray Wolf was completely exterminated in Yellowstone by 1930 at the behest of area ranchers. The reintroduction of wolves in 1995 and 1996 has led to a dynamic restructuring of the Yellowstone ecosystem. Wolf packs now perennially cull and control elk herds, spurring the recovery of riparian and meadow ecosystems in the park and resulting in increased populations of other wildlife such as moose and animals that scavenge wolf kills, including ravens, magpies, eagles, and bears. Beaver have flourished in the recovering riparian areas in Yellowstone and their dams and canal systems provide additional benefits to the ecosystem. Riparian songbird diversity may have also

increased since the reintroduction of wolves.<sup>33</sup>

In contrast to the tremendous benefits wolves provide to the Greater Yellowstone Ecosystem, livestock deaths due to wolves is one of the lowest causes of livestock loss in the northern Rocky Mountains. In addition, ranchers who can document the loss of livestock to wolf attacks are compensated by a private fund managed by Defenders of Wildlife.<sup>34</sup> Yet public lands ranchers continue to call for the removal or extermination of wolves in the region.

The Black-Footed Ferret is fighting an uphill battle against extinction. The small, lithe predator is highly dependent on prairie dogs as prey. However, because of extermination programs spearheaded by ranchers and largely carried out by government agencies, prairie dog populations have severely declined – in 1960, prairie dog species occupied only 2 percent of their historic range as measured in 1870. The corresponding decline of the Black-Footed Ferret followed. Twice the ferret was almost declared extinct, but captive breeding and reintroduction programs have saved them, at least temporarily. The Black-Footed Ferret is the rarest mammal in North America, and the continued destruction of prairie dogs by livestock interests foreshadows an ominous future for the species.



Black-footed Ferret, Paul Marinari (USFWS)

Grassland birds in Montana, like most birds on grazed lands, have been negatively impacted by changes wrought by domestic livestock. While their individual habitat needs vary, the Henslow's Sparrow, Sprague's Pipit, Grasshopper Sparrow, Short-Eared Owl, Eastern Meadowlark, Baird's Sparrow, Chestnut-Collared Longspur, Cassin's Sparrow, Horned Lark, Bobolink, Dickcissel, Lark Bunting, Northern Harrier, Vesper Sparrow, Western Meadowlark, Savannah Sparrow, and Mountain Plover are all affected by livestock grazing or rangeland management (including the placement of poison intended for prairie dogs in the birds' habitat). Grassland breeding birds presently represent the most rapidly declining guild of birds in the United States.



Greater Sage-Grouse (USFWS)

Greater Sage-Grouse are affected by livestock grazing in every way the same as Gunnison Sage-Grouse. An indicator species for the sagebrush biome, sage-grouse have inhabited the western United States and southern Canada since the Pleistocene epoch. Described by Lewis and Clark in 1806, nineteenth century travelers and settlers reported huge flocks of sage-grouse that darkened the sky.

<sup>33</sup> For examples of the trophic cascade effect caused by the reintroduction of wolves to Yellowstone National Park, see D. W. Smith, R. O. Peterson, D. B. Houston. 2003. "Yellowstone after wolves." *Bioscience* 53(4): 330-340, and M. Hebblewhite et al. 2005. "Human activity mediates a trophic cascade caused by wolves." *Ecology* 86(8): 2135-2144.

<sup>34</sup> Defenders of Wildlife. "The Bailey Wildlife Foundation Wolf Compensation Trust: FAQ." Available at <http://www.defenders.org/wolfcomp.html>; viewed June 2, 2006.

However, in the past 150 years (coinciding with the introduction of domestic livestock grazing) the species' habitat has been reduced to half its historic range and the current population (140,000 birds) represents only 8 percent of the estimated historic population. Montana has some of the last, best habitat for Greater Sage-grouse, which is also grazed heavily by domestic livestock.

That so many species are in trouble in Montana, a sparsely populated state with vast expanses of intact habitat, is an indicator that something is awry with land use in the state. Every one of the species described above prospers in the absence of domestic livestock. But public lands ranchers in Montana will not forfeit their businesses easily, especially since so many of them have debts to pay to their banks. In calculating the costs of public lands ranching, it is threatened and endangered wildlife that are paying the ultimate price.

## THE BOTTOM LINE

Former Secretary of the Interior Bruce Babbitt has written that federal public lands livestock grazing “is the most damaging use of public land,”<sup>35</sup> and reams of scientific studies support that assertion.<sup>36</sup> Federal public lands grazing is also among the most expensive public lands boondoggles foisted on American taxpayers.

The Government Accountability Office determined that federal grazing programs cost at least \$144 million annually (minus grazing fees).<sup>37</sup> A separate economic study conducted by independent and BLM economists found that the direct and indirect costs of BLM and Forest Service public lands grazing are probably much higher, between \$500 million and \$1 billion per year.<sup>38</sup> It is estimated that 25 percent of the Bureau of Land Management’s budget is spent directly or indirectly on public lands grazing,<sup>39</sup> and paltry federal grazing fees (\$1.56 per AUM in 2006)<sup>40</sup> do not even begin to cover the costs of the BLM grazing program.

These fiscal costs do not account for the massive environmental costs or the social and economic trade-offs involved in public lands grazing. While the federal government spends countless dollars to support public lands ranching—including myriad indirect costs for fencing, cattle guards across roadways, protecting fragile riparian areas and archeological sites from livestock, habitat improvement and restoration, invasive species removal, fire control, and monitoring of livestock—other, more valuable opportunities to use and recreate on public lands are squandered. Recreation and tourism are more important to western state economies than livestock grazing, both in terms of employment and income, but federal grazing programs steal resources from and rob the potential of these alternative economies.

The bottom line – public lands grazing in the West is neither economically nor environmentally sustainable. It is an antiquated industry, as outmoded as whaling in today’s oceans.<sup>41</sup> It is doubtful that the industry could survive without government subsidies and operating loans backed by publicly owned grazing permits. Still, the industry persists as one of the mystical “Lords of Yesterday.”<sup>42</sup> The cowboy myth of ranching, despite a colorful history and a vibrant mythos, now masks a multitude of sins.

---

<sup>35</sup> Babbitt, B. 2005. *CITIES IN THE WILDERNESS: A NEW VISION OF LAND USE IN AMERICA*. Island Press. Washington, DC: 148.

<sup>36</sup> See, e.g., D. Donahue. 1999. *THE WESTERN RANGE REVISITED: REMOVING LIVESTOCK FROM PUBLIC LANDS TO CONSERVE BIOLOGICAL DIVERSITY*. Univ. Oklahoma Press. Norman, OK; T. L. Fleischner. 1994. Ecological costs of livestock grazing in western North America. *Conservation Biology* 8: 629-644; and G. Wuerthner and M. Matteson (eds.). 2002. *WELFARE RANCHING: THE SUBSIDIZED DESTRUCTION OF THE AMERICAN WEST*. Island Press, Covelo, CA.

<sup>37</sup> Government Accountability Office. 2005. *Livestock grazing: federal expenditures and receipts vary depending on the agency and the purpose of the fee charged*. GAO-05-869. Government Accountability Office. Washington, DC: 20, 30.

<sup>38</sup> Moskowitz, K. and C. Romaniello. 2002. *Assessing the full cost of the federal grazing program*. Unpublished report prepared for the Center for Biological Diversity. Tucson, AZ: 19.

<sup>39</sup> *Id.* at 21.

<sup>40</sup> Royster, W. “Feds reduce grazing fees.” *Casper Star-Tribune* (February 4, 2006).

<sup>41</sup> Thanks to D. R. Tompkins. 2002. “Forward.” Page vii in G. Wuerthner and M. Matteson (eds.). *WELFARE RANCHING: THE SUBSIDIZED DESTRUCTION OF THE AMERICAN WEST*. Island Press, Covelo, CA.

<sup>42</sup> See C. F. Wilkinson. 1992. *CROSSING THE NEXT MERIDIAN: LAND, WATER AND THE FUTURE WEST*. Island Press. Covelo, CA.

Federal public lands ranching accounts for only .06 percent of total employment and .04 percent of total income in eleven western states.<sup>43</sup> Only 3 percent of American livestock producers hold federal grazing permits, and only one in five ranchers in the West.<sup>44</sup> A disproportionately large number of federal grazing permittees are wealthy hobby ranchers or large corporations seeking tax write-offs. Control of the majority of federal forage on BLM lands is concentrated in the hands of a relatively small percentage of large-operation permittees. The largest BLM permittees—including corporations like Metropolitan Life Company and Nevada First Corporation—representing 9.1 percent of total permittees, controlled 74 percent of BLM forage in 1992.<sup>45</sup> Finally, federal public lands grazing supplies only 3 percent of our national beef supply.<sup>46</sup>

And what is the cost of that 3 percent? Hundreds of millions of tax dollars and the destruction of our irreplaceable natural heritage. We seek to increase the public's awareness of the fiscal, economic and ecological costs of public lands grazing. We hope they are inspired to speak out after discovering how thoroughly involved the finance industry is in public lands grazing and how much control it wields over federal public land management. Federal agencies, ranchers, and banks are playing a shell game with America's public lands, a game that benefits few and impoverishes all who value biodiversity, fish and wildlife, watersheds and wilderness.

---

<sup>43</sup> Power, T. 1996. LOST LANDSCAPES AND FAILED ECONOMIES: THE SEARCH FOR A VALUE OF PLACE. Island Press. Washington, DC: 184-185 (table 8-2).

<sup>44</sup> USDI-BLM, USDA-Forest Service. 1995. Rangeland Reform '94 Final Environmental Impact Statement. USDI-BLM. Washington, DC: 26.

<sup>45</sup> General Accounting Office. 1992. Rangeland management: profile of the Bureau of Land Management's grazing allotments and permits. RCED-92-213FS. General Accounting Office. Washington, DC. (June 1992).

<sup>46</sup> Rogers, P. "Cash cows." *San Jose Mercury News* (Nov. 7, 1999): 1S; L. Jacobs. 1992. THE WASTE OF THE WEST: PUBLIC LANDS RANCHING. Lynn Jacobs, P.O. Box 5784, Tucson, AZ: 354.