



Cato's government downsizing efforts turn toward Interior

The Cato Institute has turned its attention to the U.S. Interior Department for the latest addition to the DownsizingGovernment.org website.

Cato's [Chris Edwards](#) tells us:

Interior is not one of the largest departments in terms of spending, but it has huge control over the lands and resources of the western United States. It oversees more than 500 million acres of land through the Bureau of Land Management, the National Park Service, the Fish and Wildlife Service, and other agencies. The department also houses the Bureau of Reclamation, which distributes subsidized water, and the Bureau of Indian Affairs, which administers aid programs for American Indians.

Here are some ideas for policymakers and the public to consider:

· Federal Lands: During the nation's first century, the federal government focused on selling and giving away its lands to individuals, businesses, and state governments. In the 20th century, the government reversed course and began grabbing more land, but federal ownership has not led to sound economic or environment stewardship. A revival of federalism in land policies is long overdue.

· American Indians: The federal government has an appalling record in its dealings with Indian tribes, and since 1824 the Bureau of Indian Affairs has been one of the most mismanaged and destructive of federal agencies. The path to prosperity for Indians is not through federal subsidies and top-down regulations, but through reforms to property rights and other institutions on reservations.

· Water Subsidies: The Bureau of Reclamation operates dams and other water infrastructure in the western states. Its large subsidies for irrigation combined with restrictions on water transfers are contributing to a growing water crisis in many areas. Policymakers should focus on reforms to reduce subsidies, transfer federal infrastructure to state and private ownership, and move towards water trading in open markets.

One interesting thing about reforming Interior is that economists and environmentalists share some common ground. Federal policies that set prices for irrigation water, grazing lands,

timber, and other resources too low are both economically inefficient and harmful to the environment.