

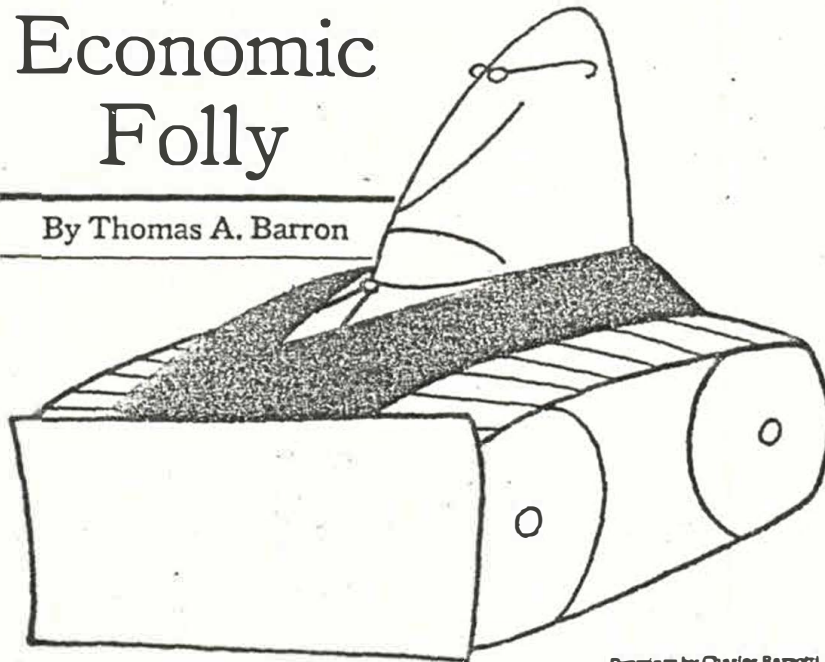
Take your most valuable personal property — your home, life savings or business. If you placed this property under a trustee's protection, you would demand that he manage it conservatively and sensibly, to preserve its long-term value for your children. If the trustee suddenly started liquidating your most valuable assets for only a fraction of their market value, you would fire him immediately.

Interior Secretary James G. Watt is such a trustee. You and I have entrusted him with safeguarding an immensely valuable portfolio of assets: our public lands. His job is to manage those assets wisely, to earn revenues, to develop needed resources, and, above all, to preserve the trust principal for future generations. For two centuries, administrations of all political views have managed the national assets. As prudent trustees, they have understood that mistakes can be expensive and irreversible, so they have customarily erred on the side of preservation over development. That is no longer the case.

Mr. Watt, completely rejecting his predecessors' cautious approach, has spearheaded "privatization." Although he has defended his radical departure on economic grounds, his policy is actually an economic disaster. The theory behind privatization sounds attractive: The virtues of private enterprise should be applied to any Federal properties with possible commercial value. The

Watt's Economic Folly

By Thomas A. Barron



Drawings by Charles Barotti

amount of Federal coal properties leased or sold, regardless of the huge oversupply of coal on the market. In the 1982 Federal coal sale in Wyoming's Powder River Basin, the Government's receipts averaged only 3.5 cents per ton, far below the average 19 cents per ton brought by comparable

that show that less than 1 percent of the 48 contiguous states' potential on-shore reserves are in wilderness areas.

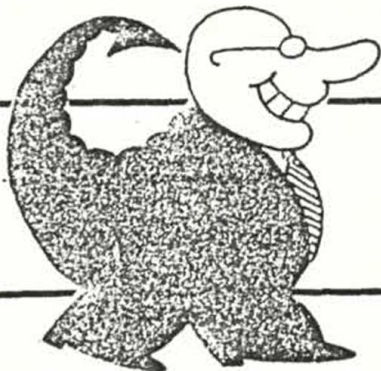
Despite declining oil prices, he is striving to lease virtually all the remaining one billion acres of coastal waters to oil companies — 25 times the total amount of acreage leased since the program began in 1953. This could cost the taxpayers up to \$46 billion.

Why is the richest nation on earth conducting bankruptcy sales? Mr. Watt's answer: The cash will help offset the national debt. But even if the Government met its own goal of raising \$17 billion over five years from the outright sale of property, this would offset only 3 percent of the interest on the debt in that period — and not even touch the \$1 trillion principal. Furthermore, Mr. Watt ignores the obvious dangers of dealing with a perpetual revenue problem through the one-time sale of irreplaceable assets.

This economic folly is compounded by Mr. Watt's arrogance: "I have never been criticized by anyone I respect." His missionary zeal to immediately liquidate Federal assets denies our heirs any voice in determining whether, when and how their trust principal might be sold. Does his great haste to divest spring from a fear that they might choose a different course?

No economic theory can justify privatization-at-any-cost. Only Mr. Watt's personal ideology can. His faulty economics demonstrates that he is as oblivious to the rules of the marketplace as he is to the rules of responsible leadership. He is selling off the principal of our trust — at bargain prices.

We should immediately fire the trustee.



His sales of public lands: a disaster

Administration, however, uses the theory to justify pushing as much property as possible, as rapidly as possible, into private hands regardless of market conditions. The result has been a rash of unbusinesslike sales that have driven down the market price of prime public assets, creating windfalls for lucky purchasers but robbing the taxpayers and Treasury of enormous revenues.

The Administration is selling off up to 35 million acres of public land — an area the size of Massachusetts, Maine, New Hampshire and Vermont combined. Mr. Watt openly disregards the risk that unsystematically dumping these properties on real estate markets will cause severe underpricing.

Mr. Watt is vastly accelerating the

tracts in the region within the previous 18 months. Although independent estimates of the value of the tracts ran as high as \$250 million, and the Interior Department's own regional office originally set the minimum acceptable bid at \$95 million, Mr. Watt's sale garnered only \$55 million. Despite such wasteful sales and a continuing market glut, he is now expediting the disposition of 10.7 billion more tons of Federal coal.

The Administration plans to double the amount of timber cut from national forests by the year 2000, despite the current three-year surplus of Federal timber that has been bought but not yet cut. This aggressive plan would remove trees faster than our forests can replenish them. It risks depleting our timber supply, causing future shortages.

Mr. Watt has tried to open several of our last remaining wilderness areas to oil and gas drilling, despite studies

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