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Cowboys, Ranchers and Hedge Fund Managers...Oh My!



Photograph Source: Anthony Easton – [CC BY 2.0](https://creativecommons.org/licenses/by/2.0/)

(To protect the guilty and for fear of retribution, this essay does not use real names. Rich land owners in this part of the world tend to keep us common folk intimidated and quiet through liberal deployment of lawyers. Other than proper names, everything else is factual.)



These photos are of Mountain Creek [sic], taken ½ mile apart on the same day, within minutes of each other. The photo at left is above the irrigation diversions, whereas the photo at right is below.

Yesterday and today I watched a cow farmer wring the last drops of water out of a mountain stream that runs through our property and on down into the Roche Jaune River (let's say)—at least during some of the year. The farmer was damming and digging to divert the remaining water of Mountain Creek into a ditch feeding a pipe that, in turn, feeds a central pivot irrigation system that, in turn, sprays water on a field of grass and alfalfa that, in turn, is made into hay. The hay is fed to Black Angus cows that produce calves that 7 months later are sold to feedlots—where they are then fed corn and soybeans until they've fattened enough to be shot in the head with a bolt gun prior to being butchered. Anymore, most of the meat from these feedlot-finished yearlings goes to satisfy the burgeoning market for cow meat in the Orient.

But all of this traces back—at least in a small way—to Mountain Creek, the cow farmer I was observing, and the deeper history of how European colonists despoiled the mountain West. The specifics matter here because this mini-drama set in the magnificent mountains of Montana comes as close as any to being an exemplar of a contemporary malaise featuring the romanticized West, the mythologized cowboy, and our national infatuation with both.

The Abuse of Western Lands & Water

Mountain Creek is a beautiful small stream fed by run-off from surrounding mountains that does all of the things that mountain streams do—bubble, sparkle, tumble, and cascade,

all the while sustaining a rich bottomland populated by spruce, cottonwoods, aspen, deer, moose, mountain lions, and bears. At one time it supported a healthy population of Yellowstone cutthroat trout, but not anymore, largely because the lower portions of Mountain Creek are routinely dewatered between July and September by the cow farmer, Joe Froehlich (for convenience sake), and his father before him to grow hay for their cows. This dewatering has not only devastated the stream's fish, but caused a slow decline of cottonwood and aspen that struggle to survive the human-caused drought.

This devastation of the aquatic and riparian habitats exists in a sordid symmetry with despoliation of the surrounding uplands. With the exception of land occupied by McMansions, all the pastures and fields around lower reaches of Mountain Creek are devoted in one way or another to sustaining or propagating non-native weedy species. The grasses and forbs used to make hay are all non-natives—"useful" weeds, if you will. Black Angus are also non-natives, bred to be docile meat factories. They not only consume the hay grown in the irrigated pastures, but also graze the uplands. Thanks largely to the cow farmers who manage the cows, this grazing has been heavy enough to replace much of the native vegetation with weeds that even cowboys consider to be "weeds"—noxious species such as cheatgrass, spotted knapweed, leafy spurge, and Canada thistle.

The Mythic Ruse, Part 1

And then consider Joe Froehlich and his ilk. They proudly proclaim themselves to be ranchers and stockmen sustaining the rich ranching heritage of the West, all the while practicing wise and caring husbandry for "The Land"—which, on the face of it, is peculiar when one thinks about literal meanings.

These sorts of claim are, quite frankly, little more than a tediously familiar art form that has been perfected by Donald Trump—creating "reality" through proclamation, and without any regard for the facts.

Sordid Appropriations

As it turns out, Joe manages the ranch where he lives and (mostly) works for a guy named Douglas Lassiter (perhaps). Doug lives in Rich People's Suburb, California. More to the point, Doug made a pot-load of money running businesses such as Way Out Venture Company and Big Bucks Financial Company that specialized in overseas investments and hedge funds. He used some of this money to buy a trophy ranch in Montana's Heavenly Valley. This ranch—the Legacy Ranch—is where Joe manages operations and makes his income on shares and from a salary. His affiliation with Doug Lassiter and the Legacy Ranch is the only reason he can afford the fleet of high-end tractors, swathers, balers, and

transports that he assembles *en masse* to periodically harvest hay on the irrigated fields he leases from his mother, Dolly (let's say).

Dolly's husband David Froehlich purchased the land where Joe grows hay during the early 1970s. David purchased it on the cheap by paying off back taxes. This property, amounting to roughly 750 acres, came with Water Rights that date back to the early 1880s, when European colonists finally got serious about occupying the Mountain Creek environs. These so-called rights were obtained simply by claiming them along with the prerogative to indefinitely withdraw specified amounts of water from streams and springs. Importantly, these rights could be passed on to subsequent owners at considerable private profit, which is how David obtained water rights dating back to the 1880s when he bought the associated property many years later.

The amounts of water allocated from any given stream during the 1880s were based on only vague guesswork about how much water was there in the first place. As in the case of Mountain Creek, the result is over-allocation of water well above any amounts that might be available. Unfortunately, the perversities of water law prevent these historical inaccuracies from ever being corrected. Moreover, there is a mandate to use the water. Hence, we see Joe Froehlich industriously working to extract the last drop of inadequately provisioned water from Mountain Creek, aided and abetted by his apparent lack of concern for the plight of any native plants or animals.

Tax Relief for the Rich

The tax code of Montana adds insult to the injury caused by cow farmers and rich out-of-state landowners profiting from public resources such as mountain-fed streams. More specifically, you get a massive break on your taxes if you can somehow demonstrate to the State of Montana that you are raising non-native plant and animal species to sell for personal profit.

So what kind of a break? Consider our property. We own a very modest house and outbuilding on a little under 3 acres—that isn't used to raise non-native plants or animals for profit. The appraised value for tax purposes is \$202,000. By contrast, the property currently owned by Dolly Froehlich and farmed by her son Joe is nearly 750 acres. This property also has a house and out-buildings, and is appraised at roughly \$416,000. Or take the Legacy Ranch bottomlands. They amount to roughly 480 acres, with several sets of modest to high-end houses and outbuildings, in total appraised at \$1,747,000. Put another way, even controlling for differences in physical infrastructure such as buildings, we are

paying roughly 75-120 times more per capita in taxes. And lest you forgot, the Legacy Ranch is owned by a rich hedge fund investor from Rich People's Suburb, California.

And, then, on top of this, the rich people who own Montana ranches invariably create a shell corporation that protects them from any tax burden that might accrue from the minimal, even accidental, profits they make on their agricultural holdings in the state.

These enormous tax breaks lead to a rather perverse outcome. Not only are the vast majority of lower- and middle-class taxpayers (yet again) massively subsidizing the profit-making ventures of a relative handful, but, in addition, people who do acquire agricultural properties in Montana are heavily incentivized to continue raising non-native plants and animals for commercial purposes—even if these rich new owners from out of state might prefer to promote more benign and environmentally friendly land uses.

Conservation Easements, Please?

People caught in this nexus of wanting to preserve their huge tax breaks, yet promote some sort of conservation outcomes, has led to a burgeoning of conservation easements under auspices of the land trust movement. On the face of it, this all seems well and good, yet with another perverse outcome. The land continues to feature commercial production of non-native plants and animals, often overseen by locals with less benign inclinations who go forth under the proud banner of “ranch manager.” Rich absentee landowners are also invariably seduced by the notion that they are meanwhile preserving the proud ranching heritage of the West while protecting open space.

Another neighbor of ours is a shining example of this phenomenon. The nearby Big Spring Ranch brags that it was one of the first in the region to establish a conservation easement. This ranch has what turns out to be a tediously familiar history. It was bought in the late 1960s as a fly-fishing venue by a rich Ivy-League-educated investment banker from back East named (for convenience) Donald Waldrop, since deceased. The ranch was converted to a Limited Liability Corporation that is overseen by a scion of Donald's named (let's say) Dennis. The remaining offspring live in the New York City area. Operations of this property, including the grazing and raising of irrigated hay, are managed onsite by local cow farmers who operate on the same basis as does Joe. The result, again, is the draining of water courses to raise non-native plants to feed non-native Black Angus cows—along with abusive grazing practices that have produced an expanse of spotted knapweed unlike any I've seen elsewhere in the area.

But, just to emphasize, this is all happening on a ranch with a conservation easement owned by the rich largely out-of-state offspring of an even richer man from the East Coast

who bought the ranch as a base for his fly-fishing entertainment. And, again, to make things more concrete, after accounting for equivalent amounts of infrastructure, we are paying a tax rate 160-times higher than that paid by Big Spring Ranch LLC.

The Mythic Ruse, Part 2

So, what does this all mean?

First and foremost, all is not what it seems to be in the mythic West.

“Ranchers,” especially in amenity-rich areas such as the Yellowstone region, turn out to be almost wholly a bunch of rich out-of-state people who made their fortunes elsewhere, usually in the finance, technology, and entertainment industries, although with a smattering of representatives from other economic sectors. Or, if not those who made their original fortune elsewhere, then almost certainly their immediate offspring who took up residence, often completely besotted with cowboys.

“Cowboys” are, in turn, largely wannabe ranchers working on shares or for wages on behalf of wealthy out-of-state landowners, all the while pretending to be ruggedly independent and otherwise self-autonomous. They are, moreover, running around tending a bunch of doggedly dumb cows with dung smeared on their asses when not cutting grass to feed them.

“Stewardship” turns out to be a strange perversion. The kind of stewardship practiced by cow farmers is a mendacity under which all sorts of atrocities have been perpetrated, including widespread dewatering of streams and devastation of aquatic environments; conversion of vast acreages to dominance by noxious weeds; and usurpation of some of the most productive and biodiverse habitats in the West to growing non-native grasses.

Adding insult to injury, this overblown pretense is massively subsidized by the rest of us taxpayers.

Yes, But...

When pressed, those who are profiting most from this sham resort to platitudes such: “We are hard-working salt-of-the-Earth people,” or “We are preserving the Western Way of Life,” or “Would you rather have condominiums rather than cows?” or “Without us you wouldn’t have anything to eat.”

My responses are pretty straight-forward. I’ve seen people behind the counter at McDonalds—and in many other places besides—who probably work every bit as hard as any cow farmer. Working hard doesn’t automatically mean other taxpayers should turn their pockets inside out on your behalf. And if what I’ve described above is “the Western Way of Life,” then the sooner it dies the better.

Besides this, the presumed choice between cows and condos is simply a red herring. What we need instead are major changes in tax codes, zoning regulations, and all of the other perverse incentives that perpetuate destructive agricultural practices in places that deserve something better. The claim also assumes that land use is dichotomous: if not cows, then condos. In reality, the influx of money coupled with demand for an amenity property is probably so great that most properties currently devoted to raising cows would end up being purchased in one piece, put into some other land use, with new landowners incurring a tax burden they can easily afford. But such people are often businesspeople. If you can get a big tax break, why not take it?

The apologia regarding the essential role played by western cows in our national diet deserves yet more of a response. For a start, cows raised in Montana comprise a trivially small portion—roughly 2%—of the total raised nationwide. Even when combined, all of the states in the Intermountain West only account for roughly 14% of the national output. Secondly, meat from cows is a luxury item sustained by a pyramid of agricultural activities that displace the production of truly essential foods on nearly 170 million acres, largely in the Midwest. Think about all of the corn and soybeans raised simply to feed methane-spewing cows in feedlots—which is where most cows in Montana end up. In any case, much of the beef raised in Montana goes overseas anymore; certainly, virtually none of it remains in-state for locals to eat, simply because there are few feedlots and no packing plants left. But this is merely the tip of the proverbial problematic iceberg. Suffice it to say, the contention that the simple act of raising cows in a biodiverse and amenity-rich area somehow equates to a vital role in our national diet is utter nonsense.

Please Grow Up

My tone in this essay no doubt comes across as indignant, even incensed—and for good reason. That's how I feel. Unfortunately, we live in times when there are many injustices to be incensed about, but what I write about here is an injustice in my back yard that I bear witness to every day.

What I find to be every bit as distressing, though, is the extent to which the social, political, cultural, and ecological travesties of my environs continue to be abetted by our collective infatuation with a mythic West that was largely concocted in the first place, and now, in any case, almost completely gone. It is long past time for the institution of welfare ranching to be uprooted—root, stem, and branch—and for the rest of us to grow out of our Hollywood-concocted adolescent infatuation with The Cowboy. An overhaul of how we manage water and tax land in the West wouldn't hurt either. **CounterPunch 14.09.2020**