

Conserving Natural and Cultural Resources



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Our cover story this issue features the Appalachian Trail, one of many scenic areas under the jurisdiction of the National Park Service. The park service was created as a bureau of the U.S. Department of the Interior in 1916. It currently manages 376 areas, including parks, monuments, historic sites, trails, and seashores throughout the country. The park service's mission includes the conservation of our natural and cultural resources for the enjoyment and education of present and future generations.

Carrying out this vital mission has become increasingly difficult in recent years where the benefits of recreation and conservation have seemed to come into conflict. Some of our most popular parks are inundated with visitors, causing overuse and degradation of trails and facilities and threatening ecological systems and wildlife.

Steps are being taken to address some of the park system's most urgent problems. Plans have been announced for light rail or bus systems to ease the congestion of cars at the Grand Canyon, Yosemite, and Zion national parks. And a three-year experiment with higher fees is bringing in additional revenues at many parks throughout the country. But difficult choices remain as the park service struggles to protect our natural and historic resources while ensuring ever-expanding access to them.

Economic principles can help us think about how to balance the benefits of conservation and recreation. National parks have some of the characteristics of what economists call "public goods." Public goods differ from other goods and services in two ways. First, it is impossible to exclude people from enjoying the benefits of a public good. Second, one person's use of a public good does not reduce the supply available for others. In short, economists say that a public good is both nonexcludable and nonrivalrous. Because of these features, public goods are better provided by government than by private enterprise. Police protection and national defense are two prominent public goods.

In the case of national parks, conservation is a public good because one cannot exclude people from taking satisfaction in the preservation of natural resources. That satisfaction is also nonrivalrous. On the other hand, recreation is both excludable and rivalrous.

If national parks provided only recreation, which is essentially like an ordinary good provided by private markets, it would be economically appropriate to charge park user fees that fully recovered the cost of providing recreation. However, pricing is more complicated if parks also provide conservation benefits, which are public goods. Costs that are directly attributed to recreation can still be recovered by user fees. But costs that are common to both recreation and conservation should be recovered by a combination of user fees and general tax revenues. In a time when federal government funds are increasingly scrutinized, it is useful to explore ways of covering a greater share of costs through fees, as the park service is doing.

Ideally, the first step in setting fees is to determine a target level of usage that balances the benefits of recreation and conservation. Among the many fee structures that achieve the usage target, some produce more revenue than others. For instance, the greatest revenue may come from a structure that utilizes differential prices. Prices that vary with time or frequency of use bring in more revenues from those park users with the greatest willingness to pay.

Such economically efficient pricing of national park use can help us maintain recreational access while preserving our natural treasures and exercising prudent stewardship of government funds.



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