

✓ Remaining topics

a. Disposition of the public domain: transition from public to priv. property

b. Public role in developing lands

Ref.: devmt vs. improvement

Aspects of devmt.: provision, subsidy, regn., taxation

Conquest

Policing

Exploration

Xptn (C. Goodrich, G.R. Taylor)

Other p.w. (F.Hill, L. Hines)

Lines of division:

Fed. - local: wholesale & retail

Public - priv

Case study: the CUP

Ref. of ec. rent: depends on where the line drawn

Distribution organisms, hierarchy of ... from trunk to tracery

Problem of coordn.

" " synchron.

" " scatter

" " dynamic instability Case study, 1837

c. Conservation movement in U.S.

Abuses inspiring it:

Fraud in sale & leasing

Waste, fancied & real, both overdevmt & underdevmt

Special emphasis on forestry

Concentration & monopoly

Concn. by campaign contributions ... e.g. of silver & Populism, manipulation of the

~~underdevmt~~ simple by the sophisticated.

Refs. of Concn.

May, Leopold, Bruce, Wanting, Van Hise, etc.

& Giffney

Policies promoted in name of Concn.

Valorign per deferral - oil, forest

"Conservation" policies, (cont.)

Water power, etc., overdevelopment. (Reminds underdevelopment of funds in slowness of payment.)
 Shift from fund to flow res.
 Soil bldg.; soil bank; diffusion of farm products - defeating own purpose.

~~What~~

Recreation - Nat. Parks, etc. W's. state land purchases

Reservations of lands.

Resettlement admin. work

Unitization of oil fields

Pollution control

Misuse in fertilizer - now broken

Ground water control - only in Orange Co.

Cheap rural credit.

Range Improvements

ASC, SCS, etc.

Can the mkt. guide nat. res? - Millim.

Mkt. drawbacks: Raffray; Kretzschmar

d. Gov. land system

U.S. Public claim asserted largely thru taxes

Tax. of nat. res.

Flow; fund. "Repletion" concept.

Exemptions - exotic res: wtr, etc., dams, etc., rts of way, airplanes, freights, etc.

Declining share of nat. res. in tax base

Dirigisme over res.

Zoning: planning p.w. & rate structures

Need for coord. of taxes & dirigisme

Admin. of remaining pub. domain.

Myriad agencies

Law admin., & loopholes: the "mining" claim

Uniform nat. policy vs. variable local conditions: fire policy

External costs: admin. of domain for benefit of free simple lands. Washed

protection; devmt. of wtr derivations under subsidy

Payments in lieu of taxes

d, cfto. land systems, (cont.)

Other countries

Latin Am. No taxes, no public contribution of any kind. "Green Desert" approach.

Extreme concn. - for historical reasons, but mostly current reasons, bes. in S.W. U.S.
has broken down.

Mexican Ejido. Zapata

Cuba, B.C. (before Castro)

USSR, China

Japan

Viet Nam, Philippines

Eng., France

UK, Antipodes

Situations breeding Communism - not in UK or Australia, but S. Italy, Lat. Am.,
Czarist Russia, etc.

e. Fm. policy in U.S. Valleys, ambivalence, boom & bust.

Swings of land mkt.

Tncy

Concn. of holdings

f. Govt. & urban land use

Mupg. potential of urban land. Need for hinterland control local gov. & quality.

Dependence of urban l.v. on trunk lines .. the distrib. superorganism

Local devmt: the distrib. organism.

Local underdevmt, due to spathy due to mupg position; expansion thru centrally
fixed trunks.

Hi turnover, hi emplmt. in cities. Lower ratio of land to output. Except in
resid.

Coordin & synchron.

Planning, zoning ... higher degree of external econ & dissem.

g. Nat. res. & internat. & interreg. trade

Mercantilism. Capital & colonies. Elast. of 2 dry prodn., gross & net i.g.

Anomalies of mercantilism:

Peripheries often get subsidized. Long-haul short-haul; postage-stamp pricing.

" " are only frontiers, come back to dominate homelands

Austria, Prussia

Hi gross i.g. of Capital goes w. humbler land uses usually. Breeders vs. breeders.

Large, exploitive landholdings breed pol. leadership

Slaveowning s.e. U.S.

furthers

Boothel of Mo.

Need for a privileged class?

Discouraging export of raw mtrls: Eng wool, 1660; Me. Power; are exporting labor jobs.
H. mining &c. mining terms employ. base.
Kautilla on alum. location

Gen to industrialize yet terms of trade turning vs. raw commodities.

Migration policy & nat. res.

h. Conclusion: opt. res. policy

Postulate: empire building & expansion are obsolete. Make best use of what we already have. Spread culture by good e.g., not conquest. Also by trade & invest. Also by im-
migration

Factor proportions, adjust in free mkt to employ all res. Static anal. first; then
dynamic, r.f., 2 dry elast., much more powerful.
Must avoid imbalance of devt. & improvement, that consumes or freezes nation's capl. T.P. & r.f.

Developmental works ... graduated rates.

Where is center? Begin where we are, let gen. eq. move all to best arrangement

Devtl. works - distrib. equity. Tax better res. flat rate, comp. for grad. rates.

Regard both as taxes for a govt. l. service. Ricardian equity.

Child alternative, synthetic equalitarianism: postage stamp pricing, parcelization &
fragmentation, & multiple or divided control. Bes a) Not very equitable; b) Very in-
efficient c) Undemocratic, probably ... at least not notably democratic, creates
petty vested interests. d) Yields no revenue, but consumes much

Problem with Ricardian equity, how create class to support state? Levies?
Clergy? 1st & 2d Estates? Caste of Mandarin? Leave as problem for students?
No - give them something they can do, but not overwhelming. How force pol. campaigns?
How combat over-centralization?

h, Conclusion, (cont.)

~~Level of govt, division of developmental works among~~

Division of developmental works among:

Levels of govt.

Public & prt.

Criterion for division: external economies, need to make them internal

Superposition of new on old

The keeping of cadasters

Valuation - correct theory.

Info. - Soil maps .. (how apply's exist'g ones wd. revolutionize assessment.)

Geol. exploration ... a natch. map? Pooling info.

Water merit

History — make it a big part of course. To help interpret present.

1. Ancient & European history

Land tenure & govt. Pull excerpts from Ag & 321 notes.

Current land reform

Jacoby on Viet Nam

Hardie on Philippines

Bismarckian policies, foster small holders to bolster the state

Feudal system. Domesday &c. cadasters.

Degenerative feudalism — prop. prop'ty in land as ^{product of} decay, not initial building block.

Quisling or zamindar prop. prop'ty.

Wakefield plan. Marx on. Harn. & Jeff., & succession of containment policies.

Plans for compact & orderly w-n settlement: Jeffn; Adams.

Colonial U.S. land systems

Xptn planning. Forest Hill, Goodrich, L G Hines, & R Taylor

U.S. Fed. began weaker, less centralized than many Euro. states, but forerunner

✓ direct taxes; but was more less owned public land.... & kept getting more.

That was what gave unity

1. Why 'Gov. & Nat. Res.'? ^{a. Venture} ^{b. Friction as unity's factor - also a W's product.}

a. Heritage of common ownership. Distribution equity. Need for wide ownership, to support state. (H. Mann, H. George, Francis Walker. ~~Hoffman~~ ^{Yellow Book} Hoffman, ch. 11) consistent w. pr. ent. & prop. Not communism, but bulwark vs. same ... extreme communism grows where reasonable comm. is denied.

b. Need for public control of nat. maps

1. Price-wise

2. Make external exs internal. Yellow Book. Kaut. & Est. Th. 3

b. Overlap of pr. & public bus in land decmt. ... distrib. net. Res. land last for pr. planning becomes public.

c. Imperfect mkt due to spatial fixity; credit rationing ^{Land Banks etc.} Res. gov. spends from land ownership; extracts to it. "Conservation"

d. Sub. social for pr. i.r.; assure tenure to prevent abandonment.

e. Is trap for a value from p.w. containment

f. Permit of the west -- empire bldg., vi. containment

2. What are nat. res. - how differ?

Exotic, unusual res, far away. Damites, etc. But also all land.

Unproduced

Durable -- or else irreplaceable

Fixed location

3. How become pr.?

a. Property in transition -- w. to r. today

b. Govt hist., transfer of public land to pr. tenure

c. Concn. of ownership & control.

4. ~~What~~ Public role in decmt., & non-decmt, a "conservation"

a. Fed. (Manifest Destiny on the r. joins w. resource decmt on the left on this issue - w. logrolling in the middle.)

1. Xptn

2. Exploration

3. Water

4. Agric.

b. State. In our system, the "sovereign"

c. Local

Local distrib. net. Planning. Zoning. Use of tax power. Presiding over expansion. Renewal.

d. Intergovt relations. (Schmoller). Park Mo. Dammed Mo.

5. Other public controls: taxing; ~~zoning~~ regulating output of oil, etc. Farm program.

6. How administer remaining public domain. Forests,

b. Land for recreation (is public bus of access & policy problems. fugitive w. world life, etc.)

7. Land tenure & land reform abroad

8. What is "The public interest"? Hoffman, ch. 11; T release v. Gaffey

b. Tendency of minerals to mppg.
b. Air, etc., public domain

St. Lawrence Seaway

Proper role of govt re res.

Own

Tax

Develop.

How best coord.? Control port.? Plan land, make niches for port.?

Explore for minerals?

Dispn. of domain. Hibbard, Gater, George, Pfeffer. See Hist. notes ...
others on early land policy.

Adm. pub. lands. Clawson on Rouse? Oppenheimer, Dale, Orzard, Gendner,
(Brewer?), etc.

Land in ec. devmt? History of land use, as in Ag. Ec. 468.
Relative backwardness. Take-off?
Current interest. Ag. zoning. Urban renewal. Recreation.

Revival of bombed out lands. Renewal of western Europe.

Foreign land systems. Russia, China, Japan, Viet Nam
(Jacoby), Philippines, Eng, France, etc.

Ref. of Conservation.

Pfeffer as text? ~~Clawson-Hold-Stoddard?~~

Ass. on def. of Cons. [Use in Ec. 149]

1. Peffer

Ch. 6. The Conservation Movement

Ch. 7 The leasing of National Resources.

Show original movement was dual: to stop undue haste & waste in use;
to establish public reservation, & admin. of lands.

2. Bance, ch. 1, pp 1-6, gives several def's. Error, p 5 - no mppy control to conserve.
pp 7-19, discusses soil cons - opt. now, may ass. later.

3. Leopold, Round River p. 145-151.

Mystic preservationist. Change nothing: land organism. balance
of nature, to touch one stone upsets whole world -- "don't disturb the
mechanism" - laissez-faire, to Nature (which = God) "Scratch it anywhere it
hurts everywhere"
Hunting is the highest use, the noblest pursuit of man. Large estates,
small clientele
the ideal.
Nostalgia.

Man is no good unless adjusted to his past environment. & he should
preserve it so he can adjust to it.

Vague econ. Wants to Δ desire for cons., rather than govt intervene

What is Conservation? Loose def. of area of study
+ time-distr. of use of nat. res. } ownership; intensity; admin. etc.

A study of the allocation of natural resources among diff. uses.
The economics of nat. resources. & esp. of exhaustible nat. resources
(But not exclusively - water resources, e.g., & all ~~land~~ nat. resources that
are or may be partly or temporarily exhausted, usually included in
conservation, tho they needn't be. But they do differ from urban sites
in that water may be held back; moved from channel & exhausted. Actually
water resources are mgmt between fields)

As such, emphasizes esp. allocation of ~~the~~ ^{use of} resource among
pts in time

Many conflicting defs of cons. Conflict bcs each tries to
define cons. as optimum state of cons. Thus get into all conflicts in
field. Like trying to define ~~ec.~~ ec. as one man's idea of ideal ec.
system

Def.s of Conservation.

1. a. 'Cons. means greatest good for greatest no., & that for longest time' - Chas Van Hise
1. b. 'Conservation does not mean the hoarding of natural resources for a hazy, indefinite future. It does, tho, mean intelligent & thoughtful planning for every resource of our continent...'

Ray Lyman Wilbur, Secy Interior, 1930. Cited in Peffer, 341.

The platitude

2. 'Cons. is a state of harmony between man & land'. Aldo Leopold.
- The nature mystic, & irreconcilable preservationist.

3. Ely: 1. Maintenance as far as possible. 2. Improvement. 3. Justice in distrib. — no unearned inc.
- The static concept
Ec. in genl
Common Property

~~They~~

4. 'Cons. is determining proper discount rate'. I.C. Gray. A bit narrow. Leaves out other alloc. problems: — what use? But good. But how about conserving flow resources? — means more use. & fisheries? Mgmt.

5. 'Reducing waste'. Engineer's view? Use by products, etc.

6. Zimmerman: 'Reducing consumption to benefit posterity' (but not if due to lower i.r. e.g. just if for specific avowed purpose to benefit posterity).

Textonic philosophical

~~German~~ quibbling, verging on the capious. Cf. Womtrump.

over

7. Womtrump. Shift plans to future. Includes flow res. Then cons. is not nec. good, & depl. v.v. Also, brings in long plans, rather than focussing on something observable — so seeming precision is deceptive, illusory.

8. Cons. is ~~not~~ preserving & enhancing mkt values of
natch. resources. (mngmt) TXs Rwy Comm'n. philosophy
9. Cons. is reserving lands from pvt entry, for future public
adm. — T.R. philosophy
10. Whenever you hold ^{extractive} resource, that has some ~~for~~ present net value
after costs of extraction, for future extraction, you are 'conserving' it.
That seems good enough.

Terms:

Fund & flow & biological resources.

Conservation vs investment

Depletion, same as depreciation or liquidating inventories, which are disinvestment.

If cd. create nat'l resources, cd have 'conserve' mean 'create res.', opp. of depletion, just as inv. is opp of disinv. But as you can't do that, cons. can't mean that.

Of biol. res.s, cons. can mean maintenance, at same value. of exhaustible - you cd. 'maintain' them in sense of discovering & making accessible thru new exp'n & equipmt & technique as much as use each year. That wd. apply to total - not to indvid. deposit.

Economics 455

Assignments

1. Defining "Conservation"

- add 19 ———
1. Peffer, E. Louise, "The Closing of the Public Domain", Chapters 6 & 7. 8/19
 2. Bunce, Arthur C., "Economics of Soil Conservation", pp. 1-6
(remainder of Chapter 1 optional)
 3. Leopold, Aldo, "Round River", pp. 145-157.

~~Def. of~~
'Conservation'

1. I do not distinguish "improving" land from "maintaining" land, and improvements against deterioration. "Conservation", "Maintenance", and "capital formation" are, in this context, essentially the same: each returns a future value for a present sacrifice. Abused office buildings may "erode" away like abused soil. "Maintaining" old ones "creates capital" as much as building new ones. "Erosion" arouses more concern because it is easier for an outsider to know that something has been destroyed than that potential values have not been created. But the waste is as real in either case, and has the same causes.

7-62. after writing above, whenever that was, I clearly changed my mind.

E. 149. Give of student ideas on Gov. & nat. res.

Not afraid of govt.

1. Ad popm. pressure calls for better use (Perry)
2. Need govt. to keep nat. res. from 'running out,' - hrs. of control & size. (Sieffer)
3. Pvt. enterprise will waste -- "promoters" will "exploit." (Slagodka)
4. Trend is toward more govt. control
5. Res. for nat. power; avoid specie outflow. (Harder)
- ✓ 6. Taxes affect rate of use
7. Govt. should distribute equitably & protect for future.
8. avoid exhaustion (Dinger)
9. Tell Pvt. enterprise how to run its business
10. Res. belong to the people. Govt. controls & regulates.
11. Keep Pvt. enterprise from wasting.
12. Research to utilize better.
13. Need control hrs. limited; exhaustible
14. Prevent a limited few from exploiting res. to detriment of all.
- 15.

~~How nat. res. became priv.~~

I. What are nat. res. Inventory, subject matter. Include fregs., airplanes, street space. ^{include distr. nets, nat. monopolies which require bearing's sovereignty's own domain.} Discuss relative values, & areas. Assign something on

land use in U.S. -- Wooten & Anderson; or their chap. in Land

✓ Useful summary

II. How become priv. ^{Property in transition or precarious tenure.} The zamindari route; mil. payoff; mil. frontier method; sales for revenue, as in Brazil; degenerative devolution of feudal system

III Govt. ^{influence over} ~~control of~~ land. under priv. tenure

A) Tax's. Assertion of public ownership

B) Dirigisme

^{Zoning; ag. policy; easements. the ts. prorated; intl. trade controls; redistribution, à la Bismarck; em. domain; urban renewal.}

C) Govt. [&] devmt. of priv. land

Xpts (by govt., or controlled by govt.) (Means of expand'g govt.)

Socialism

III. Paternalism & Decadence: results of ~~social~~ public assertion of rights in

res.? or alternative to it? Cases of Rome; Russia, 1917; France, 1789;

China, 1949; etc. Don't say obligations to the state, but "duty to their country."

V. Adm. of public land res., domain

A Rootless, vagrant res.

Water
Wildlife
Domain

B. Land surface

^{waterfield containment v. compensatory p.w. Compact ideal of f.a. Adams in between.}

3. Subsurface

~~Problem of extreme conservation of ownership~~

~~Land reform~~

VI. Land in ec. devmt.

Land reform

206-7

Puritans originally allowed no spec. granted land free to individuals or groups of proper faith. Idle fields were to be divided equally among newcomers until village settled. but as time passed & thickening settlement

brought home the value of their holdings, they showed an increasing tendency to retain control of the undivided lands & refuse grants even to men of proper religious views. Thus there grew up in

each New England Town 2 distinct classes, one consisting of the original proprietors & their heirs, the other of new arrivals who were landless.. " Thus were planted the seeds of conflict

that racked nearly every village."

556

"Origin of the Land Speculator."

& much more, on this & other subjects.

Props withdrawn land from village control, as newcomers could vote equally. Made it private property.

Split
Society

Nat. Res. & intl. trade.

Mercantilist doctrines, colonies for raw mtrls.

Dilemma of Gt. Italy, Japan.

Anti-colonialism, prohibit export of raw, require processing at home. (1660, Eng. (forebade wool export))

Terms of trade turning vs. raw mtrls.
Knutilla on location of alum., use of tariff to det. location

Write for reprints - wrote, 9-22-62

Russian Hist. -- binding labor to the soil
parcelling out soil, in min, subject to taxes

HAMMERMILL
BOND
MADE IN USA

Fung & Dunne.

Ambivalence -- containment v. anti-containment.
properties interests in both areas.

Need for pol. unity causes subsidize to regul. areas.
cf. this vs. philos. of mercantilism, outlands are exploited
by center. Do we have an "anti-mercantilism" operating?

Immigration policy -- based on idea of kind nat. res.

Malthusian thg., modern stuff.

Re common town.

Max Weber, Arb. Ec. Hist., F. Knight & Ltd., 1921. Greengard, N.Y.

ch. 1 - ag. orgn; agrarian communism.

Clapham, & c. -- see ag. Ec. 468 files.

Geiger, A.R. Thy of the Land An 333 G 275 E

ch. 4, 'Historical Aspects of the Land An.' pp. 103-15, Egypt - modern times

Central govt. tends take over fun. of govt. from local; &
in process relieve local landholders of burden of public contributions.

FTC, control of iron ore.

Veitch,

Minerals -- exploration needed. Systems of ownership. ^{Mexico, Alberta} Depletion allowances.

Stockpiling.

Exploration a nat. monopoly, is argument pro govt.

Leeman, W. Oil in mid-east.

Montgomery, Brimstone Gnome

Lehmann, Sulfur, in Palay Comm. Rpt.

Hicks, chap. on prelude to Popm

Saloutos & Hicks -- 1900-39

Govt. & minerals policy --

Monetary minerals -- silver, gold

Oil -- depletion; naval reserves; leasings; *

State taxation -- W. Roberts

Roberts, W. State Taxn of Minl. Deps.

Minerals & campaign contributions. e.g. silver bought populist party.

Policy v. treaty

U.S.

abroad. Wiping out absentee?

Land ownership & communism. How Russia & China got that way.

CAA

FCC

FPC

ICC (reg. navigable waterways, truck rates, use of rr rts of way)

AE

BR

FS

BLM

NPS

Bur. of Mines

USDA -- Soil Bank. W&C?

Ackerman & Harris, Farm. Fin. Pol.

Klein, The Mesta. 338.6 K 67. Chaps 16, 17. Govt. & nat. res.

Simclair, H.M., Preface to Ex. Hist 330.9 S162p Readable, perceptive, original

Soil exhaustion & decline -- Lowdermills, Cramer, Usher, Dale

File: Course Planning

INDIANA UNIVERSITY

School of Business

BLOOMINGTON, INDIANA

Box B

January 19, 1960

Professor Mason Gaffney
Department of Agricultural Economics
College of Agriculture
University of Missouri
Columbia, Missouri

Dear Professor Gaffney:

Thank you for your letter of January 15 concerning the fellowships in the area of quantitative analysis for natural resource use. It was good to hear from you again and also to learn of the resources program.

I will talk to several of our MBA students concerning the fellowships, and it is quite possible that I may have a candidate or two for you. Of course, however, we do like to keep the kind of student you describe for ourselves.

Did you know that David Martin is located here in the School of Business? I told him of your letter and he sends his best wishes.

Incidentally, I worked with Jack Hirshleifer at RAND last summer and he spoke very highly of your piece on financial maturity in timber.

I am enclosing a brief description of my new course in resources, which was offered for the first time last fall. The main texts were:

- 1) McKean, Efficiency in Government Through Systems Analysis
- 2) Scott, Natural Resources: Economics of Conservation

Best wishes.

Sincerely yours,

Jerry Milliman

J. W. Milliman
Associate Professor

JWM/pf

Course Description:

Designed to provide background in the utilization of natural resources; legal, technological and economic factors governing use. Consideration is given to problems of business enterprise and to governmental policies leading to growth and development, reclamation and conservation of natural resources.

Major Study Areas:

- 1) Resource management and administration from the standpoint of the individual firm and industry. Emphasis here on applied economics and on technological and institutional constraints.
- 2) Public policy designed to promote efficient resource use. Emphasis here on political economy; legal, political and economic aspects of governmental action.
- 3) Relation of natural resources to economic growth and development. Project and area studies. Problems of regional development.

Some basic topics:

- 1) The theory of resource use.
- 2) Resource law.
- 3) Tax policies.
- 4) Cost-benefit analysis.
- 5) Institutional and technological problems of particular resource categories, e.g., stock versus flow resources.
- 6) Regional growth factors in relation to the natural resource case.

The content of the course and the emphasis on basic topics will vary somewhat from year to year in order to meet the particular interests of the students enrolled.

Agitate students to agitate
for public access to shoreline,
all the way. A state park,
perhaps.

Not to buy. Assert public
right, never sold.

E. 149

U.S. land is over. We're not getting our
revs. from it.

Not getting best use from it. E.g.
Nat. Forests

