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MEETING WITH KENT FRIZZELL  
ACTING SECRETARY OF INTERIOR  
Thursday, August 28, 1975  
4:30 to 6:30 p.m.

Situation Conference Room



# United States Department of the Interior

OFFICE OF THE SECRETARY  
WASHINGTON, D.C. 20240

MAR 18 1975

MEMORANDUM FOR: The Vice Chairman of the Domestic Council

FROM: Secretary of the Interior

SUBJECT: Domestic Council Study of National Domestic  
Needs and Current Policy Problems

In response to your memorandum of March 11, 1975, I welcome the opportunity to be of assistance in your task of advising the President on domestic needs and current policy problems. Below are presented in priority order five initiatives the Department of the Interior is proposing in order to address major domestic problems:

A.

## I. Initiatives for Energy Independence

The growing role of insecure oil imports in total National energy supply has brought a new set of problems, centering around higher energy prices than ever before, threats to the strength of our foreign policy because of the possibility of import interruptions, and adverse effects on inflation rates, unemployment and the balance of payments.

## II. Current Policy

Project Independence is the Administration's strategy for greater energy independence, which is based on the following elements:

- raising oil and gas prices above their market-determined levels in order to discourage consumption and imports
- instituting a number of energy conservation measures, such as encouragement of more efficient automobiles, better standards of building construction, and the like
- taking actions to increase the supply of energy from secure domestic sources

### III. Interior's Role

Interior is primarily involved in the supply-expansion part of the Project Independence effort:

- on the Outer Continental Shelf, Interior plans to conduct six lease sales per year, and open all major frontier areas to exploration and development by the end of 1978. If this is done, the production from the OCS could more than triple by 1985, to about 5 million barrels of oil per day.
- closely related to OCS leasing, the Department is developing proposals for Federal assistance to coastal States based on OCS activity, supporting increased funding to Coastal Zone Management planning, and supporting development of the CEQ-sponsored Oil Spill Liability Act.
- in coal, Interior is preparing for resumption of coal leasing on Federal lands, which has been under moratorium for over four years. Elements of the effort include a regional coal development study of the Northern Great Plains area, preparation of an environmental impact statement on a program of resumed leasing, and comprehensive review and revision of pre-1971 coal leasing policies. The goal is to make Federal coal available if it will reduce energy costs, and if the environment can be protected, but to prevent leasing of reserves which would be excessive in relation to near-term production plans.
- in oil shale, Interior has leased four prototype tracts in Colorado and Utah, and development is under way. The Department is now considering ways to lease additional tracts for in situ development (underground retorting), which would have substantial environmental advantages.
- in geothermal, the Department has well underway a program of geothermal leasing.
- Interior is managing, in various stages, the development of major new energy supply facilities, the two leading examples of which are the Trans-Alaska Oil Pipeline, now under construction, and the competing proposals for gas pipelines from the Alaska North Slope, on which feasibility studies and environmental analyses are now being conducted.
- Interior continues to be a major factor in generation and distribution of hydro-electric power.

- Energy-related R&D which remains after formation of ERDA, especially in the Bureau of Mines and U. S. Geological Survey, is of supporting importance to the overall energy-independence effort.

B.

I. Initiative to increase Federal assistance to States for the acquisition, development, and operation of parks

Public demand for outdoor recreation has grown significantly in recent years but so have the costs of providing it. More and more, States and the Congress are turning to the National Park Service to provide essentially local recreational services because of the growing costs. This movement is beginning to erode the National Park Service's mission and capability to administer the truly national parks. The President should consider legislation to increase the level of grants to States for park acquisition and development and to give Interior the authority to make operational grants for larger state parks.

II. Present Policy

The President's FY 1976 budget requests appropriations of \$300 million from the Land and Water Conservation Fund for park acquisition, \$180 million of which would go to the States under a matching grant program. The \$300 million is the authorized limit. The purpose of this program is to encourage States to increase their role in meeting growing outdoor recreation demand.

III. Interior's Role

Interior maintains the national park system and administers the state grant program of the Land & Water Conservation Fund. However, unless our State grant authority is increased and broadened in scope to permit us to assist States in the operational costs of large State parks, the national park system could become inundated with parks of less than national significance which will decrease our ability to adequately preserve the traditional and unique national parks. Presently, States lack adequate incentives to acquire and operate large parks when the opportunity exists for the Federal government to acquire and maintain these same parks at no cost to States and local governments.

C.

I. Creation of opportunities for greater self-determination for Indians

The special relationship between the Federal Government and Indian tribes, arising from treaties, trust relationships, and Federal

laws, has in the past had a tendency to generate an atmosphere of paternalism which has impeded self-determination.

## II. Current Policies

- The Nixon Administration coined the phrase "self-determination" in the President's Indian Message of 1970. In that message, the President initiated the policy that Indians would be given a greater opportunity to determine how their special relationship with the Federal Government could be improved and to help administer the Federal programs which serve Indians.
- In December 1974, President Ford signed into law the Indian Self-Determination and Education Assistance Act. This law sets forth Indian self-determination as Federal policy and creates institutional mechanisms by which Indian tribes can achieve greater control of the administration of Federal programs.

## III. Interior's Role

Interior has taken numerous actions to implement the Administration's self-determination policy, such as:

- the establishment of a mechanism for the direct participation of tribes in the annual formulation of the budget of the Bureau of Indian Affairs;
- the promotion of tribal administration of Federal programs through contractual relationships as a substitute for direct Federal administration;
- the promotion of block grant authority which Congress did not act on;
- the promotion of an expanded financial loan and grant program which was enacted last year;
- the creation of comprehensive on-the-job training programs which also provide employment and ultimately the creation of Indian owned and operated business enterprises.

Currently, the Department is developing the necessary regulations to implement the Indian Self-Determination and Education Assistance Act. Upon the completion of the regulations and implementation of the Act, the manner in which the Bureau of Indian Affairs provides its services should change significantly. The Department will need the continued strong support of the President in order to convince and assure Indian leaders that these changes mean a stronger and improved

relationship between the Federal Government and Indians and not a termination of this special relationship.

D.

I. Creation of a Department of Energy & Natural Resources

Presently, responsibility for Federal energy and natural resources policy formulation and programs is spread among 11 agencies which employ 165,000 people and spend over \$16 billion annually. In recent years, the creation of EPA, FEA and ERDA to deal with specific problems in a crisis atmosphere has significantly increased the difficulty of formulating coherent energy and natural resource policies, and of shaping programs to solve problems in a comprehensive manner.

II. Current Policy

The Nixon Administration proposed legislation to create a DENR in 1971 and again in 1973, but Congress refused to act in both instances.

III. Proposed Action

A major obstacle, both in the Congress and within the Executive Branch, is the jurisdictional problem of which agencies and activities should be folded into a DENR and which should remain independent. The President should consider appointing a prestigious and independent panel to review past proposals and make recommendations within a three-month time span. The President should then consider reintroducing legislation for the creation of a DENR, if and as recommended by the Panel.

E.

I. Land Use Planning

Land management institutions and procedures at the State level need to be strengthened to better resolve major land use issues affecting more than one governmental jurisdiction and to implement the resulting decisions through exercise of State and local authority.

II. Current Policy

In accordance with the President's already announced moratorium on new Federal spending programs, the Administration will not now introduce new land use management assistance legislation. However, ways should be available under existing authority to encourage States to take the needed initiative.

### III. Interior's Role

The Secretary is directing the Department's Office of Land Use and Water Planning to develop a series of recommendations over the next two months for the Administration's consideration.

#### Employment Stimulation

There are two major areas under Interior's jurisdiction which have potential for stimulating increased employment in the private sector, namely:

- rehabilitation of facilities in National Parks and Wildlife refuges
- acceleration of road and facilities construction and rehabilitation on Indian reservations.

Because of tight fiscal policy over the past several years, we have deferred rehabilitation work on many facilities located in National Parks and Wildlife refuges. Funds which could have been used for this rehabilitation work were allocated instead to prepare and staff a growing number of new parks which Congress recently authorized. We are approaching a point now, however, where we will have to replace rather than rehabilitate many of these facilities if we continue deferral of this work. Currently, we have a backlog of rehabilitation work of approximately \$200 million. If we were to be appropriated that amount we could start awarding contracts within a month's time which could generate between 20,000 - 30,000 jobs (mostly unskilled) over the next year. We could implement such a program rapidly because the relatively simple design work has essentially been completed. Such a program would accomplish both long-term program needs, i.e. it is not make-work, and it would create jobs at a low skill level where unemployment usually hits the hardest.

The need for new roads, schools and other support facilities on Indian Reservations is great. In addition, there is also need to rehabilitate existing roads and facilities, many of which are in very poor condition. The Department has been spending over \$100 million annually for construction and rehabilitation of these facilities. However, greater funding for this activity could only have come from other Indian program resources--the depletion of which would have been detrimental to overall Indian welfare. With improved infrastructural investment, Indian reservations would be more susceptible to economic development and Indian children would have greater opportunity to learn and eventually guide and manage reservation development.



Infrastructural development on reservations could be accelerated to a higher level. I would suggest that we could accommodate a \$100 million increase at this time. However, it would require some time for planning and design so that private sector employment effects would be delayed until this preliminary work was accomplished. Nonetheless, this type of program would affect Indian unemployment which is greater in degree than general unemployment and which tends to be chronic rather than cyclical in nature. Finally, one of the major factors behind a myriad of Indian problems is the lack of job opportunities on Indian reservations. This kind of initiative would therefore produce many faceted benefits for Indians in addition to reducing unemployment.

*Rogers Morton*