

# Economic Tradeoffs and Institutional Guidance in Public Resource Allocation: Evidence from U.S. Public Lands

Maya A. Norman\*

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## Abstract

The US federal government owns nearly half of the Western United States, one of the least developed contiguous landscapes in the world. Public agencies, rather than markets, allocate these lands between development and conservation. The Bureau of Land Management (BLM) is the primary agency making this tradeoff, deciding where mineral extraction that generates billions in public revenue should proceed and where it should be forgone for conservation. Despite the importance of the BLM's allocation decisions, the mechanisms underlying them have never been studied. Federal law requires the BLM to maximize the land's market and non-market resource values and publicly justify its choices to stakeholders. But the law does not specify how to value non-market resources or reconcile competing demands from pro-conservation and pro-industry stakeholders. As a result, roughly 150 local offices retain wide discretion over these judgments. Until now, systematically studying how offices exercise that discretion has been infeasible because the evidence is scattered across sprawling planning records and maps. I develop a framework using AI agents to transform these records into a form suitable for discrete-choice econometric methods. I then apply this framework to 11 local offices and roughly 90,000 pages of planning records, recovering how much revenue each office would forgo to (i) conserve non-market resources and (ii) follow established conservation standards rather than justify departing from them to stakeholders. I find that the median office is willing to forgo roughly \$60,000 in annual revenue to conserve one acre. I also find that in seven out of ten decisions, the median office passes up the resource-value-maximizing choice to remain closer to an established standard. This tendency to follow standard practice matters for policy. I compare two ways BLM headquarters can steer local offices. One is to recommend a specific conservation practice, such as a one-mile no-drilling buffer around birds' nests. The other is to use a price-like instrument that specifies the value of conserving a resource. Counterfactuals show that the recommended practice can be as cost-effective as the price-like instrument in achieving the same conservation gains.

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\*Sustainable Development, Columbia University, email: man2185@columbia.edu